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 2011

FINANCIAL HIGHLIGHTS			
	2011	2010	Change
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**2,423,528**	1,806,334	34%
Profit before tax	**421,574**	208,696	102%
Profit attributable to equity holders of the Company	**343,263**	153,500	124%
Total assets	**3,832,536**	3,493,038	10%
Shareholders' funds	**2,758,330**	2,464,066	12%
Issued share capital	**62,926**	62,919	0%
Net current assets	**1,695,960**	1,456,957	16%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**54.6**	24.4	124%
Cash dividends per share *(HK cents)*	**27.0**	12.0	125%
Net assets per share *(HK$)*	**4.4**	3.9	13%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**13.1**	6.4	105%
Return on average total assets *(%)*	**9.4**	4.8	96%

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 2011, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	Notes	Year ended 31 March 2011 HK$'000	2010 HK$'000
REVENUE	*3*	**2,423,528**	1,806,334
Cost of sales		**(1,778,291)**	(1,355,571)
Gross profit		**645,237**	450,763
Other income and gains, net		**126,559**	70,445
Selling and distribution expenses		**(196,051)**	(157,549)
Administrative expenses		**(136,514)**	(116,536)
Other operating expenses, net		**(21,891)**	(42,708)
Finance costs		**(2,091)**	(1,856)
Share of profits less losses of associates		**6,325**	6,137
PROFIT BEFORE TAX	*4*	**421,574**	208,696
Income tax expense	*5*	**(75,101)**	(54,778)
PROFIT FOR THE YEAR		**346,473**	153,918
ATTRIBUTABLE TO:			
Equity holders of the Company		**343,263**	153,500
Non-controlling interests		**3,210**	418
		346,473	153,918
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**54.6**	24.4
Diluted *(HK cents)*		**54.5**	24.4

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 2011

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**346,473**	153,918
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**64,969**	15,459
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**411,442**	169,377
ATTRIBUTABLE TO:		
Equity holders of the Company	**407,388**	168,916
Non-controlling interests	**4,054**	461
	411,442	169,377

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**842,943**	773,743
Prepaid land lease payments		**45,115**	46,004
Goodwill		**94,931**	94,931
Investments in associates		**26,074**	18,702
Deferred tax assets		**78,845**	75,289
Deposits for purchases of items of property, plant and equipment		**4,236**	19,127
Total non-current assets		**1,092,144**	1,027,796
CURRENT ASSETS			
Inventories		**928,423**	672,073
Trade and bills receivables	*8*	**778,023**	723,432
Deposits, prepayments and other receivables		**90,399**	81,489
Available-for-sale equity investment		**-**	124,057
Pledged bank deposits		**94,044**	94,329
Cash and bank balances		**849,503**	769,862
Total current assets		**2,740,392**	2,465,242
CURRENT LIABILITIES			
Trade and bills payables	*9*	**530,396**	630,539
Other payables and accruals		**336,873**	282,130
Interest-bearing bank borrowings		**89,669**	41,964
Tax payable		**87,494**	53,652
Total current liabilities		**1,044,432**	1,008,285
NET CURRENT ASSETS		**1,695,960**	1,456,957
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,788,104**	2,484,753
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**11,576**	6,543
NET ASSETS		**2,776,528**	2,478,210
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**62,926**	62,919
Reserves	*10*	**2,695,404**	2,401,147
		2,758,330	2,464,066
Non-controlling interests		**18,198**	14,144
Total equity		**2,776,528**	2,478,210

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 HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), the adoption of these new and revised HKFRSs, that are effective for annual periods beginning on or after 1 April 2010, has had no significant financial effect on the Group's consolidated financial statements.

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

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

1. **BASIS OF PREPARATION AND ACCOUNTING POLICIES** *(continued)*

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements (continued)*

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases, previously classified as operating leases, upon the adoption of the amendments. The classification of leases remained as operating leases.

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 2011 and 2010.

	Segment revenue from external customers		Segment results	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,752,252**	1,359,483	**305,925**	206,625
Taiwan	**148,115**	108,624	**15,356**	10,419
Other overseas countries	**523,161**	338,227	**46,569**	21,061
	2,423,528	1,806,334	**367,850**	238,105

Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**367,850**	238,105
Unallocated income and gains	**102,011**	5,052
Corporate and unallocated expenses	**(52,521)**	(38,742)
Finance costs	**(2,091)**	(1,856)
Share of profits less losses of associates	**6,325**	6,137
Profit before tax	**421,574**	208,696

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,523,774**	2,333,377	**680,056**	733,989
Taiwan	**111,445**	112,520	**57,341**	65,646
Other overseas countries	**242,895**	183,288	**129,872**	113,034
	2,878,114	2,629,185	**867,269**	912,669
Investments in associates	**26,074**	18,702	**-**	-
Unallocated assets	**928,348**	845,151	**-**	-
Unallocated liabilities	**-**	-	**188,739**	102,159
	3,832,536	3,493,038	**1,056,008**	1,014,828

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(reversed) in the income statement		Capital expenditure	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**46,042**	47,434	**(2,892)**	(42,080)	**21,337**	(12,144)	**82,025**	65,481
Taiwan	**874**	1,126	**3**	10	**(364)**	55	**235**	774
Other overseas countries	**1,931**	4,760	**(132)**	(42)	**512**	4,157	**1,491**	1,818
	48,847	53,320	**(3,021)**	(42,112)	**21,485**	(7,932)	**83,751**	68,073

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2011	2010
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**877,783**	829,769
Taiwan	**109,442**	104,036
	987,225	933,805

The non-current asset information above is based on the location of assets and excludes investments 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):

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**1,778,291**	1,355,571
Depreciation	**46,925**	51,488
Recognition of prepaid land lease payments	**1,922**	1,832
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	**(416)**	(41,653)
Gain on disposal of available-for-sale equity investment	**(94,040)**	-
Impairment of trade and bills receivables, net	**16,672**	14,374
Impairment/(write-back of impairment) of inventories, net	**4,813**	(22,306)
Foreign exchange differences, net	**(35,835)**	562
Interest income	**(7,971)**	(5,052)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**11**	8,056
Elsewhere	**69,761**	33,871
Under/(over) provision in prior years	**(1,037)**	16,792
Deferred	**6,366**	(3,941)
Tax charge for the year	**75,101**	54,778

6. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim dividend of HK$0.08 (2010: HK$0.02) per ordinary share	**50,335**	12,583
Additional interim dividend due to exercise of share options	**5**	-
Proposed final dividend of HK$0.19 (2010: HK$0.10) per ordinary share	**119,559**	62,919
	169,899	75,502

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$343,263,000 (2010: HK$153,500,000) and on the weighted average number of ordinary shares of 629,211,447 (2010: 629,018,608) 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$343,263,000 (2010: HK$153,500,000) and on the weighted average number of ordinary shares of 629,802,582 (2010: 629,194,787), being the weighted average number of ordinary shares of 629,211,447 (2010: 629,018,608) in issue during the year as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 591,135 (2010: 176,179) 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:

	2011	2010
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**552,996**	526,796
Less than 90 days past due	**98,745**	132,893
91 to 180 days past due	**39,155**	20,662
Over 180 days past due	**87,127**	43,081
	778,023	723,432

9. TRADE AND BILLS PAYABLES

The 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:

	2011	2010
	HK$'000	*HK$'000*
Current	**434,078**	537,756
1 to 90 days	**75,485**	72,701
91 to 180 days	**3,294**	3,002
Over 180 days	**17,539**	17,080
	530,396	630,539

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

10. RESERVES

	HK$'000
At 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 and 1 April 2010	2,401,147
Total comprehensive income for the year	407,388
Issue of new shares	128
Final dividend for the year ended 31 March 2010	(62,919)
Interim dividend	(50,340)
At 31 March 2011	2,695,404

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK19 cents (2010: HK10 cents) per ordinary share, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on 26 August 2011. Together with the interim dividend of HK8 cents (2010: HK2 cents) per ordinary share, the total dividend for the year ended 31 March 2011 will be HK27 cents (2010: HK12 cents) per ordinary share.

The final dividend will be paid on or about 22 September 2011 to shareholders whose names appear on the Register of Members of the Company on 5 September 2011.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 26 August 2011, the Register of Members of the Company will be closed from Wednesday, 24 August 2011 to Friday, 26 August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM to be held on Friday, 26 Augest 2011, 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 Tuesday, 23 August 2011.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders of the Company at the AGM to be held on Friday, 26 August 2011. The record date for entitlement to the proposed final dividend is Monday, 5 September 2011. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 1 September 2011 to Monday, 5 September 2011, 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 Wednesday, 31 August 2011.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2011, the Group registered record turnover of HK$2,424 million (2010: HK$1,806 million), increase of 34% over last year. Profit attributable to equity holders grew by 124% to HK$343 million (2010: HK$154 million). Basic earnings per share is HK54.6 cents (2010: HK24.4 cents). Profit attributable to equity holders includes a special one-off net gain of HK$84.57 million due to the disposal of indirect interests in the Shanghai Ciro's Plaza during the first half of the financial year.

On 29 March 2011, the Group signed strategic cooperation agreements with Mitsubishi Heavy Industries Plastic Technology Co., Ltd. ("Mitsubishi") of Japan.

Mitsubishi is one of the top injection moulding machine manufacturers in the world, and the leading and largest in Japan, specializing in the production of medium-to-ultra-large tonnage electric as well as large-to-ultra-large tonnage two-platen hydraulic injection moulding machines. The MMV series of large and ultra-large tonnage two-platen hydraulic injection moulding machines produced by Mitsubishi has been a market-leading product line for over 20 years and well received by high-end customers and commands absolute market share among Japanese automotive parts industry.

This strategic cooperation between the Chen Hsong Group and Mitsubishi focuses on the development of an all-new MMX series of large-to-ultra-large tonnage two-platen hydraulic injection moulding machines, which is an enhanced model based on the said MMV series and emII series, Mitsubishi's hot-selling series of hybrid electric large and ultra-large tonnage two-platen injection moulding machines. The new MMX series, which will incorporate Mitsubishi's state-of-the-art technology and a number of cutting-edge innovative breakthroughs, will be an all-round, significant improvement in speed, precision, stability, reliability, durability, efficiency, energy-saving and price-performance over Mitsubishi's existing MMV series.

The Mitsubishi all-new MMX series injection moulding machines will be OEM-manufactured at the Group's Shenzhen Chen Hsong Industrial Park, to be co-managed by a top-tier team of experts from Mitsubishi and Chen Hsong in order to ensure world-class quality standards while fully leveraging the Group's economy of scale to control costs – a match in perfection. In addition, the Group will also launch a series of Chen Hsong's own brand name products which applies the same technology and standard of MMX series under the license provided by Mitsubishi, which will be uniquely positioned to fill a supply gap currently existing between the locally manufactured and high-end imported large-tonnage injection moulding machines. The Group believes that this new series will be popular in many high-end domestic consumer product industries such as automotive, high-end household appliances, large LCD TV's etc..

Market-wise the current financial year witnessed red-hot growth in China's domestic economy, and was especially strong for industries related to automotive and real estate (including electric appliances and general household goods etc.) – all requiring primarily medium-to-large tonnage injection moulding machines.

Although western economies in Europe and the U.S. have begun to rebound, though sluggishly and even over-shadowed by a number of faster-growing developing countries. Consequently, world-wide demand for injection moulding machines continued to concentrate in China, and typically in domestic consumption market, because the export sector has so-far been hampered by weak economic conditions in Europe and the U.S..

During this financial year, market demand for medium-to-large tonnage injection moulding machines (primarily used for the manufacture of automotive parts and electric appliances) grew so rapidly that the normal supply chain for parts and components was severely disrupted and stressed, resulting in limited shipments to the Group. The Group has already ramped its production capacity for small-tonnage injection moulding machines (primarily used for the manufacture of export products such as mobile phones and consumer electronics, etc.) fully up to pre-financial crisis level, and was rapidly raising production capacity for medium-to-large tonnage injection moulding machines, plus redoubling efforts to develop new suppliers and reduce over-dependence on the existing supply chain. Nevertheless, the Group was still plagued by shortages of key raw materials and components, as well as labour shortages in the coastal regions, which limited its production capacity for medium-to-large tonnage injection moulding machines, resulting in the loss of many orders that the Group did not have inventory to fulfill.

Despite these limitations, the Group still managed to grow its turnover in China market by 29% to exceed the past record sales volume. The Group believes that its production capacity for medium-to-large tonnage injection moulding machines will be fully recovered by September 2011.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2011 is as follows:

Customer Location	**2011** ***(HK$ million)***	2010 *(HK$ million)*	Change
Mainland China and Hong Kong	**1,753**	1,359	+29%
Taiwan	**148**	109	+36%
Other overseas countries	**523**	338	+55%
	2,424	1,806	+34%

China's export sector was still hampered by weak western economies in Europe and the U.S. while its domestic consumption continued to experience red-hot growth after a series of measures introduced by the Central Government during the financial crisis, such as electric-appliances-to-rural, automotive-to-rural, taxation benefits for vehicle purchases etc.. In particular, China's automotive industry, with over 13 million cars sold last year and targeting 15 million next year, already eclipsed the U.S. as the largest in the world. The red-hot automotive market further joined forces with rapid demand growth for "white-goods" (i.e. household electric appliances) driven by escalating real-estate prices to create an extremely robust market for injection moulding machines at a level seldom seen, especially for medium-to-large tonnage injection moulding machines used for these high-growth industries. Analysts noticed that per-capita automotive ownership in China remained only one-fifth of developed countries (Europe, the U.S. and Japan), and expected the automotive industry to continue to drive domestic economic growth in China for the next few years.

Market supply of medium-to-large tonnage injection moulding machines buckled under such huge demand increases, and indirectly causing severe shortages in the supply chain for raw materials and components. The Group's production capacity of large tonnage injection moulding machine had not yet fully recovered and, driven also by limitations in the supply chain, was forced to forego many orders for medium-to-large tonnage injection moulding machines. Despite this, the Group still managed its turnover growth in China market by almost 30% to HK$1.753 billion (2010: HK$1.359 billion) by fully leveraging its existing capacity, continuing to lift capacity caps, and expanding its supply chain network.

Turnover in the Taiwan market, heavily dependent upon exports, still managed to increase by 36% to HK$148 million (2010: HK$109 million), though dragged down by the weak economic recovery in the European and the U.S. regions. It is expected that the Taiwan market will recover in sync with improvements in the European and the U.S. economies.

Internationally, a number of developing countries displayed more pronounced signs of economic recovery especially South East Asia, Middle East, South America and Eastern Europe. Western Europe and the U.S., on the other hand, were sluggish. During this financial year, the Group's sales in international markets rose 55% over last year to HK$523 million (2010: HK$338 million).

DISPOSAL 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 indirect interests of 13.43% in Shanghai Ciro's Real Estate Co., Ltd. ("Ciro's Real Estate") for a consideration of HK$94.74 million, resulting in a one-off net gain of HK$84.57 million. The major asset of Ciro's Real Estate consists of the "Ciro's Plaza" in Shanghai. The Group had held this indirect interest in the "Ciro's Plaza" for around 15 years since 1995. As investing in property is not within the Group's core business, the Group decided to dispose of this indirect interest at market price.

STRATEGIC COOPERATION WITH MITSUBISHI

During this financial year, a wholly-owned subsidiary of the Group signed two agreements with Mitsubishi on 29 March 2011:

1. License Agreement: Mitsubishi grants a license, on a long term basis, to certain subsidiaries of the Company of the exclusive rights in the People's Republic of China, Hong Kong, Macau and Taiwan (the "Territories") using Mitsubishi's technologies and know-how necessary for the manufacture and sale of large-tonnage two-platen injection moulding machines (the "Products") and the non-exclusive right in selling the Products outside the Territories (except Japan) pursuant to the terms of the agreement; and

2. OEM Manufacturing and Supply Agreement: Mitsubishi appoints certain subsidiaries of the Company, on a long term basis, as Mitsubishi's exclusive manufacturers in the Territories to manufacture large-tonnage two-platen injection moulding machines according to product specifications provided by Mitsubishi pursuant to the terms of the agreement.

DEVELOPMENT OF NEW PRODUCTS AND TECHNOLOGIES

In addition to the strategic cooperation with Mitsubishi as described above, the Group also launched a "second generation" series of high-efficiency, high-precision, servo-driven energy-saving injection moulding machines – the "SVP/2" series.

The first generation "SVP" series of servo-driven injection moulding machines was introduced by the Group two years ago amid wide popularity in the market. Sales rose rapidly after launch and the technology was quickly expanded to large-tonnage injection moulding machines ranging from 650 to 2,600 tons to complete an entire servo-driven energy-saving product line (from small to ultra-large).

The new, second generation "SVP/2" series is a quantum leap over the first generation with significant enhancements in speed, precision, stability, energy-efficiency, energy-saving, and price-performance. It is the result of the Group's application of advanced technology and intelligent control techniques to improve operating efficiency, which will lead the injection moulding machine industry into a new era of environmentally-safe, low carbon footprint manufacturing.

PRODUCTION EFFICIENCY AND CAPACITY

The Group's new production plant situated in Shunde, Foshan, Guangdong Province, was completed and fully on-line during the second half of this financial year. The gross floor area of this new facility exceeds 70,000m^2 and is fully equipped to manufacture medium-to-large tonnage injection moulding machines. As at the end of this financial year, the Group has recovered its production capacity of medium-to-large tonnage injection moulding machines to around 85% of the pre-financial crisis level, and total recovery is expected by September 2011.

With newly-acquired machining centres arriving by the second half of this year, and the third phase expansion project of the Shenzhen Chen Hsong Industrial Park (with gross floor area exceeding 80,000m^2) commenced in the first half of 2011 and expected to be progressively put into use in 2012, the Group's production capacity of medium-to-large tonnage injection moulding machines will be further enhanced.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2011, the Group had net current assets of HK$1,696 million (2010: HK$1,457 million), which represented a 16% increase over last year. Included in the net current assets were the cash and bank balances (including pledged deposits) of HK$944 million (2010: HK$864 million), an increase of HK$80 million over last year, and the bank borrowings of HK$90 million (2010: HK$42 million), an increase of HK$48 million. The Group recorded a net cash position of HK$854 million (2010: HK$822 million). The bank borrowings 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 31 March 2011, the bank deposits of certain subsidiaries operating in Mainland China of HK$58 million (2010: HK$33 million) were pledged for securing certain loans granted by certain financial institutions in Mainland China to third parties, and of HK$36 million (2010: HK$62 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

Capital Commitments

As at 31 March 2011, the Group had capital commitments of HK$47 million (2010: HK$32 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 the working capital of the Group.

As at 31 March 2011, the Group had total foreign currency borrowings equivalent to HK$90 million (2010: HK$42 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 31 March 2011, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$145 million (2010: HK$87 million).

HUMAN RESOURCES

As at 31 March 2011, the Group, excluding its associates, had approximately 3,000 (2010: 2,800) 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 counselling activities, to its employees to enhance staff quality, standards of professional knowledge and teamwork spirit.

FUTURE PROSPECTS

It is expected that the Chinese Government reduce China's GDP growth target to within 8.5-9.0%, and will continue its monetary tightening policies (including raising interest rate and reserve ratio, limitations placed on purchases of real estate and vehicles etc.) in a bid to combat inflation and economic overheating. These policies are likely to further shrink credit, tighten money supply and reduce free cash available to the Group's customers.

With lack-lustre economic conditions in Europe and the U.S., sluggish economic recoveries, high budget deficits and debt burdens, the Group expects the market next year to be challenging. Nevertheless, the Group will continue to aggressively pursue any available market opportunities at times like this, strike a fine balance between nurturing financially-sound customers and controlling receivables risks, and face upcoming challenges with a positive and proactive attitude.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions 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 2011, 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" to be included in the Company's 2011 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 2011.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed with the Management and the Company's external auditors, the consolidated financial statements for the year ended 31 March 2011 including the accounting principles and practices adopted by the Group.

On behalf of the Board
Chen Hsong Holdings Limited
Chen CHIANG
Chairman

Hong Kong, 22 June 2011

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.