



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)

# 2017/2018

中期報告 INTERIM REPORT



# Financial Highlights

	For the six months ended 30 September		
	2017 (Unaudited)	2016 (Unaudited)	Change
<b>RESULTS HIGHLIGHTS</b> <i>(HK\$'000)</i>			
Revenue	<b>870,492</b>	712,946	22%
Profit before tax	<b>83,764</b>	36,437	130%
Profit attributable to equity holders of the Company	<b>65,962</b>	21,305	210%
Total assets	<b>3,522,143</b>	3,262,968	8%
Shareholders' equity	<b>2,709,068</b>	2,622,970	3%
Issued share capital	<b>63,053</b>	63,053	0%
Net current assets	<b>1,594,634</b>	1,498,291	6%
<b>PER SHARE DATA</b>			
Basic earnings per share <i>(HK cents)</i>	<b>10.5</b>	3.4	209%
Cash dividends per share <i>(HK cents)</i>	<b>3.0</b>	1.4	114%
Net assets per share <i>(HK dollars)</i>	<b>4.3</b>	4.2	2%
<b>KEY FINANCIAL RATIOS</b>			
Return on average shareholders' equity (%)	<b>2.5</b>	0.8	213%
Return on average total assets (%)	<b>1.9</b>	0.6	217%

# Corporate Information

## Directors

### **Executive Directors**

Dr. Chen CHIANG, <sup>GBM</sup> (*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

Mr. Chi Ngai CHAN

## Authorized Representatives

Ms. Lai Yuen CHIANG  
Mr. Chi Ngai CHAN

<b>Auditor</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 United Overseas Bank Limited
<b>Principal Share Registrars</b>	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
<b>Branch Share Registrars</b>	Tricor Tengis Limited Level 22, Hopewell Centre 183 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 Website: www.chenhsong.com
<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 2017 amounted to HK\$65,962,000, as compared with the profit attributable to equity holders of HK\$21,305,000 for the corresponding period of last year. Basic earnings per share for the six months ended 30 September 2017 was HK10.5 cents, as compared with the basic earnings per share of HK3.4 cents for the corresponding period of last year. These unaudited interim results have been reviewed by the Company's Audit Committee.

### Condensed Consolidated Income Statement

For the six months ended 30 September 2017

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2017</b>	2016
	Notes	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	2	<b>870,492</b>	712,946
Cost of sales		<b>(637,608)</b>	(514,255)
Gross profit		<b>232,884</b>	198,691
Other income and gains, net		<b>28,155</b>	23,169
Selling and distribution expenses		<b>(93,873)</b>	(72,607)
Administrative expenses		<b>(61,333)</b>	(55,812)
Other operating expenses, net		<b>(23,270)</b>	(58,095)
Finance costs		<b>(456)</b>	(644)
Share of profits less losses of associates		<b>1,657</b>	1,735
<b>PROFIT BEFORE TAX</b>	3	<b>83,764</b>	36,437
Income tax expense	4	<b>(17,725)</b>	(15,290)
<b>PROFIT FOR THE PERIOD</b>		<b>66,039</b>	21,147
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>65,962</b>	21,305
Non-controlling interests		<b>77</b>	(158)
		<b>66,039</b>	21,147
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	6		
Basic (HK cents)		<b>10.5</b>	3.4
Diluted (HK cents)		<b>10.5</b>	3.4

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>66,039</b>	21,147
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
<i>Other comprehensive income/(expenses) to be reclassified to the income statement in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	<b>89,987</b>	(38,745)
Share of other comprehensive income/(expenses) of associates	<b>1,336</b>	(1,285)
Net other comprehensive income/(expenses) to be reclassified to the income statement in subsequent periods	<b>91,323</b>	(40,030)
<i>Other comprehensive expenses not to be reclassified to the income statement in subsequent periods:</i>		
Actuarial losses on defined benefit obligations	<b>(933)</b>	(447)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX</b>	<b>90,390</b>	(40,477)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>156,429</b>	(19,330)
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>155,716</b>	(18,720)
Non-controlling interests	<b>713</b>	(610)
	<b>156,429</b>	(19,330)

# Condensed Consolidated Statement of Financial Position

As at 30 September 2017

		30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	658,037	640,256
Investment properties		294,225	281,600
Prepaid land lease payments		36,706	36,011
Goodwill		94,923	94,923
Investments in associates		28,915	25,922
Deferred tax assets		34,046	34,947
Deposits for purchases of items of property, plant and equipment		10,814	2,050
Trade receivables	8	15,651	10,346
Finance lease receivables	9	4,552	9,575
Pledged bank deposits		1,974	1,693
		<hr/>	<hr/>
Total non-current assets		1,179,843	1,137,323
<b>CURRENT ASSETS</b>			
Inventories		582,439	457,941
Trade and bills receivables	8	860,579	736,473
Deposits, prepayments and other receivables		61,230	38,605
Finance lease receivables	9	40,631	36,693
Pledged bank deposits		53,964	55,525
Cash and bank balances		743,457	852,525
		<hr/>	<hr/>
Total current assets		2,342,300	2,177,762
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	481,354	356,967
Other payables and accruals		208,956	191,625
Interest-bearing bank borrowings		23,422	73,422
Tax payable		33,934	37,068
		<hr/>	<hr/>
Total current liabilities		747,666	659,082
<b>NET CURRENT ASSETS</b>		<hr/> <b>1,594,634</b>	<hr/> 1,518,680
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>2,774,477</b>	<hr/> 2,656,003

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

As at 30 September 2017

	30 September 2017 (Unaudited) <i>Notes</i> <b>HK\$'000</b>	31 March 2017 (Audited) <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	<b>2,197</b>	3,041
Defined benefit obligations	<b>15,528</b>	20,769
Deferred tax liabilities	<b>34,370</b>	29,669
	<hr/>	<hr/>
Total non-current liabilities	<b>52,095</b>	53,479
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>2,722,382</b>	2,602,524
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<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	<i>11</i> <b>63,053</b>	63,053
Reserves	<b>2,646,015</b>	2,526,870
	<hr/>	<hr/>
	<b>2,709,068</b>	2,589,923
<b>Non-controlling interests</b>	<b>13,314</b>	12,601
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>2,722,382</b>	2,602,524
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# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

2017

Attributable to equity holders of the Company

		Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000
	Note					
At 1 April 2017		63,053	509,580*	295*	53,035*	145,310*
Profit for the period		-	-	-	-	-
Other comprehensive income/(expenses) for the period:						
Exchange differences		-	-	-	-	-
Actuarial losses on defined benefit obligations		-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-
Final dividend for the year ended 31 March 2017	5	-	-	-	-	-
Special final dividend for the year ended 31 March 2017	5	-	-	-	-	-
At 30 September 2017		<u>63,053</u>	<u>509,580*</u>	<u>295*</u>	<u>53,035*</u>	<u>145,310*</u>

\* These reserve accounts comprise the consolidated reserves of HK\$2,646,015,000 (31 March 2017: HK\$2,526,870,000) in the condensed consolidated statement of financial position as at 30 September 2017.

2017

Attributable to equity holders of the Company

	Asset	Exchange	Retained	Total	Non-	Total
General	revaluation	fluctuation	profits		controlling	equity
reserve	reserve	reserve			interests	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2,351*	78,674*	124,914*	1,612,711*	2,589,923	12,601	2,602,524
-	-	-	65,962	65,962	77	66,039
-	-	90,687	-	90,687	636	91,323
-	-	-	(933)	(933)	-	(933)
-	-	90,687	65,029	155,716	713	156,429
-	-	-	(16,394)	(16,394)	-	(16,394)
-	-	-	(20,177)	(20,177)	-	(20,177)
<u>2,351*</u>	<u>78,674*</u>	<u>215,601*</u>	<u>1,641,169*</u>	<u>2,709,068</u>	<u>13,314</u>	<u>2,722,382</u>

# Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 September 2017

2016

## Attributable to equity holders of the Company

		Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000
	Note					
At 1 April 2016		63,053	509,580	295	52,751	144,999
Profit/(loss) for the period		-	-	-	-	-
Other comprehensive expenses for the period:						
Exchange differences		-	-	-	-	-
Actuarial losses on defined benefit obligations		-	-	-	-	-
Total comprehensive income/(expenses) for the period		-	-	-	-	-
Final dividend for the year ended 31 March 2016	5	-	-	-	-	-
Special final dividend for the year ended 31 March 2016	5	-	-	-	-	-
Dividend paid to a non-controlling shareholder of a subsidiary		-	-	-	-	-
At 30 September 2016		<u>63,053</u>	<u>509,580</u>	<u>295</u>	<u>52,751</u>	<u>144,999</u>

2016

Attributable to equity holders of the Company

<b>General reserve</b>	<b>Asset revaluation reserve</b>	<b>Exchange fluctuation reserve</b>	<b>Retained profits</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2,351	78,674	217,532	1,596,415	2,665,650	16,421	2,682,071
-	-	-	21,305	21,305	(158)	21,147
-	-	(39,578)	-	(39,578)	(452)	(40,030)
-	-	-	(447)	(447)	-	(447)
-	-	(39,578)	20,858	(18,720)	(610)	(19,330)
-	-	-	(3,783)	(3,783)	-	(3,783)
-	-	-	(20,177)	(20,177)	-	(20,177)
-	-	-	-	-	(2,800)	(2,800)
<u>2,351</u>	<u>78,674</u>	<u>177,954</u>	<u>1,593,313</u>	<u>2,622,970</u>	<u>13,011</u>	<u>2,635,981</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	<b>(33,769)</b>	47,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	<b>(17,718)</b>	(4,091)
Interest received	<b>4,261</b>	5,266
Decrease/(increase) in bank deposits with original maturity of more than three months when acquired	<b>2,577</b>	(81,340)
Decrease in pledged bank deposits	<b>3,846</b>	8,168
Other investing cash flows	<b>(10,715)</b>	502
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<b>(17,749)</b>	(71,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	<b>53,422</b>	25,000
Repayment of bank loans	<b>(103,422)</b>	(61,000)
Dividends paid	<b>(36,571)</b>	(23,960)
Dividend paid to a non-controlling shareholder of a subsidiary	-	(2,800)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<b>(86,571)</b>	(62,760)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(138,089)</b>	(87,202)
Cash and cash equivalents at beginning of period	<b>769,722</b>	775,935
Effect of foreign exchange rate changes, net	<b>27,886</b>	(16,926)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>659,519</b>	671,807
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>592,634</b>	619,220
Bank deposits with original maturity of less than three months when acquired	<b>66,885</b>	52,587
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>659,519</b>	671,807
Bank deposits with original maturity of more than three months when acquired	<b>83,938</b>	150,247
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<b>743,457</b>	822,054

# Notes to Condensed Financial Statements

30 September 2017

## 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 2017, 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 2017. 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 whether these new and revised HKFRSs would have significant impact on the Group's financial performance and financial position.

## 2. Revenue and Operating Segment Information

Revenue 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. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated income and gains, finance costs, share of profits less losses of associates, and corporate and unallocated expenses are excluded from such measurement.

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 2017 and 2016.

	Segment revenue		Segment results	
	from external customers		Six months ended	
	Six months ended		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	<b>601,754</b>	474,176	<b>80,669</b>	31,632
Taiwan	<b>72,999</b>	60,714	<b>2,592</b>	3,185
Other overseas countries	<b>195,739</b>	178,056	<b>10,287</b>	9,514
	<b>870,492</b>	712,946	<b>93,548</b>	44,331

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

Operating segment results	<b>93,548</b>	44,331
Unallocated income and gains	<b>5,723</b>	5,899
Corporate and unallocated expenses	<b>(16,708)</b>	(14,884)
Finance costs	<b>(456)</b>	(644)
Share of profits less losses of associates	<b>1,657</b>	1,735
Profit before tax	<b>83,764</b>	36,437



### 3. Profit Before Tax

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

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
Cost of inventories sold	<b>637,608</b>	514,255
Depreciation	<b>25,107</b>	27,411
Amortization of prepaid land lease payments	<b>676</b>	692
Loss/(gain) on disposal of items of property, plant and equipment	<b>123</b>	(24)
Write-off of items of property, plant and equipment	<b>869</b>	133
Impairment/(write-back of impairment) of trade and bills receivables, net	<b>2,175</b>	(2,605)
Write-back of provision for inventories, net	<b>(9,352)</b>	(5,457)
Impairment of other receivables, net	<b>555</b>	440
Foreign exchange differences, net	<b>(3,831)</b>	35,366
Interest income	<b>(4,261)</b>	(5,266)
Finance lease interest income	<b>(1,462)</b>	(633)

### 4. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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	
	2017	2016
	HK\$'000	HK\$'000
Current:		
Charge for the period		
Hong Kong	–	11
Elsewhere	<b>11,917</b>	12,273
Underprovision/(overprovision) in prior periods	<b>67</b>	(69)
Deferred	<b>5,741</b>	3,075
Tax charge for the period	<b>17,725</b>	15,290

## 5. Dividends

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Dividends paid during the period:		
Final in respect of the financial year ended		
31 March 2017 – HK\$0.026		
per ordinary share (2016: HK\$0.006)	<b>16,394</b>	3,783
Special final in respect of the financial year ended		
31 March 2017 – HK\$0.032		
per ordinary share (2016: HK\$0.032)	<b>20,177</b>	20,177
	<hr/>	<hr/>
	<b>36,571</b>	23,960
	<hr/>	<hr/>

The Board has declared the payment of an interim dividend of HK\$0.03 (2016: HK\$0.014) per ordinary share for the six months ended 30 September 2017 totalling HK\$18,916,000 (2016: HK\$8,827,000). These condensed interim financial statements do not reflect the interim dividend payable.

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

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the period of HK\$65,962,000 (2016: HK\$21,305,000) and on the weighted average number of ordinary shares of 630,531,600 (2016: 630,531,600) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the periods ended 30 September 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 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 2017	640,256
Additions	19,768
Disposals	(222)
Write-offs	(869)
Depreciation provided for the period	(25,107)
Exchange realignment	24,211
	<u>24,211</u>
Net carrying amount as at 30 September 2017	<u><u>658,037</u></u>

## 8. Trade and Bills Receivables

	<b>30 September</b>	31 March
	<b>2017</b>	2017
	<i>Notes</i>	
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>658,574</b>	596,767
Impairment	<b>(93,147)</b>	(89,390)
	<u>658,574</u>	<u>(89,390)</u>
Trade receivables, net	<i>(a)</i> <b>565,427</b>	507,377
Bills receivable	<i>(b)</i> <b>310,803</b>	239,442
	<u>310,803</u>	<u>239,442</u>
Total trade and bills receivables	<b>876,230</b>	746,819
Portion classified as non-current portion	<b>(15,651)</b>	(10,346)
	<u>(15,651)</u>	<u>(10,346)</u>
Current portion	<b>860,579</b>	736,473
	<u><u>860,579</u></u>	<u><u>736,473</u></u>

Trading terms with customers are either cash on delivery, bank bills or on credit. The Group grants credit to customers based on their respective business strength and creditability, with credit periods of 30 days to 180 days in general. The Group adopts strict control policies over credit terms and receivables that serve to minimize credit risk.

## 8. Trade and Bills Receivables (continued)

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. Except for the trade receivables of HK\$58,120,000 as at 30 September 2017 (31 March 2017: HK\$49,264,000) which are interest-bearing at an average interest rate of 6.0% (31 March 2017: 6.2%) per annum and with credit periods of 12 months to 24 months in general, the remaining trade and bills receivables are non-interest-bearing.

- (a) The aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Within 90 days	<b>268,677</b>	227,792
91 to 180 days	<b>130,151</b>	112,937
181 to 365 days	<b>107,127</b>	119,921
Over 1 year	<b>59,472</b>	46,727
	<b>565,427</b>	507,377

The aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date, that are not considered to be impaired is as follows:

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Current (neither past due nor impaired)	<b>315,085</b>	276,521
Less than 90 days past due	<b>142,282</b>	128,905
91 to 180 days past due	<b>68,367</b>	47,101
Over 180 days past due	<b>33,179</b>	50,043
	<b>558,913</b>	502,570

## 8. Trade and Bills Receivables (continued)

(b) The maturity dates of the bills receivable as at the end of the reporting period are analyzed as follows:

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Within 90 days	<b>157,270</b>	124,416
91 to 180 days	<b>114,876</b>	77,771
181 to 365 days	<b>38,657</b>	37,255
	<b><u>310,803</u></b>	<u>239,442</u>

## 9. Finance Lease Receivables

The Group leases certain of its injection moulding machines to its customers. These leases are classified as finance leases and have remaining lease terms ranging from 9 months to 3 years (31 March 2017: 9 months to 3 years). The customers shall purchase or have an option to purchase the leased injection moulding machines at the end of lease terms of the finance leases.

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Finance lease receivables	<b>45,812</b>	46,870
Impairment	<b>(629)</b>	(602)
Finance lease receivables, net	<b>45,183</b>	46,268
Portion classified as non-current portion	<b>(4,552)</b>	(9,575)
Current portion	<b><u>40,631</u></b>	<u>36,693</u>

## 9. Finance Lease Receivables (continued)

As at 30 September 2017, the total future minimum lease receivables under finance leases and their present values were as follows:

	Minimum lease receivables		Present value of minimum lease receivables	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts receivable:				
Within one year	<b>42,190</b>	38,516	<b>40,631</b>	36,693
In the second year	<b>4,742</b>	10,092	<b>4,552</b>	9,575
	<hr/>	<hr/>	<hr/>	<hr/>
Total minimum finance lease receivables	<b>46,932</b>	48,608	<b>45,183</b>	46,268
	<hr/>	<hr/>	<hr/>	<hr/>
Unearned finance income	<b>(1,749)</b>	(2,340)		
	<hr/>	<hr/>		
Total net finance lease receivables	<b>45,183</b>	46,268		
Portion classified as current assets	<b>(40,631)</b>	(36,693)		
	<hr/>	<hr/>		
Non-current portion	<b>4,552</b>	9,575		
	<hr/>	<hr/>		

No contingent income was recognized during the period ended 30 September 2017 (2016: Nil).

## 9. Finance Lease Receivables (continued)

The aged analysis of the finance lease receivables as at the end of the reporting period, based on the payment due date, that are not considered to be impaired is as follows:

	<b>30 September</b>	31 March
	<b>2017</b>	2017
	<b>HK\$'000</b>	HK\$'000
Current (neither past due nor impaired)	<b>31,639</b>	37,169
Less than 90 days past due	<b>5,402</b>	4,587
91 to 180 days past due	<b>2,352</b>	2,372
Over 180 days past due	<b>4,537</b>	1,227
	<hr/> <b>43,930</b> <hr/>	<hr/> 45,355 <hr/>

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group or supported by guarantees from third parties. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 10. Trade and Bills Payables

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

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Within 90 days	<b>329,682</b>	221,133
91 to 180 days	<b>68,552</b>	61,638
181 to 365 days	<b>64,654</b>	55,812
Over 1 year	<b>18,466</b>	18,384
	<b><u>481,354</u></b>	<u>356,967</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 3 to 6 months (31 March 2017: 3 to 6 months). Included in the trade and bills payables are trade payables of HK\$5,843,000 (31 March 2017: HK\$6,871,000) due to associates which are repayable within 30 days.

## 11. Share Capital

	<b>30 September 2017 HK\$'000</b>	31 March 2017 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 2017: 630,531,600) ordinary shares of HK\$0.10 each	<b><u>63,053</u></b>	<u>63,053</u>



## 12. Contingent Liabilities

At the end of the reporting period, contingent liabilities not provided for in the condensed interim financial statements were as follows:

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Guarantees given to banks, at the maximum, for bank loans granted to customers to purchase the Group's products	<b>37,452</b>	30,452
A guarantee given to a bank, at the maximum, for guarantee provided to a customer	<b>971</b>	876
	<b><u>38,423</u></b>	<u>31,328</u>

## 13. Operating Lease Arrangements

### (a) As lessor

The Group leases certain parts of its owner-occupied properties and investment properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 5 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.

As at 30 September 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Within one year	<b>26,201</b>	26,135
In the second to fifth years, inclusive	<b>16,799</b>	27,537
	<b><u>43,000</u></b>	<u>53,672</u>

### 13. Operating Lease Arrangements (continued)

(b) As lessee

The Group leases certain of its properties, office equipment and motor vehicles under operating lease arrangements. Leases for properties, office equipment and motor vehicles are negotiated for terms ranging from 1 year to 5 years, for a term of 5 years and for terms ranging from 1 year to 3 years, respectively.

As at 30 September 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2017 HK\$'000</b>	31 March 2017 HK\$'000
Within one year	<b>1,790</b>	1,390
In the second to fifth years, inclusive	<b>1,120</b>	666
	<b><u>2,910</u></b>	<u>2,056</u>

### 14. Commitments

In addition to the 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 2017, the Group had capital commitments, which were contracted but not provided for, in respect of the construction work for industrial buildings in Mainland China and Hong Kong amounting to approximately HK\$6,340,000 (31 March 2017: HK\$836,000).

As at 30 September 2017, 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\$2,496,000 (31 March 2017: HK\$9,511,000).

## 15. Related Party Transactions

- (a) During the period, the Group purchased raw materials amounting to HK\$16,966,000 (2016: HK\$14,230,000) from an associate at prices and on terms mutually agreed by the Group and the associate.

In addition, the Group purchased raw materials of HK\$842,000 (2016: HK\$612,000) 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, Ms. Lai Yuen CHIANG and Mr. Chi Kin CHIANG (each being a director of the Company), together with parties acting in concert with them, control the exercise of more than 50% 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 transactions were conducted at prices and on terms mutually agreed by the Group and the related company.

Moreover, the Group received rental income of HK\$450,000 (2016: HK\$440,000) from CC-SZ on 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>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Short term employee benefits	<b>6,319</b>	5,996
Post-employment benefits	<b>36</b>	36
	<b>6,355</b>	6,032

## 16. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and bank balances, the current portion of pledged bank deposits, the current portion of trade receivables and finance lease receivables, bills receivable, financial assets included in deposits, prepayments and other receivables, trade and bills payables, the current portion of financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of trade receivables and finance lease receivables, the non-current portion of pledged bank deposits and the non-current portion of financial liabilities included in other payables and accruals are estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximates to their carrying amounts.

The Group's finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, it analyzes the movements in the values of the financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and reported to directors.

## Interim Dividend

The Board has resolved to declare an interim dividend of HK3.0 cents (2016: HK1.4 cents) per ordinary share for the six months ended 30 September 2017 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 19 December 2017. The interim dividend will be paid on or about Thursday, 11 January 2018.

## Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 18 December 2017 to Tuesday, 19 December 2017, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 December 2017.

## Management's Discussion and Analysis

### Business Performance

For the six months ended 30 September 2017, the Group registered total turnover of HK\$870 million (2016: HK\$713 million), an increase of 22% over the corresponding period of last year. Profit attributable to equity holders was HK\$66 million (2016: HK\$21 million), while basic earnings per share was HK10.5 cents (2016: HK3.4 cents). The Board has resolved to declare an interim dividend of HK3.0 cents (2016: HK1.4 cents) per share.

During the first half of this financial year, the Group achieved healthy development in most operating aspects, including turnover, profits or sales of product. The main underlying driver was wide popularity of the Group's new products lines – such as the new "Sixth Generation" MK6 series as well as two-platen large-tonnage injection moulding machines. Another important driver was a surprisingly-robust China economy, which continued to maintain its steady growth spree, and general improvements in worldwide economic conditions, especially for some developing countries. These are all important factors in boosting the Group's performance in the first half of the year.

China in 2017 provided a pleasant surprise by putting in a remarkable turnaround from last year's lackluster economic performance: GDP growth gradually rebounded since late last year after six consecutive quarters of decline; similar for PMI (Purchasing Manager's Index) which had been stuck below 50 for a long time. The official score now is GDP growth of 6.9% in the first half of 2017 – a figure significantly outperforming predictions (the more remarkable was the fact that, merely months ago, most economists predicted China's GDP to grow at a maximum of 6.5% in 2017 and to further drop to 6% in 2018). Owing to this unexpected turnout, the International Monetary Fund has already raised projections of China's rate of economic growth for the current and next year *four* times during this year alone. A side benefit to the Group was the Renminbi exchange rate which, though still fluctuating, remained relatively stable during the first half of the year – meaning that the Group's results for the first half of this financial year were no longer impacted by large swings in foreign exchanges.

World economic conditions continued to improve at a steady pace during the first half of this financial year, with most developed economies being stable and regions such as the U.S.A., Europe and Japan in gradual recovery. Europe, in particular, side-stepped a big deflation risk, with above-expectations growth registered in countries such as France, Germany, Italy and Spain, causing the Euro to strengthen markedly. Developing countries also fared better, with India leading the growth chart, as well as Russia and Brazil officially leaving recession-dom. All these positive trends helped propel the Group's performance to this set of satisfactory results.

## Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2017 is as follows:

<b>Customer Location</b>	<b>2017</b> <i>(HK\$ million)</i>	2016 <i>(HK\$ million)</i>	Change
Mainland China and Hong Kong	<b>602</b>	474	27%
Taiwan	<b>73</b>	61	20%
Other overseas countries	<b>195</b>	178	10%
	<b>870</b>	713	22%

In China's market, as mentioned above, just last year, China's economic conditions were stuck in a downward spiral of persistent PMI below 50 and declining GDP growth rate, prompting many economists worldwide to make a conservative prediction of the Chinese economy for this year. China in 2017, however, brought a surprising economic performance. GDP growth turned upwards to 6.8-6.9%, a higher level than any predictions; many other indices (such as PMI) followed. Many industries, the automotive sector in particular, witnessed a strong boom, boosting demands for injection moulding machines. As a result, sales of the Group's products grew strongly during this period, especially the two-platen large-tonnage injection moulding machines, which saw sales nearly doubled over the corresponding period of last year.

Nevertheless, some deep-rooted problems in China remained unsolved, among them were gross over-capacity and the real estate bubble. China, evidently, is undergoing a violent structural metamorphosis – from manufacturing to services. As large portions of China's GDP continued to shift from exports and investment-driven activities to domestic consumption, declining GDP growth under such circumstances is unavoidable.

Furthermore, all eyes were on the 19th National Congress of the Communist Party of China "19th Congress", held during October. Analysts in China and worldwide focused on every word and every personnel movement to come out of the 19th Congress in order to catch a glimpse of the policies, directions and strategies in future. Before the meeting, however – in August and September to be precise – departments of the Central Government strictly enforced environmental protection policies and went around closing non-compliant factories and production lines, shutting down polluting processes, and stopping emissions. As a result, many small-to-medium customers of the Group faced months of non-production, fervently trying to modify their manufacturing lines for compliance. Although this had affected the Group's results for the second quarter of this financial year, the Group still managed to achieve total turnover in China of HK\$602 million (2016: HK\$474 million) – an increase of 27% over the corresponding period of last year.

As Taiwan customers primarily rely on exports to developed countries such as Europe and the U.S.A., they continued to benefit, year by year, from steady recovery in those regions, with turnover for the first half of this year rising to HK\$73 million (2016: HK\$61 million).

In international markets, this year was also volatile, but generally good news outweighed bad news by a large margin. Firstly, developed economies such as Europe and the U.S.A. continued to grow steadily, leading to healthy sales growth for the Group in most regions. Secondly, major developing countries were climbing out of their recession holes, such as Brazil and Russia, and India also grew at a significant pace, both of which benefited the Group's international turnover. Some individual developing countries, such as the Middle East, were however plagued by geopolitical instabilities and fluctuating economic conditions, which stopped investments and weighted down on the Group's positive results in other regions. In the end, the Group's total turnover growth in international markets was lower than overall growth, with turnover rising to HK\$195 million (2016: HK\$178 million).

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

The "Sixth Generation" MK6 series of high-speed injection moulding machines – developed over a period of several years by the Group employing advanced Japanese hydraulic and mechanical technologies – had finally completed its launch of the entire product line with all models available to the market. It gained tremendous popularity from almost all manufacturing industries from the first day of launch, when customers witnessed the series' revolutionary high precision, high speed and high energy savings. The MK6 series has become the fastest growth product line ever launched by the Group, and has increased the Group's repeat-order ratio (i.e. an existing customer coming back to purchase the same products), thus showing overwhelming customer satisfaction. The Group believes that the MK6 series will soon become one of the all-time best sellers, and should continue to bring the Group to new heights in the future.

## **Production Efficiency and Capacity**

In an effort to realign the production system for new product lines (in particular, the full series of the "Sixth Generation" MK6 and two-platen large-tonnage series), the Group has speeded up the process of replacement of old equipment and invested in new equipment and production capacity for large-tonnage machine during this year. The Group expects that the production capacity will record a double-digit growth in the current and next years. Furthermore, the Group will continue to invest in factory automation and assembly line production process.



## Liquidity and Financial Conditions

As at 30 September 2017, the Group had net current assets of HK\$1,595 million (2016: HK\$1,498 million), which represented a 6% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK\$799 million (2016: HK\$867 million), representing a decrease of HK\$68 million over last year. The bank borrowings were HK\$23 million (2016: HK\$72 million), decreased by HK\$49 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK\$776 million (2016: HK\$795 million), representing a decrease of HK\$19 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 2017, and as a result, no gearing ratio was presented.

It is the policy of the Group to adopt a consistently prudent financial management strategy, and 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 2017, bank deposits of certain subsidiaries of the Group in the amount of HK\$56 million (2016: HK\$45 million) were pledged, including HK\$24 million (2016: HK\$32 million) for securing bank loans granted by banks in Mainland China to customers to purchase the Group's products, HK\$29 million (2016: HK\$10 million) for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers, and HK\$3 million (2016: HK\$3 million) to guarantee payments of construction work for industrial buildings.

## Capital Commitments

As at 30 September 2017, the Group had capital commitments of HK\$9 million (2016: HK\$1 million), mainly in respect of the construction work for industrial buildings and the purchases of production equipment in Mainland China and Hong Kong, 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, which are primarily denominated in Hong Kong Dollar, the Renminbi, the New Taiwanese Dollar, the U.S. Dollar and the Euro, are generally placed with banks in short or medium term deposits for working capital of the Group.

As at 30 September 2017, the Group had borrowings in Japanese yen equivalent to HK\$23 million (2016: HK\$26 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.

The Group has substantial investments in Mainland China and is aware that any fluctuation of the Renminbi exchange rate would have an impact on the net profits of the Group. However, since most of the transactions of the Group are conducted in the Renminbi, the direct impact from the exchange losses on the Group's operations and cash flows is slight.

## Contingent Liabilities

As at 30 September 2017, the Group provided guarantees to banks amounted to HK\$37 million (2016: HK\$38 million) for bank loans granted to customers to purchase the Group's products; and a guarantee to a bank for guarantee provided to a customer amounted to HK\$1.0 million (2016: HK\$0.9 million).

## Human Resources

As at 30 September 2017, the Group had approximately 2,400 (2016: 2,100) 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 performance as well as the results performance of the Group.

The Group conducted 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

The second half of this financial year will mainly focus on the implementation of the new policies after China's "19th Congress". If China's economic growth can maintain the trend of the first half of this year and the implementation of environmental protection regulations is moderate, the economic growth is expected to continue. On the other hand, as the U.S. economy is unlikely to surprise in the second half of this year, the Federal Reserve is likely to continue its roadmap on ending quantitative easing. No new disturbances has so far occurred in Europe to materially affect their economies. Therefore, in a nutshell, the Group projects that the markets in the second half of this year should remain relatively steady.

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

As at 30 September 2017, 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	Capacity	Interest in ordinary shares	Notes	Approximate percentage of the Company's issued ordinary shares
Chen CHIANG	Beneficial owner	3,980,000	–	0.63%
	Founder of discretionary trust	398,013,620	(1)	63.12%
Lai Yuen CHIANG	Beneficial owner	5,000,000	–	0.79%
	Other	398,013,620	(3)	63.12%
Chi Kin CHIANG	Beneficial owner	2,078,000	–	0.33%
	Other	398,013,620	(3)	63.12%
Stephen Hau Leung CHUNG	Beneficial owner	666,000	–	0.11%
Johnson Chin Kwang TAN	Beneficial owner	484,000	–	0.08%
Anish LALVANI	Beneficial owner	220,000	–	0.03%

(b) Long positions in shares of associated corporations

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

Name of director	Capacity	Interest in shares	Notes	Approximate percentage of the issued shares of CH Investments
Chen CHIANG	Founder of discretionary trust	58,220,300	(2)	100.00%
Lai Yuen CHIANG	Other	58,220,300	(3)	100.00%
Chi Kin CHIANG	Other	58,220,300	(3)	100.00%

- (ii) Dr. Chen CHIANG, Ms. Lai Yuen CHIANG and Mr. Chi Kin CHIANG, all are directors of the Company, are 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	(1), (4)	100.00%
Chen Hsong (PRC) Investment Company Limited	2 non-voting deferred shares	(1), (4)	100.00%
Chen Hsong Logistics Services Company Limited	5,000,000 non-voting deferred shares	(1), (4)	100.00%
Chen Hsong Machinery Company, Limited	50,000,000 non-voting deferred shares	(1), (4)	100.00%
Chiangs' Industrial Holdings Limited	1 redeemable share	(1)	100.00%
Desee Limited	2 ordinary shares	(1), (5)	100.00%
Desko Limited	2 ordinary shares	(1), (5)	100.00%
Elite Sino Investments Limited	2 ordinary shares	(1), (4)	100.00%
Equaltex Investment Limited	2 ordinary shares	(1), (4)	100.00%
Global Asia Investments Limited	1 ordinary share	(1), (4)	100.00%
Goman Limited	2 ordinary shares	(1), (5)	100.00%
Gondmyne Limited	100,000 ordinary shares	(1), (4)	100.00%
Granwich Limited	1 ordinary share	(1), (4)	100.00%
Hong Kong Cad-Cam Services Limited	52,570,000 ordinary shares	(1), (4)	75.10%
Kadom Limited	2 ordinary shares	(1), (4)	100.00%
KCI Investments Limited	1 ordinary share	(1), (6)	100.00%
Koyoki Limited	2 ordinary shares	(1), (5)	100.00%
Maxford H.K. Investments Limited	1 ordinary share	(1), (6)	100.00%
Mikia Limited	2 ordinary shares	(1), (5)	100.00%
Mogin Limited	2 ordinary shares	(1), (5)	100.00%
Parot Limited	2 ordinary shares	(1), (5)	100.00%
Perfect Choice Global Limited	1 ordinary share	(1), (4)	100.00%
Potachi Limited	2 ordinary shares	(1), (5)	100.00%
Pro-Team Pacific Limited	1 ordinary share	(1), (4)	100.00%
Rikon Limited	2 ordinary shares	(1), (5)	100.00%
Semicity Limited	2 ordinary shares	(1), (5)	100.00%
Sibeland Limited	2 ordinary shares	(1), (5)	100.00%
Sumei Limited	2 ordinary shares	(1), (5)	100.00%
Value Creation Group Limited	1 ordinary share	(1), (4)	100.00%

Notes:

- (1) 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 is the trustee of a discretionary trust, namely The Chiang Chen Industrial Charity Foundation (the "Charity Foundation"). By virtue of the SFO, (a) Dr. Chen CHIANG is deemed to be interested in the relevant shares as he is the settlor of the Charity Foundation and may be regarded as founder of the Charity Foundation; and (b) Ms. Lai Yuen CHIANG and Mr. Chi Kin CHIANG are deemed to be interested in the relevant shares as they respectively beneficially own 100% shares in Proficient City Investments Limited and Peckham Ventures Limited, two of the several eligible beneficiaries of the Charity Foundation.
- (2) This represents the interest indirectly held by Cititrust (Bahamas) Limited, trustee of the Charity Foundation, which holds 100% indirect interest in CH Investments. By virtue of the SFO, Dr. Chen CHIANG is deemed to be interested in the relevant shares as he is the settlor of the Charity Foundation and may be regarded as founder of the Charity Foundation.
- (3) This represents the interest indirectly held by Cititrust (Bahamas) Limited, trustee of the Charity Foundation, which holds 100% indirect interest in CH Investments. By virtue of the SFO, Ms. Lai Yuen CHIANG and Mr. Chi Kin CHIANG are deemed to be interested in the relevant shares as they respectively beneficially own 100% shares in Proficient City Investments Limited and Peckham Ventures Limited, two of the several eligible beneficiaries 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 2017, 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 were granted to or exercised by the directors or chief executive of the Company during the six months ended 30 September 2017.

Save as disclosed above, at no time during the six months ended 30 September 2017 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 spouses 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 2017.

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

As at 30 September 2017, so far as was 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%
Lai Yuen CHIANG	Beneficial owner	5,000,000	–	0.79%
	Other	398,013,620	(4)	63.12%
Proficient City Investments Limited	Interest of controlled corporation	398,013,620	(4)	63.12%
Chi Kin CHIANG	Beneficial owner	2,078,000	–	0.33%
	Other	398,013,620	(4)	63.12%
Peckham Ventures Limited	Interest of controlled corporation	398,013,620	(4)	63.12%
Schroder Investment Management (Hong Kong) Limited	Investment manager	50,410,000	(5)	7.99%
Schroders Plc	Interest of controlled corporation	50,410,000	(5)	7.99%
David Michael WEBB	Beneficial owner	7,835,000	–	1.24%
	Interest of controlled corporation	23,793,000	(6)	3.77%



*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, and the relevant shares are held through its controlled corporation, Chiangs' Industrial Holdings Limited which holds 100% interest in CH Investments.
- (2) By virtue of the SFO, Dr. Chen CHIANG is deemed to be interested in the relevant shares 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 CH Investments. Proficient City Investments Limited and Peckham Ventures Limited are deemed to have interest in the relevant shares by virtue of being two of the several eligible beneficiaries of the Charity Foundation and Ms. Lai Yuen CHIANG is the sole beneficial shareholder of Proficient City Investments Limited and Mr. Chi Kin CHIANG is the sole beneficial shareholder of Peckham Ventures Limited.
- (5) Based on the notice of disclosure of interests of Schroders Plc filed on 12 November 2015, 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.
- (6) Based on the notice of disclosure of interests of David Michael WEBB filed on 26 March 2013, these shares are held by Preferable Situation Assets Limited, a company 100% controlled by David Michael WEBB.

Save as disclosed above, as at 30 September 2017, no other persons 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 2017, 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 E.1.2 requires that the chairman of the board should attend the annual general meeting. Dr. Chen CHIANG, the Chairman of the Board, was absent from the annual general meeting of the Company held on 12 September 2017. The chief executive officer (also an executive director) and other directors of the Company, together with the chairmen/members of the audit, nomination, remuneration and corporate governance committees, were available to answer any shareholders' questions regarding the activities of the Company and various Board committees.

## **Compliance with the Model Code and the Code for Securities Transactions by the 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 2017.

## **Share Options**

During the six months ended 30 September 2017, no share option was granted, exercised, cancelled or lapsed under the share option scheme adopted by the Company on 24 September 2014 (the "Share Option Scheme"). As at 30 September 2017 and 31 March 2017, there were no share options outstanding under the Share Option Scheme. The detailed terms of the Share Option Scheme were disclosed in the 2017 annual report of the Company.

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

Mr. Bernard Charnwut CHAN ceased to be an independent non-executive director of Wing Lung Bank Limited with effect from 19 September 2017.

Mr. Anish LALVANI ceased to be a director of Harvard Business School Association of Hong Kong Limited with effect from 17 August 2017. Mr. LALVANI ceased to be a trustee of Kew Foundation and has been appointed as a member of Kew Foundation Council both with effect from 4 July 2017.

Save as disclosed above, there was no change in directors' information since the date of the 2017 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 2017.

## Review of Accounts

The Audit Committee of the Company has reviewed with the Management the unaudited interim results for the six months ended 30 September 2017 and discussed internal controls and financial reporting matters, including the review of accounting principles and practices adopted by the Group.

On behalf of the Board

**Chen CHIANG**

*Chairman*

Hong Kong, 27 November 2017

震雄集團有限公司  
Chen Hsong Holdings Limited

香港新界大埔大埔工業邨大宏街13至15號  
13-15 Dai Wang Street, Tai Po Industrial Estate,  
Tai Po, New Territories, Hong Kong

電話 / Tel: (852) 2665 3222  
傳真 / Fax: (852) 2664 8202  
網址 / Website: [www.chenhsong.com](http://www.chenhsong.com)  
電郵 / E-mail: [comm@chenhsong.com](mailto:comm@chenhsong.com)