



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)

**2012 / 2013**

中期報告 INTERIM REPORT



# Financial Highlights

	For the six months ended 30 September		Change
	2012 (Unaudited)	2011 (Unaudited)	
<b>RESULTS HIGHLIGHTS</b> <i>(HK\$'000)</i>			
Revenue	<b>941,509</b>	963,836	-2%
Profit before tax	<b>64,647</b>	128,916	-50%
Profit attributable to equity holders of the Company	<b>56,042</b>	104,000	-46%
Total assets	<b>3,853,985</b>	3,826,446	1%
Shareholders' equity	<b>2,825,406</b>	2,770,535	2%
Issued share capital	<b>62,926</b>	62,926	0%
Net current assets	<b>1,667,586</b>	1,658,251	1%
<b>PER SHARE DATA</b>			
Basic earnings per share <i>(HK cents)</i>	<b>8.9</b>	16.5	-46%
Cash dividends per share <i>(HK cents)</i>	<b>2.5</b>	4.0	-38%
Net assets per share <i>(HK dollars)</i>	<b>4.5</b>	4.4	2%
<b>KEY FINANCIAL RATIOS</b>			
Return on average shareholders' equity (%)	<b>2.0</b>	3.8	-47%
Return on average total assets (%)	<b>1.5</b>	2.7	-44%

# 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. Johnson Chin Kwang TAN  
Mr. Anish LALVANI  
Mr. Michael Tze Hau LEE  
Ms. Lai Yuen CHIANG

## Nomination Committee

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

## Corporate Governance Committee

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

## Company Secretary

Ms. Alice Sin Ping LIP

## Authorized Representatives

Ms. Lai Yuen CHIANG  
Ms. Alice Sin Ping LIP

<b>Auditors</b>	Ernst & Young
<b>Principal Bankers</b>	China Construction Bank (Asia) Corporation Limited Hang Seng Bank Limited Industrial and Commercial Bank of China (Asia) Limited The Hongkong and Shanghai Banking Corporation Limited
<b>Principal Share Registrars</b>	Butterfield Fulcrum Group (Bermuda) Limited 26 Burnaby Street Hamilton HM11 Bermuda
<b>Branch Share Registrars</b>	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East Hong Kong
<b>Registered Office</b>	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
<b>Head Office &amp; Principal Place of Business</b>	13-15 Dai Wang Street Tai Po Industrial Estate Tai Po, New Territories Hong Kong
<b>Corporate Communications &amp; Investor Relations</b>	Ms. Staeley CHAK Tel: (852) 2665 3888 Fax: (852) 2664 8202 E-mail: comm@chenhsong.com.hk Website: www.chenhsong.com.hk
<b>Stock Code</b>	00057

## Interim Results

The board of directors (the "Board") of Chen Hsong Holdings Limited (the "Company") announces that the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 September 2012 amounted to HK\$56,042,000, representing a decrease of 46% as compared with the profit attributable to equity holders of HK\$104,000,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2012 was HK8.9 cents, a decrease of 46% over the corresponding period in 2011 of HK16.5 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 2012

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2012</b>	2011
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	2	<b>941,509</b>	963,836
Cost of sales		<b>(706,978)</b>	(734,735)
Gross profit		<b>234,531</b>	229,101
Other income and gains, net		<b>13,307</b>	13,195
Selling and distribution expenses		<b>(92,069)</b>	(74,655)
Administrative expenses		<b>(65,261)</b>	(66,077)
Other operating income/(expenses), net		<b>(25,030)</b>	29,433
Finance costs		<b>(2,667)</b>	(2,237)
Share of profits less losses of associates		<b>1,836</b>	156
<b>PROFIT BEFORE TAX</b>	3	<b>64,647</b>	128,916
Income tax expense	4	<b>(8,735)</b>	(24,890)
<b>PROFIT FOR THE PERIOD</b>		<b>55,912</b>	104,026
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>56,042</b>	104,000
Non-controlling interests		<b>(130)</b>	26
		<b>55,912</b>	104,026
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	6		
Basic (HK cents)		<b>8.9</b>	16.5
Diluted (HK cents)		<b>8.9</b>	16.5

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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>55,912</b>	104,026
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on translation of foreign operations	<u>2,750</u>	<u>28,381</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>58,662</u></b>	<b><u>132,407</u></b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>58,781</b>	131,764
Non-controlling interests	<u>(119)</u>	<u>643</u>
	<b><u>58,662</u></b>	<b><u>132,407</u></b>

# Condensed Consolidated Statement of Financial Position

As at 30 September 2012

		<b>30 September 2012 (Unaudited)</b>	31 March 2012 (Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<b>922,711</b>	914,373
Prepaid land lease payments		<b>43,810</b>	44,707
Goodwill		<b>94,931</b>	94,931
Investments in associates		<b>26,660</b>	24,801
Deferred tax assets		<b>80,803</b>	80,070
Deposits for purchases of items of property, plant and equipment		<b>3,575</b>	4,885
Pledged bank deposits		<b>16,739</b>	6,075
Total non-current assets		<b><u>1,189,229</u></b>	<u>1,169,842</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>920,033</b>	897,375
Trade and bills receivables	8	<b>809,342</b>	721,349
Deposits, prepayments and other receivables		<b>62,214</b>	81,284
Pledged bank deposits		<b>86,179</b>	76,943
Cash and bank balances		<b>786,988</b>	815,554
Total current assets		<b><u>2,664,756</u></b>	<u>2,592,505</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	<b>499,159</b>	392,561
Other payables and accruals		<b>241,521</b>	250,513
Interest-bearing bank borrowings		<b>218,704</b>	213,045
Tax payable		<b>37,786</b>	60,096
Total current liabilities		<b><u>997,170</u></b>	<u>916,215</u>
<b>NET CURRENT ASSETS</b>		<b><u>1,667,586</u></b>	<u>1,676,290</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>2,856,815</u></b>	<u>2,846,132</u>

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

As at 30 September 2012

	<b>30 September 2012 (Unaudited)</b>	31 March 2012 (Audited)
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>13,148</u>	<u>10,786</u>
<b>NET ASSETS</b>	<b><u>2,843,667</u></b>	<b><u>2,835,346</u></b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	10 <b>62,926</b>	62,926
Reserves	<u>2,762,480</u>	<u>2,754,040</u>
	<b>2,825,406</b>	2,816,966
<b>Non-controlling interests</b>	<u>18,261</u>	<u>18,380</u>
<b>TOTAL EQUITY</b>	<b><u>2,843,667</u></b>	<b><u>2,835,346</u></b>



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Note	Attributable to equity holders of the Company			
		Issued share capital	Share premium account	Capital redemption reserve	Capital reserve
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012		62,926	507,170	295	53,055
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 2012	5	-	-	-	-
At 30 September 2012		<u>62,926</u>	<u>507,170*</u>	<u>295*</u>	<u>53,055*</u>
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		<u>62,926</u>	<u>507,170</u>	<u>295</u>	<u>52,724</u>

\* These reserve accounts comprise the consolidated reserves of HK\$2,762,480,000 (31 March 2012: HK\$2,754,040,000) in the condensed consolidated statement of financial position as at 30 September 2012.

**Attributable to equity holders of the Company**

<b>Statutory reserve</b>	<b>General reserve</b>	<b>Exchange fluctuation reserve</b>	<b>Retained profits</b>	<b>Total</b>	<b>Non- controlling interests</b>	<b>Total equity</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
147,473	2,351	287,104	1,756,592	2,816,966	18,380	2,835,346
-	-	-	56,042	56,042	(130)	55,912
-	-	2,739	-	2,739	11	2,750
-	-	2,739	56,042	58,781	(119)	58,662
-	-	-	(50,341)	(50,341)	-	(50,341)
<u>147,473*</u>	<u>2,351*</u>	<u>289,843*</u>	<u>1,762,293*</u>	<u>2,825,406</u>	<u>18,261</u>	<u>2,843,667</u>
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)
<u>144,265</u>	<u>2,351</u>	<u>271,837</u>	<u>1,728,967</u>	<u>2,770,535</u>	<u>18,841</u>	<u>2,789,376</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	<b>73,901</b>	(13,614)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	<b>46,304</b>	(150,851)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	<u><b>(50,341)</b></u>	<u>14,106</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>69,864</b>	(150,359)
Cash and cash equivalents at beginning of period	<b>694,233</b>	849,503
Effect of foreign exchange rate changes, net	<u><b>635</b></u>	<u>19,557</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><b>764,732</b></u>	<u>718,701</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>538,348</b>	498,660
Bank deposits with original maturity of less than three months when acquired	<u><b>226,384</b></u>	<u>220,041</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>764,732</b>	718,701
Bank deposits with original maturity of more than three months when acquired	<u><b>22,256</b></u>	<u>92,278</u>
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<u><b>786,988</b></u>	<u>810,979</u>

# Notes to Condensed Financial Statements

30 September 2012

## 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 2012, except that the Group has adopted, for the first time for the current period’s financial statements, the 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 accounting period commencing on 1 April 2012. The adoption of the 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 these new and revised HKFRSs would have 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 2012 and 2011.

	Segment revenue		Segment results	
	from external customers		Six months ended	
	Six months ended		30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	<b>627,711</b>	656,055	<b>56,471</b>	114,226
Taiwan	<b>48,511</b>	84,126	<b>4,177</b>	7,373
Other overseas countries	<b>265,287</b>	<u>223,655</u>	<b>16,522</b>	<u>22,996</u>
	<b>941,509</b>	<u>963,836</u>	<b>77,170</b>	<u>144,595</u>

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

Operating segment results	<b>77,170</b>	144,595
Unallocated income and gains	<b>6,767</b>	6,422
Corporate and unallocated expenses	<b>(18,459)</b>	(20,020)
Finance costs	<b>(2,667)</b>	(2,237)
Share of profits less losses of associates	<b>1,836</b>	<u>156</u>
Profit before tax	<b>64,647</b>	<u>128,916</u>

### 3. Profit Before Tax

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold	<b>706,978</b>	734,735
Depreciation	<b>32,930</b>	28,079
Recognition of prepaid land lease payments	<b>909</b>	892
Loss/(gain) on disposal of items of property, plant and equipment	<b>28</b>	(808)
Write-back of impairment of trade and bills receivables, net	<b>(4,357)</b>	(10,090)
Write-back of impairment of inventories, net	<b>(11,774)</b>	(8,111)
Foreign exchange differences, net	<b>8,167</b>	(36,558)
Interest income	<b>(6,767)</b>	(6,422)
	<u><b>6,767</b></u>	<u>(6,422)</u>

### 4. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5%. During the period ended 30 September 2011, Hong Kong profits tax had not been provided as the Group did not generate any assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Current:		
Charge for the period		
Hong Kong	<b>292</b>	–
Elsewhere	<b>14,155</b>	17,880
Under/(over) provision in prior periods	<b>(7,321)</b>	1,540
Deferred	<u><b>1,609</b></u>	<u>5,470</u>
Tax charge for the period	<u><b>8,735</b></u>	<u>24,890</u>

## 5. Dividends

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$0.08 (2011: HK\$0.19) per ordinary share	<b><u>50,341</u></b>	<u>119,559</u>
Interim dividend declared after the interim period end of HK\$0.025 (2011: HK\$0.04) per ordinary share	<b><u>15,731</u></b>	<u>25,170</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\$56,042,000 (2011: HK\$104,000,000) and on the weighted average number of ordinary shares of 629,255,600 (2011: 629,255,600) 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\$56,042,000 (2011: HK\$104,000,000) and on the weighted average number of ordinary shares of 629,428,692 (2011: 629,846,009), being the weighted average number of ordinary shares of 629,255,600 (2011: 629,255,600) in issue during the period as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 173,092 (2011: 590,409) 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 2012	914,373
Additions	41,812
Disposals	(853)
Write-offs	(373)
Depreciation provided for the period	(32,930)
Exchange realignment	<u>682</u>
Net carrying amount as at 30 September 2012	<u><u>922,711</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.

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. The Group does not hold any collateral or other credit enhancements over these balances. 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:

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current (neither past due nor impaired)	<b>597,214</b>	544,179
Less than 90 days past due	<b>99,955</b>	100,439
91 to 180 days past due	<b>54,941</b>	41,636
Over 180 days past due	<b><u>57,232</u></b>	<u>35,095</u>
	<b><u><u>809,342</u></u></b>	<u><u>721,349</u></u>

## 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:

	<b>30 September 2012</b>	31 March 2012
	<b>HK\$'000</b>	HK\$'000
Current	<b>386,754</b>	295,557
1 to 90 days	<b>91,189</b>	65,365
91 to 180 days	<b>4,406</b>	9,764
Over 180 days	<b><u>16,810</u></b>	<u>21,875</u>
	<b><u>499,159</u></b>	<u>392,561</u>

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

## 10. Share Capital

	<b>30 September 2012</b>	31 March 2012
	<b>HK\$'000</b>	HK\$'000
Authorized:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b><u>100,000</u></b>	<u>100,000</u>
Issued and fully paid:		
629,255,600 (31 March 2012: 629,255,600) ordinary shares of HK\$0.10 each	<b><u>62,926</u></b>	<u>62,926</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"). The scheme period of the 2002 Scheme was expired on 23 August 2012 (such that no further options could be granted under the 2002 Scheme) but the provisions of the 2002 Scheme continued to govern options granted prior to the expiry of 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, cancelled or lapsed during the six months ended 30 September 2012. Following is the summary of the outstanding share options under the 2002 Scheme as at 30 September 2012:

Name or category of participants	Number of share options				At 30 September 2012	Date of grant*	Exercise period	Exercise price per share**
	At 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period				
						(DIMY)	(DIMY)	HK\$
<b>Directors or substantial shareholders</b>								
Chi Kin CHIANG	334,000	-	-	-	334,000	11/3/2003	11/3/2008 – 10/3/2013	1.988
Stephen Hau	332,000	-	-	-	332,000	11/3/2003	11/3/2004 – 10/3/2013	1.988
Leung CHUNG	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			
<b>Employees (other than directors)</b>								
In aggregate	10,000	-	-	-	10,000	11/3/2003	11/3/2004 – 10/3/2013	1.988
	24,000	-	-	-	24,000	11/3/2003	11/3/2006 – 10/3/2013	1.988
	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			

## 11. Share Options (continued)

- \* *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.*

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 2012, the Company had 1,276,000 (31 March 2012: 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 condensed financial statements were as follows:

	<b>30 September 2012</b>	31 March 2012
	<b>HK\$'000</b>	HK\$'000
Guarantees given to financial institutions in connection with facilities granted to third parties, at the maximum	<b><u>104,394</u></b>	<u>105,886</u>

## 13. Operating Lease Arrangements

### (a) As lessor

The Group leases certain parts of its properties under operating lease arrangements, with leases negotiated for terms ranging from 2 to 3 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>4,455</b>	4,490
In the second to fifth years, inclusive	<u><b>1,020</b></u>	<u>3,060</u>
	<u><b>5,475</b></u>	<u>7,550</u>

### (b) As lessee

The Group leases certain of its properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 8 years, and a lease for office equipment is for a term of 5 years.

At 30 September 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September</b>	31 March
	<b>2012</b>	2012
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,756</b>	1,483
In the second to fifth years, inclusive	<u><b>327</b></u>	<u>442</u>
	<u><b>2,083</b></u>	<u>1,925</u>

## 14. Commitments

In addition to operating lease commitments detailed in note 13(b) above, the Group had the following capital commitments at the end of the reporting period:

As at 30 September 2012, 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\$143,512,000 (31 March 2012: HK\$169,102,000).

As at 30 September 2012, the Group had capital commitments, which were contracted but not provided for, in respect of the purchase of property, plant and equipment in Mainland China amounting to approximately HK\$1,050,000 (31 March 2012: HK\$2,028,000).

## 15. Related Party Transactions

- (a) During the period, the Group purchased raw materials amounting to HK\$22,356,000 (2011: HK\$28,210,000) 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\$2,461,000 (2011: HK\$2,818,000) 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.

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Short term employee benefits	<b>8,945</b>	10,827
Post-employment benefits	<b>28</b>	24
	<b><u>8,973</u></b>	<u>10,851</u>

## Interim Dividend

The Board has resolved to declare an interim dividend of HK2.5 cents (2011: HK4.0 cents) per ordinary share for the six months ended 30 September 2012 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 28 December 2012. The interim dividend will be paid on or about Wednesday, 16 January 2013.

## Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 27 December 2012 to Friday, 28 December 2012, 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 Monday, 24 December 2012.

## Management's Discussion and Analysis

### Business Performance

For the six months ended 30 September 2012, the Group registered total turnover of HK\$942 million (2011: HK\$964 million), which is a minor decline of 2% over the same period of last year. Profit attributable to equity holders decreased by 46% to HK\$56 million (2011: HK\$104 million) as compared with the same period of last year. Basic earnings per share declined by 46% to HK8.9 cents (2011: HK16.5 cents). During the same period of last year, the Group recognized net exchange gains of HK\$37 million mainly on sharp appreciation of the Renminbi; but during this period the Renminbi did not appreciate in any significance, and thus caused a significant decline in profit from the same period of last year. Decrease in net profit would have been 5% over the same period of last year if excluding the impacts of foreign exchange differences. The Board has resolved to declare an interim dividend of HK2.5 cents (2011: HK4.0 cents) per share.

During the first half of this financial year, there were uncertainties abounding in the world economic situation. Conditions in continental Europe continued to deteriorate, with most EU countries officially in recession and PIIGS countries like Greece, Spain and Italy constantly struggling with their sovereign debt crises. The economy of the U.S., though in slow recovery, faced its own "fiscal cliff".

These economic hurdles haunting European countries and the U.S. proved to be another disaster to an already-much-weakened Chinese export sector. China's economy, being squeezed between dismal export demand and rapidly slowing domestic consumption, registered progressive declines in major economic indicators (such as import/export, GDP, domestic consumption etc.) for months in a row. The Central Government was forced to abandon its interest rate increase cycle which started in late 2010 and began flooding the market with much-needed liquidity in order to facilitate economic growth.

Although the Group's business was affected by prevalent global economic weaknesses during the first half of this financial year, it expanded its lead in high-technology and had successfully gained share in international markets after focusing market development investments. These contributed to continuous growth for the Group's sales in the large tonnage injection moulding machines segment and allowed the Group to maintain total turnover similar to that of the same period last year. Furthermore, this year, the Group will complete its first 4,500-ton ultra-large-tonnage two-platen injection moulding machine – the first of such size made in China. The Group's two platen machine product line, after years of research, development and fine-tuning, is now totally matured and much revered by customers in the marketplace.

## Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2012 is as follows:

<b>Customer Location</b>	<b>2012</b> <i>(HK\$ million)</i>	2011 <i>(HK\$ million)</i>	Change
Mainland China and Hong Kong	<b>628</b>	656	-4%
Taiwan	<b>49</b>	84	-42%
Other overseas countries	<b>265</b>	224	+18%
	<b>942</b>	964	-2%

China's GDP growth target of 7.5% for this year is being sorely tested as GDP growth fell below the critical threshold of 8% during the second quarter, and further dropped to a multi-year low of 7.4% during the third quarter. With economic conditions weakening seven quarters in a row, for the Chinese economy in many years, this has been the most challenging year.



China's economic structure has traditionally been heavily dependent on exports and investments in infrastructure and real estate, and the pitfalls of such over-dependence are now becoming apparent. With exports weakening quarter by quarter, faced with slowing domestic consumption growth, and over 50% of GDP generated by investments, China's economy is showing more and more structural imbalance, the physical manifestation of which is the emerging weakness in industrial production.

The Central Government, faced with this unforeseen slowdown of the economy as well as the whole host of external and internal economic pressures, needed to gradually release liquidity to facilitate economic growth. Consequently, in order to prevent a stall of China's economic engine, the People's Bank of China twice dropped interest rates in June and July of this year – the first since 2008 and with a large aggregate drop of over 0.5% – officially ending the interest rate increase cycle started in 2010. In addition, the Central Government reduced bank reserve ratio three times between end-2011 and May 2012.

During the third quarter, China Manufacturing Purchasing Managers' Index (PMI) fell below the threshold of 50, with Raw Material Inventory Index (RMI) also below 50, indicating declining raw materials inventory and general over-supply in manufacturing industry due to sustained weaknesses in domestic consumption. The Group noticed that its major customers were generally uncertain regarding future economic prospects and of low willingness to make capital investments. The Group's sales drop was more pronounced in the small-to-medium tonnage injection moulding machines used primarily to produce consumer and export products. On the other hand, however, the new product line of two-platen large-tonnage injection moulding machines, launched a few years ago, garnered repeated praise from the market and an equivalent healthy growth in sales – to the point of partially compensating for the sales decline of small-to-medium tonnage injection moulding machines. As a result, up to the end of the first half, the Group only registered a minor decline of 4% in its total turnover in China to HK\$628 million (2011: HK\$656 million).

Taiwan customers were affected significantly, as they mostly exported to Europe and the U.S.. The Group registered a sales decline of 42% in Taiwan to HK\$49 million (2011: HK\$84 million) during the first half of this financial year.

International markets developed in both extremes. Firstly, North and South America was buoyed by economic recovery in the U.S. (especially the auto sector) and the Group registered sales growth in these regions. Sales in other emerging markets (e.g. Middle East, Africa, S.E. Asia, etc.) were also relatively stable. This year, the Group is also strengthening its sales and marketing activities in Brazil and Turkey in order to expand market share. In total, the Group registered strong sales growth of 18% in international markets to HK\$265 million as compared with the same period of last year (2011: HK\$224 million).

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

Since the launch of the two-platen large and ultra-large-tonnage injection moulding machines, the Group has seen healthy sales growth amid increasing customer acceptance of the technology. It is anticipated that, in the near future, two-platen large-tonnage injection moulding machines will gradually replace traditional “toggle-style” large-tonnage injection moulding machines.

By the end of 2012, the Group will ship its first 4,500-ton two-platen injection moulding machine to a customer in Europe. This new, 4,500-ton ultra-large-tonnage machine has already passed all quality and performance tests in the Group’s flagship Shenzhen manufacturing base and is currently the largest tonnage injection moulding machine made in China. The successful development of this machine is a strong testimony of the Group’s R&D and manufacturing prowess. In the future, the Group will continue to invest even more resources into development of new products and new technologies.

## **Manufacturing Efficiency and Capacity**

In order to fully capture future opportunities in the development of large-tonnage injection moulding machines and to address the Group’s market needs, the Group has invested in building new manufacturing plants with advanced facilities, not only to expand production capacity but also to further improve production efficiency. “Phase Three” development of the Group’s flagship manufacturing base – the Shenzhen Industrial Park – is already underway to add three huge, two-storey factory buildings. These new buildings have a height of 25 metres, covering an area of 88,000 square metres with wide spaces between columns and equipped with heavy-lifting cranes. When completed, they will add significantly to the Group’s production capacity for 4,000-ton and above ultra-large-tonnage injection moulding machines.

Total capital investments for this development is expected to exceed HK\$300 million. Two of the new buildings are scheduled to be on-line by mid-2013, while the third building is scheduled for early 2014. With the completion of this "Phase Three" development in Shenzhen Industrial Park, the Group expects total production capacity to increase by roughly 30%, in support of the Group's longer-term goals in developing the market for large-tonnage machines.

## Liquidity and Financial Conditions

As at 30 September 2012, the Group had net current assets of HK\$1,668 million (2011: HK\$1,658 million), which represented a 1% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK\$890 million (2011: HK\$914 million), representing a decrease of HK\$24 million over last year, and the bank borrowings were HK\$219 million (2011: HK\$232 million), representing a decrease of HK\$13 million. The Group recorded a net cash position of HK\$671 million (2011: HK\$682 million). The bank borrowings were short term with floating interest rates for payments to suppliers in Japanese yen and for general working capital purposes.

The gearing ratio of the Group is measured as total borrowings net of cash and bank balances divided by total assets. The Group had a net cash position as at 30 September 2012. As a result, no gearing ratio was presented.

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 2012, bank deposits of certain subsidiaries of the Group operating in Mainland China in the amount of HK\$103 million (2011: HK\$103 million) were pledged, including HK\$45 million (2011: HK\$59 million) for securing certain loans granted by certain financial institutions in Mainland China to third parties, HK\$41 million (2011: HK\$44 million) for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers, and HK\$17 million (2011: Nil) for securing payments of construction costs of industrial buildings in Mainland China.

## Capital Commitments

As at 30 September 2012, the Group had capital commitments of HK\$145 million (2011: HK\$18 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 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 2012, the Group had total foreign currency borrowings equivalent to HK\$99 million (2011: HK\$112 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.

During the period under review, net foreign exchange differences dropped significantly as compared with the same period of last year because the Renminbi did not appreciate as it did last year. The Group has substantial investments in the PRC and is aware that any fluctuation of Renminbi would have an impact on the net profits of the Group.

## Contingent Liabilities

As at 30 September 2012, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK\$104 million (2011: HK\$142 million).

## Human Resources

As at 30 September 2012, the Group, excluding its associates, had approximately 2,800 (2011: 2,900) 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.

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 for the Second Half

China closed its 18th National Congress with a change in leadership, but it still remains uncertain what measures the Central Government will take to revitalize its economy or what longer-term strategies are in play. As the U.S. continues to struggle with its looming “fiscal cliff”, as Europe continues to be hamstrung by sovereign debt issues, and as domestic consumption in China continues to slow, the Group believes that the second half of this financial year will indeed continue to be challenging.

In the second half of this financial year, the Group, therefore, will continue to invest in developing key international markets – a more certain potential growth arena – with a goal to raise market share.

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

As at 30 September 2012, 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%
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 condensed financial statements.*

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

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

<b>Name of director</b>	<b>Nature of interest</b>	<b>Capacity</b>	<b>Interest in shares</b>	<b>Notes</b>	<b>Approximate percentage of the issued shares of CH Investments</b>
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:

<b>Name of associated corporation</b>	<b>Interest in shares</b>	<b>Notes</b>	<b>Approximate percentage of the relevant class of issued shares of associated corporation</b>
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%

<b>Name of associated corporation</b>	<b>Interest in shares</b>	<b>Notes</b>	<b>Approximate percentage of the relevant class of issued shares of associated corporation</b>
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%
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 2012, 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 2012. The outstanding balances of share options as at 30 September 2012 are set out in note 11 to the condensed financial statements.

Save as disclosed above, at no time during the six months ended 30 September 2012 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 2012.

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

As at 30 September 2012, 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%

### 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.

Save as disclosed above, as at 30 September 2012, 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.

## Corporate Governance Code

Throughout the six months ended 30 September 2012, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code provision A.4.2 provides that every director should be subject to retirement by rotation at least once every three years. The directors of the Company (except the Chairman of the Company) are subject to retirement by rotation at least once every three years as the Chen Hsong Holdings Limited Company Act, 1991 of Bermuda provides that the chairman and managing director of the Company are not required to retire by rotation.

Code provision A.6.7 requires that the independent non-executive directors and other non-executive directors should attend general meetings of the Company. Mr. Johnson Chin Kwang TAN and Mr. Anish LALVANI, the independent non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 27 August 2012 due to other commitments.

Code provision C.1.2 requires that the management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The management aims to comply with this code provision starting from the third quarter of the financial year.

## 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 2012.

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

- (1) Ms. Lai Yuen CHIANG has been appointed as a member of the Court, and ceased as a member of the Council, of The Hong Kong University of Science and Technology with effect from 1 August 2012.
- (2) Mr. Johnson Chin Kwang TAN has been appointed as an independent non-executive director of Triyards Holdings Limited (a company listed on the Singapore Exchange Securities Trading Limited) with effect from 31 August 2012.
- (3) Mr. Bernard Charnwut CHAN has been appointed as a member of the Executive Council of the Hong Kong Special Administrative Region with effect from July 2012.

Save as disclosed above, there is no change in directors' information since the date of the 2012 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 2012.

## 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 2012.

On Behalf of the Board  
**Chen CHIANG**  
*Chairman*

Hong Kong, 26 November 2012

震雄集團有限公司  
Chen Hsong Holdings Limited

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