

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)

65TH
SINCE 1958



INTERIM REPORT

中期報告

2023/24

Financial Highlights

	For the six months ended 30 September		Change
	2023 (Unaudited)	2022 (Unaudited)	
RESULTS HIGHLIGHTS <i>(HK\$'000)</i>			
Revenue	1,002,400	1,321,680	-24%
Profit before tax	63,722	92,177	-31%
Profit attributable to equity holders of the Company	50,501	75,104	-33%
Total assets	3,925,071	3,962,299	-1%
Shareholders' equity	2,935,393	2,933,529	0%
Issued share capital	63,053	63,053	0%
Net current assets	1,926,849	1,869,375	3%
PER SHARE DATA			
Basic earnings per share <i>(HK cents)</i>	8.0	11.9	-33%
Cash dividends per share <i>(HK cents)</i>	3.0	4.5	-33%
Net assets per share <i>(HK dollars)</i>	4.7	4.7	0%
KEY FINANCIAL RATIOS			
Return on average shareholders' equity (%)	1.7	2.4	-29%
Return on average total assets (%)	1.3	1.8	-28%

Corporate Information

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. Harry Chi HUI (appointed with effect from 1 July 2023)
Mr. Anish LALVANI
Mr. Michael Tze Hau LEE
Mr. Johnson Chin Kwang TAN

Audit Committee

Mr. Anish LALVANI (*Chairman*)
Mr. Bernard Charnwut CHAN
Mr. Harry Chi HUI (appointed with effect from 1 July 2023)
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. Harry Chi HUI (appointed with effect from 1 July 2023)
Mr. Anish LALVANI
Mr. Johnson Chin Kwang TAN

Company Secretary

Mr. Chi Ngai CHAN

Authorized Representatives

Ms. Lai Yuen CHIANG
Mr. Chi Ngai CHAN

Auditor	Ernst & Young <i>Registered Public Interest Entity Auditor</i>
Principal Bankers	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
Principal Share Registrar	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Branch Share Registrar	Tricor Tengis Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Registered Office	Victoria Place 5th Floor, 31 Victoria Street Hamilton HM 10 Bermuda
Head Office & Principal Place of Business	Unit 2001, 20th Floor Citicorp Centre 18 Whitfield Road Hong Kong
Corporate Communications & Investor Relations	Company Secretary Tel: (852) 2665 3888 Fax: (852) 2664 8202 E-mail: comm@chenhsong.com Website: www.chenhsong.com
Stock Code	00057

Interim Results

The board of directors (the “Board”) of Chen Hsong Holdings Limited (the “Company”) announces that the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 September 2023 amounted to HK\$50,501,000, as compared with the profit attributable to equity holders of HK\$75,104,000 for the corresponding period of last year. Basic earnings per share for the six months ended 30 September 2023 was HK8.0 cents, as compared with the basic earnings per share of HK11.9 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 2023

		Six months ended	
		30 September	
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	2	1,002,400	1,321,680
Cost of sales		(755,902)	(1,012,808)
		<hr/>	<hr/>
Gross profit		246,498	308,872
Other income and gains, net		61,377	39,960
Selling and distribution expenses		(120,670)	(146,024)
Administrative expenses		(75,179)	(73,092)
Other operating expenses, net		(47,719)	(36,772)
Finance costs		(639)	(493)
Share of profits less losses of associates		54	(274)
		<hr/>	<hr/>
PROFIT BEFORE TAX	3	63,722	92,177
Income tax expense	4	(13,223)	(17,854)
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		50,499	74,323
		<hr/> <hr/>	<hr/> <hr/>
ATTRIBUTABLE TO:			
Equity holders of the Company		50,501	75,104
Non-controlling interests		(2)	(781)
		<hr/>	<hr/>
		50,499	74,323
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic (<i>HK cents</i>)	6	8.0	11.9
		<hr/> <hr/>	<hr/> <hr/>
Diluted (<i>HK cents</i>)		8.0	11.9
		<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	50,499	74,323
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive expense that may be reclassified to the income statement in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	(118,185)	(276,701)
Share of other comprehensive expense of associates	(1,344)	(3,291)
Net other comprehensive expense that may be reclassified to the income statement in subsequent periods	(119,529)	(279,992)
<i>Other comprehensive income that will not be reclassified to the income statement in subsequent periods:</i>		
Actuarial gains on defined benefit obligations	123	109
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD	(119,406)	(279,883)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(68,907)	(205,560)
ATTRIBUTABLE TO:		
Equity holders of the Company	(68,203)	(203,124)
Non-controlling interests	(704)	(2,436)
	(68,907)	(205,560)

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	7	550,899	585,382
Investment properties		317,568	332,866
Right-of-use assets		58,862	40,362
Goodwill		51,905	51,905
Intangible assets		3,016	3,579
Investments in associates		24,372	25,663
Deferred tax assets		34,637	37,014
Deposits for purchases of items of property, plant and equipment		8,017	15,248
Trade and bills receivables	8	69,512	82,200
Finance lease receivables	9	399	202
Defined benefit assets		3,128	2,611
Pledged bank deposits		655	1,353
		<hr/>	<hr/>
Total non-current assets		1,122,970	1,178,385
CURRENT ASSETS			
Inventories		692,376	791,763
Trade and bills receivables	8	1,255,150	1,397,251
Deposits, prepayments and other receivables		111,346	111,344
Finance lease receivables	9	2,540	1,414
Pledged bank deposits		32,461	24,490
Cash and bank balances		708,228	644,662
		<hr/>	<hr/>
Total current assets		2,802,101	2,970,924
CURRENT LIABILITIES			
Trade and bills payables	10	577,837	623,367
Other payables, accruals and contract liabilities		253,894	314,905
Lease liabilities		3,308	2,862
Tax payable		40,213	39,386
		<hr/>	<hr/>
Total current liabilities		875,252	980,520
		<hr/>	<hr/>
NET CURRENT ASSETS		1,926,849	1,990,404
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,049,819	3,168,789
		<hr/>	<hr/>

Condensed Consolidated Statement of Financial Position *(continued)*

As at 30 September 2023

	30 September 2023 (Unaudited) <i>HK\$'000</i>	31 March 2023 (Audited) <i>HK\$'000</i>
<i>Notes</i>		
NON-CURRENT LIABILITIES		
Other payables and accruals	5,260	6,364
Lease liabilities	15,384	17,064
Deferred tax liabilities	<u>75,445</u>	<u>77,180</u>
Total non-current liabilities	<u>96,089</u>	<u>100,608</u>
NET ASSETS	<u>2,953,730</u>	<u>3,068,181</u>
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	11 63,053	63,053
Reserves	<u>2,872,340</u>	<u>2,986,087</u>
Non-controlling interests	<u>2,935,393</u>	3,049,140
	18,337	<u>19,041</u>
TOTAL EQUITY	<u>2,953,730</u>	<u>3,068,181</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	2023				
	Attributable to equity holders of the Company				
	Issued share capital (Unaudited) Notes 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 2023	63,053	509,580	295	57,030	149,641
Profit/(loss) for the period	-	-	-	-	-
Other comprehensive income/(expense) for the period:					
Exchange differences on translation of foreign operations	-	-	-	-	-
Share of other comprehensive expense of associates	-	-	-	-	-
Actuarial gains on defined benefit obligations	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	-	-	-
Equity-settled share option arrangements	12	-	-	485	-
Transfer to retained earnings	-	-	-	242	-
Final dividend for the year ended 31 March 2023	5	-	-	-	-
At 30 September 2023	<u>63,053</u>	<u>509,580*</u>	<u>295*</u>	<u>57,757*</u>	<u>149,641*</u>

* These reserve accounts comprise the consolidated reserves of HK\$2,872,340,000 (31 March 2023: HK\$2,986,087,000) in the condensed consolidated statement of financial position as at 30 September 2023.

2023
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)
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
2,351	81,231	162,954	2,023,005	3,049,140	19,041	3,068,181
-	-	-	50,501	50,501	(2)	50,499
-	-	(117,483)	-	(117,483)	(702)	(118,185)
-	-	(1,344)	-	(1,344)	-	(1,344)
-	-	-	123	123	-	123
-	-	(118,827)	50,624	(68,203)	(704)	(68,907)
-	-	-	-	485	-	485
-	-	-	(242)	-	-	-
-	-	-	(46,029)	(46,029)	-	(46,029)
<u>2,351*</u>	<u>81,231*</u>	<u>44,127*</u>	<u>2,027,358*</u>	<u>2,935,393</u>	<u>18,337</u>	<u>2,953,730</u>

Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 30 September 2023

2022

Attributable to equity holders of the Company

		Issued share capital (Unaudited) <i>Notes</i> <i>HK\$'000</i>	Share premium account (Unaudited) <i>HK\$'000</i>	Capital redemption reserve (Unaudited) <i>HK\$'000</i>	Capital reserve (Unaudited) <i>HK\$'000</i>	Statutory reserve (Unaudited) <i>HK\$'000</i>
At 1 April 2022		63,053	509,580	295	55,271	148,176
Profit/(loss) for the period		-	-	-	-	-
Other comprehensive income/(expense) for the period:						
Exchange differences on translation of foreign operations		-	-	-	-	-
Share of other comprehensive expense of associates		-	-	-	-	-
Actuarial gains on defined benefit obligations		-	-	-	-	-
Total comprehensive income/(expense) for the period		-	-	-	-	-
Equity-settled share option arrangements	12	-	-	-	746	-
Final dividend for the year ended 31 March 2022	5	-	-	-	-	-
At 30 September 2022		<u>63,053</u>	<u>509,580</u>	<u>295</u>	<u>56,017</u>	<u>148,176</u>

2022
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)
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
2,351	81,231	353,334	1,995,758	3,209,049	19,413	3,228,462
-	-	-	75,104	75,104	(781)	74,323
-	-	(275,046)	-	(275,046)	(1,655)	(276,701)
-	-	(3,291)	-	(3,291)	-	(3,291)
-	-	-	109	109	-	109
-	-	(278,337)	75,213	(203,124)	(2,436)	(205,560)
-	-	-	-	746	-	746
-	-	-	(73,142)	(73,142)	-	(73,142)
<u>2,351</u>	<u>81,231</u>	<u>74,997</u>	<u>1,997,829</u>	<u>2,933,529</u>	<u>16,977</u>	<u>2,950,506</u>

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	165,923	77,470
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(12,471)	(21,801)
Addition of a right-of-use asset	(22,541)	–
Interest received	9,637	5,650
Increase in bank deposits with original maturity of more than three months when acquired	(15,818)	–
Withdrawal of pledged bank deposits	23,282	28,072
Placement of pledged bank deposits	(31,742)	(38,351)
Other investing cash flows	317	(1,614)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(49,336)	(28,044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(46,029)	(73,142)
New bank loan	–	72,500
Repayment of bank loans	–	(92,958)
Principal portion of lease payments	(1,211)	(898)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(47,240)	(94,498)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	69,347	(45,072)
Cash and cash equivalents at beginning of period	644,662	671,911
Effect of foreign exchange rate changes, net	(21,599)	(51,911)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	692,410	574,928
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	390,412	440,309
Bank deposits with original maturity of less than three months when acquired	301,998	134,619
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	692,410	574,928
Bank deposits with original maturity of more than three months when acquired	15,818	–
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	708,228	574,928

Notes to Condensed Financial Statements

30 September 2023

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 “Listing Rules”).

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 2023, except that the Group has adopted, for the first time for the current period’s condensed interim financial statements, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA that are effective for the accounting period commencing on 1 April 2023:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The above new and 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 the sale of plastic injection moulding machines and related products, 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 2023 and 2022 is as follows:

	Segment revenue from external customers		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	726,760	952,551	62,900	87,374
Taiwan	17,805	38,142	(2,993)	2,897
Other overseas countries	257,835	330,987	16,233	18,726
	1,002,400	1,321,680	76,140	108,997

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

Operating segment results	76,140	108,997
Unallocated income and gains	9,759	5,791
Corporate and unallocated expenses	(22,161)	(22,063)
Finance costs (other than interest on lease liabilities)	(70)	(274)
Share of profits less losses of associates	54	(274)
Profit before tax	63,722	92,177

3. Profit Before Tax

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventories sold	755,902	1,012,808
Depreciation of property, plant and equipment	26,217	28,726
Depreciation of right-of-use assets	3,111	1,514
Amortization of intangible assets	416	118
Loss/(gain) on disposal of items of property, plant and equipment	(899)	23
Write-off of items of property, plant and equipment	666	1,431
Write-back of impairment of trade receivables, net	(1,520)	(1,642)
Write-back of provision for inventories, net	(5,408)	(414)
Write-back of impairment of finance lease receivables, net	–	(689)
Foreign exchange differences, net	(6,014)	15,706
Interest income	(9,637)	(5,650)
Finance lease interest income	(122)	(141)

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	
	2023	2022
	HK\$'000	HK\$'000
Current:		
Charge for the period		
Hong Kong	–	–
Elsewhere	9,585	19,189
Underprovision/(overprovision) in prior periods	1,140	(132)
Deferred	2,498	(1,203)
Tax charge for the period	13,223	17,854

5. Dividends

Six months ended 30 September

2023	2022
HK\$'000	HK\$'000

Dividends paid during the period:

Final in respect of the financial year ended

31 March 2023 – HK\$0.073

(2022: HK\$0.116) per ordinary share

46,029	73,142
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The Board has declared the payment of an interim dividend of HK\$0.030 (2022: HK\$0.045) per ordinary share for the six months ended 30 September 2023 totalling HK\$18,916,000 (2022: HK\$28,374,000). 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\$50,501,000 (2022: HK\$75,104,000) and on the weighted average number of ordinary shares of 630,531,600 (2022: 630,531,600) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2023 and 2022 in respect of a dilution as the exercise price of the share options of the Company outstanding during the periods is higher than the average market price of the Company's ordinary shares and, accordingly, such share options held have no dilutive effect on the basic earnings per share amounts presented.

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 2023	585,382
Additions	20,032
Disposals	(245)
Write-offs	(666)
Depreciation provided for the period	(26,217)
Exchange realignment	<u>(27,387)</u>
Net carrying amount as at 30 September 2023	<u><u>550,899</u></u>

8. Trade and Bills Receivables

	30 September	31 March
	2023	2023
	<i>Notes</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	999,272	1,117,396
Impairment	<u>(87,726)</u>	<u>(92,297)</u>
Trade receivables, net	<i>(a)</i> 911,546	1,025,099
Bills receivable	<i>(b)</i> <u>413,116</u>	<u>454,352</u>
Total trade and bills receivables	1,324,662	1,479,451
Portion classified as non-current portion	<u>(69,512)</u>	<u>(82,200)</u>
Current portion	<u><u>1,255,150</u></u>	<u><u>1,397,251</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\$95,153,000 as at 30 September 2023 (31 March 2023: HK\$90,826,000) which are interest-bearing at an average interest rate of 6.3% (31 March 2023: 6.2%) per annum and with credit periods of 18 months to 36 months (31 March 2023: 12 months to 36 months) in general, the remaining trade and bills receivables are non-interest-bearing.

As at 30 September 2023, the Group has pledged bills receivable of HK\$105,487,000 (31 March 2023: HK\$93,639,000) to secure the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

- (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:

	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
Within 90 days	356,710	337,415
91 to 180 days	129,729	202,952
181 to 365 days	200,906	319,359
Over 1 year	224,201	165,373
	911,546	1,025,099

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

	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
Within 90 days	225,455	207,753
91 to 180 days	167,431	199,159
181 to 365 days	668	33,000
Over 1 year	19,562	14,440
	413,116	454,352

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 16 months (31 March 2023: 1 month to 15 months). The customers shall purchase the leased injection moulding machines at the end of lease terms of the finance leases.

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Finance lease receivables	7,221	6,104
Impairment	(4,282)	(4,488)
Finance lease receivables, net	2,939	1,616
Portion classified as non-current portion	(399)	(202)
Current portion	2,540	1,414

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 2023 HK\$'000	31 March 2023 HK\$'000	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Amounts receivable:				
Within one year	2,713	1,492	2,540	1,414
In the second year	405	206	399	202
Total minimum finance lease receivables	3,118	1,698	2,939	1,616
Unearned finance income	(179)	(82)		
Total net finance lease receivables	2,939	1,616		
Portion classified as current assets	(2,540)	(1,414)		
Non-current portion	399	202		

No contingent income was recognized during the six months ended 30 September 2023 (2022: 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:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Within 90 days	322,110	370,423
91 to 180 days	121,681	169,849
181 to 365 days	118,100	68,008
Over 1 year	15,946	15,087
	<u>577,837</u>	<u>623,367</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 3 to 6 months (31 March 2023: 3 to 6 months). Included in the trade and bills payables are trade payables of HK\$19,318,000 (31 March 2023: HK\$17,741,000) due to associates which are repayable within 30 days.

11. Share Capital

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Authorized: 1,000,000,000 ordinary shares of HK\$0.10 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid: 630,531,600 (31 March 2023: 630,531,600) ordinary shares of HK\$0.10 each	<u>63,053</u>	<u>63,053</u>

12. Share Options

The Company has adopted a share option scheme (the “Share Option Scheme”) approved by the shareholders at the annual general meeting of the Company held on 24 September 2014. Share options under the Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

The following share options were outstanding under the Share Option Scheme during the period:

	2023		2022	
	Weighted average exercise price <i>(HK\$ per ordinary share)</i>	Number of share options	Weighted average exercise price <i>(HK\$ per ordinary share)</i>	Number of share options
At 1 April	2.31	14,090,000	2.30	16,220,000
Lapsed during the period	2.38	<u>(600,000)</u>	2.25	<u>(1,570,000)</u>
At 30 September	2.31	<u>13,490,000</u>	2.31	<u>14,650,000</u>

No share options were granted (2022: Nil), exercised (2022: Nil) or cancelled (2022: Nil) during the six months ended 30 September 2023.

12. Share Options (continued)

The exercise periods and exercise prices of the share options outstanding as at the end of the reporting period are as follows:

Exercise period	Exercise price* (HK\$ per ordinary share)	Number of share options	
		30 September 2023	31 March 2023
27 November 2022 to 26 November 2030	2.20	2,516,000	2,516,000
27 November 2023 to 26 November 2030	2.20	717,000	786,000
27 November 2024 to 26 November 2030	2.20	2,516,000	2,516,000
27 November 2025 to 26 November 2030	2.20	717,000	786,000
27 November 2026 to 26 November 2030	2.20	1,088,000	1,088,000
27 November 2027 to 26 November 2030	2.20	956,000	1,048,000
21 January 2024 to 20 January 2032	2.49	1,610,000	1,631,000
21 January 2025 to 20 January 2032	2.49	384,000	474,000
21 January 2026 to 20 January 2032	2.49	1,610,000	1,631,000
21 January 2027 to 20 January 2032	2.49	384,000	474,000
21 January 2028 to 20 January 2032	2.49	480,000	508,000
21 January 2029 to 20 January 2032	2.49	512,000	632,000
		<u>13,490,000</u>	<u>14,090,000</u>

* The exercise price of the share options is subject to adjustment in the event of any variation in the issued share capital of the Company.

A share option expense of HK\$485,000 (2022: HK\$746,000) was recognized during the period.

13. Contingent Liabilities

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

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Guarantee given to a bank, at the maximum, for a bank loan granted to a customer to purchase the Group's products	1,913	2,641

14. Commitments

As at 30 September 2023, 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\$637,000 (31 March 2023: HK\$7,366,000).

As at 30 September 2023, 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\$14,996,000 (31 March 2023: HK\$18,666,000).

15. Related Party Transactions

- (a) During the period, the Group purchased raw materials amounting to HK\$26,775,000 (2022: HK\$17,193,000) from an associate at prices and on terms mutually agreed by the Group and the associate.
- (b) During the period, the Group leased a property from Desko Limited, a subsidiary of Chen Hsong Investments Limited, the controlling shareholder of the Company, for a term of five years. The Group has an option to renew for a further term of two years. The monthly lease payable was determined on a basis mutually agreed by both parties. Accordingly, right-of-use asset of HK\$13,691,000 (31 March 2023: HK\$14,757,000) and lease liability of HK\$13,919,000 (31 March 2023: HK\$14,402,000) in respect of the lease were recognized in the condensed consolidated statement of financial position as at 30 September 2023. During the period, depreciation of right-of-use asset of HK\$1,066,000 (2022: Nil) and interest expense on the lease liability of HK\$385,000 (2022: Nil) were charged to the condensed consolidated income statement.

The related party transaction in respect of Desko Limited above constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

15. Related Party Transactions (continued)

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Short-term employee benefits	4,294	3,654
Post-employment benefits	18	18
Equity-settled share option expenses	222	359
	<u>4,534</u>	<u>4,031</u>

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 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 and 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 HK3.0 cents (2022: HK4.5 cents) per ordinary share for the six months ended 30 September 2023 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 18 December 2023. The interim dividend will be paid on or about Thursday, 11 January 2024.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 15 December 2023 to Monday, 18 December 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14 December 2023.

Management's Discussion and Analysis

Business Performance

For the six months ended 30 September 2023, the Group registered turnover of HK\$1,002 million (2022: HK\$1,322 million), a reduction of 24% over the same period of last year. Profit attributable to equity holders declined 33% to HK\$50.5 million (2022: HK\$75.1 million). Basic earnings per share was HK8.0 cents (2022: HK11.9 cents). The Board has resolved to declare an interim dividend of HK3.0 cents (2022: HK4.5 cents) per share.

During the first half of this financial year, global economic activities has been sluggish. The USA Federal Reserve, in an attempt to tame runaway inflation caused by a massive COVID-induced quantitative easing, embarked upon a rapid tightening program, raising interest rates eleven times since the beginning of 2022 to a peak of 5.5% in this financial year, a new high since 2000. Not only did high interest rates impact capital investments, especially for the manufacturing sector, they also suppressed overall consumption, pushed up lending costs leading to even heavier debt burden and increased default risk levels worldwide.

The International Monetary Fund revised its estimate for global economic growth for 2023 downwards from 3.5% in the beginning of this year to 3%, weak considering historical data; it also remarked that economic activities in many countries around the world had so far been subdued and trending further downwards. Depressed levels of consumption inevitably led to issues such as over-capacity, over-stocking and reduced capital investments, a fact shown by the manufacturing Purchasing Managers' Index (PMI) figures of key industrial countries – data from USA, Eurozone and Japan, for instance, all registered PMI consistently below 50 during most of 2023, indicating continued shrinkage of manufacturing activities.

As consumption in major developed economies dropped, many “supply-side” developing countries immediately faced acute problems in rapidly slowing exports. For instance, exports of Vietnam, once a red-hot focus for manufacturing investments, dropped a total of 8.5% in the first nine months in 2023 over the same period of last year. China's economy was similarly hampered, with exports consistently declining for the entire half year; even when adjusted for the depreciating value of the Renminbi, China's export growth still remained at the lowest level in many years. Together with weaknesses in the domestic real estate market and chain effects over the entire related supply chain, these factors caused China's manufacturing PMI to hover around the stagnant level of 50 for months even after a series of monetary easing actions from the Central Government to support local manufacturing.

On the other hand, high interest rates and a strong U.S. Dollar directly caused depreciations of the currencies of many developing countries, such as Turkey and Mexico in particular. The Renminbi also depreciated sharply, by close to 8%, against the U.S. Dollar, from 6.7 in the beginning of the year to 7.2 in October, the lowest level for the last decade. Furthermore, continued geo-political crises, including the stubbornly-persistent Russia-Ukraine military conflict and the new confrontation between Israel and Hamas, rapidly-hiking military budgets across major countries amidst weakening economic conditions, and escalation of Sino-USA trade conflicts to cold-war status with “decoupling” risks, all helped to further destroy consumer confidence on a global basis, leading to depressed demand for capital manufacturing equipment.

As exporters make up a significant portion of the Group's core customers, the current economic and political environment inevitably seriously affected the Group's performance during the period in review. Nevertheless, the Group rapidly introduced a number of countermeasures with the hope of alleviating these impacts to the largest extent, such as an aggressive cost-reduction program focused on procurement costs, reorganization and expansion of the sales and marketing teams to develop new market segments, as well as a range of new product lines that uniquely target the requirements of customers under the current market conditions.

Market Analysis

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2023 is as follows:

Customer Location	2023 (HK\$ million)	2022 (HK\$ million)	Change
Mainland China and Hong Kong	727	953	-24%
Taiwan	18	38	-53%
Other overseas countries	257	331	-22%
	1,002	1,322	-24%

For the first half of this financial year, due to the reasons already reviewed, the Group registered a decline in turnover across the board.

The market in Mainland China remained weak during the period in review, mostly caused by the depressed export condition due to weaknesses in global consumption induced by high interest rates and high inflation. In addition, Sino-USA trade tensions escalated to political levels, with “China + 1” (i.e. gradually redirect a material portion of purchase orders from China to at least one other country), as a measure of “de-coupling,” being an increasingly popular supply-chain strategy among global brands. This led to China’s total exports to be flat in September as compared with the same period last year – a condition unseen for many years. The follow-on negative impacts to China’s manufacturing sector caused its domestic manufacturing PMI to consistently hover around the stagnant level of 50 during most of 2023, and in shrinkage (i.e. below 50) for all of the first half of this financial year (except September).

Domestic consumption-wise, fall-outs from the real estate bubble burst, such as low housing demand, suppressed transaction levels and weak demands in all real estate-related supply-chain industries, led to a clear depression in consumer confidence and domestic consumption, clearly indicated by very low inflation levels, a hairline away from deflation, which was unique among major global economies. Even as China’s GDP continued to grow, a clearly worsening demographic profile meant that, in the foreseeable future, domestic consumption growth would continue to be driven mainly by services instead of sellable goods. During this period in review, the Central Government introduced a number of measures to support the economy, including rate and reserve reductions, relaxation of most real estate restrictions, as well as beneficial policies for selected industries (such as electric vehicles (EV)), but all these would only partially slow down the economic weakening pace in order to reach its 5% minimum GDP growth target while adding little to relief the manufacturing sector of its perils.

As exporters make up a material portion of the Group's core customers, the Group faced strong headwinds in Mainland China market, as sales increases in government-supported segments were not enough to make up for shortfalls in the export sector. Since the Group delivered close to RMB200 million of equipment to BYD for the same period last year, domestic EV leader, while BYD purchases of new equipment declined significantly for the same period this year, and growth in other customer segments of the Group could not make up for this substantial shortfall, the Group's final performance was also adversely affected. As a result, the Group registered a 24% drop in total turnover in Mainland China to HK\$727 million (2022: HK\$953 million) as compared with the same period last year.

The Group's customers in Taiwan consist mainly of exporters who supplied the USA and European markets, so they were among the heaviest hit from depressed global consumption and geo-political turmoil. The Group registered a 53% reduction in turnover in Taiwan to HK\$18 million (2022: HK\$38 million) in the first half of this financial year, dropped for two consecutive years.

Internationally, recent PMI results of major industrial economies all pointed to worldwide weaknesses in consumption and manufacturing, which undoubtedly also depressed the demand for injection moulding machines, particular in export-oriented Asian countries such as Vietnam, Indonesia and Thailand. These countries all experienced export declines in the 5-10% range over the same period last year, with high lending rates, depreciated currencies and subdued domestic consumption. Furthermore, as countries in Europe and North America remained depressed economically, with geo-political turmoil in the Middle East and financial instability abound in South America, global demand for new manufacturing equipment is unlikely to strongly rebound in the short-term future. Because of these impacts, the Group's total turnover internationally reduced by 22% to HK\$257 million (2022: HK\$331 million).

Certain countries, mainly developing ones, however, are the exceptions to the current global economic downturn, such as India, Brazil, Mexico and Turkey, and they posed growth potentials that the Group would not ignore. As such, the Group has redoubled its investments into these markets amidst poor current conditions, expanding sales networks and opening new branch offices and service centres, building a strong base for future development.

Development of New Technologies and New Products

Global economic conditions and consumption demand have weakened substantially from the red-hot years of the COVID pandemic. Customers today increasingly face high costs of capital, high inflation and dropping sales; they increasingly demand higher returns for their capital investments, which means higher Value-for-Money.

In response to this market trend, the Group has begun massive production of a range of new product lines during the first half of this financial year that uniquely address the pressing needs of customers today. They include:

- 1) The general-purpose MK6.6/A, B, C models with superior price-performance;
- 2) The high performance MK6 plus and max models;
- 3) An upgrade to the flagship MK6 series – the MK6 PRO; and
- 4) The next generation two-platen large tonnage machine, the TP SMART series.

All of the new product lines above have been launched into the general market, and the Group expects good contributions from them during the difficult second half of this financial year.

Production and Cost Control

During the first half of this financial year, the Group has completed an upgrade program for its major manufacturing facilities including the installation of new automated production lines. The Group has a roadmap to gradually transform its key facilities along the path of true smart factories through continuously improving levels of automation and intelligent control while at the same time raising operational efficiency. In the aspect of quality control, the Group is committed towards perfecting its quality assurance system via a deep-drive TQM initiative, and installing a “total quality” mentality among all production staff. In view of weak demands and severe competition within the current market, the Group continued to spearhead its VI (Value Improvement) initiative in order to maximally reduce operation costs as well as improve product competitiveness.

As the near future remains shrouded in uncertainties, the Group also took this as an opportunity to further strengthen its supply chain management, improve supply flexibility, alleviate bottlenecks and assist key suppliers in upgrading their own quality control systems in order to be able to swiftly respond to any market change.

Liquidity and Financial Conditions

As at 30 September 2023, the Group had net current assets of HK\$1,927 million (31 March 2023: HK\$1,990 million), which represented a 3% decrease as compared to that as at 31 March 2023. Cash and bank balances (including pledged deposits) amounted to HK\$741 million (31 March 2023: HK\$671 million), representing an increase of HK\$70 million as compared to that as at 31 March 2023. As at 30 September 2023, the Group had no bank borrowings (31 March 2023: Nil). The Group recorded a net cash position of HK\$741 million (31 March 2023: HK\$671 million), representing an increase of HK\$70 million as compared to that as at 31 March 2023.

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 2023. As a result, no gearing ratio was presented.

It is the policy of the Group to adopt a consistently prudent financial management strategy, sufficient liquidity is maintained to meet the funding requirements of the Group's capital investments and operations.

Charge on Assets

As at 30 September 2023, bank deposits of certain subsidiaries of the Group in the amount of HK\$33 million (31 March 2023: HK\$26 million) were pledged, including HK\$3 million (31 March 2023: HK\$3 million) for securing a bank loan granted by a bank in Mainland China to a customer to purchase the Group's products, and HK\$30 million (31 March 2023: HK\$23 million) for securing the issuance of bank acceptance notes, recorded in the trade and bills payables, to suppliers. In addition, bills receivable of a subsidiary of the Group in the amount of HK\$105 million (31 March 2023: HK\$94 million) was pledged for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

Capital Commitments

As at 30 September 2023, the Group had capital commitments of HK\$16 million (31 March 2023: HK\$26 million), mainly in respect of the upgrading of industrial facilities 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.

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 2023, the Group provided guarantee to a bank amounted to HK\$2 million (31 March 2023: HK\$3 million) for a bank loan granted to a customer to purchase the Group's products.

Human Resources

As at 30 September 2023, the Group had approximately 2,300 (31 March 2023: 2,300) 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

With worldwide economic trends that are highly volatile and uncertain, high borrowing costs in many countries, currencies depreciation abound, consistently heating geopolitical tensions and the escalating Sino-USA relationship all contribute to undermine consumer confidence globally, with China's domestic economy also suffering collateral damage. Prospects for China exports in the short-term future remain pessimistic, and since a substantial proportion of the Group's core customers consist of exporters, it is fully anticipated that the Group will continue to be affected by these adverse conditions during the second half of this financial year.

To combat these challenges, the Group remains steadfastly committed towards investing into R&D for new technologies and new products in order to better fulfil market needs. The Group shall also continue to expand its sales and market network, streamline sales management processes, and open more service centres across the globe. The Group believes that these measures will better enable it to be more resilient in the current fluctuating market, as well as to capture future market opportunities when a rebound comes around.

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

As at 30 September 2023, 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 and underlying shares of the Company

Name of director	Capacity	Interest in ordinary shares/ underlying shares*	Notes	Approximate percentage of the Company's issued ordinary shares
Lai Yuen CHIANG	Beneficial owner	9,100,000	(i)	1.44%
	Other	399,641,620	(2)	63.38%
Stephen Hau Leung CHUNG	Beneficial owner	2,466,000	(ii)	0.39%
Johnson Chin Kwang TAN	Beneficial owner	484,000	–	0.08%
Anish LALVANI	Other	652,000	(iii)	0.10%

Notes:

- (i) Among these interests, 4,100,000 were share options granted by the Company to the director as beneficial owner.
 - (ii) Among these interests, 1,800,000 were share options granted by the Company to the director as beneficial owner.
 - (iii) These interests in shares were held in the capacity as discretionary beneficiary of a discretionary trust.
- * Details of the interests of the directors and chief executive of the Company in the underlying shares in respect of the share options granted by the Company are set out in the section headed "Share Options" below.

(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 ordinary shares	Notes	Approximate percentage of the issued ordinary shares of CH Investments
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%

Name of associated corporation	Interest in shares	Notes	Approximate percentage of the relevant class of issued shares of associated corporation
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 2023, 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

Details of the movements in the share options held by the directors and chief executive (one of whom is also a substantial shareholder) of the Company and the selected employees of the Group under the Share Option Scheme during the six months ended 30 September 2023 and outstanding as at 30 September 2023 were as follows:

Name or category of participant	Date of grant	Number of share options						Exercise period	Notes	Exercise price per share (HK\$)
		As at 1 April 2023	Granted	Exercised	Cancelled	Lapsed	As at 30 September 2023			
Category I										
Directors										
Lai Yuen CHIANG (Note (4))	27/11/2020	2,200,000	-	-	-	-	2,200,000	27/11/2022 – 26/11/2030	(3)(i)	2.20
	21/01/2022	1,900,000	-	-	-	-	1,900,000	21/01/2024 – 20/01/2032	(3)(i)	2.49
Stephen Hau Leung CHUNG	27/11/2020	1,200,000	-	-	-	-	1,200,000	27/11/2022 – 26/11/2030	(3)(i)	2.20
	21/01/2022	600,000	-	-	-	-	600,000	21/01/2024 – 20/01/2032	(3)(i)	2.49
Category II										
Selected employees (in aggregate)										
	27/11/2020	2,720,000	-	-	-	-	2,720,000	27/11/2022 – 26/11/2030	(3)(ii)	2.20
	21/01/2022	1,270,000	-	-	-	(70,000)	1,200,000	21/01/2024 – 20/01/2032	(3)(ii)	2.49
Category III										
Selected employees (in aggregate)										
	27/11/2020	2,620,000	-	-	-	(230,000)	2,390,000	27/11/2023 – 26/11/2030	(3)(iii)	2.20
	21/01/2022	1,580,000	-	-	-	(300,000)	1,280,000	21/01/2025 – 20/01/2032	(3)(iii)	2.49
Total		14,090,000	-	-	-	(600,000)	13,490,000			

Notes:

- (1) All of the above grants of share options were made prior to the amendments to Chapter 17 of the Listing Rules taking effect on 1 January 2023.
- (2) None of the grants of share options to any participant is in excess of the 1% individual limit.

- (3) The vesting period of the share options is from the date of grant until the commencement of the relevant exercise period:
- (i) in respect of Category I, as to 50% and 50% of the share options granted to each grantee shall be vested on and are exercisable from the date falling on the second and fourth anniversary from the date of grant respectively provided that no share options shall be exercised after ten years from the date of grant.
 - (ii) in respect of Category II, as to 30%, 30% and 40% of the share options granted to each grantee shall be vested on and are exercisable from the date falling on the second, fourth and sixth anniversary from the date of grant respectively provided that no share options shall be exercised after ten years from the date of grant. Vesting of the share options in respect of Category II is subject to the consent of the Chairman of the board of directors of the Company.
 - (iii) in respect of Category III, as to 30%, 30% and 40% of the share options granted to each grantee shall be vested on and are exercisable from the date falling on the third, fifth and seventh anniversary from the date of grant respectively provided that no share options shall be exercised after ten years from the date of grant. Vesting of the share options in respect of Category III is subject to the consent of the Chairman of the board of directors of the Company.

The vesting of the share options is not subject to any performance target and/or clawback mechanism.

- (4) By virtue of the SFO, Ms. Lai Yuen CHIANG (the Chairman, an executive director and the Chief Executive Officer and a substantial shareholder of the Company) is also deemed to be interested in the shares of the Company held by CH Investments, a company holding 399,641,620 shares, representing 63.38% of the issued shares of the Company as at the date of this report, as she beneficially owns 100% shares in one of the several eligible beneficiaries of the Charity Foundation, where the trustee thereof indirectly holds 100% interest in CH Investments.
- (5) No share options were granted, exercised or cancelled under the Share Option Scheme during the six months ended 30 September 2023.
- (6) The total number of shares available for issue under the Share Option Scheme were 58,533,160, representing 9.28% of the number of issued shares of the Company as at the date of this report, which includes 13,130,000 outstanding share options and 45,403,160 share options available for grant by the Company. As at 1 April 2023 and 30 September 2023, 45,403,160 share options were available for grant under the Share Option Scheme. There was no service provider sublimit set under the Share Option Scheme.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the section headed "Share Options" above and in note 12 to the condensed interim financial statements, at no time during the six months ended 30 September 2023 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 2023.

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

As at 30 September 2023, 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 and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares/ underlying shares*	Notes	Approximate percentage of the Company's issued ordinary shares
CH Investments	Beneficial owner	399,641,620	(1)	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	9,100,000	(2)	1.44%
	Other	399,641,620	(3)	63.38%
Proficient City Investments Limited	Interest of controlled corporation	399,641,620	(3)	63.38%
David Michael WEBB	Beneficial owner	18,059,200	–	2.86%
	Interest of controlled corporation	26,088,800	(4)	4.14%

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) Among these interests, 4,100,000 were share options granted by the Company to the director as beneficial owner.

- (3) 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, a director of the Company, is the sole beneficial shareholder of Proficient City Investments Limited.
- (4) Based on the notice of disclosure of interests of Mr. David Michael WEBB filed on 26 July 2023, these interests in shares are held by Preferable Situation Assets Limited, a company 100% controlled by Mr. David Michael WEBB.
- * Details of the interests of the directors and chief executive of the Company in the underlying shares in respect of the share options granted by the Company are set out in the section headed "Share Options" above.

Save as disclosed above, as at 30 September 2023, 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 2023, 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 B.2.2 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 C.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.

Risk Management and Internal Control

Effective risk management plays an integral role in the overall achievement of the Group's strategic objectives which are to ensure the resilience of its business for the long term. The Audit Committee of the Company continued to review the Group's risk management and internal control systems during the six months ended 30 September 2023 and up to the date of this report. Details of the Group's risk management and internal control systems are set out in the section headed "Risk Management and Internal Control" on pages 50 to 51 in the Corporate Governance Report of the Company's Annual Report 2022/23.

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 2023.

Changes in Directors’ Information

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

Mr. Bernard Charnwut CHAN was appointed as the chairman of Our Hong Kong Foundation with effect from 28 September 2023.

Save as disclosed above, there was no change in directors’ information since the date of the 2022/23 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of Directors are available in the “About Us” (“Investors”) section of the Company’s website.

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 2023.

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 2023 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, 23 November 2023

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