



Ta Yang Group Holdings Limited
大洋集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code : 1991)

INTERIM REPORT
2016/17

Moving Forward
to a **Brighter**
Future

TaYang

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Corporate Information

DIRECTORS

Executive Directors

Ms. Shi Qi (Chairlady and Chief Executive Officer)
Ms. Xu Chendi
Mr. Qiu Yonghao
Mr. Huang Te-Wei

Non-Executive Directors

Mr. Gao Feng
Mr. Han Lei
Ms. Wang Yayuan (appointed on 19 December 2016)

Independent Non-Executive Directors

Ms. Zhang Lijuan
Mr. Pak Wai Keung, Martin
Mr. Yeung Chi Tat
Ms. Lian Yi (appointed on 19 December 2016)

COMMITTEES

Executive Committee

Ms. Shi Qi*
Ms. Xu Chendi
Mr. Qiu Yonghao
Mr. Huang Te-Wei
Mr. Chan Oi Fat

Audit Committee

Mr. Pak Wai Keung, Martin*
Ms. Zhang Lijuan
Mr. Yeung Chi Tat
Ms. Lian Yi (appointed on 19 December 2016)

Remuneration Committee

Ms. Zhang Lijuan*
Mr. Pak Wai Keung, Martin
Mr. Yeung Chi Tat
Ms. Lian Yi (appointed on 19 December 2016)

Nomination Committee

Mr. Yeung Chi Tat*
Ms. Zhang Lijuan
Mr. Pak Wai Keung, Martin
Ms. Lian Yi (appointed on 19 December 2016)

Compliance Committee

Mr. Pak Wai Keung, Martin*
Ms. Xu Chendi
Mr. Huang Te-Wei
Mr. Chan Oi Fat
Mr. Krassovski Victor

* Committee Chairman/Chairlady

Corporate Information

Authorised Representatives	Ms. Xu Chendi (appointed on 8 February 2017) Mr. Chu Hau Lim (appointed on 8 February 2017)
Company Secretary	Mr. Chu Hau Lim (appointed on 8 February 2017)
Financial Controller	Mr. Chan Oi Fat
Auditor	SHINEWING (HK) CPA Limited
Legal Advisor	Norton Rose Fulbright Hong Kong
Principal Share Registrar And Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong Branch Share Registrar And Transfer Office	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road, North Point Hong Kong
Registered Office	Cricket Square Hutchins Drive P. O. Box 2681 GT Grand Cayman KY1-1111 Cayman Islands
Principal Place Of Business In Hong Kong	Unit 4210, 42nd Floor, Office Tower, Convention Plaza 1 Harbour Road, Wanchai Hong Kong
Stock Code	1991
Company Website	http://www.tayang.com

Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 January 2017

	Notes	Six months ended 31 January	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	195,354	222,123
Cost of sales		(140,215)	(179,199)
Gross profit		55,139	42,924
Other operating income		15,170	11,767
Selling and distribution expenses		(18,487)	(14,334)
Administrative expenses		(69,910)	(38,033)
Other expenses		(11,740)	(39,607)
Share of results of associates		(579)	–
Finance costs	6	(2,504)	(322)
Loss before tax		(32,911)	(37,605)
Income tax credit	7	108	846
Loss for the period	8	(32,803)	(36,759)
Loss for the period attributable to:			
Owners of the Company		(32,122)	(36,759)
Non-controlling interests		(681)	–
		(32,803)	(36,759)
Loss per share	9		
Basic		(3.74 cents)	(4.71 cents)
Diluted		(3.74 cents)	(4.71 cents)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2017

	Six months ended 31 January 2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the period	(32,803)	(36,759)
Other comprehensive income (expenses)		
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties	–	9,325
Gain on revaluation of prepaid lease payments	–	8,290
	–	17,615
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	(9,276)	(13,378)
Release of exchange reserves upon deregistration/disposal of subsidiaries	–	(2,791)
	(9,276)	(16,169)
Available-for-sale financial assets		
Net gain (loss) arising on revaluation of available-for-sale financial assets for the period	9,780	(189)
Reclassification adjustments for impairment loss included in the condensed consolidated statement of profit or loss	432	870
	10,212	681
Share of other comprehensive expenses of associates		
Share of exchange difference of associates	(66)	–
Other comprehensive income for the period, net of tax	870	2,127
Total comprehensive expenses for the period, net of tax	(31,933)	(34,632)
Total comprehensive expenses for the period, net of tax, attributable to:		
Owners of the Company	(31,243)	(34,632)
Non-controlling interests	(690)	–
	(31,933)	(34,632)

Condensed Consolidated Statement of Financial Position

As at 31 January 2017

	Notes	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	248,431	68,927
Construction in progress	12	1,154	–
Prepaid lease payments	12	226,487	7,107
Investment properties		87,609	89,935
Available-for-sale financial assets		34,778	24,539
Interests in associates		2,271	2,916
Deposits for acquisition of land use rights	13	13,037	12,066
		613,767	205,490
Current assets			
Deposits for acquisition of properties		–	41,469
Inventories		31,401	29,809
Trade and other receivables	14	158,954	111,014
Prepaid lease payments	12	4,717	232
Amount due from an associate		65	65
Income tax recoverable		12	4
Held-to-maturity investments	15	19,098	–
Held-for-trading investments		1,030	3,668
Structured deposits with banks		–	17,261
Short-term bank deposits		–	4,640
Bank balances and cash		129,434	154,094
		344,711	362,256

Condensed Consolidated Statement of Financial Position

As at 31 January 2017

	Notes	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	16	91,333	77,780
Derivative financial instruments		6,522	11,753
Amount due to an associate		913	538
Income tax payable		20,309	20,747
Bank and other borrowings	17	67,097	33,282
		186,174	144,100
Net current assets		158,537	218,156
Total assets less current liabilities		772,304	423,646
Capital and reserves			
Share capital	18	87,118	78,473
Reserves		404,167	332,036
Equity attributable to owners of the Company		491,285	410,509
Non-controlling interests		45	653
Total equity		491,330	411,162
Non-current liabilities			
Bank and other borrowings	17	268,940	–
Deferred income		3,551	3,668
Deferred tax liabilities		8,483	8,816
		280,974	12,484
		772,304	423,646

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2017

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Share options reserve	Accumulated losses	Exchange reserve	Investments revaluation reserve	Properties revaluation reserve	Capital redemption reserve	Statutory surplus reserve	Legal reserve	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note 1)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000	HK\$'000	HK\$'000
At 1 August 2015 (audited)	77,892	634,254	(3,380)	9,290	(437,876)	149,579	773	9,249	2,420	33,411	49	475,661	-	475,661
Loss for the period	-	-	-	-	(36,759)	-	-	-	-	-	-	(36,759)	-	(36,759)
Other comprehensive (expenses) income for the period	-	-	-	-	-	(16,169)	681	17,615	-	-	-	2,127	-	2,127
Total comprehensive (expenses) income for the period	-	-	-	-	(36,759)	(16,169)	681	17,615	-	-	-	(34,632)	-	(34,632)
Exercise of share options	120	1,488	-	(412)	-	-	-	-	-	-	-	1,196	-	1,196
Forfeiture of share options	-	-	-	(340)	340	-	-	-	-	-	-	-	-	-
At 31 January 2016 (unaudited)	78,012	635,742	(3,380)	8,538	(474,295)	133,410	1,454	26,864	2,420	33,411	49	442,225	-	442,225
Loss for the period	-	-	-	-	(34,545)	-	-	-	-	-	-	(34,545)	(946)	(35,491)
Other comprehensive (expenses) income for the period	-	-	-	-	-	(6,701)	4,929	-	-	-	-	(1,772)	(1)	(1,773)
Total comprehensive (expenses) income for the period	-	-	-	-	(34,545)	(6,701)	4,929	-	-	-	-	(36,317)	(947)	(37,264)
Exercise of share options	461	5,712	-	(1,572)	-	-	-	-	-	-	-	4,601	-	4,601
Cancellation of share options	-	-	-	(6,966)	6,966	-	-	-	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,600	1,600
At 31 July 2016 (audited)	78,473	641,454	(3,380)	-	(501,874)	126,709	6,383	26,864	2,420	33,411	49	410,509	653	411,162

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2017

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Accumulated losses	Exchange reserve	Investments revaluation reserve	Properties revaluation reserve	Capital redemption reserve	Statutory surplus reserve	Legal reserve	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2016 (audited)	78,473	641,454	(3,380)	(501,874)	126,709	6,383	26,864	2,420	33,411	49	410,509	653	411,162
Loss for the period	-	-	-	(32,122)	-	-	-	-	-	-	(32,122)	(681)	(32,803)
Other comprehensive (expenses) income for the period	-	-	-	-	(9,333)	10,212	-	-	-	-	879	(9)	870
Total comprehensive (expenses) income for the period	-	-	-	(32,122)	(9,333)	10,212	-	-	-	-	(31,243)	(690)	(31,933)
Capital contribution from non-controlling interests	-	-	118	-	-	-	-	-	-	-	118	82	200
Issue of new shares through placing	8,645	103,256	-	-	-	-	-	-	-	-	111,901	-	111,901
At 31 January 2017 (unaudited)	87,118	744,710	(3,262)	(533,996)	117,376	16,595	26,864	2,420	33,411	49	491,285	45	491,330

Notes:

1. Other reserve

Other reserve represents the difference between the capital contribution received from (paid to) a non-controlling interest of a subsidiary and the increase (decrease) in its shares of net asset value of that subsidiary.

2. Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

3. Statutory surplus reserve

As stipulated by regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to equity owners.

4. Legal reserve

In accordance with the Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to appropriate 25% of its net profit to the legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2017

	Six months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Net cash (used in) generated from operating activities	(42,156)	1,322
INVESTING ACTIVITIES		
Deposits paid for acquisition of properties	(371,606)	–
Other cash flows arising from investing activities	(22,291)	68,081
Net cash (used in) generated from investing activities	(393,897)	68,081
FINANCING ACTIVITIES		
New bank and other borrowings raised	307,235	–
Proceeds from issue of shares under placing (net)	111,901	–
Other cash flows arising from financing activities	(5,008)	964
Net cash generated from financing activities	414,128	964
Net (decrease) increase in cash and cash equivalents	(21,925)	70,367
Cash and cash equivalents at 1 August	154,094	103,556
Effect of foreign exchange rate changes	(2,735)	(674)
Cash and cash equivalents at 31 January, Represented by bank balances and cash	129,434	173,249

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

1. GENERAL

Ta Yang Group Holdings Limited (the “Company”) is incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the interim report. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in manufacturing and sale of silicone rubber and related products and providing healthcare service.

The condensed consolidated interim financial information are presented in Hong Kong dollars (“HK\$”). Other than those subsidiaries established in the PRC, Macau and Indonesia whose functional currencies are Renminbi (“RMB”), Macau Pataca and Indonesian Rupiah respectively, the functional currency of the Company and its other subsidiaries is HK\$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated interim financial information in HK\$.

At 31 January 2017, the directors of the Company consider the ultimate holding company of the Company to be Lyton Maison Limited which is incorporated in the British Virgin Islands (the “BVI”).

2. BASIS OF PREPARATION

The condensed consolidated statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 January 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 July 2016, except as described below.

In the current interim period, the Group has applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of the new and revised HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE

Revenue represents fair value of the consideration received or receivable from goods sold to customers in the normal course of business and healthcare service rendered, net of discounts and sales related tax, during the period.

	Six months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Sales of goods	193,953	222,123
Healthcare service	1,401	–
	195,354	222,123

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

5. SEGMENT INFORMATION

The Group is principally engaged in manufacturing and sale of silicone rubber and related products. During the current interim period, the Group commenced to engage in healthcare service. The Group currently organises two operating and reportable segments by differentiations in products and services. The healthcare business is still on the startup stage with insignificant contribution to the Group. The Group has formulated a detailed operating and development plan for these two businesses and the chief operating decision-maker (“CODM”) (the Chief Executive Officer) monitors the two operating segments for the purpose of making decisions about resources allocation and performance assessment.

Specifically, the Group’s reportable segments are as follows:

1. Manufacturing and trading — manufacturing and sale of silicone rubber and related products
 2. Healthcare — healthcare service
- (a) Information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 31 January 2017		
	Manufacturing and trading HK\$’000 (Unaudited)	Healthcare HK\$’000 (Unaudited)	Consolidated HK\$’000 (Unaudited)
Segment revenue	193,953	1,401	195,354
Segment profit (loss) before tax	4,986	(16,658)	(11,672)
Segment assets	506,629	451,849	958,478
Segment liabilities	150,045	317,103	467,148

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

5. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliations of segment profit or loss

	Six months ended 31 January 2017 HK\$'000 (Unaudited)
Segment loss before tax	(11,672)
Unallocated head office and corporate expenses	(21,239)
Consolidated loss before tax	(32,911)

For the six month ended 31 January 2016, the directors of the Company consider that there was only one operating and reportable segment for the Group and no reportable segment information was presented.

6. FINANCE COSTS

	Six months ended 31 January	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on secured bank borrowings wholly repayable within one year	391	322
Interest on secured bank borrowings wholly repayable after five years	8,459	–
Interest on other loans	304	–
Total borrowing costs	9,154	322
Less: Amount capitalised in the cost of qualifying assets	(6,650)	–
	2,504	322

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

7. INCOME TAX CREDIT

	Six months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Under-provision in prior periods		
— Hong Kong Profits Tax	(1)	–
Deferred taxation		
— Current period	109	846
	108	846

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as the Group did not derive any assessable profits for both periods.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for both periods.

No provision for Indonesia Income Tax for the six months ended 31 January 2017 and 2016 has been made as the subsidiary operating in Indonesia did not generate any assessable profits in Indonesia.

Ta Yang Group (Macao Commercial Offshore) Limited is incorporated as a commercial offshore entity in Macau and is exempted from Macau Complementary Income Tax.

No provision for Taiwan Profit-Seeking Enterprise Income Tax for the six months ended 31 January 2017 and 2016 has been made as the Group did not generate any assessable profits in Taiwan.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC Enterprise Income Tax for the PRC subsidiaries is calculated at 25% of estimated assessable profits for both periods.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Allowance for inventories (included in cost of sales)	10	768
Reversal of allowance for inventories (included in cost of sales)	(2,808)	(5,264)
Amortisation of prepaid lease payments	493	124
Cost of inventories recognised as expenses	142,704	183,695
Depreciation of property, plant and equipment	11,640	2,369
Dividend income	(1,513)	(851)
Exchange loss, net	555	1,885
Fair value (gain) loss on derivative financial instruments	(5,231)	4,089
Fair value (gain) loss on held-for-trading investments	(2,155)	2,207
Fair value loss on investment properties	–	1,383
Gain on deregistration of subsidiaries	–	(2,850)
Gain on disposal of subsidiaries	–	(1,534)
Government grants		
— Amortisation of deferred income	(23)	(24)
— Grants related to expenses recognised as other operating income	(779)	(90)
Gross rental income	(4,053)	(3,370)
Less: Outgoings incurred for investment properties that generated rental income during the period	257	530
Net rental income	(3,796)	(2,840)
Impairment loss recognised in respect of:		
— trade receivables	403	441
— available-for-sale financial assets	432	–
Reversal of impairment loss recognised in respect of other receivables	(690)	–
Interest income	(1,276)	(2,438)
Investment loss from derivative financial instruments	8,075	15,665
Loss on disposal of available-for-sale financial assets	432	–
Loss on disposal of property, plant and equipment	837	13,508
Loss (gain) on disposal of held-for-trading investments	1,811	(52)
Research and development costs	–	2,194

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

9. LOSS PER SHARE

Basic

Loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during both periods.

	Six months ended 31 January	
	2017 (Unaudited)	2016 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(32,122)	(36,759)
Weighted average number of ordinary shares in issue ('000)	859,432	780,074
Loss per share (HK cents)	(3.74)	(4.71)

Diluted

	Six months ended 31 January	
	2017 (Unaudited)	2016 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(32,122)	(36,759)
Weighted average number of ordinary shares in issue ('000)	859,432	780,074
Effect of dilutive potential ordinary shares derived from exercising of share options	–	188
	859,432	780,262
Loss per share (HK cents)	(3.74)	(4.71)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

10. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 January 2017 and 2016.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2017, the Group acquired items of property, plant and equipment with a cost of approximately HK\$13,011,000 (unaudited) (six months ended 31 January 2016: approximately HK\$7,894,000 (unaudited)) for the expansion of production facilities and development of new businesses. Items of property, plant and equipment with a carrying amount of approximately HK\$1,856,000 (unaudited) were disposed of during the six months ended 31 January 2017 (six months ended 31 January 2016: approximately HK\$15,328,000 (unaudited)), with approximately HK\$837,000 (unaudited) loss on disposal (six months ended 31 January 2016: HK\$13,508,000 (unaudited)).

12. CONSTRUCTION IN PROGRESS/PREPAID LEASE PAYMENTS

During the six months ended 31 January 2017, the Group acquired items of construction in progress with a cost of approximately HK\$20,337,000 (unaudited) (six months ended 31 January 2016: nil (unaudited)) and transferred from deposits for acquisition of properties with a cost of approximately HK\$392,962,000 (unaudited) (six months ended 31 January 2016: nil (unaudited)) for the development of new businesses. Items of construction in progress with a carrying amount of approximately HK\$184,209,000 (unaudited) were transferred to property, plant and equipment during the six months ended 31 January 2017 (six months ended 31 January 2016: nil (unaudited)) and items of construction in progress with a carrying amount of approximately HK\$227,918,000 (unaudited) were transferred to prepaid lease payments during the six months ended 31 January 2017 (six months ended 31 January 2016: nil (unaudited)).

13. DEPOSITS FOR ACQUISITION OF LAND USE RIGHTS

At the end of each reporting period, deposits are paid for acquisition of the following asset:

	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Land use rights in Indonesia	13,037	12,066

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

14. TRADE AND OTHER RECEIVABLES

	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Trade and bills receivables	108,467	96,486
Deposits and prepayments	44,576	7,555
Other receivables	5,911	6,973
	158,954	111,014

The Group normally grants to its customers credit periods ranging from 30 days to 135 days which are subject to periodic review by the management.

An aged analysis of trade receivables, net of impairment losses recognised, presented based on the invoice date at the reporting date is as follows:

	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Within 3 months	91,154	82,240
More than 3 months but less than 1 year	17,276	14,246
More than 1 year but less than 2 years	37	–
	108,467	96,486

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

15. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Unlisted debt securities		
— Fixed-rate	19,098	—

As at 31 January 2017, the fixed-rate unlisted debt securities carry interest at 1.21% and 3.47% per annum, payable at maturity date in March and September 2017.

16. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods.

	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Within 1 month or on demand	12,919	11,238
More than 1 month but less than 3 months	17,883	13,551
More than 3 months but less than 1 year	1,303	1,463
More than 1 year	1,626	1,482
	33,731	27,734

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

17. BANK AND OTHER BORROWINGS

During the six months ended 31 January 2017, a new bank loan of approximately HK\$268,940,000 (unaudited) and other loans of approximately HK\$33,815,000 (unaudited) were obtained (six months ended 31 January 2016: nil (unaudited)).

During the six months ended 31 January 2017, the bank loan of HK\$268,940,000 (unaudited) (six months ended 31 January 2016: nil (unaudited)) carried fixed interest rate at 7.8% (unaudited) per annum and is repayable after one year. During the six months ended 31 January 2017 and 2016, another bank loan carried variable interest rate at 1.75% per annum over Hong Kong Inter-bank Offered Rate/London Inter-bank Offered Rate or the Lender's Cost of Funds, whichever is higher and is repayable on demand. The effective interest rate on the bank borrowings is 7.2% (unaudited) (six months ended 31 January 2016: 2.03% (unaudited)) per annum.

During the six months ended 31 January 2017, other loans of approximately HK\$33,815,000 (unaudited) carried fixed interest rate at 7% or 8% (unaudited) per annum and is repayable within one year. The effective interest rate on the other borrowings is 7.85% (unaudited) (six months ended 31 January 2016: nil (unaudited)) per annum.

18. SHARE CAPITAL

Authorised and issued share capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 August 2015 (audited), 31 July 2016 (audited) and 31 January 2017 (unaudited)	20,000,000	2,000,000
Issued and fully paid:		
At 1 August 2015 (audited)	778,923	77,892
Issue of shares under the Company's share option schemes	5,805	581
At 31 July 2016 (audited)	784,728	78,473
Issue of shares under placing (Note i)	86,450	8,645
At 31 January 2017 (unaudited)	871,178	87,118

Note i: On 25 August 2016, the Company issued 86,450,000 ordinary shares of HK\$0.1 each for HK\$1.31 each, raising proceeds of approximately HK\$113,250,000, before issue costs of approximately HK\$1,349,000.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

19. SHARE OPTION SCHEMES

The Company has share option schemes for the directors and eligible employees of the Group. Details of the share options outstanding are as follows:

Number of share options	Six months ended 31 January	
	2017	2016
Outstanding at 1 August (audited)	–	11,570,000
Exercised during the period	–	(1,193,000)
Forfeited during the period	–	(356,000)
Outstanding at 31 January (unaudited)	–	10,021,000

The shareholder made a mandatory unconditional cash offer for all the issued shares and to cancel all outstanding options on 29 February 2016. The offer started on 29 February 2016 and closed on 27 April 2016.

No share option was granted during the six months ended 31 January 2017 and 2016.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

20. RELATED PARTY TRANSACTIONS

- (a) Other than disclosed elsewhere in the condensed consolidated interim financial information, the Group entered into the following material transactions with related parties:

Name of company	Nature of transactions	Six months ended 31 January	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Formosan Union Chemical Corp. ("Formosan") (Note i)	Dividend income	–	475
United Performance Materials Corporation ("United Performance") (Note ii)	Dividend income	–	64
東莞德洋精密橡塑有限公司 ("東莞德洋") (Note iii)	Sales of rubber keypads	1,047	–
	Purchase of rubber keypads	3,161	–
中國北京城市副中心有限公司 ("北京城副") (Note iv)	Interest expense	21	–

Notes:

- (i) Formosan is a company listed on the Taiwan Stock Exchange in which a former director of the Company, Huang Sheng-Shun, has control of the Company and is a key management personnel of Formosan.
- (ii) United Performance is a company listed on the Taiwan Stock Exchange in which a former director of the Company, Huang Sheng-Shun, has control of the Company and is a key management personnel of United Performance.
- (iii) 東莞德洋 is an associate of the Group.
- (iv) 北京城副 is a private company incorporated in Hong Kong in which a director of the Company, Shi Qi, has control of the Company and is a key management personnel of 北京城副.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period is as follows:

	Six months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short-term benefits	3,641	2,634
Post-employment benefits	33	61
	3,674	2,695

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

21. CAPITAL COMMITMENTS

	31/1/2017 HK\$'000 (Unaudited)	31/7/2016 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated interim financial information in respect of:		
— Acquisition of property, plant and equipment	10,573	1,558
— Acquisition of properties	—	373,217
— Acquisition of land use rights	3,820	4,775
	14,393	379,550

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Except as set out below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities as at 31 January 2017 and 31 July 2016 recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on recurring basis.

Fair value hierarchy

	31 January 2017			Total HK\$'000 (Unaudited)
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	
Financial assets at fair value through profit or loss				
Held-for-trading investments	1,030	–	–	1,030
Available-for-sale financial assets				
Listed equity securities	34,778	–	–	34,778
	35,808	–	–	35,808
Financial liabilities				
Derivative financial instruments	–	(6,522)	–	(6,522)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

	31 July 2016			Total HK\$'000 (Audited)
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	
Financial assets at fair value through profit or loss				
Held-for-trading investments	3,668	–	–	3,668
Structured deposits with banks	–	–	17,261	17,261
Available-for-sale financial assets				
Listed equity securities	24,539	–	–	24,539
	28,207	–	17,261	45,468
Financial liabilities				
Derivative financial instruments	–	(11,753)	–	(11,753)

During the six months ended 31 January 2017, there were no transfers between Level 1, 2 and 3 (2016: nil).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2017

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The valuation techniques and inputs used in Level 1, 2 and 3 fair value measurements of financial instruments are set out below:

Financial assets/ financial liabilities	Fair value as at 31 January 2017	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Listed equity securities classified as available-for-sale financial assets	HK\$34,778,000 (unaudited) (31 July 2016: HK\$24,539,000 (audited))	Level 1	Quoted bid prices in active markets	N/A	N/A
Listed equity securities classified as held-for-trading investments	HK\$1,030,000 (unaudited) (31 July 2016: HK\$3,668,000 (audited))	Level 1	Quoted bid prices in active markets	N/A	N/A
Structured deposits with banks (Note i)	Nil (unaudited) (31 July 2016: HK\$17,261,000 (audited))	Level 3	Discounted cash flow. Structured deposits with banks are valued with reference to the embedded interest rate to discount the future income of structured deposits into present value.	Discounted rate	The estimated fair value would decrease if the discounted rate is higher
Foreign currency forward contracts classified as derivative financial instruments	Liabilities: HK\$6,522,000 (unaudited) (31 July 2016: HK\$11,753,000 (audited))	Level 2	Discounted cash flow. Forward contracts are valued with reference to the "US\$ and RMB" forward rate extracted from Bloomberg and adopted the US Government bonds rate to discount the future income of forward contracts into present value.	N/A	N/A

Note i: The structured deposits with banks were withdrawn from banks during the six months ended 31 January 2017.

Management Discussion and Analysis

BUSINESS REVIEW

The past financial period has remained challenging for the Group as it continued to be affected by a lackluster global economy and intense competition within the industry. The looming Brexit and political turmoil also casted uncertainty to already gloomy economy. Among the stiff challenges, the Group faced the decrease of sales orders from some customers. As a result, the Group experienced a longer transitional period than expected. Nonetheless, the Group remained committed to raising the Group's competitiveness, electing to downscale the production facilities as part of streamlining efforts and diversify the income stream into other industry by acquiring a multi-purpose leisure project in Hainan of PRC.

The global economy remained sluggish with a high level of uncertainty and this resulted in a weak consumer sentiment in traditional consumer electronic products especially for traditional computers and notebooks. The worldwide computer shipments recorded a further contraction in 2016. Hence, these factors ultimately deteriorated the performance of the customers. The Group is devoted to explore the new markets especially the non-keypads products. The growth of non-keypads products has partly offset the decline in traditional keypads products.

For the operating side, the environment in the PRC was still very tough to manufacturing industries. The manufacturing costs kept on surging in the PRC. To counter these costs increases, the Group continued its tight cost controls and improvement in operational efficiency by streamlining the operation and outsourcing certain manufacturing procedures to subcontractors. This is evidenced by the improvement in the gross margin during the period. Understanding that the total capacity was still over the demand level, the Group is still in the process of restructuring in order to keep our size flexible to deal with any sudden economic challenges.

OUTLOOK

Due to the macro-economic uncertainty, including the new administration and rise of protectionism in the United States whose economic and trade policies are yet to be clearly defined, as well as the high level of competition in the market, it is expected that the customer orders will continue to fluctuate in the coming periods. In view of the current situation, the Group will continue to devote more resources to improve the products quality, develop application of raw material and products variety and expand customer base and further co-operate with existing customer to develop non-keypads products.

The operating environment for manufacturing in China remains tough with increase in wages and inflation. To counter these cost increases, the Group will continue to improve operational efficiencies by implementing the cost control measures and restructuring. As part of streamling efforts, the Group will keep on focusing on products development and quality, and consider to increase the proportion of outsourcing. It is believed these proactive measures can improve the Group's competitive position and may eventually expand the market share.

During the period, as part of our commitment to diversifying our business base, we started to penetrate into medical and healthcare business by acquiring a multi-purpose leisure project in Hainan, PRC which was in process of re-development into a high-end healthcare holiday resort. The project has started to generate revenue during the period under review and we expect that our group can generate profits from the high-end residential sales, leasing and healthcare services in the foreseeable future. Besides, the Group will endeavor to explore other business opportunities, including the feasibility of diversifying the income stream of the Group by exploring business and investment opportunities into different business areas.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

During the period, the Group has recorded a revenue of HK\$195.4 million, representing a decrease of 12.1% compared with the corresponding period in 2016. The major contributors of the revenue were still from consumer electronic devices peripheral products, keypads for computers and notebooks which accounted for approximately 66.3% of total revenue. The demand on traditional electronic devices and computers continued to shrink which caused the overall revenue to decrease. Meanwhile, with effort on diversification of products mix, the portion of non-keypads products continued to increase and this partly offset the decline of sales for keypads products. With the recent popularity of the use of silicone material on wide range of products, the Group will endeavor to explore the market of non-keypads products.

Gross Profit

The gross profit was HK\$55.1 million, an increase of HK\$12.2 million as compared with the corresponding period in 2016. The overall profit margin for the period increased from 19.3% to 28.2%. The increase in profit margin was due to the decrease in the number of labor and the disposal of certain plant and machineries which cause the rise in utilisation rate. It led the average unit cost to decrease and hence the gross profit margin to increase.

Other Operating Income

Other operating income increased by HK\$3.4 million or 28.9% to HK\$15.2 million as compared with the corresponding period in 2016. The increase was mainly due to the increase in fair value of held-for-trading investments and the increase in rental income because of the increased premises for lease.

Selling and Distribution Expenses

Selling and distribution expenses increased by 29.0% to HK\$18.5 million as compared with the corresponding period in 2016. The increase was mainly due to increase in promotion and marketing cost related to multi-purpose medical and healthcare project in Hainan. When counted as a percentage of the Group's revenue, the total amount of selling and distribution expenses was 9.5%, 3.0% increase as compared with the corresponding period in 2016.

Administrative Expenses

Administrative expenses increased from HK\$38.0 million to HK\$69.9 million as compared with the corresponding period in 2016. When counted as a percentage of the Group's revenue, the total amount of administrative expenses was 35.8%, 18.7% increase compared with the corresponding period in 2016. The increase was due to additional cost incurred to explore the investment opportunity in other business areas together with the acquisition of multi-purpose medical and healthcare project in Hainan.

Loss for the Period

Loss for the period decreased from HK\$36.8 million to HK\$32.8 million as compared with the corresponding period in 2016.

Management Discussion and Analysis

Liquidity and Financial Resources

During the period, the Group's source of fund was cash generated from operating activities and the Group's working capital continued to remain stable.

	As at 31 January 2017 HK\$'000	As at 31 July 2016 HK\$'000
Cash and cash equivalents	129,434	154,094
Net current assets	158,537	218,156
Current ratio	1.9	2.5
Quick ratio	1.7	2.3

Financial Management and Treasury Policy

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The unused fund has been placed as short-term deposits with authorised financial institutions in Hong Kong and the PRC.

During the period, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. Payments were mainly made in US dollars and RMB.

In respect of the RMB, as the Group's production plants are mainly located in the PRC, most of our labor costs, manufacturing overheads, selling and administrative expenses were denominated in RMB. Therefore, the appreciation of RMB will adversely affect the Group's profitability. The Group will closely monitor the trend of RMB and take appropriate measure to deal with the RMB exposure.

HUMAN RESOURCES AND REMUNERATION POLICIES

As the Group is committed to develop high value-added products with excellent quality, experienced workers, engineers and professionals are the most important assets to the Group. We offer on-the-job training and encourage staff to attend continuous professional training in order to update their skills and knowledge.

We offer competitive remuneration package, including quality staff quarters, trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in the PRC. As at 31 January 2017, the Group employed about 1,200 employees.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 January 2017 (31 January 2016: Nil).

Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 31 January 2017, except:

- (i) the code provision A.2.1 which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, Ms. Shi Qi is acting as both the chairlady of the Board (the “Chairlady”) and the Chief Executive Officer (the “CEO”).

The Board believes that vesting the roles of both the Chairlady and the CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired since the responsibilities of the Chairlady and the CEO have been clearly established and set out in writing. It is also adequately ensured by the current Board which comprises the experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

- (ii) the code provision C.1.2 which requires the management of the Company to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

During the review period, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision C.1.2, as all the executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors (including non-executive Directors and independent non-executive Directors) quarterly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail prior to the regular board meetings of the Company.

In addition, the management of the Company has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board.

Other Information

CHANGES IN THE INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report except the information of Mr. Pak Wai Keung, Martin and Mr. Yeung Chi Tat, and two newly appointed directors, namely Ms. Wang Yayuan and Ms. Lian Yi.

Set out below are the changes and updated in information of Mr. Pak Wai Keung, Martin and Mr. Yeung Chi Tat since the date of the last published annual report:

Mr. Pak Wai Keung, Martin, Independent Non-Executive Director

On 19 January 2017, Mr. Pak has been appointed as an independent non-executive director, chairman of the board, chairman of the audit committee and chairman of the independent review committee of Trony Solar Holdings Company Limited (stock code: 2468), a company listed on the main board of the Stock Exchange.

Mr. Yeung Chi Tat, Independent Non-Executive Director

Mr. Yeung is the vice-president of Young Professional Alliance — Accountancy Sector.

Set out below are the information of two newly appointed directors, namely Ms. Wang Yayuan and Ms. Lian Yi:

Ms. Wang Yayuan, Non-Executive Director

Ms. Wang Yayuan, aged 31, appointed as a Non-Executive Director of the Company in December 2016. Ms. Wang holds a degree of Bachelor of Business Administration from the Chinese University of Hong Kong. She has been a Financial Risk Manager (FRM) since 2010. From 2009 to 2016, Ms. Wang worked as an Associate Director at Shenwan Hongyuan (H.K.) Limited (Stock Code: 218), providing securities and futures brokerage service. She has extensive management experience and investment experience in Hong Kong and U.S. stock markets. Since July 2016, she has been an Executive Director in the Leveraged and Acquisition Finance Department of Mason Securities Limited, a wholly-owned subsidiary of Mason Financial Holdings Limited (Stock Code: 273), and mainly responsible for acquisition finance and cross border finance. In addition, Ms. Wang is a famous financial columnist with over 10 years' experience writing bylined articles for newspapers in mainland China, Hong Kong and Taiwan.

Ms. Lian Yi, Independent Non-Executive Director

Ms. Lian Yi, aged 29, appointed as an Independent Non-Executive Director of the Company in December 2016. Ms. Lian holds a degree of Master of Commerce in Finance from The University of New South Wales. Since July 2014, she has been the sole director of Violet Passion Holdings Limited, a private company incorporated in British Virgin Islands which engages in the business of private equity investments. She has years of experience in the financial and equity investments industry.

Other Information

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company comprises Mr. Pak Wai Keung, Martin (chairman), Ms. Zhang Lijuan, Mr. Yeung Chi Tat and Ms. Lian Yi, all of whom are independent non-executive Directors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters.

The Company's unaudited condensed consolidated interim financial information for the six months ended 31 January 2017 has been reviewed by the Audit Committee.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Director's securities transactions. In response to the specific enquiry by the Company, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 31 January 2017.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 January 2017, the interests and short positions of the Directors and the Chief Executive of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares

Name of Director	Capacity in which interests are held	Interest in Shares	Total interests	Approximate percentage of Shares in issue of the Company ¹	Note
Shi Qi	Beneficial Owner	436,540,400	436,540,400	50.11%	2
Huang Te-Wei	Beneficial Owner	1,330,000	1,330,000	0.15%	
Yeung Chi Tat	Beneficial Owner	146,000	146,000	0.02%	

Notes:

1. Based on 871,178,000 Shares in issue as at 31 January 2017.
2. Lyton Maison Limited, a limited company incorporated in the British Virgin Islands, solely owned by Ms. Shi Qi, is interested in 436,540,400 Shares.

Other Information

Save as disclosed above, as at 31 January 2017, none of the Directors and the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The Company operates two share option schemes, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme under which the Board may, at its discretion, offer any employee of the Group/eligible participant (including Executive Directors) options to subscribe for Shares in the Company subject to the terms and conditions stipulated in the two schemes. Both share option schemes were approved by the shareholders of the Company on 16 May 2007.

Details of the grants are as follows:

Date of grant	Option type	Exercise period	Exercise price per share HK\$
16 May 2007	Pre-IPO Share Option Scheme ("Share Option Scheme I")	08.06.2008–15.05.2017	2.20
24 December 2009	Post-IPO Share Option Scheme ("Share Option Scheme II- First Grant")	24.06.2010–23.12.2019	0.96
11 January 2011	Post-IPO Share Option Scheme ("Share Option Scheme II- Second Grant")	11.07.2011–10.01.2021	1.05

Notes:

1. The vesting period of the Share Option Scheme I is from the date of grant until the commencement of the exercise period.
2. The vesting period of the Share Option Scheme II-First Grant is from the date of grant until the commencement of the exercise period.
3. The vesting period of the Share Option Scheme II-Second Grant is from the date of grant until the commencement of the exercise period.

During the period, no share option was granted, exercised, expired and cancelled under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme and there was no outstanding share option as at 31 January 2017.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, any of its holding companies, its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or the Chief Executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 January 2017, so far as is known to the Directors, the following persons have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of the SFO:

Long Positions in the Shares

Name of shareholder	Capacity in which interests are held	Number of Shares held in the Company	Total	Approximate percentage of interests as to the issued share capital of the Company ¹	Note(s)
Lytton Maison Limited	Beneficial Owner	436,540,400	436,540,400	50.11%	2
Shi Qi	Interest of controlled corporation	436,540,400	436,540,400	50.11%	2
Mason Resources Finance Limited	Person having a security interest in Shares	436,540,400	436,540,400	50.11%	3
Mason Financial Holdings Limited	Interest of controlled corporation	436,540,400	436,540,400	50.11%	3

Notes:

1. Based on 871,178,000 Shares in issue as at 31 January 2017.
2. Lytton Maison Limited, a limited company incorporated in the British Virgin Islands, solely owned by Ms. Shi Qi, is interested in 436,540,400 Shares.
3. Mason Resources Finance Limited, having a security interest in 436,540,400 Shares held by Lytton Maison Limited, is indirectly wholly-owned by Mason Financial Holdings Limited.

Save as disclosed above, as at 31 January 2017, the Company was not notified by any person (other than Directors and Chief Executive of the Company) who has an interest or short position in the Shares, or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of SFO.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31 January 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Ta Yang Group Holdings Limited

Shi Qi

Chairlady and Chief Executive Officer

Hong Kong, 16 March 2017