

中期報告 | INTERIM REPORT 2010/2011



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)

Financial Highlights

	For the six months ended 30 September		Change
	2010 (Unaudited)	2009 (Unaudited)	
RESULTS HIGHLIGHTS <i>(HK\$'000)</i>			
Revenue	1,318,715	777,356	70%
Profit before tax	273,103	59,288	361%
Profit attributable to equity holders of the Company	225,008	45,962	390%
Total assets	3,841,811	3,173,989	21%
Shareholders' funds	2,648,253	2,366,321	12%
Issued share capital	62,919	62,917	0%
Net current assets	1,623,466	1,234,494	32%
PER SHARE DATA			
Basic earnings per share <i>(HK cents)</i>	35.8	7.3	390%
Cash dividends per share <i>(HK cents)</i>	8.0	2.0	300%
Net assets per share <i>(HK dollars)</i>	4.2	3.8	11%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds (%)	8.8	2.0	340%
Return on average total assets (%)	6.1	1.5	307%

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
Credit Agricole Corporate and Investment Bank
Hang Seng Bank Limited
Industrial and Commercial Bank of China
(Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

Principal Share Registrars	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HM08 Bermuda
Branch Share Registrars	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Hong Kong
Registered Office	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head Office & Principal Place of Business	13-15 Dai Wang Street Tai Po Industrial Estate Tai Po, New Territories Hong Kong
Corporate Communications & Investor Relations	Ms. Shelleyan FUNG Tel: (852) 2665 3888 Fax: (852) 2664 8202 E-mail: comm@chenhsong.com.hk Website: www.chenhsong.com.hk
Stock Code	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 2010 amounted to HK\$225,008,000, representing an increase of 390% as compared with the profit attributable to equity holders of HK\$45,962,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2010 was HK35.8 cents, an increase of 390% over the corresponding period in 2009 of HK7.3 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 2010

		Six months ended	
		30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	2	1,318,715	777,356
Cost of sales		<u>(969,151)</u>	<u>(598,479)</u>
Gross profit		349,564	178,877
Other income and gains, net		105,807	12,308
Selling and distribution expenses		(108,317)	(66,034)
Administrative expenses		(53,919)	(50,356)
Other operating expenses, net		(22,733)	(17,308)
Finance costs		(1,009)	(905)
Share of profits less losses of associates		<u>3,710</u>	<u>2,706</u>
PROFIT BEFORE TAX	3	273,103	59,288
Income tax expense	4	<u>(46,036)</u>	<u>(13,296)</u>
PROFIT FOR THE PERIOD		<u>227,067</u>	<u>45,992</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		225,008	45,962
Non-controlling interests		<u>2,059</u>	<u>30</u>
		<u>227,067</u>	<u>45,992</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6		
Basic (<i>HK cents</i>)		<u>35.8</u>	<u>7.3</u>
Diluted (<i>HK cents</i>)		<u>35.7</u>	<u>7.3</u>

Details of the dividends are disclosed in note 5 to the financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	227,067	45,992
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	<u>22,455</u>	<u>12,681</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>249,522</u>	<u>58,673</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	247,106	58,628
Non-controlling interests	<u>2,416</u>	<u>45</u>
	<u>249,522</u>	<u>58,673</u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2010

		30 September 2010 (Unaudited)	31 March 2010 (Audited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	7	808,020	773,743
Prepaid land lease payments		45,465	46,004
Goodwill		94,931	94,931
Interests in associates		22,816	18,702
Deferred tax assets		75,873	75,289
Deposits for purchases of items of property, plant and equipment		4,454	19,127
		<u>1,051,559</u>	<u>1,027,796</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		787,034	672,073
Trade and bills receivables	8	865,391	723,432
Deposits, prepayments and other receivables		91,378	81,489
Available-for-sale equity investment		–	124,057
Pledged bank deposits		97,153	94,329
Cash and bank balances		949,296	769,862
		<u>2,790,252</u>	<u>2,465,242</u>
Total current assets			
CURRENT LIABILITIES			
Trade and bills payables	9	672,347	630,539
Other payables and accruals		339,959	282,130
Bank loans, unsecured		74,594	41,964
Tax payable		79,886	53,652
		<u>1,166,786</u>	<u>1,008,285</u>
Total current liabilities			
NET CURRENT ASSETS		<u>1,623,466</u>	<u>1,456,957</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,675,025</u>	<u>2,484,753</u>

Condensed Consolidated Statement of Financial Position *(continued)*

As at 30 September 2010

	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
<i>Note</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>10,212</u>	<u>6,543</u>
NET ASSETS	<u>2,664,813</u>	<u>2,478,210</u>
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	10 62,919	62,919
Reserves	<u>2,585,334</u>	<u>2,401,147</u>
	2,648,253	2,464,066
Non-controlling interests	<u>16,560</u>	<u>14,144</u>
Total equity	<u>2,664,813</u>	<u>2,478,210</u>

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 September 2010

	Note	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 2009		62,883	506,374	295	52,308
Total comprehensive income for the period		-	-	-	-
Issue of new shares		34	630	-	-
Final dividend for the year ended 31 March 2009	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 September 2009		<u>62,917</u>	<u>507,004</u>	<u>295</u>	<u>52,308</u>
At 1 April 2010		62,919	507,042	295	52,550
Total comprehensive income for the period		-	-	-	-
Transfer from retained profits		-	-	-	174
Final dividend for the year ended 31 March 2010	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 September 2010		<u>62,919</u>	<u>507,042*</u>	<u>295*</u>	<u>52,724*</u>

* These reserve accounts comprise the consolidated reserves of HK\$2,585,334,000 (31 March 2010: HK\$2,401,147,000) in the condensed consolidated statement of financial position as at 30 September 2010.

Attributable to equity holders of the Company

Statutory reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
117,568	2,351	164,532	1,432,160	2,338,471	13,683	2,352,154
-	-	12,666	45,962	58,628	45	58,673
-	-	-	-	664	-	664
<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,442)</u>	<u>(31,442)</u>	<u>-</u>	<u>(31,442)</u>
<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>
126,607	2,351	179,948	1,532,354	2,464,066	14,144	2,478,210
-	-	22,098	225,008	247,106	2,416	249,522
-	-	-	(174)	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,919)</u>	<u>(62,919)</u>	<u>-</u>	<u>(62,919)</u>
<u>126,607*</u>	<u>2,351*</u>	<u>202,046*</u>	<u>1,694,269*</u>	<u>2,648,253</u>	<u>16,560</u>	<u>2,664,813</u>

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH INFLOWS FROM OPERATING ACTIVITIES	15,218	409,581
NET CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES	212,082	(99,411)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES	<u>(36,284)</u>	<u>(33,982)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	191,016	276,188
Cash and cash equivalents at beginning of period	715,352	418,326
Effect of foreign exchange rate changes, net	<u>10,714</u>	<u>1,150</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>917,082</u></u>	<u><u>695,664</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	707,039	560,691
Bank deposits with original maturity of less than three months when acquired	<u>210,043</u>	<u>134,973</u>
	<u><u>917,082</u></u>	<u><u>695,664</u></u>

Notes to Condensed Financial Statements

30 September 2010

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 2010, 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 April 2010:

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>

1. Accounting Policies (continued)

HK(IFRIC) – Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
Improvements to HKFRSs (May 2009)	<i>Amendments to a number of HKFRSs*</i>

* *Improvements to HKFRSs (May 2009) contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16.*

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.

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 is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have significant impact on its results of operations and financial position.

2. Revenue and Operating 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.

2. Revenue and Operating Segment Information (continued)

The Group is principally involved in the manufacture and sale of plastic injection moulding machines and related products. For management purposes, the Group is organized into business units based on the geographical location of customers and has three reportable operating segments as follows:

- (i) Mainland China and Hong Kong;
- (ii) Taiwan; and
- (iii) Other overseas countries.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

There are no significant sales between the reportable operating segments.

The following tables present revenue and results information for the Group's operating segments for the periods ended 30 September 2010 and 2009.

	Segment revenue		Segment results	
	from external customers		Six months ended	
	Six months ended		30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	1,003,643	559,054	157,541	60,235
Taiwan	85,241	56,330	10,400	290
Other overseas countries	<u>229,831</u>	<u>161,972</u>	<u>19,531</u>	<u>7,293</u>
	<u>1,318,715</u>	<u>777,356</u>	<u>187,472</u>	<u>67,818</u>

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

Operating segment results	187,472	67,818
Unallocated income and gains	98,163	1,785
Corporate and unallocated expenses	(15,233)	(12,116)
Finance costs	(1,009)	(905)
Share of profits less losses of associates	<u>3,710</u>	<u>2,706</u>
Profit before tax	<u>273,103</u>	<u>59,288</u>

3. Profit Before Tax

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

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Cost of inventories sold	969,151	598,479
Depreciation	23,650	29,914
Recognition of prepaid land lease payments	1,048	929
Gain on disposal of available-for-sale equity investment (note 14(iii))	(94,084)	–
Gain on disposal of items of property, plant and equipment	(134)	(59)
Impairment/(write-back of impairment) of trade and bills receivables, net	9,039	(1,292)
Write-back of impairment of inventories, net	(3,785)	(17,116)
Foreign exchange differences, net	(8,206)	6,699
Interest income	(4,079)	(1,785)
	<u>969,151</u>	<u>598,479</u>

4. Income Tax Expense

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the period (2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Current:		
Charge for the period		
Hong Kong	–	–
Elsewhere	35,750	9,132
Under/(over) provision in prior periods	5,919	(5)
Deferred	<u>4,367</u>	<u>4,169</u>
Tax charge for the period	<u>46,036</u>	<u>13,296</u>

5. Dividends

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$0.10 (2009: HK\$0.05) per ordinary share	<u>62,919</u>	<u>31,442</u>
Interim dividend declared after the interim period end of HK\$0.08 (2009: HK\$0.02) per ordinary share	<u>50,335</u>	<u>12,583</u>

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\$225,008,000 (2009: HK\$45,962,000) and on the weighted average number of ordinary shares of 629,187,600 (2009: 628,870,103) 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\$225,008,000 (2009: HK\$45,962,000) and on the weighted average number of ordinary shares of 629,643,935 (2009: 628,973,555), being the weighted average number of ordinary shares of 629,187,600 (2009: 628,870,103) in issue during the period as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 456,335 (2009: 103,452) 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 as at 1 April 2010	773,743
Additions	46,075
Disposals	(685)
Write-offs	(559)
Depreciation provided for the period	(23,650)
Exchange realignment	<u>13,096</u>
Net carrying amount as at 30 September 2010	<u><u>808,020</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 90 days and extension of credit period is made for customers with good trading and repayment records. The Group adopts strict control policies over credit terms and receivables that serve to minimize credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

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, based on the payment due date, that are not considered to be impaired is as follows:

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Current (neither past due nor impaired)	567,813	526,796
Less than 90 days past due	174,951	132,893
91 to 180 days past due	74,487	20,662
Over 180 days past due	<u>48,140</u>	<u>43,081</u>
	<u>865,391</u>	<u>723,432</u>

9. Trade and Bills Payables

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Current	603,083	537,756
1 to 90 days	50,148	72,701
91 to 180 days	2,379	3,002
Over 180 days	<u>16,737</u>	<u>17,080</u>
	<u>672,347</u>	<u>630,539</u>

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

10. Share Capital

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Authorized:		
1,000,000,000 ordinary shares of HK\$0.10 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
629,187,600 (31 March 2010: 629,187,600) ordinary shares of HK\$0.10 each	<u>62,919</u>	<u>62,919</u>

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.

No share option was granted, exercised, lapsed or cancelled during the six months ended 30 September 2010. Following is the summary of the outstanding share options under the 2002 Scheme as at 30 September 2010:

Name or category of participants	Number of share options				At 30 September 2010	Date of grant*	Exercise period	Exercise price per share**
	At 1 April 2010	Granted during the period	Exercised during the period	Lapsed during the period				
						(DIMY)	(DIMY)	HK\$
Directors								
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			
Sub-total	1,000,000	-	-	-	1,000,000			
Employees (other than directors)								
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
	210,000	-	-	-	210,000	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	344,000	-	-	-	344,000			
Total	1,344,000	-	-	-	1,344,000			

* 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 of the Company on 11 March 2003 was HK\$1.98 per share.
2. The share options granted under the 2002 Scheme are for a consideration of HK\$1.00 per grant.
3. As at 30 September 2010, the Company had 1,344,000 (31 March 2010: 1,344,000) 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 1,344,000 additional ordinary shares of HK\$0.10 each of the Company, and additional share capital of approximately HK\$134,000 and share premium of approximately HK\$2,537,000 (before issue expenses).

12. Contingent Liabilities

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

	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
Guarantees given to financial institutions in connection with facilities granted to third parties, at the maximum	<u>126,964</u>	<u>87,089</u>

13. Commitments

As at 30 September 2010, 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\$15,443,000 (31 March 2010: HK\$12,755,000).

As at 30 September 2010, the Group had capital commitments, which were contracted but not provided for, in respect of the purchases of property, plant and equipment in Mainland China amounting to approximately HK\$16,056,000 (31 March 2010: HK\$19,332,000).

14. Related Party Transactions

- (i) During the period, the Group purchased raw materials amounting to HK\$37,772,000 (2009: HK\$24,329,000) from an associate at prices and on terms similar to those offered by unrelated suppliers of the Group.

In addition, the Group purchased raw materials of HK\$7,363,000 (2009: HK\$7,095,000) from a related company, Zhenjian Mould & Machinery (Shenzhen) Company Limited ("CC-SZ"). These transactions were also continuing connected transactions of the Group during the period.

Dr. Chen CHIANG and Mr. Chi Kin CHIANG, two directors of the Company, and their associates together control the exercise of 80% of the voting power at general meetings of Chen Chien Holdings Limited, which holds the entire equity interest of CC-SZ. CC-SZ is therefore a related company of the Group. The terms of the above transactions were conducted with prices and terms mutually agreed by the Group and the related company.

- (ii) Compensation of key management personnel of the Group:

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Short term employee benefits	10,034	4,888
Post-employment benefits	24	24
	<u>10,058</u>	<u>4,912</u>

- (iii) During the period, Chen Hsong Marketing International Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Chen Hsong Investments Limited, the immediate holding company of the Company, to dispose of the unlisted equity investment in Mainland China, for a consideration of HK\$94,740,000, as disclosed in the announcement regarding the discloseable and connected transaction dated 16 April 2010. The transaction was completed during the period and a one-off gain of HK\$94,084,000 was recorded.

Interim Dividend

The Board has resolved to declare an interim dividend of HK8.0 cents (2009: HK2.0 cents) per ordinary share for the six months ended 30 September 2010 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 3 January 2011. The interim dividend declared will be paid on or about Thursday, 13 January 2011.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 30 December 2010 to Monday, 3 January 2011, 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 for registration not later than 4:30 p.m. on Wednesday, 29 December 2010.

Management's Discussion and Analysis

Business Performance

During the six months ended 30 September 2010, the Group registered total turnover growth of 70% to HK\$1,319 million (2009: HK\$777 million). Profit attributable to equity holders increased by 390% to HK\$225 million (2009: HK\$46 million). Basic earnings per share also grew by 390% to HK35.8 cents (2009: HK7.3 cents). The Board has resolved to declare an interim dividend of HK8.0 cents (2009: HK2.0 cents) per share.

Profit attributable to equity holders and basic earnings per share include a special one-off gain of HK\$94.08 million from the sale of the Group's interests in part of the Shanghai Ciro's Plaza. Growth in profit attributable to equity holders and basic earnings per share, after deducting this one-off gain, would both have been 185%.

It has been two years since the global financial crisis that took the world by storm, and most major economies have by now stabilized. During the past year, China's domestic consumption market was still the strongest growth sector, but some western countries, including Europe and the United States, had also started on their long and laborious roads to recovery. Under such macro economic conditions, market demand for injection moulding machines had focused primarily to China region, and while within the China market, had also focused down to the customer segments serving domestic consumption. The other large customer segment, and the traditional core customers of the Group – that of export-oriented customers – continued to lack momentum due to sustained weaknesses in the U.S. and European economies.

Domestic economic growth in China has been red-hot during this financial year, with the automotive and real estate-related industries (including electrical appliances, household goods etc.) experiencing rapid demand growth. In most of these growth industries, the primary types of injection moulding machines demanded are medium-to-large sized. Up to the end of the first half of this financial year, the Group had successfully recovered the manufacturing capacity of small-tonnage injection moulding machines to pre-financial crisis level, and during the past six months, the Group had also focused considerable efforts on speeding up the growth in manufacturing capacity for medium-to-large tonnage machines.

As the parts and components supply chain for medium-to-large tonnage injection moulding machines tend to be much longer, material shortages had limited the ability of the Group to supply the furiously-growing market demand. In view of this shortage, since the second half of the last financial year, the Group has started to aggressively develop new suppliers in order to alleviate the negative effects of an overly-concentrated supply base. The Group will have a long and tough task ahead to ramp up manufacturing capacity due to supply tightness of raw materials, parts and components in China, compounded by chronic labour shortages in the coastal regions. The Group shall however make all endeavours to complete this manufacturing capacity ramp-up and enhance its supply chain as soon as possible in order to capture the rising wave of demand for medium-to-large tonnage machines.

Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2010 is as follows:

Customer Location	2010 <i>(HK\$ million)</i>	2009 <i>(HK\$ million)</i>	Change
Mainland China and Hong Kong	1,004	559	+80%
Taiwan	85	56	+52%
Other overseas countries	230	162	+42%
	1,319	777	+70%

During the first half of this financial year, domestic economy in China continued to grow at a break-neck pace, with GDP growth rates averaging over 9% during the period, in a bid to eventually challenge the U.S. as the largest economy in the world. This in turn drove demand growth in electrical appliances and household goods etc., as well as the red-hot automotive market which, after two years of record-breaking growth and production/sales both exceeding 13 million units in 2009, overtook the U.S. and Japan as the largest automotive market in the world. Analysts have commented that, although the China automotive industry, after growing by over 50% in 2009, as driven by the elements of macro-economies and industrial policies, continued to grow quickly at over 20% during the first half of this financial year – a feat rarely experienced in world history, per-capita ownership of automobiles in China remained low (only about one-fifth) compared to those of the developed countries' (Europe, U.S. and Japan) levels. There are certainly high hopes and glorious projections abound for the next few years for China's automotive industry, and it will continue to be a key drive for China's transition to a domestic consumption economy.

The specifics of the fast growing automotive and electrical appliance markets caused a disturbance in the market for injection moulding machines, as they typically demand machines in the medium-to-large tonnage range. The automotive components sector, in particular, requires large numbers of ultra-large-tonnage injection moulding machines with clamping force exceeding 2,000 tons. As the Group's manufacturing capacity for medium-to-large tonnage (in particular, ultra-large tonnage) injection moulding machines had not yet been totally recovered from the emergency measures during the financial crisis, it inevitably and directly affected market share due to inability to meet the explosive demand in such machines – some models with waiting time longer than seven months at the beginning of this financial year. In spite of this, the Group's supply of small-tonnage injection moulding machines was ample and the Group successfully captured a large amount of demand for such machines in industries catering for domestic consumption. Consequently, the Group registered 80% growth in turnover in the China market to a record of HK\$1,004 million (2009: HK\$559 million).

Compared to the strong market in supplying to domestic consumption, China's export sector remained markedly lack of confidence regarding the future – leading to low intentions to add to capital equipment – due to the slow-paced economic recovery in western developed countries, even though China's export volume has so far remained robust. However, it is the Group's belief that, with gradual economic recoveries in the western countries, demand for machine purchases from these export-oriented customers will eventually rebound, even though it will take longer time to do so.

The Taiwan market also started to recover after the rampages of the financial crisis, with total turnover rose 52% to HK\$85 million (2009: HK\$56 million), with prospects for continual improvement in the near future.

Internationally, western economies such as Europe and North America remained sluggish in their recovery from the financial crisis. Recently, a number of developing countries in Eastern Europe began to show comparatively remarkable recovery, and hopefully would continue to grow in the second half of the year. During the first half of this financial year, the Group's international market turnover rose 42% to HK\$230 million (2009: HK\$162 million).

Sale of Interest in Ciro's Plaza, Shanghai

On 16 April, 2010, Chen Hsong Marketing International Limited, an indirect wholly-owned subsidiary of the Company, disposed of its shareholding, equivalent to 20% of the total issued share capital, in Keyset Development Limited ("Keyset") at a consideration of HK\$94.74 million. Keyset has approximately 67.1864% indirect interest in Shanghai Ciro's Real Estate Co., Ltd. ("Ciro's Real Estate"). The major asset of Ciro's Real Estate consists of the "Ciro's Plaza" in Shanghai.

The Group had held the indirect interest in the "Ciro's Plaza" for around 15 years since 1995. As investing in properties is not within the Group's core business, the Group decided to dispose of the indirect interests in the property at market price. The disposal was completed on 24 May, 2010 and resulted in a one-off gain of HK\$94.08 million, which was reflected in the profit attributable to equity holders for the first half year of this financial year.

Manufacturing Efficiency and Capacity

The new plant of the Group in Shunde City of Guangdong Province is nearly in full operation. This new plant, occupying close to 70,000 square meters, has provided extra floor space for the manufacture of medium-to-large tonnage injection moulding machines. New machining equipment for the new plant has progressively arrived and will further enhance the Group's manufacturing capacity.

The Group expects that its manufacturing capacity for medium-tonnage machines will be ramped up to pre-financial crisis level before the end of this financial year. The Group is also actively engaged in building up the supply chain for large and ultra-large tonnage injection moulding machines, and expects the manufacturing capacity can narrow the gap between supply and demand in the coming year.

Liquidity and Financial Conditions

As at 30 September 2010, the Group had net current assets of HK\$1,623 million (2009: HK\$1,234 million), which represented a 32% increase over last year. Included in the net current assets were the cash and bank balances of HK\$1,046 million (2009: HK\$793 million), an increase of HK\$253 million over last year, and the bank loans of HK\$75 million (2009: HK\$37 million), an increase of HK\$38 million. The Group recorded a net cash position of HK\$971 million (2009: HK\$756 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 2010, the bills receivables of certain subsidiaries operating in Mainland China of HK\$7 million (2009: HK\$11 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

As at 30 September 2010, the bills receivables of a subsidiary operating in Mainland China of HK\$2 million (2009: Nil) were pledged for securing certain loans granted by a financial institution in Mainland China to third parties.

As at 30 September 2010, the bank deposits of certain subsidiaries operating in Mainland China of HK\$52 million (2009: HK\$45 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

As at 30 September 2010, the bank deposits of certain subsidiaries operating in Mainland China of HK\$45 million (2009: HK\$28 million) were pledged for securing certain loans granted by certain financial institutions in Mainland China to third parties.

Capital Commitments

As at 30 September 2010, the Group had capital commitments of HK\$31 million (2009: HK\$39 million) in respect of the construction of industrial buildings and the purchases of property, plant and equipment in Mainland China which are mainly to be funded by internal resources of the Group.

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, New Taiwan dollars and Renminbi, are normally placed with banks in short or medium term deposits for working capital of the Group.

As at 30 September 2010, the Group had total foreign currency borrowings equivalent to HK\$75 million (2009: HK\$37 million). The Group, from time to time, assesses the risk exposure on certain volatile foreign currencies and manages it in appropriate manner to minimize the risk.

Contingent Liabilities

As at 30 September 2010, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK\$127 million (2009: HK\$77 million).

Human Resources

As at 30 September 2010, the Group, excluding its associates, had approximately 3,000 (2009: 2,600) 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 counselling activities, to its employees to enhance staff quality, standards of professional knowledge and teamwork spirit.

Outlook of the Second Half

As the China domestic economy picks up speed and gathers up risks of overheating and accelerating inflation, the Central Government has since raised interest rate and announced a number of controlling measures in order to stabilize the development of the economy. According to the Group's current observations, as well as from tightly-monitored customer sentiments, it is anticipated that China's economy will continue to grow steadily through the second half of the year. This projection, however, is dependent upon the strength of any controlling measures from the Central Government in the coming months.

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

As at 30 September 2010, the number of issued ordinary shares of the Company was 629,187,600; 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 positions 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 positions 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 the shares of the following associated corporations:

Name of associated corporation	Interest in shares	Notes	Approximate percentage of the relevant class of issued shares 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%
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%

Name of associated corporation	Interest in shares	Notes	Approximate percentage of the relevant class of issued shares of associated corporation
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	10 ordinary shares	(3), (6)	100.00%
Oriental Triumph Investments Limited	1 ordinary share	(3), (8)	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%
Global Asia Investments Limited	1 ordinary share	(3), (6)	100.00%
Assetwise Holdings Limited	1 ordinary share	(3), (6)	100.00%
KCI Investments Limited	1 ordinary share	(3), (9)	100.00%
Maxford H.K. Investments Limited	1 ordinary share	(3), (9)	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) Such interest is indirectly held by CH Investments through Keyset Development Limited.
- (9) Such interests are indirectly held by CH Investments through Assetwise Holdings Limited.

Save as disclosed above, as at 30 September 2010, 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

No share options had been granted to or exercised by the directors or chief executive of the Company during the six months ended 30 September 2010. The outstanding share options as at 30 September 2010 are set out in note 11 to the financial statements.

Save as disclosed above, at no time during the six months ended 30 September 2010 was the Company or any of its subsidiaries a party to any 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 six months ended 30 September 2010.

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

As at 30 September 2010, 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	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%
Schroder Investment Management (Hong Kong) Limited	Investment manager	46,274,000	–	7.35%
JPMorgan Chase & Co.	Interest of controlled corporation	44,133,717	(4)	7.01%
Commonwealth Bank of Australia	Interest of controlled corporation	37,648,000	(5)	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 2010, 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 2010, 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 of Conduct”) 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 of Conduct for the six months ended 30 September 2010.

Disclosure of Directors’ Information under Rule 13.51B(1) of the Listing Rules

Ms. Lai Yuen CHIANG has been appointed as an independent non-executive director of Hang Seng Bank Limited (a company listed on the Main Board of the Stock Exchange) with effect from 20 September 2010.

Save as disclosed above, there is no change in directors’ information since the date of the 2010 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 2010.

Review of Accounts

The Audit Committee of the Company 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 2010.

On Behalf of the Board
Chen CHIANG
Chairman

Hong Kong, 26 November 2010

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