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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 2012

FINANCIAL HIGHLIGHTS			
	2012	2011	Change
RESULTS HIGHLIGHTS ***(HK$'000)***			
Revenue	**1,838,394**	2,423,528	-24%
Profit before tax	**201,732**	421,574	-52%
Profit attributable to equity holders of the Company	**160,334**	343,263	-53%
Total assets	**3,762,347**	3,832,536	-2%
Shareholders' funds	**2,816,966**	2,758,330	2%
Issued share capital	**62,926**	62,926	0%
Net current assets	**1,676,290**	1,695,960	-1%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**25.5**	54.6	-53%
Cash dividends per share *(HK cents)*	**12.0**	27.0	-56%
Net assets per share *(HK$)*	**4.5**	4.4	2%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**5.8**	13.1	-56%
Return on average total assets *(%)*	**4.2**	9.4	-55%

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 2012, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2012

		Year ended 31 March	
	Notes	**2012**	2011
		HK$'000	*HK$'000*
REVENUE	*3*	**1,838,394**	2,423,528
Cost of sales		**(1,400,911)**	(1,778,291)
Gross profit		**437,483**	645,237
Other income and gains, net		**27,163**	126,559
Selling and distribution expenses		**(151,029)**	(196,051)
Administrative expenses		**(135,390)**	(136,514)
Other operating income/(expenses), net		**27,360**	(21,891)
Finance costs		**(4,607)**	(2,091)
Share of profits less losses of associates		**752**	6,325
PROFIT BEFORE TAX	*4*	**201,732**	421,574
Income tax expense	*5*	**(41,928)**	(75,101)
PROFIT FOR THE YEAR		**159,804**	346,473
ATTRIBUTABLE TO:			
Equity holders of the Company		**160,334**	343,263
Non-controlling interests		**(530)**	3,210
		159,804	346,473
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**25.5**	54.6
Diluted *(HK cents)*		**25.5**	54.5

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 2012

	Year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**159,804**	346,473
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**43,743**	64,969
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**203,547**	411,442
ATTRIBUTABLE TO:		
Equity holders of the Company	**203,365**	407,388
Non-controlling interests	**182**	4,054
	203,547	411,442

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**914,373**	842,943
Prepaid land lease payments		**44,707**	45,115
Goodwill		**94,931**	94,931
Investments in associates		**24,801**	26,074
Deferred tax assets		**80,070**	78,845
Deposits for purchases of items of property, plant and equipment		**4,885**	4,236
Pledged bank deposits		**6,075**	-
Total non-current assets		**1,169,842**	1,092,144
CURRENT ASSETS			
Inventories		**897,375**	928,423
Trade and bills receivables	*8*	**721,349**	778,023
Deposits, prepayments and other receivables		**81,284**	90,399
Pledged bank deposits		**76,943**	94,044
Cash and bank balances		**815,554**	849,503
Total current assets		**2,592,505**	2,740,392
CURRENT LIABILITIES			
Trade and bills payables	*9*	**392,561**	530,396
Other payables and accruals		**250,513**	336,873
Interest-bearing bank borrowings		**213,045**	89,669
Tax payable		**60,096**	87,494
Total current liabilities		**916,215**	1,044,432
NET CURRENT ASSETS		**1,676,290**	1,695,960
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,846,132**	2,788,104
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**10,786**	11,576
NET ASSETS		**2,835,346**	2,776,528
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**62,926**	62,926
Reserves	*10*	**2,754,040**	2,695,404
		2,816,966	2,758,330
Non-controlling interests		**18,380**	18,198
Total equity		**2,835,346**	2,776,528

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 24 (Revised) and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of these new and revised HKFRSs, that are effective for annual periods beginning on or after 1 April 2011, 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) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

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

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 2012 and 2011.

	Segment revenue from external customers		Segment results	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,210,983**	1,752,252	**180,694**	305,925
Taiwan	**167,514**	148,115	**14,208**	15,356
Other overseas countries	**459,897**	523,161	**42,490**	46,569
	1,838,394	2,423,528	**237,392**	367,850

	2012	2011
Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**237,392**	367,850
Unallocated income and gains	**12,619**	102,011
Corporate and unallocated expenses	**(44,424)**	(52,521)
Finance costs	**(4,607)**	(2,091)
Share of profits less losses of associates	**752**	6,325
Profit before tax	**201,732**	421,574

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,473,322**	2,523,774	**424,030**	680,056
Taiwan	**137,681**	111,445	**58,483**	57,341
Other overseas countries	**230,919**	242,895	**160,561**	129,872
	2,841,922	2,878,114	**643,074**	867,269
Investments in associates	**24,801**	26,074	**-**	-
Unallocated assets	**895,624**	928,348	**-**	-
Unallocated liabilities	**-**	-	**283,927**	188,739
	3,762,347	3,832,536	**927,001**	1,056,008

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(reversed) in the income statement		Capital expenditure	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**57,494**	46,042	**(461)**	(2,892)	**(11,836)**	21,337	**105,182**	82,025
Taiwan	**1,203**	874	**6**	3	**522**	(364)	**290**	235
Other overseas countries	**2,050**	1,931	**(11)**	(132)	**(768)**	512	**892**	1,491
	60,747	48,847	**(466)**	(3,021)	**(12,082)**	21,485	**106,364**	83,751

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2012	2011
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**958,798**	877,783
Taiwan	**106,173**	109,442
	1,064,971	987,225

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):

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**1,400,911**	1,778,291
Depreciation	**58,946**	46,925
Recognition of prepaid land lease payments	**1,801**	1,922
Gain on disposal of items of property, plant and equipment	**(399)**	(416)
Gain on disposal of an available-for-sale equity investment	**-**	(94,040)
Impairment/(write-back of impairment) of trade and bills receivables, net	**(16,516)**	16,672
Impairment of inventories, net	**4,434**	4,813
Foreign exchange differences, net	**(53,132)**	(35,835)
Interest income	**(12,619)**	(7,971)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**24**	11
Elsewhere	**32,029**	69,761
Under/(over) provision in prior years	**3,591**	(1,037)
Deferred	**6,284**	6,366
Tax charge for the year	**41,928**	75,101

6. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim dividend of HK$0.04 (2011: HK$0.08) per ordinary share	**25,170**	50,335
Additional interim dividend due to exercise of share options	**-**	5
Proposed final dividend of HK$0.08 (2011: HK$0.19) per ordinary share	**50,341**	119,559
	75,511	169,899

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$160,334,000 (2011: HK$343,263,000) and on the weighted average number of ordinary shares of 629,255,600 (2011: 629,211,447) 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$160,334,000 (2011: HK$343,263,000) and on the weighted average number of ordinary shares of 629,736,400 (2011: 629,802,582), being the weighted average number of ordinary shares of 629,255,600 (2011: 629,211,447) in issue during the year as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 480,800 (2011: 591,135) 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.

In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. The 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:

	2012	2011
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**544,179**	552,996
Less than 90 days past due	**100,439**	98,745
91 to 180 days past due	**41,636**	39,155
Over 180 days past due	**35,095**	87,127
	721,349	778,023

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:

	2012	2011
	HK$'000	*HK$'000*
Current	**295,557**	434,078
1 to 90 days	**65,365**	75,485
91 to 180 days	**9,764**	3,294
Over 180 days	**21,875**	17,539
	392,561	530,396

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

10. RESERVES

	HK$'000
At 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 and 1 April 2011	2,695,404
Total comprehensive income for the year	203,365
Final dividend for the year ended 31 March 2011	(119,559)
Interim dividend	(25,170)
At 31 March 2012	2,754,040

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK8 cents (2011: HK19 cents) per ordinary share, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on 27 August 2012. Together with the interim dividend of HK4 cents (2011: HK8 cents) per ordinary share, the total dividend for the year ended 31 March 2012 will be HK12 cents (2011: HK27 cents) per ordinary share.

The final dividend will be paid on or about 20 September 2012 to shareholders whose names appear on the Register of Members of the Company on 5 September 2012.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Monday, 27 August 2012, the Register of Members of the Company will be closed from Friday, 24 August 2012 to Monday, 27 August 2012, 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 Monday, 27 August 2012, 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 Thursday, 23 August 2012.

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 Monday, 27 August 2012. The record date for entitlement to the proposed final dividend is Wednesday, 5 September 2012. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Monday, 3 September 2012 to Wednesday, 5 September 2012, 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 Friday, 31 August 2012.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2012, the Group's total turnover registered a decline of 24% over last year to HK$1,838 million (2011: HK$2,424 million). Profit attributable to equity holders also decreased by 53% to HK$160 million (2011: HK$343 million). Basic earnings per share is HK25.5 cents (2011: HK54.6 cents). After deducting the special one-off net gain of HK$84.57 million in last year resulting from the disposal of its interest in the "Ciro's Plaza" in Shanghai, profit attributable to equity holders and basic earnings per share decreased by 38%.

This financial year has been a roller-coaster ride for the Group, primarily due to a gradual weakening of the China market – which had been driving world economic recovery – since the second financial quarter (i.e. July 2011).

During this financial year, the China economy began to display signs of wariness with the sovereign debt crisis in Europe further stirring the waves, causing a pan-European economic down-turn and tipping many EU countries into official recession. As the already well-battered Chinese export sector continued to sink deeper, China GDP growth started to slow markedly during the second half of 2011.

Based on global economic conditions, the Group believes that China will continue to face headwinds in the coming future. First of all, domestic inflation persists, with CPI rising 5.5% in 2011 – well above the 4% target set by the Central Government at the beginning of the year. The high CPI indicates that inflation fueled by lax monetary policies during the financial crisis years may persist for a period of time, with bank deposit rates being 2% lower than CPI, keeping China in negative real interest-rate territory. Current tight monetary policies are likely to be maintained as long as inflation and asset bubbles continue to be a visible risk. Thus, the current slow-down of the China economy is the direct result of conscious tightening actions by the Central Government, and such a slow-down has impacted the Group's sales turnover in China.

The European sovereign debt crisis continued to exert great pressure on China exports, with export growth continuing to slow throughout the second half of 2011. Austerity measures in major European economies and general de-leveraging of the European banking system both significantly hampered capital investments and consumer sentiment, which created further obstacles for the China export sector and also directly affected the Group's sales in Europe.

Comparatively, however, the economies in North and South America as well as a number of developing countries continued to show robust recovery, particularly in the U.S.A. which registered fair economic growth albeit the European recession and renewed vigour in the once-bankrupt automotive sector. Nevertheless, favourable economic growth in the U.S.A. and individual developing countries (e.g. Brazil, South East Asia etc.) were not able to cover the Group's large turnover short-fall in Europe and China.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2012 is as follows:

Customer Location	**2012** ***(HK$ million)***	2011 *(HK$ million)*	Change
Mainland China and Hong Kong	**1,211**	1,753	-31%
Taiwan	**167**	148	+13%
Other overseas countries	**460**	523	-12%
	1,838	2,424	-24%

Ever since late-2009 when the sovereign debt crisis in Europe caused a wide-spread market panic, the three major international credit-rating agencies had down-graded sovereign debts in many European countries and investors had shunted such debts. Consequently, growth in China's exports to the European Union, its largest trading partner, was obviously affected and started to slow in 2011. With the Euro depreciating over 15% against the Renminbi since 2010, China exports to Europe had continued to hover at low levels since.

As a result, ever since August 2011, China's year-on-year export growth rate had been declining month by month, cumulating into negative growth in January 2012 – the first time since 2009. The import picture was worse – decline of 15.3% year-on-year – indicating a rapid cool-down of raw materials demand by China industry.

The export sector in China had never really regained its vigour since the financial crisis, with dwindling orders and shrinking margins, which persistently shunted appetite for capital investments. Prospects in the export sector further worsened during this financial year, due not only to the above-mentioned worldwide economic conditions, but also increased cost pressure from rising labour costs, appreciating Renminbi currency, higher land costs and escalating raw material prices etc.

Over the past few years, the China market had been primarily driven by internal consumption, with the household electrical appliances and automotive industries registering explosive growth rates in consecutive years, to become the engine of world economic growth. However, the Central Government started a series of tightening monetary policies last year to cool-down the overheating economy and defuse the real-estate asset bubble, eventually causing the red-hot domestic consumption to decelerate. Under such conditions, the Group registered a 31% drop in turnover in China to HK$1.211 billion (2011: HK$1.753 billion).

Taiwan was severely impacted during the financial crisis years, and the Group had sustained significant reductions in turnover in recent years. During this financial year, however, robustness in the U.S.A. benefited some Taiwanese businesses, thus allowing the Group to register a 13% turnover growth to HK$167 million (2011: HK$148 million). Although the current turnover level was still significantly lower than historical highs, the Group believes that the gap is gradually narrowing and turnover may grow to exceed past high levels in the near future.

Internationally, the Group suffered large turnover decrease in Europe, but growth in the U.S.A. and other developing markets (e.g. South America) partially compensated for this short-fall. Consequently, the Group registered a mild turnover decline of 12% to HK$460 million in international markets (2011: HK$523 million). In the coming financial year, the Group will accelerate investments into a number of developing countries, set up new subsidiary companies or sales network, to strive for higher growth in its international business.

DEVELOPMENT OF NEW PRODUCTS AND TECHNOLOGIES

Last year, the Group sealed a strategic cooperation with Japan's Mitsubishi Heavy Industries Plastic Technology Co., Ltd. ("Mitsubishi"). During this financial year, two models of the all-new Mitsubishi "MMX" series of high-speed, high-precision, servo-driven, energy-saving two-platen large-tonnage injection moulding machines were successfully produced and sold in recent months, garnering almost universal praise. The Group expects the full series of Mitsubishi "MMX" two-platen large-tonnage injection moulding machines, OEM-manufactured by the Group, will enter regular production in the coming year, and Mitsubishi has already increased its orders for these machines.

Under the cooperation agreements, the Group is also licensed by Mitsubishi to manufacture Chen Hsong-branded version of ULTRAMASTER X-series of two-platen large-tonnage injection moulding machines. This new ULTRAMASTER X-series will start production in the coming year, combining Mitsubishi's high technology with the Group's scale economy, and is expected to be highly successfully in capturing share in premium market segments (e.g. automotive, export household electrical appliances etc.).

PRODUCTION EFFICIENCY AND CAPACITY

During this financial year, the Group kick-started the phase three construction of its flagship manufacturing base in Shenzhen, ultimately adding over 80,000 m^2 of factory floor-space starting from next year. This will hugely increase the Group's production capacity in medium-to-ultra-large tonnage injection moulding machines.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2012, the Group had net current assets of HK$1,676 million (2011: HK$1,696 million), which represented a 1% decrease over last year. Cash and bank balances (including pledged deposits) amounted to HK$899 million (2011: HK$944 million), a decrease of HK$45 million over last year, and bank loans were HK$213 million (2011: HK$90 million), an increase of HK$123 million. The Group recorded a net cash position of HK$686 million (2011: HK$854 million). The bank loans 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 31 March 2012, bank deposits of certain subsidiaries of the Group operating in Mainland China in the amount of HK$83 million (2011: HK$94 million) were pledged, including HK$58 million (2011: HK$58 million) for securing certain loans granted by certain financial institutions in Mainland China to third parties, HK$19 million (2011: HK$36 million) for securing bank acceptance notes, included in the trade and bills payables, to suppliers, and HK$6 million (2011: Nil) for securing payments of construction costs of industrial buildings in Mainland China.

Capital Commitments

As at 31 March 2012, the Group had capital commitments of HK$171 million (2011: HK$47 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 31 March 2012, the Group had total foreign currency borrowings equivalent to HK$93 million (2011: HK$90 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 2012, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$106 million (2011: HK$145 million).

HUMAN RESOURCES

As at 31 March 2012, the Group, excluding its associates, had approximately 2,800 (2011: 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 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

According to Chinese Premier Wen Jiabao, the year 2012 is a difficult one for China – views that further increase the worry of a large-scale economy down-turn. As the financial crisis in Europe wreaked havoc with China exports, Premier Wen not only reduced the GDP growth target to 7.5% for 2012, but also stressed the importance of expanding domestic consumption. He further commented that, unlike during 2008, in 2012 China will need to fight a two-fronted battle against declining global demand and rising domestic costs.

The trajectory of the China economy during the coming financial year will, to a large extent, depend on the Central Government's stance in balancing "protecting growth", "fighting inflation" and "controlling real estate prices". As China remains the Group's critical market, future Central Government policies – such as, new stimuli and monetary loosening vs. limited "dynamic fine-tuning" – will have a direct impact on market direction, and thus the Group's sales in China, the most important market of the Group.

The Group is currently confronting numerous uncertain factors on a global basis, including how the European financial crisis will play out and whether or not the U.S.A. recovery is sustainable, but will continue to face these challenges with its years of experience and consistently prudent management principles. Based on the state of current economic climate, the Group is not optimistic regarding the market condition of the coming financial year, unless more Central Government support policies continue to surface.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2012, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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. The CG Code was amended and revised as the Corporate Governance Code and Corporate Governance Report (the "Revised Code") effective on 1 April 2012, and is applicable to financial reports covering a period after 1 April 2012. The Company has early adopted the new code provisions, where appropriate, as set out in the Revised Code. Further information will be provided in the "Corporate Governance Report" to be included in the Company's 2012 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 2012.

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 2012 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 2012

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.