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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		
	2012 (Unaudited)	2011 (Unaudited)	Change
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**941,509**	963,836	-2%
Profit before tax	**64,647**	128,916	-50%
Profit attributable to equity holders of the Company	**56,042**	104,000	-46%
Total assets	**3,853,985**	3,826,446	1%
Shareholders' equity	**2,825,406**	2,770,535	2%
Issued share capital	**62,926**	62,926	0%
Net current assets	**1,667,586**	1,658,251	1%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**8.9**	16.5	-46%
Cash dividends per share *(HK cents)*	**2.5**	4.0	-38%
Net assets per share *(HK dollars)*	**4.5**	4.4	2%
KEY FINANCIAL RATIOS			
Return on average shareholders' equity *(%)*	**2.0**	3.8	-47%
Return on average total assets *(%)*	**1.5**	2.7	-44%

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 2012 amounted to HK$56,042,000, representing a decrease of 46% as compared with the profit attributable to equity holders of HK$104,000,000 for the corresponding period last year. Basic earnings per share for the six months ended 30 September 2012 was HK8.9 cents, a decrease of 46% over the corresponding period in 2011 of HK16.5 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 2012

		Six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**941,509**	963,836
Cost of sales		**(706,978)**	(734,735)
Gross profit		**234,531**	229,101
Other income and gains, net		**13,307**	13,195
Selling and distribution expenses		**(92,069)**	(74,655)
Administrative expenses		**(65,261)**	(66,077)
Other operating income/(expenses), net		**(25,030)**	29,433
Finance costs		**(2,667)**	(2,237)
Share of profits less losses of associates		**1,836**	156
PROFIT BEFORE TAX	*3*	**64,647**	128,916
Income tax expense	*4*	**(8,735)**	(24,890)
PROFIT FOR THE PERIOD		**55,912**	104,026
ATTRIBUTABLE TO:			
Equity holders of the Company		**56,042**	104,000
Non-controlling interests		**(130)**	26
		55,912	104,026
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic *(HK cents)*		**8.9**	16.5
Diluted *(HK cents)*		**8.9**	16.5

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 2012

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**55,912**	104,026
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**2,750**	28,381
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**58,662**	132,407
ATTRIBUTABLE TO:		
Equity holders of the Company	**58,781**	131,764
Non-controlling interests	**(119)**	643
	58,662	132,407

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2012

	Notes	30 September 2012 (Unaudited) HK$'000	31 March 2012 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**922,711**	914,373
Prepaid land lease payments		**43,810**	44,707
Goodwill		**94,931**	94,931
Investments in associates		**26,660**	24,801
Deferred tax assets		**80,803**	80,070
Deposits for purchases of items of property, plant and equipment		**3,575**	4,885
Pledged bank deposits		**16,739**	6,075
Total non-current assets		**1,189,229**	1,169,842
CURRENT ASSETS			
Inventories		**920,033**	897,375
Trade and bills receivables	7	**809,342**	721,349
Deposits, prepayments and other receivables		**62,214**	81,284
Pledged bank deposits		**86,179**	76,943
Cash and bank balances		**786,988**	815,554
Total current assets		**2,664,756**	2,592,505
CURRENT LIABILITIES			
Trade and bills payables	*8*	**499,159**	392,561
Other payables and accruals		**241,521**	250,513
Interest-bearing bank borrowings		**218,704**	213,045
Tax payable		**37,786**	60,096
Total current liabilities		**997,170**	916,215
NET CURRENT ASSETS		**1,667,586**	1,676,290
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,856,815**	2,846,132
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,148**	10,786
NET ASSETS		**2,843,667**	2,835,346
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**62,926**	62,926
Reserves	*9*	**2,762,480**	2,754,040
		2,825,406	2,816,966
Non-controlling interests		**18,261**	18,380
TOTAL EQUITY		**2,843,667**	2,835,346

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 2012, except that the Group has adopted, for the first time for the current period's financial statements, the 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 accounting period commencing on 1 April 2012. The adoption of the New HKFRSs has had no significant financial effect on these condensed interim financial statements and there have been no significant changes to the accounting policies applied in these condensed interim financial statements.

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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state these new and revised HKFRSs would have 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 2012 and 2011.

	Segment revenue from external customers Six months ended 30 September		Segment results Six months ended 30 September	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**627,711**	656,055	**56,471**	114,226
Taiwan	**48,511**	84,126	**4,177**	7,373
Other overseas countries	**265,287**	223,655	**16,522**	22,996
	941,509	963,836	**77,170**	144,595

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

Operating segment results	**77,170**	144,595
Unallocated income and gains	**6,767**	6,422
Corporate and unallocated expenses	**(18,459)**	(20,020)
Finance costs	**(2,667)**	(2,237)
Share of profits less losses of associates	**1,836**	156
Profit before tax	**64,647**	128,916

3. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**706,978**	734,735
Depreciation	**32,930**	28,079
Recognition of prepaid land lease payments	**909**	892
Loss/(gain) on disposal of items of property, plant and equipment	**28**	(808)
Write-back of impairment of trade and bills receivables, net	**(4,357)**	(10,090)
Write-back of impairment of inventories, net	**(11,774)**	(8,111)
Foreign exchange differences, net	**8,167**	(36,558)
Interest income	**(6,767)**	(6,422)

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5%. During the period ended 30 September 2011, Hong Kong profits tax had not been provided as the Group did not generate assessable profits arising in Hong Kong. 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	
	2012	2011
	HK$'000	*HK$'000*
Current:		
Charge for the period		
Hong Kong	**292**	-
Elsewhere	**14,155**	17,880
Under/(over) provision in prior periods	**(7,321)**	1,540
Deferred	**1,609**	5,470
Tax charge for the period	**8,735**	24,890

5. DIVIDENDS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK$0.08 (2011: HK$0.19) per ordinary share	**50,341**	119,559
Interim dividend declared after the interim period end of HK$0.025 (2011: HK$0.04) per ordinary share	**15,731**	25,170

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$56,042,000 (2011: HK$104,000,000) and on the weighted average number of ordinary shares of 629,255,600 (2011: 629,255,600) 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$56,042,000 (2011: HK$104,000,000) and on the weighted average number of ordinary shares of 629,428,692 (2011: 629,846,009), being the weighted average number of ordinary shares of 629,255,600 (2011: 629,255,600) in issue during the period as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 173,092 (2011: 590,409) 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.

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. 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 2012	31 March 2012
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**597,214**	544,179
Less than 90 days past due	**99,955**	100,439
91 to 180 days past due	**54,941**	41,636
Over 180 days past due	**57,232**	35,095
	809,342	721,349

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 2012	31 March 2012
	HK$'000	*HK$'000*
Current	**386,754**	295,557
1 to 90 days	**91,189**	65,365
91 to 180 days	**4,406**	9,764
Over 180 days	**16,810**	21,875
	499,159	392,561

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

9. RESERVES

	HK$'000
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
As at 1 April 2012	2,754,040
Total comprehensive income for the period	58,781
Final dividend for the year ended 31 March 2012	(50,341)
As at 30 September 2012	2,762,480

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.5 cents (2011: HK4.0 cents) per ordinary share for the six months ended 30 September 2012 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 28 December 2012. The interim dividend will be paid on or about Wednesday, 16 January 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 27 December 2012 to Friday, 28 December 2012, 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 Monday, 24 December 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

For the six months ended 30 September 2012, the Group registered total turnover of HK$942 million (2011: HK$964 million), which is a minor decline of 2% over the same period of last year. Profit attributable to equity holders decreased by 46% to HK$56 million (2011: HK$104 million) as compared with the same period of last year. Basic earnings per share declined by 46% to HK8.9 cents (2011: HK16.5 cents). During the same period last year, the Group posted net exchange gains of HK$37 million mainly on sharp appreciation of the Renminbi; but during this period the Renminbi did not appreciate in any significance, and thus caused a significant decline in profit from last period. Decrease of net profit would have been 5% over the same period of last year if excluding the impacts of foreign exchange differences. The Board has resolved to declare an interim dividend of HK2.5 cents (2011: HK4.0 cents) per share.

During the first half of this financial year, there were uncertainties abounding in the world economic situation. Conditions in continental Europe continued to deteriorate, with most EU countries officially in recession and PIIGS countries like Greece, Spain and Italy constantly struggling with their sovereign debt crises. The economy of the U.S., though in slow recovery, faced its own "fiscal cliff".

These economic hurdles haunting European countries and the U.S. proved to be another disaster to an already-much-weakened Chinese export sector. China's economy, being squeezed between dismal export demand and rapidly slowing domestic consumption, registered progressive declines in major economic indicators (such as import/export, GDP, domestic consumption etc.) for months in a row. The Central Government was forced to abandon its interest rate increase cycle which started in late 2010 and began flooding the market with much-needed liquidity in order to facilitate economic growth.

Although the Group's business was affected by prevalent global economic weaknesses during the first half of this financial year, it expanded its lead in high-technology and had successfully gained share in international markets after focusing market development investments. These contributed to continuous growth for the Group's sales in the large tonnage injection moulding machines segment and allowed the Group to maintain total turnover similar to that of the same period last year. Furthermore, this year, the Group will complete its first 4,500-ton ultra-large-tonnage two-platen injection moulding machine – the first of such size made in China. The Group's two platen machine product line, after years of research, development and fine-tuning, is now totally matured and much revered by customers in the marketplace.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2012 is as follows:

Customer Location	**2012** ***(HK$ million)***	2011 *(HK$ million)*	Change
Mainland China and Hong Kong	**628**	656	-4%
Taiwan	**49**	84	-42%
Other overseas countries	**265**	224	+18%
	942	964	-2%

China's GDP growth target of 7.5% for this year is being sorely tested as GDP growth fell below the critical threshold of 8% during the second quarter, and further dropped to a multi-year low of 7.4% during the third quarter. With economic conditions weakening seven quarters in a row, for the Chinese economy in many years, this has been the most challenging year.

China's economic structure has traditionally been heavily dependent on exports and investments in infrastructure and real estate, and the pitfalls of such over-dependence are now becoming apparent. With exports weakening quarter by quarter, faced with slowing domestic consumption growth, and over 50% of GDP generated by investments, China's economy is showing more and more structural imbalance, the physical manifestation of which is the emerging weakness in industrial production.

The Central Government, faced with this unforeseen slowdown of the economy as well as the whole host of external and internal economic pressures, needed to gradually release liquidity to facilitate economic growth. Consequently, in order to prevent a stall of China's economic engine, the People's Bank of China twice dropped interest rates in June and July of this year – the first since 2008 and with a large aggregate drop of over 0.5% – officially ending the interest rate increase cycle started in 2010. In addition, the Central Government reduced bank reserve ratio three times between end-2011 and May 2012.

During the third quarter, China Manufacturing Purchasing Managers' Index (PMI) fell below the threshold of 50, with Raw Material Inventory Index (RMI) also below 50, indicating declining raw materials inventory and general over-supply in manufacturing industry due to sustained weaknesses in domestic consumption. The Group noticed that its major customers were generally uncertain regarding future economic prospects and of low willingness to make capital investments. The Group's sales drop was more pronounced in the small-to-medium tonnage injection moulding machines used primarily to produce consumer and export products. On the other hand, however, the new product line of two-platen large-tonnage injection moulding machines, launched a few years ago, garnered repeated praise from the market and an equivalent healthy growth in sales – to the point of partially compensating for the sales decline of small-to-medium tonnage injection moulding machines. As a result, up to the end of the first half, the Group only registered a minor decline of 4% in its total turnover in China to HK$628 million (2011: HK$656 million).

Taiwan customers were affected significantly, as they mostly exported to Europe and the U.S.. The Group registered a sales decline of 42% in Taiwan to HK$49 million (2011: HK$84 million) during the first half of this financial year.

International markets developed in both extremes. Firstly, North and South America was buoyed by economic recovery in the U.S. (especially the auto sector) and the Group registered sales growth in these regions. Sales in other emerging markets (e.g. Middle East, Africa, S.E. Asia, etc.) were also relatively stable. This year, the Group is also strengthening its sales and marketing activities in Brazil and Turkey in order to expand market share. In total, the Group registered strong sales growth of 18% in international markets to HK$265 million as compared with the same period of last year (2011: HK$224 million).

DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS

Since the launch of the two-platen large and ultra-large-tonnage injection moulding machines, the Group has seen healthy sales growth amid increasing customer acceptance of the technology. It is anticipated that, in the near future, two-platen large-tonnage injection moulding machines will gradually replace traditional "toggle-style" large-tonnage injection moulding machines.

By the end of 2012, the Group will ship its first 4,500-ton two-platen injection moulding machine to a customer in Europe. This new, 4,500-ton ultra-large-tonnage machine has already passed all quality and performance tests in the Group's flagship Shenzhen manufacturing base and is currently the largest tonnage injection moulding machine made in China. The successful development of this machine is a strong testimony of the Group's R&D and manufacturing prowess. In the future, the Group will continue to invest even more resources into development of new products and new technologies.

MANUFACTURING EFFICIENCY AND CAPACITY

In order to fully capture future opportunities in the development of large-tonnage injection moulding machines and to address the Group's market needs, the Group has invested in building new manufacturing plants with advanced facilities, not only to expand production capacity but also to further improve production efficiency. "Phase Three" development of the Group's flagship manufacturing base – the Shenzhen Industrial Park – is already underway to add three huge, two-storey factory buildings. These new buildings have a height of 25 metres, covering an area of 88,000 square metres with wide spaces between columns and equipped with heavy-lifting cranes. When completed, they will add significantly to the Group's production capacity for 4,000-ton and above ultra-large-tonnage injection moulding machines.

Total capital investments for this development is expected to exceed HK$300 million. Two of the new buildings are scheduled to be on-line by mid-2013, while the third building is scheduled for early 2014. With the completion of this “Phase Three” development in Shenzhen Industrial Park, the Group expects total production capacity to increase by roughly 30%, in support of the Group’s longer-term goals in developing the market for large-tonnage machines.

LIQUIDITY AND FINANCIAL CONDITIONS

As at 30 September 2012, the Group had net current assets of HK$1,668 million (2011: HK$1,658 million), which represented a 1% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK$890 million (2011: HK$914 million), representing a decrease of HK$24 million over last year, and the bank borrowings were HK$219 million (2011: HK$232 million), representing a decrease of HK$13 million. The Group recorded a net cash position of HK$671 million (2011: HK$682 million). The bank borrowings were short term with floating interest rates for payments to suppliers in Japanese yen and for general working capital purposes.

The gearing ratio of the Group is measured as total borrowings net of cash and bank balances divided by total assets. The Group had a net cash position as at 30 September 2012. As a result, no gearing ratio was presented.

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 2012, bank deposits of certain subsidiaries of the Group operating in Mainland China in the amount of HK$103 million (2011: HK$103 million) were pledged, including HK$45 million (2011: HK$59 million) for securing certain loans granted by certain financial institutions in Mainland China to third parties, HK$41 million (2011: HK$44 million) for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers, and HK$17 million (2011: Nil) for securing payments of construction costs of industrial buildings in Mainland China.

CAPITAL COMMITMENTS

As at 30 September 2012, the Group had capital commitments of HK$145 million (2011: HK$18 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 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 2012, the Group had total foreign currency borrowings equivalent to HK$99 million (2011: HK$112 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.

During the period under review, net foreign exchange differences dropped significantly as compared with the same period of last year because the Renminbi did not appreciate as it did last year. The Group has substantial investments in the PRC and is aware that any fluctuation of Renminbi would have an impact on the net profits of the Group.

CONTINGENT LIABILITIES

As at 30 September 2012, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$104 million (2011: HK$142 million).

HUMAN RESOURCES

As at 30 September 2012, the Group, excluding its associates, had approximately 2,800 (2011: 2,900) 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.

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 FOR THE SECOND HALF

China closed its 18th National Congress with a change in leadership, but it still remains uncertain what measures the Central Government will take to revitalize its economy or what longer-term strategies are in play. As the U.S. continues to struggle with its looming "fiscal cliff", as Europe continues to be hamstrung by sovereign debt issues, and as domestic consumption in China continues to slow, the Group believes that the second half of this financial year will indeed continue to be challenging.

In the second half of this financial year, the Group, therefore, will continue to invest in developing key international markets – a more certain potential growth arena – with a goal to raise market share.

<u>CORPORATE GOVERNANCE CODE</u>

Throughout the six months ended 30 September 2012, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code provision A.4.2 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.

Code provision A.6.7 requires that the independent non-executive directors and other non-executive directors should attend general meetings of the Company. Mr. Johnson Chin Kwang TAN and Mr. Anish LALVANI, the independent non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 27 August 2012 due to other commitments.

Code provision C.1.2 requires that the management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The management aims to comply with this code provision starting from the third quarter of the financial year.

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 as 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 2012.

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 2012.

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 2012.

On Behalf of the Board
CHEN HSONG HOLDINGS LIMITED
Chen CHIANG
Chairman

Hong Kong, 26 November 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.