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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00057)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

FINANCIAL HIGHLIGHTS			
	2010	2009	Change
RESULTS HIGHLIGHTS ***(HK$'000)***			
Revenue	**1,806,334**	1,603,107	13%
Profit before tax	**208,696**	103,852	101%
Profit attributable to equity holders of the Company	**153,500**	85,786	79%
Total assets	**3,493,038**	2,885,343	21%
Shareholders' funds	**2,464,066**	2,338,471	5%
Issued share capital	**62,919**	62,883	0%
Net current assets	**1,456,957**	1,211,258	20%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**24.4**	13.6	79%
Cash dividends per share *(HK cents)*	**12.0**	7.0	71%
Net assets per share *(HK$)*	**3.9**	3.7	5%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**6.4**	3.6	78%
Return on average total assets *(%)*	**4.8**	2.9	66%

SUMMARY OF RESULTS

The board of directors (the "Board") of Chen Hsong Holdings Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	Notes	**Year ended 31 March** **2010** *HK$'000*	2009 *HK$'000*
REVENUE	*3*	**1,806,334**	1,603,107
Cost of sales		**(1,355,571)**	(1,234,089)
Gross profit		**450,763**	369,018
Other income and gains, net		**70,445**	31,824
Selling and distribution expenses		**(157,549)**	(191,628)
Administrative expenses		**(116,536)**	(115,325)
Other operating income/(expenses), net		**(42,708)**	13,245
Finance costs		**(1,856)**	(4,668)
Share of profits less losses of associates		**6,137**	1,386
PROFIT BEFORE TAX	*4*	**208,696**	103,852
Income tax expense	*5*	**(54,778)**	(16,700)
PROFIT FOR THE YEAR		**153,918**	87,152
ATTRIBUTABLE TO:			
Equity holders of the Company		**153,500**	85,786
Minority interests		**418**	1,366
		153,918	87,152
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**24.4**	13.6
Diluted *(HK cents)*		**24.4**	13.6

Details of the dividends payable and proposed for the year are disclosed in note 6 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**153,918**	87,152
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		
Exchange differences on translation of foreign operations	**15,459**	(11,117)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**169,377**	76,035
ATTRIBUTABLE TO:		
Equity holders of the Company	**168,916**	74,393
Minority interests	**461**	1,642
	169,377	76,035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**773,743**	771,742
Prepaid land lease payments		**46,004**	55,735
Goodwill		**94,931**	94,931
Interests in associates		**18,702**	14,780
Available-for-sale equity investments		**-**	124,057
Held-to-maturity investments		**-**	-
Deferred tax assets		**75,289**	74,321
Deposits for purchases of items of property, plant and equipment		**19,127**	17,499
Total non-current assets		**1,027,796**	1,153,065
CURRENT ASSETS			
Inventories		**672,073**	704,309
Trade and bills receivables	*8*	**723,432**	516,082
Deposits, prepayments and other receivables		**81,489**	66,297
Available-for-sale equity investment		**124,057**	-
Cash and bank balances		**864,191**	445,590
Total current assets		**2,465,242**	1,732,278
CURRENT LIABILITIES			
Trade and bills payables	*9*	**630,539**	276,572
Other payables and accruals		**282,130**	194,122
Bank loans, unsecured		**41,964**	37,864
Tax payable		**53,652**	12,462
Total current liabilities		**1,008,285**	521,020
NET CURRENT ASSETS		**1,456,957**	1,211,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,484,753**	2,364,323
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**6,543**	12,169
NET ASSETS		**2,478,210**	2,352,154
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**62,919**	62,883
Reserves	*10*	**2,401,147**	2,275,588
		2,464,066	2,338,471
Minority interests		**14,144**	13,683
Total equity		**2,478,210**	2,352,154

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of the new and revised HKFRSs, that are effective for annual periods beginning on or after 1 April 2009, has had no significant financial effect on the Group's consolidated financial statements and there have been no significant changes to the accounting policies of the Group.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense recognized directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The adoption of the standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain changes in the presentation and disclosures of notes to financial statements.

2. OPERATING SEGMENT INFORMATION

The following tables present revenue, results, certain assets, liabilities and expenditure information for the Group's operating segments for the years ended 31 March 2010 and 2009.

	Segment revenue from external customers		Segment results	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,359,483**	981,092	**206,625**	80,536
Taiwan	**108,624**	188,902	**10,419**	15,070
Other overseas countries	**338,227**	433,113	**21,061**	42,308
	1,806,334	1,603,107	**238,105**	137,914

Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**238,105**	137,914
Unallocated income and gains	**5,052**	2,493
Corporate and unallocated expenses	**(38,742)**	(33,273)
Finance costs	**(1,856)**	(4,668)
Share of profits less losses of associates	**6,137**	1,386
Profit before tax	**208,696**	103,852

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,333,377**	2,090,431	**733,989**	365,296
Taiwan	**112,520**	148,011	**65,646**	46,502
Other overseas countries	**183,288**	139,474	**113,034**	58,896
	2,629,185	2,377,916	**912,669**	470,694
Interests in associates	**18,702**	14,780	**-**	-
Unallocated assets	**845,151**	492,647	**-**	-
Unallocated liabilities	**-**	-	**102,159**	62,495
	3,493,038	2,885,343	**1,014,828**	533,189

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(reversed) in the income statement		Capital expenditure	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**47,434**	58,164	**(41,622)**	(678)	**(12,144)**	(38,831)	**81,956**	115,285
Taiwan	**1,126**	2,017	**10**	(3)	**55**	680	**774**	1,742
Other overseas countries	**4,760**	2,089	**-**	(2)	**4,157**	(999)	**1,818**	5,063
	53,320	62,270	**(41,612)**	(683)	**(7,932)**	(39,150)	**84,548**	122,090

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

	Non-current assets	
	2010	2009
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**829,769**	965,417
Taiwan	**104,036**	98,547
	933,805	1,063,964

The non-current asset information above is based on the location of assets and excludes interests in associates and deferred tax assets.

3. **REVENUE**

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

4. **PROFIT BEFORE TAX**

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

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**1,355,571**	1,234,089
Depreciation	**51,488**	60,378
Recognition of prepaid land lease payments	**1,832**	1,892
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	**(41,653)**	(738)
Impairment/(write-back of impairment) of trade and bills receivables, net	**14,374**	(14,725)
Write-back of impairment of inventories, net	**(22,306)**	(24,425)
Interest income	**(5,052)**	(2,493)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**8,056**	16
Elsewhere	**33,871**	20,285
Underprovision in prior years	**16,792**	2,363
Deferred	**(3,941)**	(5,964)
Tax charge for the year	**54,778**	16,700

6. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Additional final dividend due to exercise of share options	**-**	453
Interim dividend of HK$0.02 (2009: HK$0.02) per ordinary share	**12,583**	12,577
Proposed final dividend of HK$0.10 (2009: HK$0.05) per ordinary share	**62,919**	31,442
	75,502	44,472

7. 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 year of HK$153,500,000 (2009: HK$85,786,000) and on the weighted average number of ordinary shares of 629,018,608 (2009: 628,595,677) in issue during the year.

The calculation of diluted earnings per share is based on the Group’s profit attributable to equity holders of the Company for the year of HK$153,500,000 (2009: HK$85,786,000) and on the weighted average number of ordinary shares of 629,194,787 (2009: 628,815,151), being the weighted average number of ordinary shares of 629,018,608 (2009: 628,595,677) in issue during the year as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 176,179 (2009: 219,474) assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

8. TRADE AND BILLS RECEIVABLES

Trading terms with customers are either cash on delivery, bank bills or on credit. Customers are granted credit at the discretion of the Group, subject to their respective business strength and creditability. The average credit period is 90 days and extension of credit period is made for customers with good trading and repayment records. The Group adopts strict control policies over credit terms and receivables that serve to minimize credit risk. 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.

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

	2010	2009
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**526,796**	335,172
Less than 90 days past due	**132,893**	67,482
91 to 180 days past due	**20,662**	48,536
Over 180 days past due	**43,081**	64,892
	723,432	516,082

9. TRADE AND BILLS PAYABLES

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

	2010	2009
	HK$'000	*HK$'000*
Current	**537,756**	77,000
1 to 90 days	**72,701**	48,354
91 to 180 days	**3,002**	121,595
Over 180 days	**17,080**	29,623
	630,539	276,572

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

10. RESERVES

	HK$'000
At 1 April 2008	2,318,240
Total comprehensive income for the year	74,393
Issue of new shares	4,920
Equity-settled share option arrangements	29
Final dividend for the year ended 31 March 2008	(109,417)
Interim dividend	(12,577)
At 31 March 2009 and 1 April 2009	2,275,588
Total comprehensive income for the year	168,916
Issue of new shares	668
Final dividend for the year ended 31 March 2009	(31,442)
Interim dividend	(12,583)
At 31 March 2010	2,401,147

11. EVENT AFTER THE REPORTING PERIOD

On 16 April 2010, Chen Hsong Marketing International Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with Chen Hsong Investments Limited, the immediate holding company of the Company, to dispose of the unlisted equity investment in Mainland China (the "Disposal"), for a consideration of HK$94,740,000, as disclosed in the announcement regarding the discloseable and connected transaction dated 16 April 2010. The Group expects to record a one-off gain of approximately HK$94,000,000 from the Disposal as calculated by reference to the consideration of HK$94,740,000, the carrying amount of the sale shares of HK$2 (representing the original cost of investment of HK$124,057,000 net of the return of investment before the entering into of the Agreement) and other costs and expenses in connection with the Disposal.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK10 cents (2009: HK5 cents) per ordinary share, subject to shareholders' approval at the forthcoming annual general meeting. Together with the interim dividend of HK2 cents (2009: HK2 cents) per ordinary share, the total dividend for the year ended 31 March 2010 will be HK12 cents (2009: HK7 cents) per ordinary share.

The final dividend will be paid on or about 16 September 2010 to shareholders whose names appear on the Register of Members of the Company on 27 August 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 24 August 2010 to Friday, 27 August 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 August 2010.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

During the financial year of 2010, the Group registered total turnover of HK$1,806 million (2009: HK$1,603 million), increase of 13% over last year. Profit attributable to equity holders grew by 79% to HK$154 million (2009: HK$86 million). Basic earnings per share is HK24.4 cents (2009: HK13.6 cents).

Market conditions this year developed in extremes: on the one hand, China remained the only bright spot among world economies and the primary source of strength for world economic recovery after the global financial crisis; on the other hand, the European and U.S. economies barely avoided a depression but were still plagued by the aftermaths of the financial crisis, with major economic indicators (overall credit, consumption, unemployment rate, budget deficit, etc.) still showing extreme weakness, compounded by the "PIIGS" countries' sovereign debt fiasco.

Amid such an extremely fragile world economic environment, China, being the primary driver to pull it out of recession, depended on a massive RMB4 trillion economic stimulus package issued by the Central Government during the first half of the financial year, which included a series of measures to promote domestic industry output (e.g. electric appliances and automotive for rural, tax breaks for automotive, massive infrastructure investments, etc.) as well as a huge relaxation of bank credit. These measures kept China domestic consumption active, propelled 2009 GDP growth to 8.7%, and are almost certain to make China the second largest economic entity in the world by 2010.

The Chinese stimulus measures also raised the risks of economic bubbles due to over-expansion of bank credit – 2009 total bank lending almost touched RMB 10 trillion, more than double that of 2008 – and had already caused asset bubbles (e.g. real estate) which necessitated the Central Government's clamping down. Nevertheless, these risks had not diminished China's current position as the centre of worldwide economic activities.

The general weaknesses of European and U.S. economies formed a striking contrast with China's high growth, causing the China market itself to also develop in extremes: on the one hand, export-oriented industries continued to be depressed due to reduced demand from European and U.S. markets; on the other hand, industries catering to domestic consumption, especially those with policy support such as automotive and electric appliances, continued to enjoy rapid growth in demand – and in our industry this translated into significant demand growth primarily in large and ultra-large-tonnage injection moulding machines.

During the second half of this financial year, the Group aggressively expanded its capacity, especially for large-tonnage injection moulding machines, restarted supply chains and trained new workers, with the goal to raise overall production capacity back to the level before the global financial crisis (in response to the financial crisis, the Group had restructured its production capacity last year) within as short a timeframe as possible. However, before production capacity could be totally restored, the Group could only capture a small amount of the market demand for large and ultra-large-tonnage machines. If this market continues its robustness in the near future, the Group expects that its renewed capacity should enable it to progressively increase market share.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2010 is as follows:

Customer Location	**2010** **(HK$ million)**	2009 (HK$ million)	Change
Mainland China and Hong Kong	**1,359**	981	+39%
Taiwan	**109**	189	-42%
Other overseas countries	**338**	433	-22%
	1,806	1,603	+13%

Growth in the China market continued to be dominated by government-encouraged industries, especially automotive and electric appliances, with automotive being the hottest, growing at the substantial rate of 59% in 2009 over last year to become the largest automotive market in the world, causing significant increases in demand for large and ultra-large-tonnage injection moulding machines.

In the electric appliances industry, the Central Government's "rural" programs also began to show expected results, with sales in 2009 growing more than 10% over last year, primarily focused in "white goods" such as air-conditioners (11.6% growth), refrigerators (15.3% growth) and washing machines (10.8% growth). Certain white goods manufacturers even reported sales growth exceeding 50%, which also fueled growth in demand for medium and large-tonnage injection moulding machines.

On the other hand, exports painted a different picture: total China exports in 2009 dropped by 16% on a year-on-year basis to a level even lower than 2007. In particular, exports to the U.S. declined by 12.3% with plastics goods exports declining by 10.1%, toys declining by 25% and consumer electronics and appliances declining by 9.2%. Exports to the Europe also dropped by 13% with toys declining by 6%. Taking the toy industry as an example to illustrate the remarkable contrast between exports and domestic consumption – total China toy exports in 2009 declined by 22.5% compared with last year (with Guangdong province declining by 25%), but the domestic toy industry in China grew by 10-15%.

In a nutshell, the Group's sales to the China domestic market had grown substantially, but core export-oriented customers continued to be depressed. Consequently, the Group's total sales turnover in China grew by 39% to HK$1,359 million (2009: HK$981 million).

The Taiwan domestic market was dominated by crisis-stricken export-oriented enterprises, with total sales turnover declining by 42% to HK$109 million (2009: HK$189 million). Nevertheless prospects are turning in the positive direction with orders strengthening around the end of this financial year. Internationally, many overseas markets were not immediately affected by the financial crisis at the onset due to longer delivery lead times and payment by letters of credit. However, many developing countries experienced severe credit tightening and depreciating currencies against the US$ and RMB during this period, causing a sharp reduction in the number of new orders, which in turn caused the sales performance for this financial year to drop 22% over last year to HK$338 million (2009: HK$433 million).

Despite this, many developing countries had begun to recover during this financial year from the shockwaves of the financial crisis with currency exchanges rates firming up to more reasonable levels and strengthening purchasing power. On the other hand, short-term economic prospects in Europe and the U.S. continued to be unpredictable and should continue to depress the Group's international business, depending on when their economies start to recover and the speed of such recovery.

NEW TECHNOLOGIES AND NEW PRODUCTS DEVELOPMENT

The Group has always focused its R&D on high energy-saving, high speed and high efficiency technologies. A number of products introduced this year were also quite unique – including a "New Age" computer control system and the "MJ20-H" servo-driven high-precision mini-injection moulding machine.

Chen Hsong's New Age intelligent computer control system is based on leading-edge industrial control technologies, an advanced EtherCAT industrial I/O bus, and the highly intelligent TwinCAT automation control system to form a highly flexible, open control solution for diverse application. System programming is IEC61131-3 compliant which ensures high safety standards, with a Windows-based user interface that enables flexible extensions. This control system has been successfully applied in high-end, high precision, ultra-high-speed applications for all-electric, hydraulic-clamping, toggle-clamping and two-platen injection moulding machines.

Chen Hsong's "MJ20-H" servo-driven high-precision mini-injection moulding machine combines the Group's expertise in mini-injection moulding, German company Bosch Rexroth's top-of-the-line servo control system, an all-hydraulic centre-applied clamping design, balanced injection cylinders, high-strength linear guide rails, and the New Age intelligent control system to form a coherent package that is highly efficient, energy-saving, low-inertia, high-response and low-noise. It is particularly suitable in forming high precision and mini-scale products. Its all-new look is aesthetically pleasing as well as fully compliant to the GB and CE international safety standards.

PRODUCTION CAPACITY AND COST CONTROL

When the global financial crisis hit in late 2008, the Group immediately experienced a drastic reduction in order intake and, amid extremely uncertain prospects, immediately put in place a number of emergency measures for cash preservation through strong and effective cash flow management in order to weather the shocks from the financial crisis.

During the period from late 2008 to early 2009, the Group had restructured its entire production capacity including supply chain. Transitioning on to May and June of 2009, with the China domestic economy in an obvious and strong rebound, the Group immediately reviewed the necessity to continue these emergency measures. As most economists failed to predict the rapidity of China market recovery, many domestic industries experienced a simultaneous explosion in demand, causing significant bottlenecks in the Group's supply chain during the second half of this financial year (due to the fact that most suppliers had also reduced capacity during the onset of the financial crisis). In response to this, the Group had immediately redoubled its efforts to develop new supply sources (especially for materials of large-tonnage injection moulding machines) in order to mitigate the risks of an overly-concentrated supply chain in future.

On the cost control side, the Group's gross margin during the second half of this financial year benefited from an extremely lean cost structure – result of last year's emergency measures – as well as substantial reductions in raw material prices, returning to the general level before the financial crisis.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2010, the Group had net current assets of HK$1,457 million (2009: HK$1,211 million), which represented a 20% increase over last year. Included in the net current assets were the cash and bank balances of HK$864 million (2009: HK$446 million), an increase of HK$418 million over last year, and the bank loans of HK$42 million (2009: HK$38 million), an increase of HK$4 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.

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 and Renminbi, are normally placed with banks in short or medium term deposits for the working capital of the Group.

As at 31 March 2010, the Group had total foreign currency borrowings equivalent to HK$42 million (2009: HK$38 million). The Group, from time to time, assesses the risk exposure on certain volatile foreign currencies and has it covered in appropriate manners to minimize the risk.

HUMAN RESOURCES

As at 31 March 2010, the Group, excluding its associates, had approximately 2,800 (2009: 2,500) 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 conducted regular programmes, including comprehensive educational and professional training, and social activities counselling, to its employees to enhance staff quality, standards of professional knowledge and teamwork spirit.

FUTURE PROSPECTS

Visibility continues to be low for the world economy during the next financial year (i.e. 2010/2011), with equal prospects for negative as well as positive developments. On the positive side, China will continue to grow in a steady but relatively rapid pace, targeting a healthy GDP growth of over 8%. On the negative side, a multitude of economic indicators all point to a general lack of resiliency in the U.S. economic recovery; the European Union continues to be plagued by sovereign debt crises and substantial pressure on the Euro with little prospects of short-term improvements.

The Group will continue to focus its energies on China as well as seek growth in certain developing countries. It will also strive to increase general production capacity, especially for large and ultra-large-tonnage injection moulding machines, in order to enable the Group to more rapidly capture market share for these products.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2010, except for the second limb of Code Provision A.4.2, which provides that every director should be subject to retirement by rotation at least once every three years. The directors of the Company (except the Chairman of the Company) are subject to retirement by rotation at least once every three years as the Chen Hsong Holdings Limited Company Act, 1991 of Bermuda provides that the chairman and managing director of the Company are not required to retire by rotation. Further information will be provided in the "Corporate Governance Report" of the 2010 Annual Report.

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 year ended 31 March 2010.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with Management and the Company's external auditors, the consolidated financial statements for the year ended 31 March 2010 including the accounting principles and practices adopted by the Group.

By Order of the Board
Chen Hsong Holdings Limited
Chen CHIANG
Chairman

Hong Kong, 15 July 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.