中期報告 INTERIM REPORT 2011/2012

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		
	2011	2010	Change
	(Unaudited)	(Unaudited)	
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**963,836**	1,318,715	-27%
Profit before tax	**128,916**	273,103	-53%
Profit attributable to equity holders of the Company	**104,000**	225,008	-54%
Total assets	**3,826,446**	3,841,811	0%
Shareholders' funds	**2,770,535**	2,648,253	5%
Issued share capital	**62,926**	62,919	0%
Net current assets	**1,658,251**	1,623,466	2%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**16.5**	35.8	-54%
Cash dividends per share *(HK cents)*	**4.0**	8.0	-50%
Net assets per share *(HK dollars)*	**4.4**	4.2	5%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**3.8**	8.8	-57%
Return on average total assets *(%)*	**2.7**	6.1	-56%

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	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 2011 amounted to HK$104,000,000, representing a decrease of 54% as compared with the profit attributable to equity holders of HK$225,008,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2011 was HK16.5 cents, a decrease of 54% over the corresponding period in 2010 of HK35.8 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 2011

		Six months ended 30 September	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**963,836**	1,318,715
Cost of sales		**(734,735)**	(969,151)
Gross profit		**229,101**	349,564
Other income and gains, net		**13,195**	105,807
Selling and distribution expenses		**(74,655)**	(108,317)
Administrative expenses		**(66,077)**	(53,919)
Other operating income/(expenses), net		**29,433**	(22,733)
Finance costs		**(2,237)**	(1,009)
Share of profits less losses of associates		**156**	3,710
PROFIT BEFORE TAX	*3*	**128,916**	273,103
Income tax expense	*4*	**(24,890)**	(46,036)
PROFIT FOR THE PERIOD		**104,026**	227,067
ATTRIBUTABLE TO:			
Equity holders of the Company		**104,000**	225,008
Non-controlling interests		**26**	2,059
		104,026	227,067
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic *(HK cents)*		**16.5**	35.8
Diluted *(HK cents)*		**16.5**	35.7

Details of the dividends payable and proposed for the period are disclosed in note 5 to the financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**104,026**	227,067
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**28,381**	22,455
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**132,407**	249,522
ATTRIBUTABLE TO:		
Equity holders of the Company	**131,764**	247,106
Non-controlling interests	**643**	2,416
	132,407	249,522

Condensed Consolidated Statement of Financial Position

As at 30 September 2011

	Notes	**30 September 2011 (Unaudited) *HK$'000***	31 March 2011 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*7*	**894,953**	842,943
Prepaid land lease payments		**45,436**	45,115
Goodwill		**94,931**	94,931
Investments in associates		**24,056**	26,074
Deferred tax assets		**78,715**	78,845
Deposits for purchases of items of property, plant and equipment		**6,840**	4,236
Total non-current assets		**1,144,931**	1,092,144
CURRENT ASSETS			
Inventories		**996,011**	928,423
Trade and bills receivables	*8*	**673,439**	778,023
Deposits, prepayments and other receivables		**97,904**	90,399
Pledged bank deposits		**103,182**	94,044
Cash and bank balances		**810,979**	849,503
Total current assets		**2,681,515**	2,740,392
CURRENT LIABILITIES			
Trade and bills payables	*9*	**488,781**	530,396
Other payables and accruals		**239,182**	336,873
Interest-bearing bank borrowings		**231,735**	89,669
Tax payable		**63,566**	87,494
Total current liabilities		**1,023,264**	1,044,432
NET CURRENT ASSETS		**1,658,251**	1,695,960
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,803,182**	2,788,104

Condensed Consolidated Statement of Financial Position *(continued)*

As at 30 September 2011

	Notes	**30 September 2011 (Unaudited) *HK$'000***	31 March 2011 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,806**	11,576
NET ASSETS		**2,789,376**	2,776,528
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	*10*	**62,926**	62,926
Reserves		**2,707,609**	2,695,404
		2,770,535	2,758,330
Non-controlling interests		**18,841**	18,198
Total equity		**2,789,376**	2,776,528

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

		Attributable to equity holders of the Company			
		Issued share capital	**Share premium account**	**Capital redemption reserve**	**Capital reserve**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010		62,919	507,042	295	52,550
Profit for the period		–	–	–	–
Other comprehensive income for the period: Exchange differences on translation of foreign operations		–	–	–	–
Total comprehensive income for the period		–	–	–	–
Transfer from retained profits		–	–	–	174
Final dividend for the year ended 31 March 2010	5	–	–	–	–
At 30 September 2010		62,919	507,042	295	52,724
At 1 April 2011		62,926	507,170	295	52,724
Profit for the period		–	–	–	–
Other comprehensive income for the period: Exchange differences on translation of foreign operations		–	–	–	–
Total comprehensive income for the period		–	–	–	–
Final dividend for the year ended 31 March 2011	5	–	–	–	–
At 30 September 2011		62,926	507,170*	295*	52,724*

* *These reserve accounts comprise the consolidated reserves of HK$2,707,609,000 (31 March 2011: HK$2,695,404,000) in the condensed consolidated statement of financial position as at 30 September 2011.*

Statutory reserve	General reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
Attributable to equity holders of the Company						
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
126,607	2,351	179,948	1,532,354	2,464,066	14,144	2,478,210
–	–	–	225,008	225,008	2,059	227,067
–	–	22,098	–	22,098	357	22,455
–	–	22,098	225,008	247,106	2,416	249,522
–	–	–	(174)	–	–	–
–	–	–	(62,919)	(62,919)	–	(62,919)
126,607	2,351	202,046	1,694,269	2,648,253	16,560	2,664,813
144,265	2,351	244,073	1,744,526	2,758,330	18,198	2,776,528
–	–	–	104,000	104,000	26	104,026
–	–	27,764	–	27,764	617	28,381
–	–	27,764	104,000	131,764	643	132,407
–	–	–	(119,559)	(119,559)	–	(119,559)
144,265*	2,351*	271,837*	1,728,967*	2,770,535	18,841	2,789,376

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**(13,614)**	15,218
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**(150,851)**	212,082
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**14,106**	(36,284)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(150,359)**	191,016
Cash and cash equivalents at beginning of period	**849,503**	715,352
Effect of foreign exchange rate changes, net	**19,557**	10,714
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**718,701**	917,082
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**498,660**	707,039
Non-pledged time deposits	**312,319**	242,257
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**810,979**	949,296
Less: Time deposits with original maturity of more than three months when acquired	**(92,278)**	(32,214)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**718,701**	917,082

Notes to Condensed Financial Statements

30 September 2011

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 2011, 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 2011:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) – Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1. Accounting Policies *(continued)*

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. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's 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.

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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax.

There are no significant sales between the reportable operating segments.

2. Revenue and Operating Segment Information *(continued)*

The following tables present revenue and results information for the Group's operating segments for the periods ended 30 September 2011 and 2010.

	Segment revenue from external customers Six months ended 30 September		Segment results Six months ended 30 September	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**656,055**	1,003,643	**114,226**	157,541
Taiwan	**84,126**	85,241	**7,373**	10,400
Other overseas countries	**223,655**	229,831	**22,996**	19,531
	963,836	1,318,715	**144,595**	187,472

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

Operating segment results	**144,595**	187,472
Unallocated income and gains	**6,422**	98,163
Corporate and unallocated expenses	**(20,020)**	(15,233)
Finance costs	**(2,237)**	(1,009)
Share of profits less losses of associates	**156**	3,710
Profit before tax	**128,916**	273,103

3. Profit Before Tax

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

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**734,735**	969,151
Depreciation	**28,079**	23,650
Recognition of prepaid land lease payments	**892**	1,048
Gain on disposal of available-for-sale equity investment	**–**	(94,084)
Gain on disposal of items of property, plant and equipment	**(808)**	(134)
Impairment/(write-back of impairment) of trade and bills receivables, net	**(10,090)**	9,039
Write-back of impairment of inventories, net	**(8,111)**	(3,785)
Foreign exchange differences, net	**(36,558)**	(8,206)
Interest income	**(6,422)**	(4,079)

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 (2010: 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	
	2011	2010
	HK$'000	*HK$'000*
Current:		
Charge for the period		
Hong Kong	**–**	–
Elsewhere	**17,880**	35,750
Under provision in prior periods	**1,540**	5,919
Deferred	**5,470**	4,367
Tax charge for the period	**24,890**	46,036

5. Dividends

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK$0.19 (2010: HK$0.10) per ordinary share	**119,559**	62,919
Interim dividend declared after the interim period end of HK$0.04 (2010: HK$0.08) per ordinary share	**25,170**	50,335

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$104,000,000 (2010: HK$225,008,000) and on the weighted average number of ordinary shares of 629,255,600 (2010: 629,187,600) 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$104,000,000 (2010: HK$225,008,000) and on the weighted average number of ordinary shares of 629,846,009 (2010: 629,643,935), being the weighted average number of ordinary shares of 629,255,600 (2010: 629,187,600) in issue during the period as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 590,409 (2010: 456,335) 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:

	HK$'000
Net carrying amount as at 1 April 2011	842,943
Additions	60,652
Disposals	(512)
Write-offs	(36)
Depreciation provided for the period	(28,079)
Exchange realignment	19,985
Net carrying amount as at 30 September 2011	894,953

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.

The 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 2011 *HK$'000*	31 March 2011 *HK$'000*
Current (neither past due nor impaired)	**500,327**	552,996
Less than 90 days past due	**101,282**	98,745
91 to 180 days past due	**24,780**	39,155
Over 180 days past due	**47,050**	87,127
	673,439	778,023

9. Trade and Bills Payables

The 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 2011	31 March 2011
	HK$'000	*HK$'000*
Current	**403,320**	434,078
1 to 90 days	**62,709**	75,485
91 to 180 days	**3,652**	3,294
Over 180 days	**19,100**	17,539
	488,781	530,396

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

10. Share Capital

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Authorized:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
629,255,600 (31 March 2011: 629,255,600) ordinary shares of HK$0.10 each	**62,926**	62,926

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 2011. Following is the summary of the outstanding share options under the 2002 Scheme as at 30 September 2011:

Name or category of participants	Number of share options					Date of grant*	Exercise period	Exercise price per share**
	At 1 April 2011	Granted during the period	Exercised during the period	Lapsed during the period	**At 30 September 2011**	(D/M/Y)	(D/M/Y)	HK$
Directors or substantial shareholders								
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
	142,000	–	–	–	**142,000**	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	276,000	–	–	–	**276,000**			
Total	1,276,000	–	–	–	**1,276,000**			

* *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 2011, the Company had 1,276,000 (31 March 2011: 1,276,000) 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 1,276,000 additional ordinary shares of HK$0.10 each of the Company, and additional share capital of approximately HK$128,000 and share premium of approximately HK$2,409,000 (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 2011	31 March 2011
	HK$'000	*HK$'000*
Guarantees given to financial institutions in connection with facilities granted to third parties, at the maximum	**142,431**	144,773

13. Commitments

As at 30 September 2011, 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$8,370,000 (31 March 2011: HK$10,923,000).

As at 30 September 2011, the Group had capital commitments, which were contracted but not provided for, mainly in respect of the production equipment in Mainland China amounting to approximately HK$9,780,000 (31 March 2011: HK$35,952,000).

14. Related Party Transactions

(i) During the period, the Group purchased raw materials amounting to HK$28,210,000 (2010: HK$37,772,000) 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$2,818,000 (2010: HK$7,363,000) from a related company, Zhen Jian Mould & Machinery (Shenzhen) Co., Ltd. ("CC-SZ"). These transactions were also continuing connected transactions of the Group during the period.

Dr. Chen CHIANG and Mr. Chi Kin CHIANG, who are directors of the Company, and their respective associates (which are also associates of Ms. Lai Yuen CHIANG, a director of the Company) together control the exercise of 80% of the voting power at general meetings of Chen Chien Holdings Limited, which indirectly 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	
	2011	2010
	HK$'000	*HK$'000*
Short term employee benefits	**10,827**	10,034
Post-employment benefits	**24**	24
	10,851	10,058

Interim Dividend

The Board has resolved to declare an interim dividend of HK4.0 cents (2010: HK8.0 cents) per ordinary share for the six months ended 30 September 2011 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 30 December 2011. The interim dividend will be paid on or about Friday, 13 January 2012.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 29 December 2011 to Friday, 30 December 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates 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, 28 December 2011.

Management's Discussion and Analysis

Business Performance

During the six months ended 30 September 2011, the Group registered total turnover of HK$964 million (2010: HK$1,319 million), a decline of 27% as compared with the same period of last year. Profit attributable to equity holders decreased by 54% to HK$104 million (2010: HK$225 million) as compared with the same period of last year. Basic earnings per share declined by 54% to HK16.5 cents (2010: HK35.8 cents). After deducting the special one-off gain of HK$94.08 million in same period of last year resulting from the disposal of its interest in "Ciro's Plaza" in Shanghai, profit attributable to equity holders and basic earnings per share decreased by 21%. The Board has resolved to declare an interim dividend of HK4.0 cents (2010: HK8.0 cents) per share.

Market conditions during the first half of this financial year were significantly more difficult than the same period of last year. This is primarily due to sluggishness in the U.S. economic recovery which hit a soft patch early this year, raising fears of a "double-dip" recession amid declining consumption and manufacturing activities. Comparatively, European economic conditions were even worse, with escalating sovereign debt issues casting a gloomy shadow over international markets. Weaknesses in Europe and the U.S. hammered China's export sector, with dwindling orders and low capacity utilisation directly suppressing needs for purchasing new equipment.

In China, ever since the Central Government credit-flooded the economy in 2009 in a bid to fend off the global recession, excessive liquidity eventually led to overheating, asset speculation bubbles and high inflation rate, which during last year compelled the Central Government to impose tightening measures in order to rein in credit growth, defuse the threat of bursting asset bubbles and suppress rampant inflation. All of these tightening policies are still in force today, and as a result market liquidity has been sharply depressed, which directly put many small-to-medium-size domestic manufacturing enterprises in a tight liquidity squeeze, while at the same time deepening market worries of the health of municipal governmental debt. Conditions appeared to be deteriorating in the second quarter, with credit even tighter, the real-estate market lack-lustre and weakening consumer consumption. Even industries which used to be red-hot last year (e.g. automotive, household appliances etc.) were facing over-capacity and mounting inventories.

In light of such difficult macroeconomic conditions, and adhering to its policy of prudent financial management, the Group immediately strengthened its credit controls and approval procedures, as well as re-evaluated receivable risks and market credit situations to reduce the credit impact caused by tight liquidity in China.

Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2011 is as follows:

Customer Location	**2011** ***(HK$ million)***	2010 *(HK$ million)*	Change
Mainland China and Hong Kong	**656**	1,004	-35%
Taiwan	**84**	85	-1%
Other overseas countries	**224**	230	-3%
	964	1,319	-27%

The Chinese Government continued its credit tightening policies, which started last year as a measure to suppress runaway credit growth and prevent bursting of apparent asset bubbles, directly affected the liquidity of small-to-medium size manufacturing enterprises. Under such tight liquidity, many customers could not obtain the necessary financing from banks to continue daily operations, expand capacity or upgrade production equipment.

In the first half of this financial year, winter appeared to have fallen for the export sector. China exports had always been depressed ever since the global financial tsunami in 2008 and escalating Renminbi exchange rates. Starting from this financial year, there was an additional blow from worsening economic conditions in financially-strapped U.S. and Europe, its major markets, leading to continuous drop in export volume. The Group's export-oriented customers were generally facing low business volumes, low capacity utilisation, few orders and dwindling profit margins. The Group believed that all these factors, coupled with a shortage of labour, rising minimum-wages and higher raw material prices, would continue to weaken future demand for new machines in the export sector.

The various conditions discussed above caused the demand for injection moulding machines in China to weaken rapidly during the first half-year, which appeared especially pronounced during the second quarter. Consequently, the Group suffered a large decline in turnover compared to last period, which in turn significantly hindered the Group's overall financial performance because China remained the Group's largest sales region with the strongest growth potential.

Years of over-leveraging by domestic enterprises in certain regions within China (e.g. Wenzhou), over-reliance on high-risk investments and proliferation of high-interest loans were beginning to cause company closures and debt-skipping by company owners unable to repay their debts. Under such circumstances, the Group immediately strengthened its credit assessment and approval procedures and strictly controlled receivable levels in order to reduce the chance of losses due to uncollectable debts. Therefore, as at the end of the first half-year, amid a severe credit crunch in China, the Group still managed to shrink the total amount of trade receivables, shorten the age of overdues, and ensure that its policy of prudent financial management is adhered to.

Taiwan customers are primarily export-oriented with their customers primarily in Europe and the U.S.. Although they were heavily impacted by the global financial crisis and were recovering only gradually, they remained strongly competitive in their core export segments of high-end electronics, mobile phones and computers, all of which still retained a basic level of global demand. As a result, the Group's turnover in Taiwan remained relatively stable with same period of last year at HK$84 million (2010: HK$85 million) during the first half-year.

Internationally, sales turnover was affected by the depression in developed Western countries in Europe and the U.S.. On the other hand, a number of emerging and developing regions and countries (e.g. South America) had been consistently recovering with strong growth. Other regions, such as South East Asia, also remained generally stable and relatively robust, which altogether allowed the Group to reap reasonable turnover growth. Only in the Middle East did the Group experienced a large set-back as it is still recovering from the temporary disruptions of business due to a series of revolutionary government changes. All-in-all, the Group benefitted from the strength of recovery in developing countries and total turnover in international markets only slightly declined by 3% to HK$224 million (2010: HK$230 million).

Development of New Technologies and New Products

Ever since the Group announced its strategic cooperation with Mitsubishi Heavy Industries Plastic Technology Co., Ltd. ("Mitsubishi"), progress had been encouraging with completion of the first prototype of the all-new-design **2000 MMX** ultra-large tonnage injection moulding machine and passing all quality assurance tests. This all-new series of ultra-large tonnage injection moulding machines, which was based on and improved upon Mitsubishi's hot-selling emII hybrid all-electric series and MMV two-platen series, combined state-of-the-art Mitsubishi mechanical and control technologies with a number of latest technological breakthroughs to yield a new product line that is a significant improvement over existing competition in terms of speed, precision, stability, reliability, durability, efficiency and energy-saving. The Group is certain that the new series of ultra-large tonnage injection moulding machines will be welcomed by customers of high-end industries in China (e.g. automotive, high-end electric appliances, large LCD TV's etc.) and will allow the Group to capture additional market share.

Manufacturing Efficiency and Capacity

In recent years, the market tended towards the production of medium-to-large tonnage injection moulding machines – a segment which has always been the Group's focus of capacity expansion, but still the Group's current production capacity for medium-to-large tonnage injection moulding machines is far short of market demand. Coupled with the issue of tight supply of parts and components, the Group has been forced to give up orders for medium-to-large tonnage injection moulding machines due to under-capacity. Nevertheless, new machining centres have gradually arrived and as at the end of this first half-year, the Group's 80,000m^2 third-phase factory expansion project in its Shenzhen Industrial Park has also commenced with expected completion by the end of 2012, during which time the Group's total production capacity for medium-to-large tonnage injection moulding machines will significantly increase.

Liquidity and Financial Conditions

As at 30 September 2011, the Group had net current assets of HK$1,658 million (2010: HK$1,623 million), which represented a 2% increase over last year. Included in the net current assets were the cash and bank balances (including pledged deposits) of HK$914 million (2010: HK$1,046 million), a decrease of HK$132 million over last year, and the bank loans of HK$232 million (2010: HK$75 million), an increase of HK$157 million. The Group recorded a net cash position of HK$682 million (2010: HK$971 million). The bank borrowings were short term with floating interest rates for payments to suppliers in Japanese yen and for general working capital purposes.

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 2011, bank deposits of certain subsidiaries operating in Mainland China of HK$59 million (2010: HK$45 million) were pledged for securing certain loans granted by certain financial institutions in Mainland China to third parties, and of HK$44 million (2010: HK$52 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

Capital Commitments

As at 30 September 2011, the Group had capital commitments of HK$18 million (2010: HK$31 million), mainly in respect of the construction of industrial buildings and the purchases of production equipment in Mainland China which are 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 2011, the Group had total foreign currency borrowings equivalent to HK$112 million (2010: HK$75 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 2011, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$142 million (2010: HK$127 million).

Human Resources

As at 30 September 2011, the Group, excluding its associates, had approximately 2,900 (2010: 3,000) 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

Results from the recent Guangzhou Trade Fair held in October this year indicate that orders are few and exporters are generally troubled with the prospect in the short term. Market conditions in China during the second half-year will continue to be challenging due to slow-down of domestic consumption, persistent credit tightness and double-dip recession threats of Western economies affecting China exports. Under such circumstances, the Group will also enhance risk control on receivables and customer credit.

Recently, it appears that the Central Government in China may finally be relaxing credit. Nevertheless, with global economic climate clouded with various uncertainties, the Group remains cautious regarding China and international markets for the second half of this financial year.

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

As at 30 September 2011, the number of issued ordinary shares of the Company was 629,255,600; 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") as set out in Appendix 10 to 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)	63.25%
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%

Name of associated corporation	Interest in shares	Notes	Approximate percentage of the relevant class of issued shares of associated corporation
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	10 ordinary shares	(3), (6)	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), (8)	100.00%
Maxford H.K. Investments Limited	1 ordinary share	(3), (8)	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% interests in 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 interests are indirectly held by CH Investments through Assetwise Holdings Limited.

Save as disclosed above, as at 30 September 2011, 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 2011. The outstanding balances of share options as at 30 September 2011 are set out in note 11 to the financial statements.

Save as disclosed above, at no time during the six months ended 30 September 2011 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 2011.

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

As at 30 September 2011, 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)	63.25%
Chiangs' Industrial Holdings Limited	Interest of controlled corporation	398,013,620	(1)	63.25%
Cititrust (Bahamas) Limited	Trustee	398,013,620	(1)	63.25%
Chen CHIANG	Founder of discretionary trust	398,013,620	(1), (2), (3)	63.25%
	Beneficial owner	3,980,000	(3)	0.63%
Schroder Investment Management (Hong Kong) Limited	Investment manager	46,274,000	–	7.35%
Commonwealth Bank of Australia	Interest of controlled corporation	37,648,000	(4)	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 corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

Save as disclosed above, as at 30 September 2011, 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 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2011, 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 as set out in the Model Code. The Company, after having made specific enquiry of all directors, confirms that all directors have complied with the required standard set out in the Code of Conduct and the Model Code for the six months ended 30 September 2011.

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

There is no change in directors' information since the date of the 2011 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 2011.

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 2011.

On Behalf of the Board
Chen CHIANG
Chairman

Hong Kong, 28 November 2011

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