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 2011

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		
	2011	2010	Change
	(Unaudited)	(Unaudited)	
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**963,836**	1,318,715	-27%
Profit before tax	**128,916**	273,103	-53%
Profit attributable to equity holders of the Company	**104,000**	225,008	-54%
Total assets	**3,826,446**	3,841,811	0%
Shareholders' funds	**2,770,535**	2,648,253	5%
Issued share capital	**62,926**	62,919	0%
Net current assets	**1,658,251**	1,623,466	2%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**16.5**	35.8	-54%
Cash dividends per share *(HK cents)*	**4.0**	8.0	-50%
Net assets per share *(HK dollars)*	**4.4**	4.2	5%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**3.8**	8.8	-57%
Return on average total assets *(%)*	**2.7**	6.1	-56%

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 2011 amounted to HK$104,000,000, representing a decrease of 54% as compared with the profit attributable to equity holders of HK$225,008,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2011 was HK16.5 cents, a decrease of 54% over the corresponding period in 2010 of HK35.8 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 2011

		Six months ended 30 September	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**963,836**	1,318,715
Cost of sales		**(734,735)**	(969,151)
Gross profit		**229,101**	349,564
Other income and gains, net		**13,195**	105,807
Selling and distribution expenses		**(74,655)**	(108,317)
Administrative expenses		**(66,077)**	(53,919)
Other operating income/(expenses), net		**29,433**	(22,733)
Finance costs		**(2,237)**	(1,009)
Share of profits less losses of associates		**156**	3,710
PROFIT BEFORE TAX	*3*	**128,916**	273,103
Income tax expense	*4*	**(24,890)**	(46,036)
PROFIT FOR THE PERIOD		**104,026**	227,067
ATTRIBUTABLE TO:			
Equity holders of the Company		**104,000**	225,008
Non-controlling interests		**26**	2,059
		104,026	227,067
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic *(HK cents)*		**16.5**	35.8
Diluted *(HK cents)*		**16.5**	35.7

Details of the dividends payable and proposed for the period are disclosed in note 5 to the announcement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**104,026**	227,067
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**28,381**	22,455
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**132,407**	249,522
ATTRIBUTABLE TO:		
Equity holders of the Company	**131,764**	247,106
Non-controlling interests	**643**	2,416
	132,407	249,522

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2011

	Notes	30 September 2011 (Unaudited) HK$'000	31 March 2011 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**894,953**	842,943
Prepaid land lease payments		**45,436**	45,115
Goodwill		**94,931**	94,931
Investments in associates		**24,056**	26,074
Deferred tax assets		**78,715**	78,845
Deposits for purchases of items of property, plant and equipment		**6,840**	4,236
Total non-current assets		**1,144,931**	1,092,144
CURRENT ASSETS			
Inventories		**996,011**	928,423
Trade and bills receivables	7	**673,439**	778,023
Deposits, prepayments and other receivables		**97,904**	90,399
Pledged bank deposits		**103,182**	94,044
Cash and bank balances		**810,979**	849,503
Total current assets		**2,681,515**	2,740,392
CURRENT LIABILITIES			
Trade and bills payables	8	**488,781**	530,396
Other payables and accruals		**239,182**	336,873
Interest-bearing bank borrowings		**231,735**	89,669
Tax payable		**63,566**	87,494
Total current liabilities		**1,023,264**	1,044,432
NET CURRENT ASSETS		**1,658,251**	1,695,960
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,803,182**	2,788,104
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,806**	11,576
NET ASSETS		**2,789,376**	2,776,528
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**62,926**	62,926
Reserves	9	**2,707,609**	2,695,404
		2,770,535	2,758,330
Non-controlling interests		**18,841**	18,198
Total equity		**2,789,376**	2,776,528

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 2011, 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 2011:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC) - Int 14 Amendments	Amendments to HK(IFRIC) - Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC) - Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) - Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

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. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's 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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit 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 2011 and 2010.

	Segment revenue from external customers Six months ended 30 September		**Segment results Six months ended 30 September**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**656,055**	1,003,643	**114,226**	157,541
Taiwan	**84,126**	85,241	**7,373**	10,400
Other overseas countries	**223,655**	229,831	**22,996**	19,531
	963,836	1,318,715	**144,595**	187,472

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

Operating segment results	**144,595**	187,472
Unallocated income and gains	**6,422**	98,163
Corporate and unallocated expenses	**(20,020)**	(15,233)
Finance costs	**(2,237)**	(1,009)
Share of profits less losses of associates	**156**	3,710
Profit before tax	**128,916**	273,103

3. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**734,735**	969,151
Depreciation	**28,079**	23,650
Recognition of prepaid land lease payments	**892**	1,048
Gain on disposal of available-for-sale equity investment	**-**	(94,084)
Gain on disposal of items of property, plant and equipment	**(808)**	(134)
Impairment/(write-back of impairment) of trade and bills receivables, net	**(10,090)**	9,039
Write-back of impairment of inventories, net	**(8,111)**	(3,785)
Foreign exchange differences, net	**(36,558)**	(8,206)
Interest income	**(6,422)**	(4,079)

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 (2010: 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	
	2011	2010
	HK$'000	*HK$'000*
Current:		
Charge for the period		
Hong Kong	**-**	-
Elsewhere	**17,880**	35,750
Under provision in prior periods	**1,540**	5,919
Deferred	**5,470**	4,367
Tax charge for the period	**24,890**	46,036

5. DIVIDENDS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK$0.19 (2010: HK$0.10) per ordinary share	**119,559**	62,919
Interim dividend declared after the interim period end of HK$0.04 (2010: HK$0.08) per ordinary share	**25,170**	50,335

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$104,000,000 (2010: HK$225,008,000) and on the weighted average number of ordinary shares of 629,255,600 (2010: 629,187,600) 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$104,000,000 (2010: HK$225,008,000) and on the weighted average number of ordinary shares of 629,846,009 (2010: 629,643,935), being the weighted average number of ordinary shares of 629,255,600 (2010: 629,187,600) in issue during the period as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 590,409 (2010: 456,335) 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.

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:

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**500,327**	552,996
Less than 90 days past due	**101,282**	98,745
91 to 180 days past due	**24,780**	39,155
Over 180 days past due	**47,050**	87,127
	673,439	778,023

8. 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:

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Current	**403,320**	434,078
1 to 90 days	**62,709**	75,485
91 to 180 days	**3,652**	3,294
Over 180 days	**19,100**	17,539
	488,781	530,396

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

9. RESERVES

	HK$'000
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
As at 1 April 2011	2,695,404
Total comprehensive income for the period	131,764
Final dividend for the year ended 31 March 2011	(119,559)
As at 30 September 2011	2,707,609

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4.0 cents (2010: HK8.0 cents) per ordinary share for the six months ended 30 September 2011 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 30 December 2011. The interim dividend will be paid on or about Friday, 13 January 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 29 December 2011 to Friday, 30 December 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share 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, 28 December 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

During the six months ended 30 September 2011, the Group registered total turnover of HK$964 million (2010: HK$1,319 million), a decline of 27% as compared with the same period of last year. Profit attributable to equity holders decreased by 54% to HK$104 million (2010: HK$225 million) as compared with the same period of last year. Basic earnings per share declined by 54% to HK16.5 cents (2010: HK35.8 cents). After deducting the special one-off gain of HK$94.08 million in same period of last year resulting from the disposal of its interest in "Ciro's Plaza" in Shanghai, profit attributable to equity holders and basic earnings per share decreased by 21%. The Board has resolved to declare an interim dividend of HK4.0 cents (2010: HK8.0 cents) per share.

Market conditions during the first half of this financial year were significantly more difficult than the same period of last year. This is primarily due to sluggishness in the U.S. economic recovery which hit a soft patch early this year, raising fears of a "double-dip" recession amid declining consumption and manufacturing activities. Comparatively, European economic conditions were even worse, with escalating sovereign debt issues casting a gloomy shadow over international markets. Weaknesses in Europe and the U.S. hammered China's export sector, with dwindling orders and low capacity utilisation directly suppressing needs for purchasing new equipment.

In China, ever since the Central Government credit-flooded the economy in 2009 in a bid to fend off the global recession, excessive liquidity eventually led to overheating, asset speculation bubbles and high inflation rate, which during last year compelled the Central Government to impose tightening measures in order to rein in credit growth, defuse the threat of bursting asset bubbles and suppress rampant inflation. All of these tightening policies are still in force today, and as a result market liquidity has been sharply depressed, which directly put many small-to-medium-sized domestic manufacturing enterprises in a tight liquidity squeeze, while at the same time deepening market worries of the health of municipal governmental debt. Conditions appeared to be deteriorating in the second quarter, with credit even tighter, the real-estate market lack-lustre and weakening consumer consumption. Even industries which used to be red-hot last year (e.g. automotive, household appliances etc.) were facing over-capacity and mounting inventories.

In light of such difficult macroeconomic conditions, and adhering to its policy of prudent financial management, the Group immediately strengthened its credit controls and approval procedures, as well as re-evaluated receivable risks and market credit situations to reduce the credit impact caused by tight liquidity in China.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2011 is as follows:

Customer Location	**2011** *(HK$ million)*	2010 *(HK$ million)*	Change
Mainland China and Hong Kong	**656**	1,004	-35%
Taiwan	**84**	85	-1%
Other overseas countries	**224**	230	-3%
	964	1,319	-27%

The Chinese Government continued its credit tightening policies, which started last year as a measure to suppress runaway credit growth and prevent bursting of apparent asset bubbles, directly affected the liquidity of small-to-medium size manufacturing enterprises. Under such tight liquidity, many customers could not obtain the necessary financing from banks to continue daily operations, expand capacity or upgrade production equipment.

In the first half of this financial year, winter appeared to have fallen for the export sector. China exports had always been depressed ever since the global financial tsunami in 2008 and escalating Renminbi exchange rates. Starting from this financial year, there was an additional blow from worsening economic conditions in financially-strapped U.S. and Europe, its major markets, leading to continuous drop in export volume. The Group's export-oriented customers were generally facing low business volumes, low capacity utilisation, few orders and dwindling profit margins. The Group believed that all these factors, coupled with a shortage of labour, rising minimum-wages and higher raw material prices, would continue to weaken future demand for new machines in the export sector.

The various conditions discussed above caused the demand for injection moulding machines in China to weaken rapidly during the first half-year, which appeared especially pronounced during the second quarter. Consequently, the Group suffered a large decline in turnover compared to last period, which in turn significantly hindered the Group's overall financial performance because China remained the Group's largest sales region with the strongest growth potential.

Years of over-leveraging by domestic enterprises in certain regions within China (e.g. Wenzhou), over-reliance on high-risk investments and proliferation of high-interest loans were beginning to cause company closures and debt-skipping by company owners unable to repay their debts. Under such circumstances, the Group immediately strengthened its credit assessment and approval procedures and strictly controlled receivable levels in order to reduce the chance of losses due to uncollectable debts. Therefore, as at the end of the first half-year, amid a severe credit crunch in China, the Group still managed to shrink the total amount of trade receivables, shorten the age of overdues, and ensure that its policy of prudent financial management is adhered to.

Taiwan customers are primarily export-oriented with their customers primarily in Europe and the U.S.. Although they were heavily impacted by the global financial crisis and were recovering only gradually, they remained strongly competitive in their core export segments of high-end electronics, mobile phones and computers, all of which still retained a basic level of global demand. As a result, the Group's turnover in Taiwan remained relatively stable with same period of last year at HK$84 million (2010: HK$85 million) during the first half-year.

Internationally, sales turnover was affected by the depression in developed Western countries in Europe and the U.S.. On the other hand, a number of emerging and developing regions and countries (e.g. South America) had been consistently recovering with strong growth. Other regions, such as South East Asia, also remained generally stable and relatively robust, which altogether allowed the Group to reap reasonable turnover growth. Only in the Middle East did the Group experienced a large set-back as it is still recovering from the temporary disruptions of business due to a series of revolutionary government changes. All-in-all, the Group benefitted from the strength of recovery in developing countries and total turnover in international markets only slightly declined by 3% to HK$224 million (2010: HK$230 million).

DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS

Ever since the Group announced its strategic cooperation with Mitsubishi Heavy Industries Plastic Technology Co., Ltd. ("Mitsubishi"), progress had been encouraging with completion of the first prototype of the all-new-design **2000 MMX** ultra-large tonnage injection moulding machine and passing all quality assurance tests. This all-new series of ultra-large tonnage injection moulding machines, which was based on and improved upon Mitsubishi's hot-selling emII hybrid all-electric series and MMV two-platen series, combined state-of-the-art Mitsubishi mechanical and control technologies with a number of latest technological breakthroughs to yield a new product line that is a significant improvement over existing competition in terms of speed, precision, stability, reliability, durability, efficiency and energy-saving. The Group is certain that the new series of ultra-large tonnage injection moulding machines will be welcomed by customers of high-end industries in China (e.g. automotive, high-end electric appliances, large LCD TV's etc.) and will allow the Group to capture additional market share.

MANUFACTURING EFFICIENCY AND CAPACITY

In recent years, the market tended towards the production of medium-to-large tonnage injection moulding machines – a segment which has always been the Group's focus of capacity expansion, but still the Group's current production capacity for medium-to-large tonnage injection moulding machines is far short of market demand. Coupled with the issue of tight supply of parts and components, the Group has been forced to give up orders for medium-to-large tonnage injection moulding machines due to under-capacity. Nevertheless, new machining centres have gradually arrived and as at the end of this first half-year, the Group's 80,000m^2 third-phase factory expansion project in its Shenzhen Industrial Park has also commenced with expected completion by the end of 2012, during which time the Group's total production capacity for medium-to-large tonnage injection moulding machines will significantly increase.

LIQUIDITY AND FINANCIAL CONDITIONS

As at 30 September 2011, the Group had net current assets of HK$1,658 million (2010: HK$1,623 million), which represented a 2% increase over last year. Included in the net current assets were the cash and bank balances (including pledged deposits) of HK$914 million (2010: HK$1,046 million), a decrease of HK$132 million over last year, and the bank loans of HK$232 million (2010: HK$75 million), an increase of HK$157 million. The Group recorded a net cash position of HK$682 million (2010: HK$971 million). The bank borrowings were short term with floating interest rates for payments to suppliers in Japanese yen and for general working capital purposes.

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 2011, bank deposits of certain subsidiaries operating in Mainland China of HK$59 million (2010: HK$45 million) were pledged for securing certain loans granted by certain financial institutions in Mainland China to third parties, and of HK$44 million (2010: HK$52 million) were pledged for securing bank acceptance notes, included in the trade and bills payables, to suppliers.

CAPITAL COMMITMENTS

As at 30 September 2011, the Group had capital commitments of HK$18 million (2010: HK$31 million), mainly in respect of the construction of industrial buildings and the purchases of production equipment in Mainland China which are to be funded by internal resources of the Group.

TREASURY AND FOREIGN EXCHANGE RISK MANAGEMENT

The Group adopts a prudent 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 2011, the Group had total foreign currency borrowings equivalent to HK$112 million (2010: HK$75 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 2011, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$142 million (2010: HK$127 million).

HUMAN RESOURCES

As at 30 September 2011, the Group, excluding its associates, had approximately 2,900 (2010: 3,000) 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

Results from the recent Guangzhou Trade Fair held in October this year indicate that orders are few and exporters are generally troubled with the prospect in the short term. Market conditions in China during the second half-year will continue to be challenging due to slow-down of domestic consumption, persistent credit tightness and double-dip recession threats of Western economies affecting China exports. Under such circumstances, the Group will also enhance risk control on receivables and customer credit.

Recently, it appears that the Central Government in China may finally be relaxing credit. Nevertheless, with global economic climate clouded with various uncertainties, the Group remains cautious regarding China and international markets for the second half of this financial year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2011, 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, after having made specific enquiry of all directors, confirms that all directors have complied with the required standard set out in the Code of Conduct and the Model Code for the six months ended 30 September 2011.

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 2011.

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 2011.

On Behalf of the Board
Chen CHIANG
Chairman

Hong Kong, 28 November 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.