



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)

**2013/2014**

中期報告 INTERIM REPORT



# Financial Highlights

	For the six months ended 30 September		Change
	2013 (Unaudited)	2012 (Unaudited) (Restated)	
<b>RESULTS HIGHLIGHTS</b> <i>(HK\$'000)</i>			
Revenue	<b>970,740</b>	941,509	3%
Profit before tax	<b>79,711</b>	64,647	23%
Profit attributable to equity holders of the Company	<b>65,659</b>	56,042	17%
Total assets	<b>4,000,860</b>	3,853,985	4%
Shareholders' equity	<b>2,910,329</b>	2,817,483	3%
Issued share capital	<b>63,053</b>	62,926	0%
Net current assets	<b>1,712,496</b>	1,687,197	1%
<b>PER SHARE DATA</b>			
Basic earnings per share <i>(HK cents)</i>	<b>10.4</b>	8.9	17%
Cash dividends per share <i>(HK cents)</i>	<b>3.0</b>	2.5	20%
Net assets per share <i>(HK dollars)</i>	<b>4.6</b>	4.5	2%
<b>KEY FINANCIAL RATIOS</b>			
Return on average shareholders' equity (%)	<b>2.3</b>	2.0	15%
Return on average total assets (%)	<b>1.7</b>	1.5	13%

# 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>	MUFG Fund Services (Bermuda) Limited 26 Burnaby Street Hamilton HM 11 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 2013 amounted to HK\$65,659,000, representing an increase of 17% as compared with the profit attributable to equity holders of HK\$56,042,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2013 was HK10.4 cents, an increase of 17% over the corresponding period in 2012 of HK8.9 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 2013

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2013</b>	2012
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	2	<b>970,740</b>	941,509
Cost of sales		<u><b>(735,580)</b></u>	<u>(706,978)</u>
Gross profit		<b>235,160</b>	234,531
Other income and gains, net		<b>10,988</b>	13,307
Selling and distribution expenses		<b>(98,385)</b>	(92,069)
Administrative expenses		<b>(66,205)</b>	(65,261)
Other operating expenses, net		<b>(3,157)</b>	(25,030)
Finance costs		<b>(2,691)</b>	(2,667)
Share of profits less losses of associates		<u><b>4,001</b></u>	<u>1,836</u>
<b>PROFIT BEFORE TAX</b>	3	<b>79,711</b>	64,647
Income tax expense	4	<u><b>(13,551)</b></u>	<u>(8,735)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>66,160</b></u>	<u>55,912</u>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>65,659</b>	56,042
Non-controlling interests		<u><b>501</b></u>	<u>(130)</u>
		<u><b>66,160</b></u>	<u>55,912</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	6		
Basic ( <i>HK cents</i> )		<u><b>10.4</b></u>	<u>8.9</u>
Diluted ( <i>HK cents</i> )		<u><b>10.4</b></u>	<u>8.9</u>

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 2013

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>66,160</b>	55,912
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>29,828</b>	2,750
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial losses on defined benefit obligations	<u><b>(266)</b></u>	<u>(312)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>95,722</b></u>	<u>58,350</u>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>94,908</b>	58,469
Non-controlling interests	<u><b>814</b></u>	<u>(119)</u>
	<u><b>95,722</b></u>	<u>58,350</u>

# Condensed Consolidated Statement of Financial Position

As at 30 September 2013

		<b>30 September 2013 (Unaudited)</b>	31 March 2013 (Unaudited) (Restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<b>1,003,851</b>	960,533
Prepaid land lease payments		<b>42,611</b>	42,994
Goodwill		<b>94,931</b>	94,931
Investments in associates		<b>33,238</b>	28,657
Deferred tax assets		<b>74,971</b>	76,578
Deposits for purchases of items of property, plant and equipment		<b>7,185</b>	<u>3,853</u>
Total non-current assets		<b><u>1,256,787</u></b>	<u>1,207,546</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>876,166</b>	842,327
Trade and bills receivables	8	<b>900,725</b>	833,561
Deposits, prepayments and other receivables		<b>61,795</b>	55,022
Pledged bank deposits		<b>91,963</b>	80,280
Cash and bank balances		<b>813,424</b>	<u>786,126</u>
Total current assets		<b><u>2,744,073</u></b>	<u>2,597,316</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	<b>507,308</b>	411,363
Other payables and accruals		<b>229,778</b>	222,646
Interest-bearing bank borrowings		<b>267,188</b>	231,625
Tax payable		<b>27,303</b>	<u>28,981</u>
Total current liabilities		<b><u>1,031,577</u></b>	<u>894,615</u>
<b>NET CURRENT ASSETS</b>		<b><u>1,712,496</u></b>	<u>1,702,701</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>2,969,283</u></b>	<u>2,910,247</u>

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

As at 30 September 2013

	30 September 2013 (Unaudited)	31 March 2013 (Unaudited) (Restated)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Defined benefit obligations	26,364	26,658
Deferred tax liabilities	<u>12,450</u>	<u>11,010</u>
Total non-current liabilities	<u>38,814</u>	<u>37,668</u>
<b>NET ASSETS</b>	<b><u>2,930,469</u></b>	<b><u>2,872,579</u></b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	10 63,053	63,053
Reserves	<u>2,847,276</u>	<u>2,790,200</u>
<b>Non-controlling interests</b>	<b><u>2,910,329</u></b>	<b>2,853,253</b>
	<b><u>20,140</u></b>	<b><u>19,326</u></b>
<b>TOTAL EQUITY</b>	<b><u>2,930,469</u></b>	<b><u>2,872,579</u></b>



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

		2013			
		<u>Attributable to equity holders of the Company</u>			
		Issued share capital	Share premium account	Capital redemption reserve	Capital reserve
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
At 1 April 2013					
As previously reported		63,053	509,580	295	50,763
Prior year adjustments	1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
As restated		63,053	509,580	295	50,763
Profit for the period		—	—	—	—
Other comprehensive income/(expenses) for the period:					
Exchange differences on translation of foreign operations		—	—	—	—
Actuarial losses on defined benefit obligations		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the period		—	—	—	—
Transfer from retained profits		—	—	—	447
Final dividend for the year ended 31 March 2013	5	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 30 September 2013		<u><u>63,053</u></u>	<u><u>509,580*</u></u>	<u><u>295*</u></u>	<u><u>51,210*</u></u>

\* These reserve accounts comprise the consolidated reserves of HK\$2,847,276,000 (31 March 2013: HK\$2,790,200,000 (restated)) in the condensed consolidated statement of financial position as at 30 September 2013.

## 2013

## Attributable to equity holders of the Company

Statutory reserve	General reserve	Exchange fluctuation reserve	Retained profits	Total	Non- controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
147,473	2,351	291,228	1,796,745	2,861,488	19,326	2,880,814
—	—	—	(8,235)	(8,235)	—	(8,235)
147,473	2,351	291,228	1,788,510	2,853,253	19,326	2,872,579
—	—	—	65,659	65,659	501	66,160
—	—	29,515	—	29,515	313	29,828
—	—	—	(266)	(266)	—	(266)
—	—	29,515	65,393	94,908	814	95,722
—	—	—	(447)	—	—	—
—	—	—	(37,832)	(37,832)	—	(37,832)
<u>147,473*</u>	<u>2,351*</u>	<u>320,743*</u>	<u>1,815,624*</u>	<u>2,910,329</u>	<u>20,140</u>	<u>2,930,469</u>

# Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 September 2013

		2012			
		<u>Attributable to equity holders of the Company</u>			
	Note	Issued share capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)
At 1 April 2012					
As previously reported		62,926	507,170	295	53,055
Prior year adjustments		—	—	—	—
As restated		62,926	507,170	295	53,055
Profit/(loss) for the period		—	—	—	—
Other comprehensive income/(expenses) for the period:					
Exchange differences on translation of foreign operations		—	—	—	—
Actuarial losses on defined benefit obligations, as restated		—	—	—	—
Total comprehensive income/(expenses) 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>

2012

Attributable to equity holders of the Company

Statutory reserve	General reserve	Exchange fluctuation reserve	Retained profits	Total	Non- controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
147,473	2,351	287,104	1,756,592	2,816,966	18,380	2,835,346
—	—	—	(7,611)	(7,611)	—	(7,611)
147,473	2,351	287,104	1,748,981	2,809,355	18,380	2,827,735
—	—	—	56,042	56,042	(130)	55,912
—	—	2,739	—	2,739	11	2,750
—	—	—	(312)	(312)	—	(312)
—	—	2,739	55,730	58,469	(119)	58,350
—	—	—	(50,341)	(50,341)	—	(50,341)
<u>147,473</u>	<u>2,351</u>	<u>289,843</u>	<u>1,754,370</u>	<u>2,817,483</u>	<u>18,261</u>	<u>2,835,744</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	<b>83,780</b>	73,901
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	<b>(196,775)</b>	46,304
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	<u><b>2,044</b></u>	<u>(50,341)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>(110,951)</b>	69,864
Cash and cash equivalents at beginning of period	<b>752,186</b>	694,233
Effect of foreign exchange rate changes, net	<u><b>8,347</b></u>	<u>635</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><b>649,582</b></u>	<u>764,732</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>504,831</b>	538,348
Bank deposits with original maturity of less than three months when acquired	<u><b>144,751</b></u>	<u>226,384</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>649,582</b>	764,732
Bank deposits with original maturity of more than three months when acquired	<u><b>163,842</b></u>	<u>22,256</u>
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<u><b>813,424</b></u>	<u>786,988</u>

# Notes to Condensed Financial Statements

30 September 2013

## 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 2013, 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 2013. Other than as further explained below regarding the impact of amendments to HKAS 1 and HKAS 19 (2011), 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 HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affected presentation only and had no impact on the Group’s financial position or performance.

## 1. Accounting Policies *(continued)*

HKAS 19 Employee Benefits (Revised 2011) (“HKAS 19 (2011)”) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

HKAS 19 (2011) requires retrospective application. The adoption of HKAS 19 (2011) had an impact on the net defined benefit plan obligations due to the difference in accounting for actuarial gains and losses, interest on plan assets and unvested past service costs. The comparative information have been restated in the condensed consolidated financial statements. The quantitative impact on the financial statements is provided in the tables below.

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.

## 1. Accounting Policies (*continued*)

Effect on the condensed consolidated financial statements of the adoption of HKAS 19 (2011)

*Impact on the condensed consolidated statement of comprehensive income:*

For the period ended 30 September 2013

HK\$'000

Decrease in total comprehensive income for the period 266

For the period ended 30 September 2012

HK\$'000

Decrease in total comprehensive income for the period 312

*Impact on the condensed consolidated statement of financial position:*

As at 30 September 2013

HK\$'000

Decrease in net assets and total equity 8,501

As at 31 March 2013

HK\$'000

Decrease in net assets and total equity 8,235

## 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.



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

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.

The following tables present revenue and results information for the Group's operating segments for the periods ended 30 September 2013 and 2012.

	Segment revenue from external customers		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	<b>653,324</b>	627,711	<b>62,394</b>	56,471
Taiwan	<b>71,390</b>	48,511	<b>8,465</b>	4,177
Other overseas countries	<b><u>246,026</u></b>	<u>265,287</u>	<b><u>18,946</u></b>	<u>16,522</u>
	<b><u>970,740</u></b>	<u>941,509</u>	<b><u>89,805</u></b>	<u>77,170</u>

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

Operating segment results	<b>89,805</b>	77,170
Unallocated income and gains	<b>6,564</b>	6,767
Corporate and unallocated expenses	<b>(17,968)</b>	(18,459)
Finance costs	<b>(2,691)</b>	(2,667)
Share of profits less losses of associates	<b><u>4,001</u></b>	<u>1,836</u>
Profit before tax	<b><u>79,711</u></b>	<u>64,647</u>

### 3. Profit Before Tax

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

	Six months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
Cost of inventories sold	735,580	706,978
Depreciation	33,707	32,930
Recognition of prepaid land lease payments	922	909
Loss on disposal of items of property, plant and equipment	26	28
Impairment/(write-back of impairment) of trade and bills receivables, net	1,152	(4,357)
Impairment/(write-back of impairment) of inventories, net	499	(11,774)
Foreign exchange differences, net	(28,865)	8,167
Interest income	(6,564)	(6,767)
	<u>735,580</u>	<u>706,978</u>

### 4. Income Tax Expense

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the period. During the period ended 30 September 2012, Hong Kong profits tax had been provided at the rate of 16.5%. 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	
	2013	2012
	HK\$'000	HK\$'000
Current:		
Charge for the period		
Hong Kong	-	292
Elsewhere	8,605	14,155
Over provision in prior periods	(100)	(7,321)
Deferred	<u>5,046</u>	<u>1,609</u>
Tax charge for the period	<u>13,551</u>	<u>8,735</u>

## 5. Dividends

**Six months ended**  
**30 September**  
**2013**                      2012  
**HK\$'000**                    *HK\$'000*

Dividend paid during the period  
Final in respect of the financial year  
ended 31 March 2013 – HK\$0.06  
(2012: HK\$0.08) per ordinary share

**37,832**                      50,341

The Board of the Company has declared the payment of an interim dividend of HK\$0.03 (2012: HK\$0.025) per ordinary share for the six months ended 30 September 2013 totalling HK\$18,916,000 (2012: HK\$15,731,000). These condensed financial statements do not reflect the interim dividend payable.

## 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\$65,659,000 (2012: HK\$56,042,000) and on the weighted average number of ordinary shares of 630,531,600 (2012: 629,255,600) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the period as the Group had no potentially dilutive ordinary shares in issue during the period. During the period ended 30 September 2012, the calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company for the corresponding period of last year of HK\$56,042,000 and on the weighted average number of ordinary shares of 629,428,692, being the weighted average number of ordinary shares of 629,255,600 in issue during the corresponding period of last year as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 173,092 assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the corresponding period of last year.

## 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 2013	960,533
Additions	60,594
Disposals	(85)
Write-offs	(268)
Depreciation provided for the period	(33,707)
Exchange realignment	<u>16,784</u>
Net carrying amount as at 30 September 2013	<u><u>1,003,851</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 2013 <i>HK\$'000</i></b>	31 March 2013 <i>HK\$'000</i>
Current (neither past due nor impaired)	<b>685,630</b>	639,047
Less than 90 days past due	<b>106,047</b>	100,882
91 to 180 days past due	<b>48,909</b>	39,371
Over 180 days past due	<u><b>60,139</b></u>	<u>54,261</u>
	<u><b>900,725</b></u>	<u>833,561</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 2013 HK\$'000</b>	31 March 2013 HK\$'000
Current	<b>400,177</b>	323,201
1 to 90 days	<b>90,886</b>	72,222
91 to 180 days	<b>4,071</b>	4,632
Over 180 days	<b><u>12,174</u></b>	<u>11,308</u>
	<b><u><u>507,308</u></u></b>	<u><u>411,363</u></u>

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

## 10. Share Capital

	<b>30 September 2013 HK\$'000</b>	31 March 2013 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:		
630,531,600 (31 March 2013: 630,531,600) ordinary shares of HK\$0.10 each	<b><u>63,053</u></b>	<u>63,053</u>

## 11. 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 2013 HK\$'000</b>	31 March 2013 HK\$'000
Guarantees given to financial institutions in connection with facilities granted to third parties, at the maximum	<b><u>101,998</u></b>	<u>79,072</u>

## 12. 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 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Within one year	<u><b>1,402</b></u>	<u>3,473</u>

### (b) As lessee

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

At 30 September 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Within one year	<b>1,835</b>	1,758
In the second to fifth years, inclusive	<u><b>646</b></u>	<u>698</u>
	<u><b>2,481</b></u>	<u>2,456</u>

### 13. Commitments

In addition to operating lease commitments detailed in note 12(b) above, the Group had the following capital commitments at the end of the reporting period:

As at 30 September 2013, 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\$54,919,000 (31 March 2013: HK\$102,986,000).

As at 30 September 2013, 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\$5,856,000 (31 March 2013: HK\$897,000).

### 14. Related Party Transactions

- (a) During the period, the Group purchased raw materials amounting to HK\$16,574,000 (2012: HK\$22,356,000) 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\$4,658,000 (2012: HK\$2,461,000) 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.

## 14. Related Party Transactions (continued)

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Short term employee benefits	<b>6,425</b>	8,945
Post-employment benefits	<b>30</b>	28
	<b><u>6,455</u></b>	<u>8,973</u>

## 15. Comparative Amounts

As further explained in note 1 to the condensed financial statements, due to the adoption of HKAS 19 (2011) during the current period, the accounting treatment and presentation of certain items and balances in the condensed financial statements have been revised or added to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment.



## Interim Dividend

The Board has resolved to declare an interim dividend of HK3.0 cents (2012: HK2.5 cents) per ordinary share for the six months ended 30 September 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 24 December 2013. The interim dividend will be paid on or about Wednesday, 15 January 2014.

## Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 23 December 2013 to Tuesday, 24 December 2013, 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 Friday, 20 December 2013.

## Management's Discussion and Analysis

### Business Performance

For the six months ended 30 September 2013, the Group registered a 3% increase in turnover to HK\$971 million (2012: HK\$942 million) as compared with the same period of last year. Profit attributable to equity holders increased by 17% from the same period of last year to HK\$66 million (2012: HK\$56 million). Basic earnings per share increased by 17% to HK10.4 cents (2012: HK8.9 cents). The Board has resolved to declare an interim dividend of HK3.0 cents (2012: HK2.5 cents) per share.

This financial year witnessed the change-over of China's leadership, with the new leaders announcing a direction of tighter monetary policy for the future, apparently in response to pressing concerns such as rampant inflation, an overheating economy, over-extended credit and runaway asset bubbles, etc.. As the Central Government started to limit market liquidity through credit tightening policies, including maintaining high interest rates and high bank reserve ratios, the stringency in China became extremely severe to the point of affecting economic activities. Although China's Gross Domestic Product (GDP) growth for the first half of 2013 managed to reach target, growth rate in the second quarter was lower than that in the first quarter and far below market expectations. Considering that the first quarter growth rate was already lower than the last quarter of 2012, China's GDP growth was in an obvious downward spiral. Inter-bank interest rates spiked dramatically during the May and June time-frame when the People's Bank of China refused to provide more liquidity to the market through reverse buybacks. This credit crisis pushed China's manufacturing Purchasing Managers'

Index (PMI) once again below 50 and China's Producer Price Index (PPI) for the industrial sector, which was already in negative territory for the year, was forced into accelerated decline in the second quarter.

On the other hand, several international markets where the Group had extended substantial investments during recent years (such as Brazil and Europe, etc.) saw these efforts yielding encouraging returns. It, however, could not fully compensate for the impacts of large scale depreciations of the currencies of some developing countries against the U.S. Dollar, unavoidably causing the Group's total aggregated turnover in international markets to fall by 7%.

## Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2013 is as follows:

<b>Customer Location</b>	<b>2013 (HK\$ million)</b>	<b>2012 (HK\$ million)</b>	<b>Change</b>
Mainland China and Hong Kong	<b>653</b>	628	+4%
Taiwan	<b>72</b>	49	+47%
Other overseas countries	<b>246</b>	265	-7%
	<b>971</b>	942	+3%

During the second quarter of this year, the already weakening export sector in China was further hampered by the dual blows of short-term credit crunch and currency depreciations of developing countries, with total export growth reducing to 4.3%, of which it was close to zero in May and then further slid into negative territory of -2% in June. Dismal export conditions coupled with inadequate domestic consumption growth and tight credit forced many customers to rethink or delay capital investment or expansion plans.

During the third quarter of 2013, however, the Chinese Central Government restarted reverse buyback operations and flooded the market with liquidity in a bid to relieve pressure on the economy. China's domestic economy responded instantly to this stimulus, with PMI returning to the level above 50, PPI's declining trend tapered, and GDP growth rising to 7.8% during the third quarter which made the full-year target of 7.5% achievable. Consequently, the Group found that any impacts had been all but temporary, and with the edge on the sales of two-platen large-tonnage injection moulding machines compensating partly for the shortfall, total turnover in China managed to register a growth of 4% to HK\$653 million for the first half of this financial year (2012: HK\$628 million).

The primarily export oriented customers in Taiwan finally rebounded in force with gradual economic recoveries in Europe and the U.S.. During the first half of this financial year, total turnover in Taiwan rose by 47% to HK\$72 million (2012: HK\$49 million), close to 2011 levels.

In international markets, there were much concerns and rumours during the second quarter of this year over the possible ending of quantitative easing by the U.S. Federal Reserve, which contributed to rapid appreciations in the U.S. Dollar, and matching depreciations in the currencies of many developing countries that maintained relaxed monetary policies since the years of financial crisis, many of which were large markets for injection moulding machines. For instance, during the second quarter of 2013, the currencies of developing countries in South East Asia generally depreciated by more than 10% against the U.S. Dollar, with some countries continuing to decline in the third quarter to multi-year lows. Similar currency depreciations also occurred in South America. Even as the U.S. Federal Reserve calmed international markets by immediately and publicly rejecting an early end to quantitative easing which made the U.S. Dollar rewind from the highs, the currencies of many developing countries continued to remain suppressed.

Such substantial currency depreciations had an unavoidable impact on the Group's international business, with double-digit declines in the countries affected. On the other hand, results anticipated from a number of key countries and regions where the Group had opened new sales subsidiaries (e.g. Brazil, Europe, etc.) started to materialize. Europe was particularly encouraging, registered a high-double-digit growth. This had strengthened the Group's resolve to invest further in developing international markets for the next several years. In total, the Group's turnover from international markets declined by 7% as compared with the same period of last year, to HK\$246 million (2012: HK\$265 million).

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

Upon the heels of the Group delivering its first 4,500-ton ultra-large-tonnage two-platen injection moulding machine to a customer in Europe – the largest of such machines manufactured in China – the Group expects to deliver its next triumph, the first 6,500-ton two-platen injection moulding machine, by early 2014. This machine will become a significant milestone (as well as under worldwide spotlights) since it is the largest injection moulding machine currently manufactured in the Asian region. This also proves that the Group has attained an unchallengeable leadership in China in manufacturing high-tech, ultra-large-tonnage injection moulding machines.

## Manufacturing Efficiency and Capacity

The “Phase Three” development of the Shenzhen Chen Hsong Industrial Park is well underway. Three huge, double-deck factory buildings have been built, and should become online once necessary government approval procedures and production equipment are in place. The new factory buildings have high ceilings (25 metres above ground) and are equipped with heavy-lifting cranes, facilitating the manufacture of 4,000-ton and above ultra-large-tonnage injection moulding machines. Over 88,000 square metres of production and storage space will be added, and with the enhanced scale, the new facilities will add significant production strength and improved efficiency to the Group in its penetration into the ultra-large-tonnage injection moulding machines market.

## Liquidity and Financial Conditions

As at 30 September 2013, the Group had net current assets of HK\$1,712 million (2012: HK\$1,687 million (restated)), which represented a 1% increase as compared with the same period of last year. Cash and bank balances (including pledged deposits) amounted to HK\$905 million (2012: HK\$890 million), representing an increase of HK\$15 million over last year. The bank borrowings were HK\$267 million (2012: HK\$219 million), increased by HK\$48 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK\$638 million (2012: HK\$671 million), representing a decrease of HK\$33 million.

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 2013. 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 2013, bank deposits of certain subsidiaries of the Group operating in Mainland China in the amount of HK\$92 million (2012: HK\$103 million) were pledged, including HK\$45 million (2012: HK\$45 million) for securing certain loans granted by certain financial institutions in Mainland China to independent third parties; HK\$41 million (2012: HK\$41 million) for securing bank acceptance notes, included in the trade and bills payables, to suppliers; and HK\$6 million (2012: HK\$17 million) for securing payments of construction costs of industrial buildings in Mainland China.

## Capital Commitments

As at 30 September 2013, the Group had capital commitments of HK\$61 million (2012: HK\$145 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 Taiwanese dollars and Renminbi, are normally placed with banks in short or medium term deposits for working capital of the Group.

As at 30 September 2013, the Group had borrowings in Japanese yen equivalent to HK\$42 million (2012: HK\$99 million) for payments to suppliers in Japanese yen. 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 gains increased as compared with the same period of last year because of the appreciation of the Renminbi in this period. The Group has substantial investments in Mainland China 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 2013, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK\$102 million (2012: HK\$104 million).

## Human Resources

As at 30 September 2013, the Group had approximately 2,700 (2012: 2,800) full-time employees. The Group offers good remuneration and welfare packages to its employees and maintains market-competitive pay levels. Employees are rewarded based on individual as well as the results performance of the Group.

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**

A tight monetary policy adopted by the new Central Government in China – crucial for economic stability in the long term – will unavoidably lead to short-term pains. The market in China for the second half of this financial year continued to be veiled in uncertainty, heavily dependent on the Central Government's policy direction and degree of credit tightening. The Group is of the view that China GDP should maintain at its current growth rate of 7-8% and that, barring unforeseen circumstances, it is expected that stability in the Group's business development can be ensured.

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

As at 30 September 2013, the number of issued ordinary shares of the Company was 630,531,600; 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 of the Company

Name of director	Nature of interest	Interest in ordinary 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)	63.12%
Lai Yuen CHIANG	Personal	5,000,000	5,000,000	(1)	0.79%
Chi Kin CHIANG	Personal	2,078,000	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%

## (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	58,220,300	(2)	100.00%

- (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
Assetwise Holdings Limited	1 ordinary share	(3), (4)	100.00%
Chen Hsong (PRC) Investment Company Limited	2 non-voting deferred shares	(3), (4)	100.00%
Chen Hsong Logistics Services Company Limited	5,000,000 non-voting deferred shares	(3), (4)	100.00%
Chen Hsong Machinery Company, Limited	50,000,000 non-voting deferred shares	(3), (4)	100.00%
Chiangs' Industrial Holdings Limited	1 redeemable share	(3)	100.00%
Desee Limited	2 ordinary shares	(3), (5)	100.00%
Deskto Limited	2 ordinary shares	(3), (5)	100.00%
Equaltex Investment Limited	2 ordinary shares	(3), (4)	100.00%
Global Asia Investments Limited	1 ordinary share	(3), (4)	100.00%
Goman Limited	2 ordinary shares	(3), (5)	100.00%
Gondmyne Limited	100,000 ordinary shares	(3), (4)	100.00%
Granwich Limited	1 ordinary share	(3), (4)	100.00%
Hong Kong Cad-Cam Services Limited	52,570,000 ordinary shares	(3), (4)	75.10%
Kadom Limited	2 ordinary shares	(3), (4)	100.00%
KCI Investments Limited	1 ordinary share	(3), (6)	100.00%
Keyset Development Limited	10 ordinary shares	(3), (4)	100.00%
Koyoki Limited	2 ordinary shares	(3), (5)	100.00%
Maxford H.K. Investments Limited	1 ordinary share	(3), (6)	100.00%
Mikia Limited	2 ordinary shares	(3), (5)	100.00%
Mogin Limited	2 ordinary shares	(3), (5)	100.00%
Parot Limited	2 ordinary shares	(3), (5)	100.00%
Potachi Limited	2 ordinary shares	(3), (5)	100.00%
Pro-Team Pacific Limited	1 ordinary share	(3), (4)	100.00%
Rikon Limited	2 ordinary shares	(3), (5)	100.00%
Semicity Limited	2 ordinary shares	(3), (5)	100.00%
Sibeland Limited	2 ordinary shares	(3), (5)	100.00%
Sumei Limited	2 ordinary shares	(3), (5)	100.00%
Tatiara Investment Company Limited	2 ordinary shares	(3), (4)	100.00%
Value Creation Group Limited	1 ordinary share	(3), (4)	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 The Chiang Chen Industrial Charity Foundation ("Charity Foundation"), which holds 100% interest 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 trust as he is the settlor of the discretionary trust and may be regarded as founder of such discretionary trust.
- (3) Chiangs' Industrial Holdings Limited holds 100% 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 are held by CH Investments.
- (5) Such interests are indirectly held by CH Investments through Gondmyne Limited.
- (6) Such interests are indirectly held by CH Investments through Assetwise Holdings Limited.

Save as disclosed above, as at 30 September 2013, 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

At no time during the six months ended 30 September 2013 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 2013.

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

As at 30 September 2013, 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)	63.12%
Chen CHIANG	Beneficial owner	3,980,000	(3)	0.63%
	Founder of discretionary trust	398,013,620	(1), (2), (3)	63.12%
Chiangs' Industrial Holdings Limited	Interest of controlled corporation	398,013,620	(1)	63.12%
Cititrust (Bahamas) Limited	Trustee	398,013,620	(1)	63.12%
David Michael WEBB	Beneficial owner	7,835,000	–	1.24%
	Interest of controlled corporation	23,793,000	–	3.77%
Schroder Investment Management (Hong Kong) Limited	Investment manager	52,268,000	(4)	8.29%
Schroders Plc	Interest of controlled corporation	52,268,000	(4)	8.29%

*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 100% 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) This represents the same parcel of shares held by Schroder Investment Management (Hong Kong) Limited. Schroders Plc is deemed to have interest in the relevant shares by virtue of being the ultimate beneficial owner of Schroder Investment Management (Hong Kong) Limited.

Save as disclosed above, as at 30 September 2013, 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 2013, 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 deviation:

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.

## 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 the 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 2013.

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

- (1) Dr. Chen CHIANG ceased to be the Honorary Chairman of the Hong Kong Federation of Innovative Technologies and Manufacturing Industries Limited.
- (2) Ms. Lai Yuen CHIANG has been appointed as a member of Aviation Development Advisory Committee with effect from 1 September 2013.
- (3) Mr. Chi Kin CHIANG ceased to be the vice chairman of Guangdong Chamber of Foreign Investors with effect from 20 May 2013 and has been appointed as the honorary committee member of Hong Kong Mould and Product Technology Association with effect from 23 October 2013.
- (4) Mr. Johnson Chin Kwang TAN ceased to be an independent non-executive director of Triyards Holdings Limited (a company listed on the Singapore Exchange Securities Trading Limited) with effect from 1 September 2013.
- (5) Mr. Michael Tze Hau LEE has been appointed as the chairman and independent non-executive director of OTC Clearing Hong Kong Limited with effect from 1 July 2013.

Save as disclosed above, there is no change in directors’ information since the date of the 2013 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 2013.

## 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 2013.

On Behalf of the Board

**Chen CHIANG**

*Chairman*

Hong Kong, 27 November 2013

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