



震雄集團有限公司

**CHEN HSONG HOLDINGS LIMITED**

(於百慕達註冊成立之有限公司)  
(Incorporated in Bermuda with limited liability)

(股份代號: Stock Code: 00057)

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*An Industrious & Pragmatic Approach  
to Sustainable Growth*

中期報告  
Interim Report 2009/2010

## Financial Highlights

	For the six months ended 30 September		Change
	2009 (Unaudited)	2008 (Unaudited)	
<b>RESULTS HIGHLIGHTS (HK\$'000)</b>			
Revenue	<b>777,356</b>	1,168,267	-33%
Profit before tax	<b>59,288</b>	134,135	-56%
Profit attributable to equity holders of the Company	<b>45,962</b>	113,763	-60%
Total assets	<b>3,173,989</b>	3,290,050	-4%
Shareholders' funds	<b>2,366,321</b>	2,394,592	-1%
Issued share capital	<b>62,917</b>	62,883	0%
Net current assets	<b>1,234,494</b>	1,280,155	-4%
<b>PER SHARE DATA</b>			
Basic earnings per share (HK cents)	<b>7.3</b>	18.1	-60%
Cash dividends per share (HK cents)	<b>2.0</b>	2.0	0%
Net assets per share (HK dollars)	<b>3.8</b>	3.8	0%
<b>KEY FINANCIAL RATIOS</b>			
Return on average shareholders' funds (%)	<b>2.0</b>	4.8	-58%
Return on average total assets (%)	<b>1.5</b>	3.6	-58%

## Corporate Information

### Directors

#### **Executive Directors**

Dr. Chen CHIANG, GBM (*Chairman*)  
Ms. Lai Yuen CHIANG (*Chief Executive Officer*)  
Mr. Chi Kin CHIANG  
Mr. Stephen Hau Leung CHUNG  
Mr. Sam Hon Wah NG

#### **Independent Non-executive Directors**

Mr. Johnson Chin Kwang TAN  
Mr. Anish LALVANI  
Mr. Bernard Charnwut CHAN  
Mr. Michael Tze Hau LEE

### Audit Committee

Mr. Anish LALVANI (*Chairman*)  
Mr. Johnson Chin Kwang TAN  
Mr. Bernard Charnwut CHAN  
Mr. Michael Tze Hau LEE

### Remuneration Committee

Mr. Bernard Charnwut CHAN (*Chairman*)  
Mr. Anish LALVANI  
Mr. Michael Tze Hau LEE  
Ms. Lai Yuen CHIANG

### Company Secretary

Ms. Alice Sin Ping LIP

### Authorized Representatives

Ms. Lai Yuen CHIANG  
Ms. Alice Sin Ping LIP

### Auditors

Ernst & Young

### Principal Bankers

BNP Paribas  
CALYON  
Industrial and Commercial Bank of China  
(Asia) Limited  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

<b>Principal Share Registrars</b>	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HM08 Bermuda
<b>Branch Share Registrars</b>	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Hong Kong
<b>Registered Office</b>	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
<b>Head Office &amp; Principal Place of Business</b>	13-15 Dai Wang Street Tai Po Industrial Estate Tai Po, New Territories Hong Kong
<b>Corporate Communications &amp; Investor Relations</b>	Ms. Shelleyan FUNG Tel: (852) 2665 3888 Fax: (852) 2664 8202 E-mail: <a href="mailto:comm@chenhsong.com.hk">comm@chenhsong.com.hk</a> Website: <a href="http://www.chenhsong.com.hk">www.chenhsong.com.hk</a>
<b>Stock Code</b>	00057

## Interim Results

The board of directors (the "Board") of Chen Hsong Holdings Limited (the "Company") announces that the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 September 2009 amounted to HK\$45,962,000, representing a decrease of 60% as compared with the profit attributable to equity holders of HK\$113,763,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2009 was HK7.3 cents, a decrease of 60% over the corresponding period in 2008 of HK18.1 cents. These unaudited interim results have been reviewed by the Company's Audit Committee.

## Condensed Consolidated Income Statement

For the six months ended 30 September 2009

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	2	<b>777,356</b>	1,168,267
Cost of sales		<u><b>(598,479)</b></u>	<u>(875,063)</u>
Gross profit		<b>178,877</b>	293,204
Other income and gains, net		<b>12,308</b>	16,876
Selling and distribution expenses		<b>(66,034)</b>	(120,978)
Administrative expenses		<b>(50,356)</b>	(72,160)
Other operating income/(expenses), net		<b>(17,308)</b>	18,739
Finance costs		<b>(905)</b>	(2,684)
Share of profits less losses of associates		<u><b>2,706</b></u>	<u>1,138</u>
<b>PROFIT BEFORE TAX</b>	3	<b>59,288</b>	134,135
Tax	4	<u><b>(13,296)</b></u>	<u>(18,412)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>45,992</b></u>	<u>115,723</u>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>45,962</b>	113,763
Minority interests		<u><b>30</b></u>	<u>1,960</u>
		<u><b>45,992</b></u>	<u>115,723</u>
<b>DIVIDEND – INTERIM</b>	5	<u><b>12,583</b></u>	<u>12,577</u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	6		
Basic ( <i>HK cents</i> )		<u><b>7.3</b></u>	<u>18.1</u>
Diluted ( <i>HK cents</i> )		<u><b>7.3</b></u>	<u>18.1</u>

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>45,992</b>	115,723
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences arising on translation of foreign operations	<u>12,681</u>	<u>4,634</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>58,673</u></b>	<b><u>120,357</u></b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>58,628</b>	117,952
Minority interests	<u>45</u>	<u>2,405</u>
	<b><u>58,673</u></b>	<b><u>120,357</u></b>

## Condensed Consolidated Statement of Financial Position

As at 30 September 2009

		<b>30 September 2009 (Unaudited)</b>	31 March 2009 (Audited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<b>778,237</b>	771,742
Prepaid land lease payments		<b>54,879</b>	55,735
Goodwill		<b>94,931</b>	94,931
Interests in associates		<b>17,503</b>	14,780
Available-for-sale equity investments		<b>124,057</b>	124,057
Deferred tax assets		<b>69,616</b>	74,321
Deposits for purchases of items of property, plant and equipment		<b>18,468</b>	17,499
Total non-current assets		<b><u>1,157,691</u></b>	<u>1,153,065</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>596,711</b>	704,309
Trade and bills receivables	8	<b>576,260</b>	516,082
Deposits, prepayments and other receivables		<b>50,507</b>	66,297
Cash and bank balances		<b>792,820</b>	445,590
Total current assets		<b><u>2,016,298</u></b>	<u>1,732,278</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	<b>458,883</b>	276,572
Other payables and accruals		<b>265,483</b>	194,122
Bank loans, unsecured		<b>37,409</b>	37,864
Tax payable		<b>20,029</b>	12,462
Total current liabilities		<b><u>781,804</u></b>	<u>521,020</u>
<b>NET CURRENT ASSETS</b>		<b><u>1,234,494</u></b>	<u>1,211,258</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>2,392,185</u></b>	<u>2,364,323</u>

## Condensed Consolidated Statement of Financial Position *(continued)*

As at 30 September 2009

	<b>30 September 2009 (Unaudited)</b>	31 March 2009 (Audited)
	<i>Note</i> <b>HK\$'000</b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>12,136</u>	<u>12,169</u>
<b>NET ASSETS</b>	<b><u>2,380,049</u></b>	<b><u>2,352,154</u></b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	10 <b>62,917</b>	62,883
Reserves	<u>2,303,404</u>	<u>2,275,588</u>
	<b>2,366,321</b>	2,338,471
<b>Minority interests</b>	<u>13,728</u>	<u>13,683</u>
Total equity	<b><u>2,380,049</u></b>	<b><u>2,352,154</u></b>



## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009

	Notes	Attributable to equity holders of the Company			
		Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000
At 1 April 2008		62,623	501,454	295	51,638
Profit for the period		–	–	–	–
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		–	–	–	–
Issue of new shares		260	4,920	–	–
Equity-settled share option arrangements		–	–	–	14
Transfer from retained profits		–	–	–	641
Final dividend for the year ended 31 March 2008	5	–	–	–	–
At 30 September 2008		<u>62,883</u>	<u>506,374</u>	<u>295</u>	<u>52,293</u>
At 1 April 2009		62,883	506,374	295	52,308
Profit for the period		–	–	–	–
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		–	–	–	–
Issue of new shares	10	34	630	–	–
Final dividend for the year ended 31 March 2009	5	–	–	–	–
At 30 September 2009		<u>62,917</u>	<u>507,004*</u>	<u>295*</u>	<u>52,308*</u>

\* These reserve accounts comprise the consolidated reserves of HK\$2,303,404,000 in the condensed consolidated statement of financial position as at 30 September 2009.

**Attributable to equity holders of the Company**

<b>Statutory reserve</b> <i>HK\$'000</i>	<b>General reserve</b> <i>HK\$'000</i>	<b>Exchange fluctuation reserve</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>	<b>Minority interests</b> <i>HK\$'000</i>	<b>Total equity</b> <i>HK\$'000</i>
109,802	2,351	175,925	1,476,775	2,380,863	12,041	2,392,904
-	-	-	113,763	113,763	1,960	115,723
-	-	4,189	-	4,189	445	4,634
-	-	4,189	113,763	117,952	2,405	120,357
-	-	-	-	5,180	-	5,180
-	-	-	-	14	-	14
-	-	-	(641)	-	-	-
-	-	-	(109,417)	(109,417)	-	(109,417)
<u>109,802</u>	<u>2,351</u>	<u>180,114</u>	<u>1,480,480</u>	<u>2,394,592</u>	<u>14,446</u>	<u>2,409,038</u>
117,568	2,351	164,532	1,432,160	2,338,471	13,683	2,352,154
-	-	-	45,962	45,962	30	45,992
-	-	12,666	-	12,666	15	12,681
-	-	12,666	45,962	58,628	45	58,673
-	-	-	-	664	-	664
-	-	-	(31,442)	(31,442)	-	(31,442)
<u>117,568*</u>	<u>2,351*</u>	<u>177,198*</u>	<u>1,446,680*</u>	<u>2,366,321</u>	<u>13,728</u>	<u>2,380,049</u>

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2009

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<b>409,581</b>	(38,766)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<b>(99,411)</b>	(54,719)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u><b>(33,982)</b></u>	<u>54,279</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>276,188</b>	(39,206)
Cash and cash equivalents at beginning of period	<b>418,326</b>	329,798
Effect of foreign exchange rate changes, net	<u><b>1,150</b></u>	<u>(541)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><b>695,664</b></u>	<u>290,051</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>560,691</b>	270,412
Bank deposits with original maturity of less than three months when acquired	<u><b>134,973</b></u>	<u>19,639</u>
	<u><b>695,664</b></u>	<u>290,051</u>

# Notes to Condensed Financial Statements

30 September 2009

## 1. Accounting Policies

The unaudited condensed interim financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are consistent with those set out in the Group's audited financial statements for the year ended 31 March 2009, except that the Group has adopted, for the first time for the current period's financial statements, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "New HKFRSs") issued by the HKICPA that are effective for the annual periods commencing on or after 1 January 2009:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

## 1. Accounting Policies (continued)

HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

Apart from the above, the HKICPA has issued Improvements to HKFRSs\* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

\* *Improvements to HKFRSs issued in October 2008 contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.*

Except for the adoption of HKAS 1 (Revised) and HKFRS 8 which resulted in new or amended disclosures, the adoption of the above New HKFRSs has had no significant financial effect on these condensed interim financial statements and there have been no significant changes to the accounting policies applied in these condensed interim financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense recognized directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

## 1. Accounting Policies (*continued*)

HKFRS 8 replaces HKAS 14 “Segment Reporting” and specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers. The adoption of the standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain changes in the presentation and disclosures of notes to financial statements.

The HKICPA has also issued a number of new and revised HKFRSs which are not yet effective for the current reporting period. The Group has not early adopted those new and revised HKFRSs in these condensed interim financial statements.

The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

## 2. Revenue and Segment Information

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold during the period, after allowances for returns and trade discounts, excluding intra-group transactions.

The Group is principally involved in the manufacture and sale of plastic injection moulding machines and related products and manages its businesses by geographical areas. Upon adoption of HKFRS 8 “Operating Segments” and in a manner consistent with the way in which information is reported internally to the Group’s chief operating decision maker for the purposes of resources allocation and performance assessment, the Group has identified three reportable operating segments. There were no significant sales between the reportable operating segments.

## 2. Revenue and Segment Information (continued)

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's chief operating decision maker for the purpose for assessing segment performance and allocating resources between segments. In this regards, the Group's chief operating decision maker monitors the results attributable to each reportable operating segment on the following base:

Revenue and expenses are allocated to the reportable operating segments with reference to the geographical location of customers.

Information regarding the Group's reportable operating segments as provided to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance for the period is set out below:

	Segment revenue from external customers		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	<b>559,054</b>	707,438	<b>60,235</b>	99,107
Taiwan	<b>56,330</b>	154,894	<b>290</b>	14,646
Other overseas countries	<b>161,972</b>	305,935	<b>7,293</b>	44,427
	<b><u>777,356</u></b>	<u>1,168,267</u>	<b><u>67,818</u></b>	<u>158,180</u>

### Reconciliation of results of reportable operating segments to profit before tax is as follows:

Reportable operating segment results	<b>67,818</b>	158,180
Unallocated income and gains	<b>1,785</b>	1,156
Corporate and unallocated expenses	<b>(12,116)</b>	(23,655)
Finance costs	<b>(905)</b>	(2,684)
Share of profits less losses of associates	<b>2,706</b>	1,138
Profit before tax	<b><u>59,288</u></b>	<u>134,135</u>

### 3. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Cost of inventories sold	<b>598,479</b>	875,063
Depreciation	<b>29,914</b>	30,324
Recognition of prepaid land lease payments	<b>929</b>	950
Loss/(gain) on disposal of items of property, plant and equipment	<b>(59)</b>	16
Write-back of impairment for inventories, net	<b>(17,116)</b>	(5,229)
Interest income	<b>(1,785)</b>	(1,156)
	<b><u>          </u></b>	<u>          </u>

### 4. Tax

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the period (2008: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current:		
Charge for the period		
Hong Kong	–	–
Elsewhere	<b>9,132</b>	17,246
Under/(over) provision in prior periods	<b>(5)</b>	274
Deferred	<b><u>4,169</u></b>	<u>892</u>
Tax charge for the period	<b><u>13,296</u></b>	<u>18,412</u>



## 5. Dividends

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$0.05 (2008: HK\$0.174) per ordinary share	<b>31,442</b>	108,964
Additional final dividend due to exercise of share options	<u>—</u>	<u>453</u>
	<b><u>31,442</u></b>	<b><u>109,417</u></b>
Interim dividend declared after the interim period end of HK\$0.02 (2008: HK\$0.02) per ordinary share	<b><u>12,583</u></b>	<b><u>12,577</u></b>

## 6. Earnings Per Share Attributable to Equity Holders of the Company

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the period of HK\$45,962,000 (2008: HK\$113,763,000) and on the weighted average number of 628,870,103 (2008: 628,359,054) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company for the period of HK\$45,962,000 (2008: HK\$113,763,000) and on the weighted average number of 628,973,555 (2008: 629,127,143) ordinary shares, being the weighted average number of 628,870,103 (2008: 628,359,054) ordinary shares in issue during the period as used in the basic earnings per share calculation and the weighted average number of 103,452 (2008: 768,089) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

## 7. Property, Plant and Equipment

The movements of property, plant and equipment of the Group were as follows:

	<i>HK\$'000</i>
Net carrying amount at 1 April 2009	771,742
Additions	30,445
Disposals	(22)
Write-offs	(2)
Depreciation provided for the period	(29,914)
Exchange realignment	<u>5,988</u>
Net carrying amount at 30 September 2009	<u><u>778,237</u></u>

## 8. Trade and Bills Receivables

Trading terms with customers are either cash on delivery, bank bills or on credit. Customers are granted credit at the discretion of the Group, subject to their respective business strength and creditability. The average credit period is about 60 days. The Group adopts strict control policies over credit terms and receivables that serve to minimize credit risk.

In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

## 8. Trade and Bills Receivables (*continued*)

An aged analysis of the trade and bills receivables that are not considered to be impaired as at the reporting date is as follows:

	<b>30 September</b>	31 March
	<b>2009</b>	2009
	<b>HK\$'000</b>	HK\$'000
Current (neither past due nor impaired)	<b>385,615</b>	335,172
Less than 90 days past due	<b>106,534</b>	67,482
91 to 180 days past due	<b>24,943</b>	48,536
Over 180 days past due	<b><u>59,168</u></b>	<u>64,892</u>
	<b><u>576,260</u></b>	<u>516,082</u>

## 9. Trade and Bills Payables

An aged analysis of the trade and bills payables as at the reporting date is as follows:

	<b>30 September</b>	31 March
	<b>2009</b>	2009
	<b>HK\$'000</b>	HK\$'000
Current	<b>396,252</b>	77,000
1 to 90 days	<b>38,292</b>	48,354
91 to 180 days	<b>9,430</b>	121,595
Over 180 days	<b><u>14,909</u></b>	<u>29,623</u>
	<b><u>458,883</u></b>	<u>276,572</u>

The trade and bills payables are non-interest-bearing.

## 10. Share Capital

	<b>30 September 2009</b>	31 March 2009
	<b>HK\$'000</b>	HK\$'000
Authorized:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b><u>100,000</u></b>	<u>100,000</u>
Issued and fully paid:		
629,167,600 (31 March 2009: 628,833,600) ordinary shares of HK\$0.10 each	<b><u>62,917</u></b>	<u>62,883</u>

During the period, the subscription rights attaching to 334,000 share options were exercised at the exercise prices of HK\$1.988 per ordinary share (note 11), resulting in the issue of 334,000 ordinary shares of HK\$0.10 each for a total cash consideration, before issue expenses, of approximately HK\$664,000 in aggregate.

Details of the movement in the Company's issued ordinary share capital are as follows:

	<b>Number of ordinary shares in issue</b>	<b>Issued share capital</b>	<b>Share premium account</b>	<b>Total</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2009	628,833,600	62,883	506,374	569,257
Share options exercised	<u>334,000</u>	<u>34</u>	<u>630</u>	<u>664</u>
At 30 September 2009	<b><u>629,167,600</u></b>	<b><u>62,917</u></b>	<b><u>507,004</u></b>	<b><u>569,921</u></b>

## 11. Share Options

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 August 2002, the Company adopted a share option scheme (the "2002 Scheme"). Share options under the 2002 Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Following is the summary of the movements of the outstanding share options under the 2002 Scheme during the period:

Name or category of participant	Number of share options				At 30 September 2009	Date of grant*	Exercise period	Exercise price per share**
	At 1 April 2009	Granted during the period	Exercised during the period	Forfeited during the period				
						(D/M/Y)	(D/M/Y)	HK\$
<b>Directors</b>								
Chi Kin CHIANG	334,000	-	-	-	334,000	11/3/2003	11/3/2008 – 10/3/2013	1.988
Stephen Hau Leung CHUNG	332,000	-	-	-	332,000	11/3/2003	11/3/2004 – 10/3/2013	1.988
	334,000	-	-	-	334,000	11/3/2003	11/3/2008 – 10/3/2013	1.988
	666,000	-	-	-	666,000			
Sam Hon Wah NG	334,000	-	(334,000)	-	-	11/3/2003	11/3/2009 – 10/3/2013	1.988
Sub-total	1,334,000	-	(334,000)	-	1,000,000			
<b>Employees (other than directors)</b>								
In aggregate	10,000	-	-	-	10,000	11/3/2003	11/3/2004 – 10/3/2013	1.988
	24,000	-	-	-	24,000	11/3/2003	11/3/2006 – 10/3/2013	1.988
	230,000	-	-	-	230,000	11/3/2003	11/3/2008 – 10/3/2013	1.988
	100,000	-	-	-	100,000	11/3/2003	11/3/2009 – 10/3/2013	1.988
Sub-total	364,000	-	-	-	364,000			
Total	1,698,000	-	(334,000)	-	1,364,000			

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

\*\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

## 11. Share Options (*continued*)

Notes:

1. The closing price of the ordinary shares on 11 March 2003 was HK\$1.98 per share.
2. The weighted average closing prices of the shares in which the share options were exercised during the period by the participant of the 2002 Scheme were as follows:

Name or category of participant	Weighted average closing prices	
	Immediately	On the
	before the	date of exercise
	date of exercise	date of exercise
	HK\$	HK\$
Sam Hon Wah NG	2.66	2.63

3. The share options granted under the 2002 Scheme are for a consideration of HK\$1.00 per grant.
4. The 334,000 share options exercised during the period resulted in the issue of 334,000 ordinary shares of HK\$0.10 each of the Company and new share capital of approximately HK\$34,000 and share premium of approximately HK\$630,000 (before issue expenses), as detailed in note 10 to the financial statements.
5. As at 30 September 2009, the Company had 1,364,000 (31 March 2009: 1,698,000) share options outstanding under the 2002 Scheme. The exercise in full of the share options outstanding would, under the present capital structure of the Company, result in the issue of 1,364,000 additional ordinary shares of HK\$0.10 each of the Company, and additional share capital of approximately HK\$136,000 and share premium of approximately HK\$2,575,000 (before issue expenses).

## 12. Contingent Liabilities

As at the reporting date, contingent liabilities not provided for in the financial statements were as follows:

	30 September 2009 HK\$'000	31 March 2009 HK\$'000
Guarantees given to financial institutions in connection with facilities granted to certain third parties, at the maximum	<b><u>76,938</u></b>	<b><u>91,329</u></b>

### 13. Commitments

As at 30 September 2009, the Group had capital commitments, which were contracted but not provided for, in respect of the construction of industrial buildings in Mainland China amounting to approximately HK\$15,640,000 (31 March 2009: HK\$35,914,000).

As at 30 September 2009, the Group had capital commitments, which were contracted but not provided for, in respect of the purchase of property, plant and equipment in Mainland China amounting to approximately HK\$23,516,000 (31 March 2009: HK\$26,780,000).

### 14. Related Party Transactions

- (i) During the period, the Group purchased raw materials amounting to HK\$24,329,000 (2008: HK\$39,288,000) from an associate at prices and on terms similar to those offered by unrelated suppliers of the Group.
- (ii) Compensation of key management personnel of the Group:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Short term employee benefits	<b>4,888</b>	12,223
Post-employment benefits	<b>24</b>	24
Equity-settled share option expenses	<u>—</u>	<u>10</u>
	<b><u>4,912</u></b>	<b><u>12,257</u></b>

## Interim Dividend

The Board has resolved to declare an interim dividend of HK2.0 cents (2008: HK2.0 cents) per ordinary share for the six months ended 30 September 2009 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 4 January 2010. The interim dividend declared will be paid on or about Wednesday, 13 January 2010.

## Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 30 December 2009 to Monday, 4 January 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 29 December 2009.

## Management's Discussion and Analysis

### Business Performance

During the six months ended 30 September 2009, the Group registered a decline in total turnover of 33% to HK\$777 million (2008: HK\$1,168 million). Profit attributable to equity holder dropped by 60% to HK\$46 million (2008: HK\$114 million) as compared with the same period of last year. Basic earnings per share also dropped by 60% to HK7.3 cents (2008: HK18.1 cents). The Board has resolved to declare an interim dividend of HK2.0 cents (2008: HK2.0 cents) per share.

The global financial tsunami which started in September 2008 has been termed "once in a century" and "the more serious financial crisis since the Great Depression in the United States". Global economic situation deteriorated rapidly from the very beginning of the crisis, with the U.S. and European markets in rapid shrinkage, a collapse of credit on a global scale, an avalanche of large corporate bankruptcies, and spectacular failures (and subsequent government takeovers) of huge financial institutions. Mainstream economic viewpoints during that time were almost entirely pessimistic, expecting the long crisis to last anywhere from one to three years.



The Group promptly put in place a series of emergency measures – which included credit tightening, inventory reductions, manufacturing slowdown, appropriate reductions in capacity as well as downsizing the manufacturing ranks – with an aim to preserve enough cash to weather this “economic winter,” widely expected to last between one to three years. All these measures were progressively implemented during late 2008 and early 2009.

Internal consumption activities in China recovered during the first half of this financial year, benefiting from the Chinese Government’s timely RMB4 trillion stimulus package and a sequence of industry support policies (e.g. rural subsidies for appliances and autos, automotive tax breaks). As a result, China became the poster child among all world economies with GDP growth for the first three quarters of 2009 maintaining at 7.7%. Chinese policy leaders also adopted a “stable and relatively rapid” model for near-term internal economic development while insisting on meeting the 8% GDP growth target.

The China domestic market started exhibiting signs of strong recovery ever since May of this year. Although the export sector continues to be extremely weak, domestic consumption (especially in automotive sector) has picked up strongly to become the leading driver of economic activities, which in turn created internal demand for injection moulding machines. Since mid-year, as “China Saves The World” begins to gain traction, some economic analysts started reversing their own forecasts and viewpoints made only half a year ago and to predict a short recession instead – some even to the point of declaring an end of the recession and the start of global recovery.

In the meantime, the Group’s financial health is even stronger at the end of this half-year than at the end of March 2009, with cash on hand close to HK\$800 million. Sensing a sea change in market sentiments and the rapid rise of China’s domestic economic activities, the Group immediately reacted and started increasing manufacturing capacity again in order to satisfy market demand. Nevertheless, it is a long and laborious process to ramp up capacity, to restart supply chains, and to recruit and train adequate new workers. Should the China economy continue its current positive trend of development, the Group expects to raise manufacturing capacity back to levels similar to those before the financial crisis by the end of this financial year (i.e. before March 2010).

## Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2009 is as follows:

<b>Customer Location</b>	<b>2009</b> <i>(HK\$ million)</i>	2008 <i>(HK\$ million)</i>	Change
Mainland China and Hong Kong	<b>559</b>	707	-21%
Taiwan	<b>56</b>	155	-64%
Other overseas countries	<b>162</b>	306	-47%
	<b>777</b>	1,168	-33%

The China market diverged towards two extremes during the first half of this financial year. Firstly, the Chinese Government introduced a RMB4 trillion stimulus package in late 2008 to combat the global financial crisis, most of which were implemented in early 2009. The moderately relaxed monetary policy, coupled with numerous stimulus packages to create internal demand, fueled a rapid increase in domestic economic activity, which was particularly pronounced in automotive and real estate-related industries (e.g. household appliances).

On the other hand, due to protracted weakness in the U.S. and European economies, China exports continued to decline and most export-oriented industries continued to be in dire straits. As export-oriented customers historically formed the Group's primary customer segment, its shortfall could not be fully compensated despite new sales turnover from domestic demand. As a result, the Group's China sales dropped by 21% compared to the same period of last year.

Taiwan customers were severely hit by the financial crisis as they are primarily exporters to the U.S. and European markets, with sales turnover declined by 64% compared to same period of last year. The Group does not expect Taiwan sales to improve until the U.S. and European economies emerged from recession and consumption growth resumed.

International markets are basically the same story, with most countries, few excepted, sustaining full impacts from the global financial crisis and therefore the Group's international sales turnover declined by 47% year-on-year. However, certain countries that early on saw significant fluctuations in currency exchange rates seemed to be improving during recent months, particularly after the current U.S. Dollar weakness and stabilizing world currency markets, yielding new orders for the Group.

## **Manufacturing Efficiency and Capacity**

The Group focused its energies in cash preservation during the early stages of the global financial crisis, aiming to weather through a difficult period which would last over one year. Some of the emergency measures put in place for working capital control – such as inventory reduction, reduction of excessive manufacturing capacity, reducing raw materials procurement etc. – were implemented successfully and were reflected in the Group's strong statement of financial position.

As at the end of this financial half-year, the Group had managed to ramp up its manufacturing capacity to around 60% of peak capacity, but still far below the levels before the financial crisis. The Group has decided to redouble its efforts during the second half-year, and target reaching similar peak capacity level by March 2010.

## **New Technologies and New Products Development**

During the first half-year, the Group completed the commercialization of two key technologies: two platen large-tonnage injection moulding machines, and high-precision, high-energy-saving servo-driven large-tonnage injection moulding machines (SVP-series). New 3,600 to 4,000-ton models were introduced for the two-platen series – an industry first in China, currently the largest for locally-manufactured “true” two-platen designs.

Ever since the launch of the Group's SVP-series of servo-driven injection moulding machines several years ago, it has gained popularity in the marketplace with significant increases in sales volume. During this half-year, the Group extended this energy-saving technology to large- and ultra-large-tonnage machines, from 650-ton to 2,600-ton, to complete the entire range of this popular series to make a better fulfillment of all demands from customers.

## Liquidity and Financial Conditions

As at 30 September 2009, the Group had net current assets of HK\$1,234 million (2008: HK\$1,280 million), which represented a 4% decrease over last year. Included in the net current assets were the cash and bank balances of HK\$793 million (2008: HK\$320 million), an increase of HK\$473 million over last year, and the bank loans of HK\$37 million (2008: HK\$185 million), a decrease of HK\$148 million. The bank loans were short-term with floating interest rates for payments to suppliers in Japanese yen.

It is the policy of the Group to adopt a consistently prudent financial management strategy, sufficient liquidity is maintained with appropriate levels of borrowings to meet the funding requirements of the Group's investments and operations.

### Charge on Assets

As at 30 September 2009, the bills receivables of certain subsidiaries operating in Mainland China of HK\$11 million (2008: Nil) have been pledged for securing certain bills payables issued by financial institutions in Mainland China.

As at 30 September 2009, the bank deposits of certain subsidiaries operating in Mainland China of HK\$45 million (2008: Nil) have been pledged for securing certain bills payables issued by financial institutions in Mainland China.

As at 30 September 2009, the bank deposits of certain subsidiaries operating in Mainland China of HK\$28 million (2008: HK\$30 million) have been pledged for securing certain loans granted by certain financial institutions in Mainland China to certain third parties.

## Treasury and Foreign Exchange Risk Management

The Group adopts a prudent and centralized approach in managing its funding. Funds, primarily denominated in Hong Kong dollars, U.S. dollars and Renminbi, are normally placed with banks in short to medium term deposits for working capital of the Group.

As at 30 September 2009, the Group had total foreign currency borrowings equivalent to HK\$37 million (2008: HK\$35 million). The Group, from time to time, assesses the risk exposure on certain volatile foreign currencies and has it covered in appropriate manners to minimize the risk.

## Human Resources

As at 30 September 2009, the Group, excluding its associates, had approximately 2,600 (2008: 3,800) full-time employees. The Group offers good remuneration and welfare packages to its employees and maintains market-competitive pay levels. Employees are rewarded based on individual as well as the results performance of the Group. Share options of the Company are granted to selected employees of the Group for rewarding and retaining talents.

The Group conducts regular programmes, including comprehensive educational and professional training, and social activities counselling, to its employees to enhance staff quality, standards of professional knowledge and teamwork spirit.

## Outlook of the Second Half

The current consensus forecast of leading economists and financial experts is a “weak recovery” for the U.S. and Europe, but rather divided for China. Some economic experts believe that China will “lead the world out of recession” while others believe that China, with internal consumption still relatively immature, has created an asset bubble from lax monetary policies which may be due for a significant correction.

The Group, therefore, adopts a cautious but aggressive attitude towards the future. It will do its best to capture any emerging market opportunities.

## Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2009, the number of issued ordinary shares of the Company was 629,167,600; and the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (a) Long position in shares and underlying shares of the Company

Name of director	Nature of interest	Interest in ordinary shares	Interest in underlying shares*	Total	Notes	Approximate
						percentage of the Company's issued ordinary shares
Chen CHIANG	Personal	3,980,000	-	3,980,000	(1)	0.63%
	Other	398,013,620	-	398,013,620	(3)	63.26%
Lai Yuen CHIANG	Personal	5,000,000	-	5,000,000	(1)	0.79%
Chi Kin CHIANG	Personal	1,744,000	334,000	2,078,000	(1)	0.33%
Stephen Hau Leung CHUNG	Personal	-	666,000	666,000	(1)	0.11%
Sam Hon Wah NG	Personal	334,000	-	334,000	(1)	0.05%
Johnson Chin Kwang TAN	Personal	484,000	-	484,000	(1)	0.08%
Anish LALVANI	Personal	220,000	-	220,000	(1)	0.03%

\* *The interests in underlying shares of equity derivatives represent interests in options granted under the Company's share option scheme of which they were unissued shares. The details of such interests are set out in note 11 to the financial statements.*

## (b) Long position in shares of associated corporations

- (i) Interests in ordinary shares in Chen Hsong Investments Limited (“CH Investments”):

Name of director	Nature of interest	Capacity	Interest in shares	Notes	Approximate percentage of the issued shares of CH Investments
Chen CHIANG	Other	Founder of discretionary trusts	66,044,000	(2)	100.00%
Lai Yuen CHIANG	Other	Eligible beneficiary of a discretionary trust	7,823,700	(4)	11.85%
Chi Kin CHIANG	Other	Eligible beneficiary of a discretionary trust	7,823,700	(5)	11.85%

- (ii) Dr. Chen CHIANG, a director of the Company, is deemed to be interested in shares and paid-up capital of the following associated corporations:

Name of associated corporation	Interest in shares/ paid-up capital	Notes	Approximate percentage of the relevant class of issued shares/ paid-up capital of associated corporation
Chiangs' Industrial Holdings Limited	1 redeemable share	(3)	100.00%
Equaltex Investment Limited	2 ordinary shares	(3), (6)	100.00%
Gondmyne Limited	100,000 ordinary shares	(3), (6)	100.00%
Desee Limited	2 ordinary shares	(3), (7)	100.00%
Desko Limited	2 ordinary shares	(3), (7)	100.00%
Goman Limited	2 ordinary shares	(3), (7)	100.00%
Koyoki Limited	2 ordinary shares	(3), (7)	100.00%
Mikia Limited	2 ordinary shares	(3), (7)	100.00%
Mogin Limited	2 ordinary shares	(3), (7)	100.00%
Potachi Limited	2 ordinary shares	(3), (7)	100.00%
Parot Limited	2 ordinary shares	(3), (7)	100.00%

Name of associated corporation	Interest in shares/ paid-up capital	Notes	Approximate percentage of the relevant class of issued shares/ paid-up capital of associated corporation
Rikon Limited	2 ordinary shares	(3), (7)	100.00%
Semicity Limited	2 ordinary shares	(3), (7)	100.00%
Sibeland Limited	2 ordinary shares	(3), (7)	100.00%
Sumei Limited	2 ordinary shares	(3), (7)	100.00%
Granwich Limited	1 ordinary share	(3), (6)	100.00%
Hong Kong Cad-Cam Services Limited	52,570,000 ordinary shares	(3), (6)	75.10%
Kadom Limited	2 ordinary shares	(3), (6)	100.00%
Keyset Development Limited	8 ordinary shares	(3), (6)	80.00%
Callan (China) Limited	1,000,000 ordinary shares	(3), (8)	100.00%
Shanghai Ciro's Real Estate Co., Ltd.	US\$33,593,200 paid-up capital	(3), (8)	67.19%
Oriental Triumph Investments Limited	1 ordinary share	(3), (9)	100.00%
Pro-Team Pacific Limited	1 ordinary share	(3), (6)	100.00%
Tatiara Investment Company Limited	2 ordinary shares	(3), (6)	100.00%
Value Creation Group Limited	1 ordinary share	(3), (6)	100.00%
Chen Hsong Logistics Services Company Limited	5,000,000 non-voting deferred shares	(3), (6)	100.00%
Chen Hsong Machinery Company, Limited	50,000,000 non-voting deferred shares	(3), (6)	100.00%
Chen Hsong (PRC) Investment Company Limited	2 non-voting deferred shares	(3), (6)	100.00%



*Notes:*

- (1) Such interests are held in the capacity as beneficial owner.
- (2) This represents the collective interest indirectly held by Cititrust (Bahamas) Limited, trustee of two discretionary trusts, namely, The Chiang Chen Industrial Charity Foundation ("Charity Foundation") and The Chiangs' Family Foundation ("Family Foundation"), which respectively hold 88.15% and 11.85% of the issued share capital of CH Investments. By virtue of the SFO, Dr. Chen CHIANG is deemed to be interested in the aforesaid discretionary trusts as he is the settlor of both discretionary trusts and may be regarded as founder of such discretionary trusts.
- (3) Chiangs' Industrial Holdings Limited holds 88.15% controlling interest in CH Investments, in turn, Chiangs' Industrial Holdings Limited is wholly-owned by Cititrust (Bahamas) Limited. Cititrust (Bahamas) Limited being the trustee of the Charity Foundation in which, by virtue of the SFO, Dr. Chen CHIANG is deemed to be interested as he is the settlor of the Charity Foundation and may be regarded as founder of the Charity Foundation.
- (4) Such interests were held by the Family Foundation and Ms. Lai Yuen CHIANG is deemed to be interested under the SFO by virtue of her being one of the eligible beneficiaries of the Family Foundation.
- (5) Such interests were held by the Family Foundation and Mr. Chi Kin CHIANG is deemed to be interested under the SFO by virtue of him being one of the eligible beneficiaries of the Family Foundation.
- (6) Such interests are held by CH Investments.
- (7) Such interests are indirectly held by CH Investments through Gondmyne Limited.
- (8) CH Investments holds 80% controlling interest in Keyset Development Limited which holds the entire interest of Callan (China) Limited. Callan (China) Limited which, in turn, holds 67.19% controlling interest in Shanghai Ciro's Real Estate Co., Ltd..
- (9) Such interests are indirectly held by CH Investments through Keyset Development Limited.

Save as disclosed above, as at 30 September 2009, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **Directors' Rights to Acquire Shares or Debentures**

Details of share options granted to or exercised by the directors or chief executive of the Company during the six months ended 30 September 2009 and their outstanding balances as at 30 September 2009 are set out in note 11 to the financial statements.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to arrangements to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate, and none of the directors, chief executive or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the period.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2009, so far as is known to the directors and chief executive of the Company, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

### Long positions in shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	Notes	Approximate percentage of the Company's issued ordinary shares
CH Investments	Beneficial owner	398,013,620	(1)	63.26%
Chiangs' Industrial Holdings Limited	Interest of controlled corporation	398,013,620	(1)	63.26%
Cititrust (Bahamas) Limited	Trustee	398,013,620	(1)	63.26%
Chen CHIANG	Founder of discretionary trust	398,013,620	(1), (2), (3)	63.26%
	Beneficial owner	3,980,000	(3)	0.63%
JPMorgan Chase & Co.	Interest of controlled corporation	39,138,000	(4)	6.22%
Commonwealth Bank of Australia	Interest of controlled corporation	38,620,000	(5)	6.14%
Schroder Investment Management (Hong Kong) Limited	Investment manager	37,604,000	–	5.98%

*Notes:*

- (1) This represents the same parcel of shares held by CH Investments. Cititrust (Bahamas) Limited is deemed to have interest in the relevant shares by virtue of being the trustee of the Charity Foundation, the relevant shares are held through its controlled corporation, Chiangs' Industrial Holdings Limited which holds 88.15% controlling interest in CH Investments.
- (2) The relevant shares are deemed to be interested by Dr. Chen CHIANG by virtue of the SFO as he is the settlor of the Charity Foundation and he may be regarded as the founder of the Charity Foundation.
- (3) Ms. Jwung Hwa MA, being the spouse of Dr. Chen CHIANG, in the capacity of interest of spouse, is deemed to be interested in the relevant shares held by Dr. Chen CHIANG by virtue of the SFO.
- (4) These shares were held by corporation controlled directly as to 100% by JPMorgan Chase & Co. in the capacity of custodian corporation/approved lending agent. These shares represented shares of the Company in the lending pool.
- (5) These shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

Save as disclosed above, as at 30 September 2009, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

## **Compliance with the Code on Corporate Governance Practices**

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2009, except for Code Provision A.4.2, as the chairman and managing director of the Company shall not be required to retire by rotation according to the provision contained in the Chen Hsong Holdings Limited Company Act, 1991 of Bermuda.

## Compliance with the Model Code and the Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code") on terms no less exacting than the required standard set out in the Model Code. The Company, having made specific enquiry of all directors, confirms that the directors have complied with the required standards set out in the Model Code and the Code for the period under review.

## Update on Directors' Information under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the date of the 2009 Annual Report of the Company are set out below:

- (1) Mr. Chi Kin CHIANG has retired as a director of Hong Kong United Youth Association.
- (2) Mr. Michael Tze Hau LEE has been appointed an independent non-executive director of Trinity Limited (a company listed on the Main Board of the Stock Exchange, Stock Code 891).

## Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2009.

## Review of Accounts

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2009.

By Order of the Board  
**Chen CHIANG**  
*Chairman*

Hong Kong, 25 November 2009

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