



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)

# INTERIM REPORT 中期報告 2020/21



SPARK「星火」系列全電動注塑機  
SPARK series of All-Electric Injection Moulding Machine



香港中華廠商聯合會二零一九香港工商業獎的設備及機械設計大獎  
The Grand Award in the Equipment and Machinery Design of 2019 Hong Kong Awards  
for Industries by The Chinese Manufacturers' Association of Hong Kong

# Financial Highlights

	For the six months ended 30 September		Change
	2020 (Unaudited)	2019 (Unaudited)	
<b>RESULTS HIGHLIGHTS</b> ( <i>HK\$'000</i> )			
Revenue	<b>1,030,042</b>	781,360	32%
Profit before tax	<b>101,269</b>	50,158	102%
Profit attributable to equity holders of the Company	<b>73,187</b>	34,101	115%
Total assets	<b>3,866,656</b>	3,414,096	13%
Shareholders' equity	<b>2,808,113</b>	2,646,897	6%
Issued share capital	<b>63,053</b>	63,053	0%
Net current assets	<b>1,886,356</b>	1,585,330	19%
<b>PER SHARE DATA</b>			
Basic earnings per share ( <i>HK cents</i> )	<b>11.6</b>	5.4	115%
Cash dividends per share ( <i>HK cents</i> )	<b>4.5</b>	3.5	29%
Net assets per share ( <i>HK dollars</i> )	<b>4.5</b>	4.2	7%
<b>KEY FINANCIAL RATIOS</b>			
Return on average shareholders' equity (%)	<b>2.7</b>	1.3	108%
Return on average total assets (%)	<b>2.0</b>	1.0	100%

# Corporate Information

## Honorary Chairman

Dr. Chen CHIANG, GBM

## Directors

### **Executive Directors**

Ms. Lai Yuen CHIANG (*Chairman and Chief Executive Officer*)

Mr. Stephen Hau Leung CHUNG

### **Independent Non-executive Directors**

Mr. Bernard Charnwut CHAN

Mr. Anish LALVANI

Mr. Michael Tze Hau LEE

Mr. Johnson Chin Kwang TAN

## Audit Committee

Mr. Anish LALVANI (*Chairman*)

Mr. Bernard Charnwut CHAN

Mr. Michael Tze Hau LEE

Mr. Johnson Chin Kwang TAN

## Remuneration Committee

Mr. Bernard Charnwut CHAN (*Chairman*)

Mr. Anish LALVANI

Mr. Michael Tze Hau LEE

Mr. Johnson Chin Kwang TAN

Ms. Lai Yuen CHIANG

## Nomination Committee

Mr. Johnson Chin Kwang TAN (*Chairman*)

Mr. Bernard Charnwut CHAN

Mr. Anish LALVANI

Mr. Michael Tze Hau LEE

## Corporate Governance Committee

Mr. Michael Tze Hau LEE (*Chairman*)

Mr. Bernard Charnwut CHAN

Mr. Anish LALVANI

Mr. Johnson Chin Kwang TAN

## 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
<b>Principal Share Registrar</b>	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
<b>Branch Share Registrar</b>	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Registered Office</b>	Victoria Place 5th Floor, 31 Victoria Street Hamilton HM 10 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 2020 amounted to HK\$73,187,000, as compared with the profit attributable to equity holders of HK\$34,101,000 for the corresponding period of last year. Basic earnings per share for the six months ended 30 September 2020 was HK11.6 cents, as compared with the basic earnings per share of HK5.4 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 2020

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2020</b>	2019
	Notes	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	2	<b>1,030,042</b>	781,360
Cost of sales		<b>(750,554)</b>	(599,411)
Gross profit		<b>279,488</b>	181,949
Other income and gains, net		<b>42,840</b>	40,534
Selling and distribution expenses		<b>(116,647)</b>	(91,435)
Administrative expenses		<b>(66,898)</b>	(64,223)
Other operating expenses, net		<b>(37,312)</b>	(15,850)
Finance costs		<b>(1,038)</b>	(1,067)
Share of profits less losses of associates		<b>836</b>	250
<b>PROFIT BEFORE TAX</b>	3	<b>101,269</b>	50,158
Income tax expense	4	<b>(27,948)</b>	(16,299)
<b>PROFIT FOR THE PERIOD</b>		<b>73,321</b>	33,859
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>73,187</b>	34,101
Non-controlling interests		<b>134</b>	(242)
		<b>73,321</b>	33,859
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	6		
Basic (HK cents)		<b>11.6</b>	5.4
Diluted (HK cents)		<b>11.6</b>	5.4

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2020

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>73,321</b>	33,859
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
<i>Other comprehensive income/(expenses) that may be reclassified to the income statement in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	<b>103,312</b>	(113,818)
Share of other comprehensive income/(expenses) of associates	<b>1,020</b>	(1,591)
Net other comprehensive income/(expenses) that may be reclassified to the income statement in subsequent periods	<b>104,332</b>	(115,409)
<i>Other comprehensive income that will not be reclassified to the income statement in subsequent periods:</i>		
Actuarial gains on defined benefit obligations	<b>1,063</b>	830
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX</b>	<b>105,395</b>	(114,579)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>178,716</b>	(80,720)
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>178,041</b>	(79,814)
Non-controlling interests	<b>675</b>	(906)
	<b>178,716</b>	(80,720)

# Condensed Consolidated Statement of Financial Position

As at 30 September 2020

		30 September 2020 (Unaudited) <i>HK\$'000</i>	31 March 2020 (Audited) <i>HK\$'000</i>
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	474,414	471,015
Investment properties		370,078	355,931
Right-of-use assets		35,042	35,439
Goodwill		51,905	51,905
Investments in associates		23,466	21,610
Deferred tax assets		36,453	34,261
Deposits for purchases of items of property, plant and equipment		5,758	8,663
Trade receivables	8	36,877	30,587
Finance lease receivables	9	384	1,435
Pledged bank deposits		–	277
		<hr/>	<hr/>
Total non-current assets		1,034,377	1,011,123
<b>CURRENT ASSETS</b>			
Inventories		591,271	494,268
Trade and bills receivables	8	998,614	834,598
Deposits, prepayments and other receivables		63,644	66,185
Finance lease receivables	9	14,748	18,617
Pledged bank deposits		27,510	20,699
Cash and bank balances		1,136,492	997,083
		<hr/>	<hr/>
Total current assets		2,832,279	2,431,450
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	523,863	336,345
Other payables, accruals and contract liabilities		274,147	198,120
Lease liabilities		1,304	1,432
Interest-bearing bank borrowings		99,702	99,197
Tax payable		46,907	30,846
		<hr/>	<hr/>
Total current liabilities		945,923	665,940
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1,886,356	1,765,510
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,920,733	2,776,633
		<hr/>	<hr/>

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

As at 30 September 2020

	30 September 2020 (Unaudited) <i>Notes</i> <b>HK\$'000</b>	31 March 2020 (Audited) <b>HK\$'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	<b>11,315</b>	12,210
Lease liabilities	<b>873</b>	1,381
Defined benefit obligations	<b>2,081</b>	3,921
Deferred tax liabilities	<b>84,117</b>	80,811
	<hr/>	<hr/>
Total non-current liabilities	<b>98,386</b>	98,323
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>2,822,347</b>	2,678,310
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<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	11 <b>63,053</b>	63,053
Reserves	<b>2,745,060</b>	2,601,698
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>2,808,113</b>	2,664,751
	<b>14,234</b>	13,559
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>2,822,347</b>	2,678,310
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# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	2020				
	Attributable to equity holders of the Company				
	Issued share capital (Unaudited) <i>Note</i> HK\$'000	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000
At 1 April 2020	63,053	509,580	295	53,488	147,883
Profit for the period	-	-	-	-	-
Other comprehensive income for the period:					
Exchange differences	-	-	-	-	-
Actuarial gains on defined benefit obligations	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Final dividend for the year ended 31 March 2020	5	-	-	-	-
Special final dividend for the year ended 31 March 2020	5	-	-	-	-
At 30 September 2020	<u>63,053</u>	<u>509,580*</u>	<u>295*</u>	<u>53,488*</u>	<u>147,883*</u>

\* These reserve accounts comprise the consolidated reserves of HK\$2,745,060,000 (31 March 2020: HK\$2,601,698,000) in the condensed consolidated statement of financial position as at 30 September 2020.

2020

Attributable to equity holders of the Company

General reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2,351	81,231	60,218	1,746,652	2,664,751	13,559	2,678,310
-	-	-	73,187	73,187	134	73,321
-	-	103,791	-	103,791	541	104,332
-	-	-	1,063	1,063	-	1,063
-	-	103,791	74,250	178,041	675	178,716
-	-	-	(23,960)	(23,960)	-	(23,960)
-	-	-	(10,719)	(10,719)	-	(10,719)
<u>2,351*</u>	<u>81,231*</u>	<u>164,009*</u>	<u>1,786,223*</u>	<u>2,808,113</u>	<u>14,234</u>	<u>2,822,347</u>

# Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 September 2020

		2019				
		Attributable to equity holders of the Company				
		Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Statutory reserve
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	At 1 April 2019	63,053	509,580	295	53,258	146,136
	Profit/(loss) for the period	-	-	-	-	-
	Other comprehensive income/(expenses) for the period:					
	Exchange differences	-	-	-	-	-
	Actuarial gains on defined benefit obligations	-	-	-	-	-
	Total comprehensive income/(expenses) for the period	-	-	-	-	-
	Capital contribution by non-controlling shareholders of a subsidiary	-	-	-	-	-
	Final dividend for the year ended 31 March 2019	-	-	-	-	-
5		-	-	-	-	-
	At 30 September 2019	<u>63,053</u>	<u>509,580</u>	<u>295</u>	<u>53,258</u>	<u>146,136</u>

**2019**  
**Attributable to equity holders of the Company**

<b>General reserve</b> (Unaudited) <i>HK\$'000</i>	<b>Asset revaluation reserve</b> (Unaudited) <i>HK\$'000</i>	<b>Exchange fluctuation reserve</b> (Unaudited) <i>HK\$'000</i>	<b>Retained profits</b> (Unaudited) <i>HK\$'000</i>	<b>Total</b> (Unaudited) <i>HK\$'000</i>	<b>Non- controlling interests</b> (Unaudited) <i>HK\$'000</i>	<b>Total equity</b> (Unaudited) <i>HK\$'000</i>
2,351	81,231	196,236	1,699,792	2,751,932	14,144	2,766,076
-	-	-	34,101	34,101	(242)	33,859
-	-	(114,745)	-	(114,745)	(664)	(115,409)
-	-	-	830	830	-	830
-	-	(114,745)	34,931	(79,814)	(906)	(80,720)
-	-	-	-	-	849	849
-	-	-	(25,221)	(25,221)	-	(25,221)
<u>2,351</u>	<u>81,231</u>	<u>81,491</u>	<u>1,709,502</u>	<u>2,646,897</u>	<u>14,087</u>	<u>2,660,984</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended	
	30 September 2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>141,766</b>	139,318
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(5,209)	(3,848)
Interest received	8,324	6,323
Dividend received from an associate	–	8,522
Increase in pledged bank deposits	(5,700)	(8,790)
Other investing cash flows	(1,727)	(2,447)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(4,312)</b>	(240)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(34,679)	(25,221)
Capital contribution by non-controlling shareholders of a subsidiary	–	849
Principal portion of lease payments	(793)	(739)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(35,472)</b>	(25,111)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>101,982</b>	113,967
Cash and cash equivalents at beginning of period	997,083	667,817
Effect of foreign exchange rate changes, net	37,427	(27,055)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,136,492</b>	754,729
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	649,351	735,974
Bank deposits with original maturity of less than three months when acquired	487,141	18,755
	<b>1,136,492</b>	754,729

# Notes to Condensed Financial Statements

30 September 2020

## 1. Basis of Preparation and Changes in 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 to 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 2020, except that the Group has adopted, for the first time for the current period’s condensed interim financial statements, the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) issued by the HKICPA that are effective for the accounting period commencing on 1 April 2020:

Amendments to HKFRS 3	<i>Definition of Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The above revised HKFRSs have 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

The Group's revenue from contracts with customers is related to sale of goods, and all the revenue is recognized at a point in time when control of goods is transferred to customers generally on delivery of the goods.

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 locations 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, non-lease-related 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)

Disaggregation of revenue from contracts with customers by locations of customers, as well as revenue and results information for the Group's operating segments for the periods ended 30 September 2020 and 2019 is as follows:

	Segment revenue from external customers		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	<b>829,192</b>	507,823	<b>109,352</b>	48,217
Taiwan	<b>39,233</b>	67,811	<b>(4,842)</b>	2,427
Other overseas countries	<b>161,617</b>	205,726	<b>9,737</b>	12,545
	<b>1,030,042</b>	781,360	<b>114,247</b>	63,189

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

Operating segment results	<b>114,247</b>	63,189
Unallocated income and gains	<b>8,840</b>	7,519
Corporate and unallocated expenses	<b>(21,728)</b>	(19,817)
Finance costs (other than interest on lease liabilities)	<b>(926)</b>	(983)
Share of profits less losses of associates	<b>836</b>	250
Profit before tax	<b>101,269</b>	50,158



### 3. Profit Before Tax

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories sold	750,554	599,411
Depreciation of property, plant and equipment	24,484	26,817
Depreciation of right-of-use assets	1,444	1,395
Loss/(gain) on disposal of items of property, plant and equipment	(93)	15
Write-off of items of property, plant and equipment	84	485
Impairment/(write-back of impairment) of trade receivables, net	4,833	(7,869)
Provision for inventories, net	2,024	724
Write-back of impairment of finance lease receivables, net	(443)	–
Write-back of impairment of other receivables, net	(313)	(152)
Foreign exchange differences, net	7,942	1,242
Interest income	(8,324)	(6,323)
Finance lease interest income	(516)	(1,196)

### 4. Income Tax Expense

No provision for Hong Kong profits tax has been made as the Group did not generate any 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	
	2020	2019
	HK\$'000	HK\$'000
Current:		
Charge for the period		
Hong Kong	–	–
Elsewhere	29,008	16,736
Overprovision in prior periods	(296)	(428)
Deferred	(764)	(9)
Tax charge for the period	27,948	16,299

## 5. Dividends

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Dividends paid during the period:		
Final in respect of the financial year ended		
31 March 2020 – HK\$0.038		
(2019: HK\$0.04) per ordinary share	<b>23,960</b>	25,221
Special final in respect of the financial year ended		
31 March 2020 – HK\$0.017		
(2019: Nil) per ordinary share	<b>10,719</b>	–
	<hr/>	<hr/>
	<b>34,679</b>	25,221
	<hr/>	<hr/>

The Board has declared the payment of an interim dividend of HK\$0.045 (2019: HK\$0.035) per ordinary share for the six months ended 30 September 2020 totalling HK\$28,374,000 (2019: HK\$22,069,000). 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\$73,187,000 (2019: HK\$34,101,000) and on the weighted average number of ordinary shares of 630,531,600 (2019: 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 2020 and 2019 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 2020	471,015
Additions	10,390
Disposals	(126)
Write-offs	(84)
Depreciation provided for the period	(24,484)
Exchange realignment	17,703
	<u>17,703</u>
Net carrying amount as at 30 September 2020	<u><u>474,414</u></u>

## 8. Trade and Bills Receivables

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<i>Notes</i>	
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>794,457</b>	712,142
Impairment	<b>(92,484)</b>	(85,963)
	<u>794,457</u>	<u>712,142</u>
Trade receivables, net	<i>(a)</i> <b>701,973</b>	626,179
Bills receivable	<i>(b)</i> <b>333,518</b>	239,006
	<u>333,518</u>	<u>239,006</u>
Total trade and bills receivables	<b>1,035,491</b>	865,185
Portion classified as non-current portion	<b>(36,877)</b>	(30,587)
	<u>(36,877)</u>	<u>(30,587)</u>
Current portion	<b>998,614</b>	834,598
	<u><u>998,614</u></u>	<u><u>834,598</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\$131,161,000 as at 30 September 2020 (31 March 2020: HK\$114,018,000) which are interest-bearing at an average interest rate of 6.2% (31 March 2020: 6.2%) per annum and with credit periods of 12 months to 36 months (31 March 2020: 12 months to 36 months) in general, the remaining trade and bills receivables are non-interest-bearing.

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

	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Within 90 days	<b>299,109</b>	279,216
91 to 180 days	<b>165,607</b>	112,992
181 to 365 days	<b>131,130</b>	153,149
Over 1 year	<b>106,127</b>	80,822
	<b>701,973</b>	626,179

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

	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Within 90 days	<b>159,890</b>	101,225
91 to 180 days	<b>96,507</b>	85,417
181 to 365 days	<b>77,121</b>	52,364
	<b>333,518</b>	239,006

## 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 1 month to 16 months (31 March 2020: 1 month to 2 years). The customers shall purchase the leased injection moulding machines at the end of lease terms of the finance leases.

	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Finance lease receivables	<b>17,900</b>	23,155
Impairment	<b>(2,768)</b>	(3,103)
	<u>15,132</u>	<u>20,052</u>
Finance lease receivables, net	<b>15,132</b>	20,052
Portion classified as non-current portion	<b>(384)</b>	(1,435)
	<u>14,748</u>	<u>18,617</u>
Current portion	<b>14,748</b>	18,617

The total future minimum lease receivables under finance leases and their present values as at the end of the reporting period are analyzed as follows:

	Minimum lease receivables		Present value of minimum lease receivables	
	30 September 2020 HK\$'000	31 March 2020 HK\$'000	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Amounts receivable:				
Within one year	<b>15,166</b>	19,166	<b>14,748</b>	18,617
In the second year	<b>390</b>	1,484	<b>384</b>	1,435
	<u>15,556</u>	<u>20,650</u>	<u>15,132</u>	<u>20,052</u>
Total minimum finance lease receivables	<b>15,556</b>	20,650	<b>15,132</b>	20,052
Unearned finance income	<b>(424)</b>	(598)		
	<u>15,132</u>	<u>20,052</u>		
Total net finance lease receivables	<b>15,132</b>	20,052		
Portion classified as current assets	<b>(14,748)</b>	(18,617)		
	<u>384</u>	<u>1,435</u>		
Non-current portion	<b>384</b>	1,435		

No contingent income was recognized during the six months ended 30 September 2020 (2019: Nil).

## 10. Trade and Bills Payables

The ageing 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</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 90 days	<b>389,826</b>	219,582
91 to 180 days	<b>79,141</b>	65,374
181 to 365 days	<b>42,920</b>	40,418
Over 1 year	<b>11,976</b>	10,971
	<b><u>523,863</u></b>	<b><u>336,345</u></b>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 3 to 6 months (31 March 2020: 3 to 6 months). Included in the trade and bills payables are trade payables of HK\$9,652,000 (31 March 2020: HK\$2,811,000) due to associates which are repayable within 30 days.

## 11. Share Capital

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Authorized:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b><u>100,000</u></b>	<b><u>100,000</u></b>
Issued and fully paid:		
630,531,600 (31 March 2020: 630,531,600) ordinary shares of HK\$0.10 each	<b><u>63,053</u></b>	<b><u>63,053</u></b>

## 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 2020 HK\$'000</b>	31 March 2020 HK\$'000
Guarantees given to banks, at the maximum, for bank loans granted to customers to purchase the Group's products	<b>4,691</b>	8,764
Guarantee given to a bank, at the maximum, for guarantee provided to a customer	–	1,910
	<b><u>4,691</u></b>	<u>10,674</u>

## 13. Commitments

As at 30 September 2020, 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\$1,279,000 (31 March 2020: HK\$654,000).

As at 30 September 2020, 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 and Hong Kong amounting to approximately HK\$3,079,000 (31 March 2020: HK\$2,528,000).

## 14. Related Party Transactions

- (a) During the period, the Group purchased raw materials amounting to HK\$18,479,000 (2019: HK\$11,692,000) 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\$438,000 (2019: HK\$367,000) and received rental income of HK\$294,000 (2019: HK\$328,000) 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. Purchases of raw materials and rental income from CC-SZ were on terms mutually agreed by the Group and the related company.

Ms. Lai Yuen CHIANG (being a director of the Company) together with parties acting in concert with her, controls 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 and also a connected person of the Company under Chapter 14A of the Listing Rules.

## 14. Related Party Transactions (continued)

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

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Short-term employee benefits	2,067	3,967
Post-employment benefits	18	27
Termination benefits	—	852
	<u>2,085</u>	<u>4,846</u>

## 15. 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, the non-current portion of financial liabilities included in other payables and accruals and lease liabilities are estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate 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 HK4.5 cents (2019: HK3.5 cents) per ordinary share for the six months ended 30 September 2020 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 16 December 2020. The interim dividend will be paid on or about Tuesday, 12 January 2021.

## Closure of Register of Members

The Register of Members of the Company will be closed from Tuesday, 15 December 2020 to Wednesday, 16 December 2020, 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 registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 14 December 2020.

## Management's Discussion and Analysis

### Business Performance

For the six months ended 30 September 2020, the Group registered an increase in total turnover of 32% to HK\$1,030 million (2019: HK\$781 million). Profit attributable to equity holders rose by 115% to HK\$73 million (2019: HK\$34 million), which would have been HK\$81 million excluding the impacts of foreign exchange losses during the period. Basic earnings per share was HK11.6 cents (2019: HK5.4 cents). The Board has resolved to declare an interim dividend of HK4.5 cents per share (2019: HK3.5 cents).

During the first half of this financial year, the world witnessed an outbreak of global pandemic of COVID-19 whilst China had led in controlling it and returning to economic vibrancy. In fact, China's domestic outbreak was practically far into the end-game right from the start of this financial year (i.e. April 2020). After that, China's domestic economy began a rebound. The rest of the world, on the other hand, fared much worse, with the COVID-19 outbreaks in many countries reaching epidemic levels. Some harder-hit ones, such as the UK, Italy, Spain and Brazil, had massively over-stressed public health-care systems on the brink of collapse; confirmed cases in the USA continued to break daily records; and major developing countries, such as India and Turkey, practically helpless in controlling the exploding outbreak. By May to June of 2020, most of western economies, and the majority of developing countries, were in strict travel and social lock-down, with dire consequences on global economic interactions.

While China continued on this dramatic reversal of fortune, the Group pushed on with its original plan to market launch the full range of the MK6e “evolution” series of high-performance injection moulding machines, as well as the all-new “SPARK” series of all-electric machines. These two brand-new product lines, once launched, started collecting unanimous positive response and successfully penetrated to many new customer groups. They served as the bright spots amidst the recovery of the China market and led the Group to a remarkable sales growth of over 60% in China.

As a side note, during the period from February to March 2020, amidst the peak of COVID-19, the Group succeeded in integrating and refining many of its production processes and procedures, which was a key enabler to the Group’s rapid ramp-up of capacity starting from April 2020 to take advantage of China’s market rebound.

## Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2020 is as follows:

<b>Customer Location</b>	<b>2020</b> <i>(HK\$ million)</i>	2019 <i>(HK\$ million)</i>	Change
Mainland China and Hong Kong	<b>829</b>	508	63%
Taiwan	<b>39</b>	68	-43%
Other overseas countries	<b>162</b>	205	-21%
	<b>1,030</b>	781	32%

As of this writing, China is the first and perhaps the only major economy in the world successfully controlling the COVID-19 pandemic logging a positive GDP growth in 2020. In fact, starting from the second quarter of this financial year (i.e. July 2020), China’s domestic economy witnessed a strong and persistent rebound that managed to push its full-year growth, despite pandemic-related lock-downs, into positive.

Since the end of 2019, the Group has started its full market launch of the new MK6e “evolution” series, in replacement of the traditional product line. The results that came in actually surpassed all expectations. Due to its MK6 technological heritage, the MK6e series achieved a remarkable balance of wide applicability, affordability, superior performance and rock-solid reliability, which garnered praise from customers throughout the industry. Barely little more than six months after full initial launch, the MK6e already accounted for close to half of the Group’s entire sales of small-to-medium tonnage injection moulding machines. Such rapid take-up was testimony of the Group’s relentless focus on technological advancements and innovations.

Industry-wise, COVID-19 threw a huge wrench into the global economy, hammering some traditional industries while benefiting some others – for instance, small household appliances (people stay home to fight the pandemic), food packaging (more take-outs), sanitizing sprays and cleaning products (for sanitization and prevention) and medical consumables all enjoyed a spectacular boom, sometimes by doubles or triples. Among these, the boom in medical consumables remained especially pronounced and, while these products typically require ultra-high-precision, ultra-clean, all-electric injection moulding machines to produce, the Group’s all-new “SPARK” series of all-electric machines, fresh out of launch last year, practically came at the right time. New SPARK’s were practically snapped off from the production line and gaining orders from new customers and challenging markets, which will be of utmost importance for the future development of SPARK series. When faced with huge over-demands and the social responsibility to help out in combatting the pandemic, the Group delivered and managed to produce enough SPARK all-electrics in the shortest time possible. In return, the Group gained not only customers’ gratitude, but also the satisfaction that it had fulfilled its part in the grand battle against the pandemic in China.

Owing to large sales increases in the MK6, MK6e and SPARK series, the Group ended the first half-year with a 63% turnover growth in Mainland China market to HK\$829 million (2019: HK\$508 million).

As a stark contrast to Mainland China, most countries and regions around the globe faced various levels of economic recession, with serious drops registered in areas where the pandemic got out of control. Taiwan market were similarly affected, since their major customer segments in Europe and the USA all went into lock-down during this financial year. As a result, the Group registered a significant downturn in sales in Taiwan market of 43% to HK\$39 million (2019: HK\$68 million).

Similar situations replayed themselves throughout the western world, with Europe and the USA relieving lock-down during summer starting from July 2020 when the outbreak seemed to be levelling off. Injection moulding machine sales worldwide took on a brief rebound, but then weakened once again due to a resurgent of COVID-19 cases starting from the end of September. The result was renewed lock-downs re-imposed in many countries, leading to predictable consequences to the Group's other overseas countries' turnover: decline of 21% to HK\$162 million (2019: HK\$205 million) during the period.

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

This financial year marked the first market foray of the Group's latest technological breakthrough – the SPARK series of all-electric machines. As discussed, the new product has garnered significant market acceptance as well as sales growth and, in the near future, the Group will gradually expand the product line to ultra-high injection speeds (500mm/s) and medium tonnage ranges.

To be well prepared for the future, the Group also strives to expending significant R&D efforts on new materials and applications, especially in the area of environmental, safety and sustainability – new projects such as ceramic and metal powder injection moulding targeted for 5G and high-end electronic applications.

## **Production and Cost Control**

During the first half of this financial year, the Group encountered disruptions in production manpower and supply chain due to the COVID-19 pandemic. First of all, after the first wave of COVID-19, different industries were allowed to resume operations at different time periods. In particular, certain major imported components were in short supply due to the pandemic and worldwide lock-down. The Group, however, managed to secure alternative sources and materials, and to a large extent avoided serious disruptions to production due to a lack of imported components. From a positive angle, the Group actually emerged stronger from this crisis due to strengthened relationships and connections with many suppliers which should very well be beneficial to future expansion and growth.

As market forces and shortages drove up raw material prices, the Group, in the past one year, managed to alleviate the worst of these impacts through restructuring the manufacturing organisation together with aggressive measures aimed at reducing wastage and improving resource utilisation and strengthening the relationships with suppliers. The positive result from these actions was an increase in production value of over 40% in the first half of this financial year as compared to last corresponding period.

## Liquidity and Financial Conditions

As at 30 September 2020, the Group had net current assets of HK\$1,886 million (2019: HK\$1,585 million), which represented a 19% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK\$1,164 million (2019: HK\$782 million), representing an increase of HK\$382 million over last year. The bank borrowings were HK\$100 million (2019: HK\$74 million), increased by HK\$26 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK\$1,064 million (2019: HK\$708 million), representing an increase of HK\$356 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 2020. 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 2020, bank deposits of certain subsidiaries of the Group in the amount of HK\$28 million (2019: HK\$28 million) were pledged, including HK\$11 million (2019: HK\$10 million) for securing bank loans granted by banks in Mainland China to customers to purchase the Group's products, and HK\$17 million (2019: HK\$18 million) for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

## Capital Commitments

As at 30 September 2020, the Group had capital commitments of HK\$4 million (2019: HK\$5 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, 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 2020, the Group had borrowings in Japanese Yen equivalent to HK\$25 million (2019: HK\$24 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 would have an impact on the net profits of the Group. However, since most of the transactions of the Group are conducted with the Renminbi, the exchange differences have no direct impact on the Group's actual operations and cash flows.

## Contingent Liabilities

As at 30 September 2020, the Group provided guarantees to banks amounted to HK\$5 million (2019: HK\$15 million) for bank loans granted to customers to purchase the Group's products.

## Human Resources

As at 30 September 2020, the Group had approximately 2,200 (2019: 2,200) 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 programs, 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

COVID-19 is expected to last well into the second half of this financial year. Although China's economic growth is expected to continue to flourish under the heavy Central Government push for domestic consumption, worldwide markets should remain depressed for the foreseeable future. Nevertheless, the pandemic may yet cause some orders to flow back to China factories, benefiting the export segment.

As the world stands at the brink of a second wave outbreak of COVID-19, and with Sino-USA trade tensions worsening as well as uncertainties led by the USA presidential election, the Group shall remain cautious and actively seek to continue capturing more market share through enhanced competitiveness.

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

As at 30 September 2020, 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

<b>Name of director</b>	<b>Capacity</b>	<b>Interest in ordinary shares</b>	<b>Notes</b>	<b>Approximate percentage of the Company's issued ordinary shares</b>
Lai Yuen CHIANG	Beneficial owner	5,000,000	–	0.79%
	Other	399,641,620	(2)	63.38%
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”):

<b>Name of director</b>	<b>Capacity</b>	<b>Interest in ordinary shares</b>	<b>Notes</b>	<b>Approximate percentage of the issued shares of CH Investments</b>
Lai Yuen CHIANG	Other	58,220,300	(2)	100.00%



- (ii) Ms. Lai Yuen 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	(1), (3)	100.00%
Chen Hsong (PRC) Investment Company Limited	2 non-voting deferred shares	(1), (3)	100.00%
Chen Hsong Machinery Company, Limited	50,000,000 non-voting deferred shares	(1), (3)	100.00%
Chiangs' Industrial Holdings Limited	1 redeemable share	(1)	100.00%
CHI Dorset Square Limited	4,264,675 ordinary shares	(1), (6)	100.00%
Continuous Victory Limited	1 ordinary share	(1), (3)	100.00%
Desee Limited	2 ordinary shares	(1), (4)	100.00%
Desko Limited	2 ordinary shares	(1), (4)	100.00%
Elegant City Developments Limited	1 ordinary share	(1), (3)	100.00%
Elite Sino Investments Limited	2 ordinary shares	(1), (3)	100.00%
Equaltex Investment Limited	2 ordinary shares	(1), (3)	100.00%
Goman Limited	2 ordinary shares	(1), (4)	100.00%
Gondmyne Limited	100,000 ordinary shares	(1), (3)	100.00%
Granwich Limited	1 ordinary share	(1), (3)	100.00%
Hong Kong Cad-Cam Services Limited	52,570,000 ordinary shares	(1), (3)	75.10%
Kadom Limited	2 ordinary shares	(1), (3)	100.00%
KCI Investments Limited	1 ordinary share	(1), (5)	100.00%
Koyoki Limited	2 ordinary shares	(1), (4)	100.00%
Mikia Limited	2 ordinary shares	(1), (4)	100.00%
Mogin Limited	2 ordinary shares	(1), (4)	100.00%
Pacific Concept Global Limited	6 ordinary shares	(1), (3)	60.00%
Parot Limited	2 ordinary shares	(1), (4)	100.00%
Perfect Choice Global Limited	1 ordinary share	(1), (3)	100.00%
Potachi Limited	2 ordinary shares	(1), (4)	100.00%
Pro-Team Pacific Limited	1 ordinary share	(1), (3)	100.00%
Rikon Limited	2 ordinary shares	(1), (4)	100.00%
Semicity Limited	2 ordinary shares	(1), (4)	100.00%
Sibeland Limited	2 ordinary shares	(1), (4)	100.00%
Sumei Limited	2 ordinary shares	(1), (4)	100.00%
Value Creation Group Limited	1 ordinary share	(1), (3)	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, Ms. Lai Yuen CHIANG is deemed to be interested in the relevant shares as she beneficially owns 100% shares in Proficient City Investments Limited, one of the several eligible beneficiaries of the Charity Foundation.
- (2) This represents the interest indirectly held by Cititrust (Bahamas) Limited, the trustee of the Charity Foundation, which holds 100% indirect interest in CH Investments. By virtue of the SFO, Ms. Lai Yuen CHIANG is deemed to be interested in the relevant shares as she beneficially owns 100% shares in Proficient City Investments Limited, one of the several eligible beneficiaries of the Charity Foundation.
- (3) Such interests are held by CH Investments.
- (4) Such interests are indirectly held by CH Investments through Gondmyne Limited.
- (5) Such interests are indirectly held by CH Investments through Assetwise Holdings Limited.
- (6) Such interests are indirectly held by CH Investments through Perfect Choice Global Limited.

Save as disclosed above, as at 30 September 2020, 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.

## Share Options

During the six months ended 30 September 2020, 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 2020 and 31 March 2020, there were no share options outstanding under the Share Option Scheme. The detailed terms of the Share Option Scheme were disclosed in the annual report 2019/20 of the Company.

## 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 2020.

Save as disclosed above, at no time during the six months ended 30 September 2020 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 2020.

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

As at 30 September 2020, 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	399,641,620	(1)	63.38%
Chen CHIANG	Beneficial owner	3,980,000	(3)	0.63%
	Founder of discretionary trust	399,641,620	(1), (2), (3)	63.38%
Chiangs' Industrial Holdings Limited	Interest of controlled corporation	399,641,620	(1)	63.38%
Cititrust (Bahamas) Limited	Trustee	399,641,620	(1)	63.38%
Lai Yuen CHIANG	Beneficial owner	5,000,000	–	0.79%
	Other	399,641,620	(4)	63.38%
Proficient City Investments Limited	Interest of controlled corporation	399,641,620	(4)	63.38%
Schroders Plc	Investment manager	50,012,000	(5)	7.93%
David Michael WEBB	Beneficial owner	13,303,000	–	2.11%
	Interest of controlled corporation	24,605,000	(6)	3.90%

*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 is deemed to have interest in the relevant shares by virtue of being one of the several eligible beneficiaries of the Charity Foundation and Ms. Lai Yuen CHIANG, an executive director of the Company, is the sole beneficial shareholder of Proficient City Investments Limited.
- (5) Based on the notice of disclosure of interests of Schroders Plc filed on 4 December 2018, these shares are held by Schroder Investment Management (Hong Kong) Limited, a company 100% controlled by Schroder International Holdings Limited, which in turn is 100% controlled by Schroder Administration Limited, and which is 100% controlled by Schroders Plc. By virtue of the SFO, Schroders Plc is deemed to have interest in the relevant shares held by Schroder Investment Management (Hong Kong) Limited.
- (6) Based on the notice of disclosure of interests of Mr. David Michael WEBB filed on 1 June 2018, these shares are held by Preferable Situation Assets Limited, a company 100% controlled by Mr. David Michael WEBB.

Save as disclosed above, as at 30 September 2020, 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 2020, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to 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 the managing director of the Company are not required to retire by rotation.

Code provision A.2.1 provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Ms. Lai Yuen CHIANG is the Chairman of the Board and Chief Executive Officer of the Company. Given the skills and experience of Ms. Chiang and her long term of service with the Group, this structure can be considered appropriate to the Group and can provide the Group with strong and consistent leadership for effective and efficient business planning and decisions, as well as execution of long term business strategies.

## **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 throughout the six months ended 30 September 2020.

## **Changes in Directors’ Information**

Changes in Directors’ other major offices which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below.

Mr. Michael Tze Hau LEE has been appointed as the deputy chairman of the Board of Stewards of The Hong Kong Jockey Club with effect from 22 June 2020.

Save as disclosed above, there was no change in directors’ information since the date of the annual report 2019/20 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 2020.

## 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 2020 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

**Lai Yuen CHIANG**

*Chairman and Chief Executive Officer*

Hong Kong, 25 November 2020



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