CHEN HSONG HOLDINGS LIMITED
震 雄 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00057)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		
	2010	2009	Change
	(Unaudited)	(Unaudited)	
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**1,318,715**	777,356	70%
Profit before tax	**273,103**	59,288	361%
Profit attributable to equity holders of the Company	**225,008**	45,962	390%
Total assets	**3,841,811**	3,173,989	21%
Shareholders' funds	**2,648,253**	2,366,321	12%
Issued share capital	**62,919**	62,917	0%
Net current assets	**1,623,466**	1,234,494	32%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**35.8**	7.3	390%
Cash dividends per share *(HK cents)*	**8.0**	2.0	300%
Net assets per share *(HK dollars)*	**4.2**	3.8	11%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**8.8**	2.0	340%
Return on average total assets *(%)*	**6.1**	1.5	307%

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 2010 amounted to HK$225,008,000, representing an increase of 390% as compared with the profit attributable to equity holders of HK$45,962,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2010 was HK35.8 cents, an increase of 390% over the corresponding period in 2009 of HK7.3 cents. These unaudited interim results have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**1,318,715**	777,356
Cost of sales		**(969,151)**	(598,479)
Gross profit		**349,564**	178,877
Other income and gains, net		**105,807**	12,308
Selling and distribution expenses		**(108,317)**	(66,034)
Administrative expenses		**(53,919)**	(50,356)
Other operating expenses, net		**(22,733)**	(17,308)
Finance costs		**(1,009)**	(905)
Share of profits less losses of associates		**3,710**	2,706
PROFIT BEFORE TAX	*3*	**273,103**	59,288
Income tax expense	*4*	**(46,036)**	(13,296)
PROFIT FOR THE PERIOD		**227,067**	45,992
ATTRIBUTABLE TO:			
Equity holders of the Company		**225,008**	45,962
Non-controlling interests		**2,059**	30
		227,067	45,992
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic *(HK cents)*		**35.8**	7.3
Diluted *(HK cents)*		**35.7**	7.3

Details of the dividends are disclosed in note 5 to the announcement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**227,067**	45,992
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**22,455**	12,681
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**249,522**	58,673
ATTRIBUTABLE TO:		
Equity holders of the Company	**247,106**	58,628
Non-controlling interests	**2,416**	45
	249,522	58,673

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2010

	Notes	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**808,020**	773,743
Prepaid land lease payments		**45,465**	46,004
Goodwill		**94,931**	94,931
Interests in associates		**22,816**	18,702
Deferred tax assets		**75,873**	75,289
Deposits for purchases of items of property, plant and equipment		**4,454**	19,127
Total non-current assets		**1,051,559**	1,027,796
CURRENT ASSETS			
Inventories		**787,034**	672,073
Trade and bills receivables	7	**865,391**	723,432
Deposits, prepayments and other receivables		**91,378**	81,489
Available-for-sale equity investment		**-**	124,057
Pledged bank deposits		**97,153**	94,329
Cash and bank balances		**949,296**	769,862
Total current assets		**2,790,252**	2,465,242
CURRENT LIABILITIES			
Trade and bills payables	*8*	**672,347**	630,539
Other payables and accruals		**339,959**	282,130
Bank loans, unsecured		**74,594**	41,964
Tax payable		**79,886**	53,652
Total current liabilities		**1,166,786**	1,008,285
NET CURRENT ASSETS		**1,623,466**	1,456,957
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,675,025**	2,484,753
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**10,212**	6,543
NET ASSETS		**2,664,813**	2,478,210
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**62,919**	62,919
Reserves	*9*	**2,585,334**	2,401,147
		2,648,253	2,464,066
Non-controlling interests		**16,560**	14,144
Total equity		**2,664,813**	2,478,210

NOTES:

1. ACCOUNTING POLICIES

The unaudited condensed interim financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 2010, except that the Group has adopted, for the first time for the current period's financial statements, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "New HKFRSs") issued by the HKICPA that are effective for the annual periods commencing on or after 1 April 2010:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
HK(IFRIC) - Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs (May 2009)	*Amendments to a number of HKFRSs**

* Improvements to HKFRSs (May 2009) contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16.

1. ACCOUNTING POLICIES *(continued)*

The adoption of the above New HKFRSs has had no significant financial effect on these condensed interim financial statements and there have been no significant changes to the accounting policies applied in these condensed interim financial statements.

The HKICPA has also issued a number of new and revised HKFRSs which are not yet effective for the current reporting period. The Group has not early adopted those new and revised HKFRSs in these condensed interim financial statements.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have significant impact on its results of operations and financial position.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold during the period, after allowances for returns and trade discounts, excluding intra-group transactions.

The Group is principally involved in the manufacture and sale of plastic injection moulding machines and related products. For management purposes, the Group is organized into business units based on the geographical location of customers and has three reportable operating segments as follows:

(i) Mainland China and Hong Kong;
(ii) Taiwan; and
(iii) Other overseas countries.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

There are no significant sales between the reportable operating segments.

2. REVENUE AND OPERATING SEGMENT INFORMATION *(continued)*

The following tables present revenue and results information for the Group's operating segments for the periods ended 30 September 2010 and 2009.

	Segment revenue from external customers Six months ended 30 September		Segment results Six months ended 30 September	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,003,643**	559,054	**157,541**	60,235
Taiwan	**85,241**	56,330	**10,400**	290
Other overseas countries	**229,831**	161,972	**19,531**	7,293
	1,318,715	777,356	**187,472**	67,818

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

Operating segment results	**187,472**	67,818
Unallocated income and gains	**98,163**	1,785
Corporate and unallocated expenses	**(15,233)**	(12,116)
Finance costs	**(1,009)**	(905)
Share of profits less losses of associates	**3,710**	2,706
Profit before tax	**273,103**	59,288

3. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**969,151**	598,479
Depreciation	**23,650**	29,914
Recognition of prepaid land lease payments	**1,048**	929
Gain on disposal of available-for-sale equity investment	**(94,084)**	-
Gain on disposal of items of property, plant and equipment	**(134)**	(59)
Impairment/(write-back of impairment) of trade and bills receivables, net	**9,039**	(1,292)
Write-back of impairment of inventories, net	**(3,785)**	(17,116)
Foreign exchange differences, net	**(8,206)**	6,699
Interest income	**(4,079)**	(1,785)

4. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the period (2009: Nil). 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	
	2010	2009
	HK$'000	*HK$'000*
Current:		
Charge for the period		
Hong Kong	**-**	-
Elsewhere	**35,750**	9,132
Under/(over) provision in prior periods	**5,919**	(5)
Deferred	**4,367**	4,169
Tax charge for the period	**46,036**	13,296

5. DIVIDENDS

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK$0.10 (2009: HK$0.05) per ordinary share	**62,919**	31,442
Interim dividend declared after the interim period end of HK$0.08 (2009: HK$0.02) per ordinary share	**50,335**	12,583

6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the period of HK$225,008,000 (2009: HK$45,962,000) and on the weighted average number of ordinary shares of 629,187,600 (2009: 628,870,103) in issue during the period.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company for the period of HK$225,008,000 (2009: HK$45,962,000) and on the weighted average number of ordinary shares of 629,643,935 (2009: 628,973,555), being the weighted average number of ordinary shares of 629,187,600 (2009: 628,870,103) in issue during the period as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 456,335 (2009: 103,452) assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

7. TRADE AND BILLS RECEIVABLES

Trading terms with customers are either cash on delivery, bank bills or on credit. Customers are granted credit at the discretion of the Group, subject to their respective business strength and creditability. The average credit period is 90 days and extension of credit period is made for customers with good trading and repayment records. The Group adopts strict control policies over credit terms and receivables that serve to minimize credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

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. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables, based on the payment due date, that are not considered to be impaired is as follows:

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**567,813**	526,796
Less than 90 days past due	**174,951**	132,893
91 to 180 days past due	**74,487**	20,662
Over 180 days past due	**48,140**	43,081
	865,391	723,432

8. TRADE AND BILLS PAYABLES

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

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
Current	**603,083**	537,756
1 to 90 days	**50,148**	72,701
91 to 180 days	**2,379**	3,002
Over 180 days	**16,737**	17,080
	672,347	630,539

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

9. RESERVES

	HK$'000
As at 1 April 2009	2,275,588
Total comprehensive income for the period	58,628
Issue of new shares	630
Final dividend for the year ended 31 March 2009	(31,442)
As at 30 September 2009	2,303,404
As at 1 April 2010	2,401,147
Total comprehensive income for the period	247,106
Final dividend for the year ended 31 March 2010	(62,919)
As at 30 September 2010	2,585,334

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK8.0 cents (2009: HK2.0 cents) per ordinary share for the six months ended 30 September 2010 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 3 January 2011. The interim dividend declared will be paid on or about Thursday, 13 January 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 30 December 2010 to Monday, 3 January 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 December 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

During the six months ended 30 September 2010, the Group registered total turnover growth of 70% to HK$1,319 million (2009: HK$777 million). Profit attributable to equity holders increased by 390% to HK$225 million (2009: HK$46 million). Basic earnings per share also grew by 390% to HK35.8 cents (2009: HK7.3 cents). The Board has resolved to declare an interim dividend of HK8.0 cents (2009: HK2.0 cents) per share.

Profit attributable to equity holders and basic earnings per share include a special one-off gain of HK$94.08 million from the sale of the Group's interests in part of the Shanghai Ciro's Plaza. Growth in profit attributable to equity holders and basic earnings per share, after deducting this one-off gain, would both have been 185%.

It has been two years since the global financial crisis that took the world by storm, and most major economies have by now stabilized. During the past year, China's domestic consumption market was still the strongest growth sector, but some western countries, including Europe and the United States, had also started on their long and laborious roads to recovery. Under such macro economic conditions, market demand for injection moulding machines had focused primarily to China region, and while within the China market, had also focused down to the customer segments serving domestic consumption. The other large customer segment, and the traditional core customers of the Group – that of export-oriented customers – continued to lack momentum due to sustained weaknesses in the U.S. and European economies.

Domestic economic growth in China has been red-hot during this financial year, with the automotive and real estate-related industries (including electric appliances, household goods etc.) experiencing rapid demand growth. In most of these growth industries, the primary types of injection moulding machines demanded are medium-to-large sized. Up to the end of the first half of this financial year, the Group had successfully recovered the manufacturing capacity of small-tonnage injection moulding machines to pre-financial crisis level, and during the past six months, the Group had also focused considerable efforts on speeding up the growth in manufacturing capacity for medium-to-large tonnage machines.

As the parts and components supply chain for medium-to-large tonnage injection moulding machines tend to be much longer, material shortages had limited the ability of the Group to supply the furiously-growing market demand. In view of this shortage, since the second half of the last financial year, the Group has started to aggressively develop new suppliers in order to alleviate the negative effects of an overly-concentrated supply base. The Group will have a long and tough task ahead to ramp up manufacturing capacity due to supply tightness of raw materials, parts and components in China, compounded by chronic labour shortages in the coastal regions. The Group shall however make all endeavours to complete this manufacturing capacity ramp-up and enhance its supply chain as soon as possible in order to capture the rising wave of demand for medium-to-large tonnage machines.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2010 is as follows:

Customer Location	**2010** ***(HK$ million)***	2009 *(HK$ million)*	Change
Mainland China and Hong Kong	**1,004**	559	+80%
Taiwan	**85**	56	+52%
Other overseas countries	**230**	162	+42%
	1,319	777	+70%

During the first half of this financial year, domestic economy in China continued to grow at a break-neck pace, with GDP growth rates averaging over 9% during the period, in a bid to eventually challenge the U.S. as the largest economy in the world. This in turn drove demand growth in electric appliances and household goods etc., as well as the red-hot automotive market which, after two years of record-breaking growth and production/sales both exceeding 13 million units in 2009, overtook the U.S. and Japan as the largest automotive market in the world. Analysts have commented that, although the China automotive industry, after growing by over 50% in 2009, as driven by the elements of macro-economies and industrial policies, continued to grow quickly at over 20% during the first half of this financial year – a feat rarely experienced in world history, per-capita ownership of automobiles in China remained low (only about one-fifth) compared to those of the developed countries' (Europe, U.S. and Japan) levels. There are certainly high hopes and glorious projections abound for the next few years for China's automotive industry, and it will continue to be a key drive for China's transition to a domestic consumption economy.

The specifics of the fast growing automotive and electric appliance markets caused a disturbance in the market for injection moulding machines, as they typically demand machines in the medium-to-large tonnage range. The automotive components sector, in particular, requires large numbers of ultra-large-tonnage injection moulding machines with clamping force exceeding 2,000 tons. As the Group's manufacturing capacity for medium-to-large tonnage (in particular, ultra-large tonnage) injection moulding machines had not yet been totally recovered from the emergency measures during the financial crisis, it inevitably and directly affected market share due to inability to meet the explosive demand in such machines – some models with waiting time longer than seven months at the beginning of this financial year. In spite of this, the Group's supply of small-tonnage injection moulding machines was ample and the Group successfully captured a large amount of demand for such machines in industries catering for domestic consumption. Consequently, the Group registered 80% growth in turnover in the China market to a record of HK$1,004 million (2009: HK$559 million).

Compared to the strong market in supplying to domestic consumption, China's export sector remained markedly lack of confidence regarding the future – leading to low intentions to add to capital equipment – due to the slow-paced economic recovery in western developed countries, even though China's export volume has so far remained robust. However, it is the Group's belief that, with gradual economic recoveries in the western countries, demand for machine purchases from these export-oriented customers will eventually rebound, even though it will take longer time to do so.

The Taiwan market also started to recover after the rampages of the financial crisis, with total turnover rose 52% to HK$85 million (2009: HK$56 million), with prospects for continual improvement in the near future.

Internationally, western economies such as Europe and North America remained sluggish in their recovery from the financial crisis. Recently, a number of developing countries in Eastern Europe began to show comparatively remarkable recovery, and hopefully would continue to grow in the second half of the year. During the first half of this financial year, the Group's international market turnover rose 42% to HK$230 million (2009: HK$162 million).

SALE OF INTEREST IN CIRO'S PLAZA, SHANGHAI

On 16 April, 2010, Chen Hsong Marketing International Limited, an indirect wholly-owned subsidiary of the Company, disposed of its shareholding, equivalent to 20% of the total issued share capital, in Keyset Development Limited ("Keyset") at a consideration of HK$94.74 million. Keyset has approximately 67.1864% indirect interest in Shanghai Ciro's Real Estate Co., Ltd. ("Ciro's Real Estate"). The major asset of Ciro's Real Estate consists of the "Ciro's Plaza" in Shanghai.

The Group had held the indirect interest in the "Ciro's Plaza" for around 15 years since 1995. As investing in properties is not within the Group's core business, the Group decided to dispose of the indirect interests in the property at market price. The disposal was completed on 24 May, 2010 and resulted in a one-off gain of HK$94.08 million, which was reflected in the profit attributable to equity holders for the first half year of this financial year.

MANUFACTURING EFFICIENCY AND CAPACITY

The new plant of the Group in Shunde City of Guangdong Province is nearly in full operation. This new plant, occupying close to 70,000 square meters, has provided extra floor space for the manufacture of medium-to-large tonnage injection moulding machines. New machining equipment for the new plant has progressively arrived and will further enhance the Group's manufacturing capacity.

The Group expects that its manufacturing capacity for medium-tonnage machines will be ramped up to pre-financial crisis level before the end of this financial year. The Group is also actively engaged in building up the supply chain for large and ultra-large tonnage injection moulding machines, and expects the manufacturing capacity can narrow the gap between supply and demand in the coming year.

LIQUIDITY AND FINANCIAL CONDITIONS

As at 30 September 2010, the Group had net current assets of HK$1,623 million (2009: HK$1,234 million), which represented a 32% increase over last year. Included in the net current assets were the cash and bank balances of HK$1,046 million (2009: HK$793 million), an increase of HK$253 million over last year, and the bank loans of HK$75 million (2009: HK$37 million), an increase of HK$38 million. The Group recorded a net cash position of HK$971 million (2009: HK$756 million). The bank loans were short term with floating interest rates for payments to suppliers in Japanese yen.

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

CHARGE ON ASSETS

As at 30 September 2010, the bills receivables of certain subsidiaries operating in Mainland China of HK$7 million (2009: HK$11 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

As at 30 September 2010, the bills receivables of a subsidiary operating in Mainland China of HK$2 million (2009: Nil) were pledged for securing certain loans granted by a financial institution in Mainland China to third parties.

As at 30 September 2010, the bank deposits of certain subsidiaries operating in Mainland China of HK$52 million (2009: HK$45 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

As at 30 September 2010, the bank deposits of certain subsidiaries operating in Mainland China of HK$45 million (2009: HK$28 million) were pledged for securing certain loans granted by certain financial institutions in Mainland China to third parties.

CAPITAL COMMITMENTS

As at 30 September 2010, the Group had capital commitments of HK$31 million (2009: HK$39 million) in respect of the construction of industrial buildings and the purchases of property, plant and equipment in Mainland China which are mainly to be funded by internal resources of the Group.

TREASURY AND FOREIGN EXCHANGE RISK MANAGEMENT

The Group adopts a prudent and centralized approach in managing its funding. Funds, primarily denominated in Hong Kong dollars, U.S. dollars, New Taiwan dollars and Renminbi, are normally placed with banks in short or medium term deposits for working capital of the Group.

As at 30 September 2010, the Group had total foreign currency borrowings equivalent to HK$75 million (2009: HK$37 million). The Group, from time to time, assesses the risk exposure on certain volatile foreign currencies and manages it in appropriate manner to minimize the risk.

CONTINGENT LIABILITIES

As at 30 September 2010, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$127 million (2009: HK$77 million).

HUMAN RESOURCES

As at 30 September 2010, the Group, excluding its associates, had approximately 3,000 (2009: 2,600) full-time employees. The Group offers good remuneration and welfare packages to its employees and maintains market-competitive pay levels. Employees are rewarded based on individual as well as the results performance of the Group. Share options of the Company are granted to selected employees of the Group for rewarding and retaining talents.

The Group conducts regular programmes, including comprehensive educational and professional training, and social counselling activities, to its employees to enhance staff quality, standards of professional knowledge and teamwork spirit.

OUTLOOK OF THE SECOND HALF

As the China domestic economy picks up speed and gathers up risks of over-heating and accelerating inflation, the Central Government has since raised interest rate and announced a number of controlling measures in order to stabilize the development of the economy. According to the Group’s current observations, as well as from tightly-monitored customer sentiments, it is anticipated that China’s economy will continue to grow steadily through the second half of the year. This projection, however, is dependent upon the strength of any controlling measures from the Central Government in the coming months.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010, except for Code Provision A.4.2, as the chairman and managing director of the Company shall not be required to retire by rotation according to the provision contained in the Chen Hsong Holdings Limited Company Act, 1991 of Bermuda.

COMPLIANCE WITH THE MODEL CODE AND THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the “Code of Conduct”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all directors, confirms that the directors have complied with the required standards set out in the Model Code and the Code of Conduct for the six months ended 30 September 2010.

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 2010.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2010.

On Behalf of the Board
Chen CHIANG
Chairman

Hong Kong, 26 November 2010

As at the date of this announcement, the executive directors of the Company are Dr. Chen CHIANG, Ms. Lai Yuen CHIANG, Mr. Chi Kin CHIANG, Mr. Stephen Hau Leung CHUNG and Mr. Sam Hon Wah NG and the independent non-executive directors of the Company are Mr. Johnson Chin Kwang TAN, Mr. Anish LALVANI, Mr. Bernard Charnwut CHAN and Mr. Michael Tze Hau LEE.