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 2014

FINANCIAL HIGHLIGHTS			
	2014	2013 (Restated)	Change
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**1,846,175**	1,793,552	3%
Profit before tax	**105,931**	121,135	-13%
Profit attributable to equity holders of the Company	**81,368**	103,933	-22%
Total assets	**3,896,487**	3,804,862	2%
Shareholders' funds	**2,895,126**	2,853,253	1%
Issued share capital	**63,053**	63,053	0%
Net current assets	**1,680,797**	1,702,701	-1%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**12.9**	16.5	-22%
Cash dividends per share *(HK cents)*	**7.0**	8.5	-18%
Net assets per share *(HK$)*	**4.6**	4.6	0%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**2.8**	3.7	-24%
Return on average total assets *(%)*	**2.1**	2.7	-22%

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 2014, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
REVENUE	*3*	**1,846,175**	1,793,552
Cost of sales		**(1,429,321)**	(1,371,194)
Gross profit		**416,854**	422,358
Other income and gains, net		**36,115**	32,687
Selling and distribution expenses		**(188,187)**	(179,982)
Administrative expenses		**(131,504)**	(125,409)
Other operating expenses, net		**(28,516)**	(26,640)
Finance costs		**(5,469)**	(5,610)
Share of profits less losses of associates		**6,638**	3,731
PROFIT BEFORE TAX	*4*	**105,931**	121,135
Income tax expense	*5*	**(24,334)**	(16,325)
PROFIT FOR THE YEAR		**81,597**	104,810
ATTRIBUTABLE TO:			
Equity holders of the Company		**81,368**	103,933
Non-controlling interests		**229**	877
		81,597	104,810
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**12.9**	16.5
Diluted *(HK cents)*		**12.9**	16.5

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 2014

	2014 HK$'000	2013 HK$'000 (Restated)
PROFIT FOR THE YEAR	**81,597**	104,810
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income to be reclassified to the income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**19,324**	4,193
Realization of exchange fluctuation reserve upon deregistration of a subsidiary	**(2,918)**	-
Net other comprehensive income to be reclassified to the income statement in subsequent periods	**16,406**	4,193
Other comprehensive income/(expenses) not to be reclassified to the income statement in subsequent periods:		
Actuarial gains/(losses) on defined benefit obligations	**1,180**	(624)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,586**	3,569
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**99,183**	108,379
ATTRIBUTABLE TO:		
Equity holders of the Company	**98,621**	107,433
Non-controlling interests	**562**	946
	99,183	108,379

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	**31 March 2014** **HK$'000**	31 March 2013 *HK$'000* (Restated)	1 April 2012 *HK$'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**1,018,019**	960,533	914,373
Prepaid land lease payments		**46,684**	42,994	44,707
Goodwill		**94,931**	94,931	94,931
Investments in associates		**32,706**	28,657	24,801
Deferred tax assets		**70,481**	76,578	80,070
Deposits for purchases of items of property, plant and equipment		**2,901**	3,853	4,885
Pledged bank deposits		**3,265**	-	6,075
Total non-current assets		**1,268,987**	1,207,546	1,169,842
CURRENT ASSETS				
Inventories		**813,107**	842,327	897,375
Trade and bills receivables	*8*	**831,402**	833,561	721,349
Deposits, prepayments and other receivables		**59,639**	55,022	81,284
Pledged bank deposits		**79,473**	80,280	76,943
Cash and bank balances		**843,879**	786,126	815,554
Total current assets		**2,627,500**	2,597,316	2,592,505
CURRENT LIABILITIES				
Trade and bills payables	*9*	**402,660**	411,363	392,561
Other payables and accruals		**229,189**	222,646	229,948
Interest-bearing bank borrowings		**290,203**	231,625	213,045
Tax payable		**24,651**	28,981	60,096
Total current liabilities		**946,703**	894,615	895,650
NET CURRENT ASSETS		**1,680,797**	1,702,701	1,696,855
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,949,784**	2,910,247	2,866,697
NON-CURRENT LIABILITIES				
Defined benefit obligations		**23,034**	26,658	28,176
Deferred tax liabilities		**11,736**	11,010	10,786
Total non-current liabilities		**34,770**	37,668	38,962
NET ASSETS		**2,915,014**	2,872,579	2,827,735
EQUITY				
Equity attributable to equity holders of the Company				
Issued share capital		**63,053**	63,053	62,926
Reserves		**2,832,073**	2,790,200	2,746,429
		2,895,126	2,853,253	2,809,355
Non-controlling interests		**19,888**	19,326	18,380
TOTAL EQUITY		**2,915,014**	2,872,579	2,827,735

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 12, HKAS 19 (2011) and amendments to HKAS 1, the adoption of the new and revised HKFRSs, that are effective for annual periods beginning on or after 1 April 2013, 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:

HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

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

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on the defined benefit plans and revaluation of land and buildings). The amendments affected presentation only and has had no impact on the Group's financial position or performance.

HKAS 19 (2011) changes the accounting for defined benefit plans. The revised standard removes the choice to defer the recognition of actuarial gains and losses. All actuarial gains and losses are required to be recognized immediately in other comprehensive income ("OCI"). The interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a net interest amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Prior to the adoption of HKAS 19 (2011), the Group elected to recognize actuarial gains or losses as income or expense over the expected average remaining service periods of the employees participating in the defined benefit plan when the net cumulative unrecognized actuarial gains or losses for the plan at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. Upon the adoption of HKAS 19 (2011), all actuarial gains and losses are recognized in OCI immediately. As a result, all deferred actuarial gains and losses as at 1 April 2012 and 31 March 2013 were recognized in OCI. In addition, the interest cost and expected return on plan assets recorded in 2013 have been replaced by a net interest amount.

Furthermore, upon the adoption of HKAS 19 (2011), all past service costs are recognized at the earlier of when an amendment/curtailment occurs and when the related restructuring or termination costs are recognized. As a result, unvested past service costs can no longer be deferred and recognized over the future vesting period. The balance of unrecognized service costs as at 1 April 2012 was charged to retained profits as at 1 April 2012 and the amortization of past service costs for the year ended 31 March 2013 has been adjusted.

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

Other than the changes to the accounting for defined benefit plans, HKAS 19 (2011) also changes the timing of recognition for termination benefits and the classification of short term employee benefits. The revised standard requires termination benefits outside of a wider restructuring to be recognized only when the offer becomes legally binding and cannot be withdrawn. Under the revised standard, the distinction between short term and other long term employee benefits is now based on the expected timing of settlement rather than employee entitlement.

The effects of the changes to the accounting for the Group's defined benefit plans are summarized below:

Impact on the consolidated income statement:

	For the year ended 31 March 2014	For the year ended 31 March 2013
	HK$'000	*HK$'000*
Decrease in cost of sales	**328**	-
Increase in gross profit	**328**	-
Increase in profit before tax and profit for the year attributable to equity holders of the Company	**328**	-
Increase in earnings per share attributable to equity holders of the Company		
Basic *(HK cent)*	**0.05**	-
Diluted *(HK cent)*	**0.05**	-

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

The effects of the changes to the accounting for the Group's defined benefit plans are summarized below: *(continued)*

Impact on the consolidated statement of comprehensive income:

	For the year ended 31 March 2014	For the year ended 31 March 2013
	HK$'000	*HK$'000*
Increase in profit for the year	**328**	-
Increase in actuarial gains/(losses) on defined benefit obligations	**1,180**	(624)
Increase/(decrease) in other comprehensive income for the year	**1,180**	(624)
Increase/(decrease) in total comprehensive income for the year - attributable to equity holders of the Company	**1,508**	(624)

Impact on the consolidated statement of financial position:

	As at 31 March 2014	As at 31 March 2013	As at 1 April 2012
	HK$'000	*HK$'000*	*HK$'000*
Decrease in other payables and accruals and total current liabilities	**16,307**	18,423	20,565
Increase in defined benefit obligations and total non-current liabilities	**(23,034)**	(26,658)	(28,176)
Decrease in net assets and total equity - impact on equity attributable to equity holders of the Company	**(6,727)**	(8,235)	(7,611)

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 2014 and 2013.

	Segment revenue from external customers		Segment results	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,189,675**	1,168,288	**80,529**	87,346
Taiwan	**145,451**	114,237	**16,564**	12,513
Other overseas countries	**511,049**	511,027	**25,584**	43,927
	1,846,175	1,793,552	**122,677**	143,786

Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**122,677**	143,786
Unallocated income and gains	**17,529**	12,503
Corporate and unallocated expenses	**(35,444)**	(33,275)
Finance costs	**(5,469)**	(5,610)
Share of profits less losses of associates	**6,638**	3,731
Profit before tax	**105,931**	121,135

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)
Mainland China and Hong Kong	**2,514,389**	2,527,564	**422,000**	430,417
Taiwan	**145,707**	111,125	**51,596**	42,067
Other overseas countries	**289,325**	274,812	**181,287**	188,183
	2,949,421	2,913,501	**654,883**	660,667
Investments in associates	**32,706**	28,657	**-**	-
Unallocated assets	**914,360**	862,704	**-**	-
Unallocated liabilities	**-**	-	**326,590**	271,616
	3,896,487	3,804,862	**981,473**	932,283

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(reversed) in the income statement		Capital expenditure	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**70,477**	65,304	**(6,747)**	(4,574)	**(15,097)**	(18,447)	**120,614**	112,709
Taiwan	**1,312**	976	**4**	1	**(721)**	(62)	**317**	302
Other overseas countries	**2,412**	2,002	**(11)**	(72)	**1,523**	(3,157)	**1,035**	497
	74,201	68,282	**(6,754)**	(4,645)	**(14,295)**	(21,666)	**121,966**	113,508

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2014	2013
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**1,064,295**	999,645
Taiwan	**97,846**	102,666
Other overseas countries	**394**	-
	1,162,535	1,102,311

The non-current asset information above is based on the locations of the assets and excludes investments in associates, deferred tax assets and financial instrument.

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):

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**1,429,321**	1,371,194
Depreciation	**71,386**	66,463
Amortization of prepaid land lease payments	**2,815**	1,819
Loss on disposal of items of property, plant and equipment	**64**	152
Gain on deregistration of a subsidiary	**(2,918)**	-
Impairment of trade and bills receivables, net	**355**	382
Write-back of impairment of inventories, net	**(14,650)**	(22,048)
Foreign exchange differences, net	**(30,718)**	(16,583)
Interest income	**(14,611)**	(12,503)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**3**	3
Elsewhere	**13,179**	20,698
Over provision in prior years	**(100)**	(11,732)
Deferred	**11,252**	7,356
Tax charge for the year	**24,334**	16,325

6. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2013 - HK$0.06 (year ended 31 March 2012: HK$0.08) per ordinary share	**37,832**	50,341
Interim - HK$0.03 (2013: HK$0.025) per ordinary share	**18,916**	15,731
	56,748	66,072
Proposed final dividend:		
Final - HK$0.04 (2013: HK$0.06) per ordinary share	**25,221**	37,832

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$81,368,000 (2013: HK$103,933,000) and on the weighted average number of ordinary shares of 630,531,600 (2013: 629,358,992) in issue during the year.

No adjustment has been made to the basic earnings per share presented for the year as the Group had no potentially dilutive ordinary shares in issue during the year. During the year ended 31 March 2013, the calculation of diluted earnings per share was based on the Group's profit attributable to equity holders of the Company for the last year of HK$103,933,000 and on the weighted average number of ordinary shares of 629,526,796, being the weighted average number of ordinary shares of 629,358,992 in issue during the last year as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 167,804 assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the last 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 the 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:

	2014	2013
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**605,426**	639,047
Less than 90 days past due	**97,036**	100,882
91 to 180 days past due	**55,685**	39,371
Over 180 days past due	**73,255**	54,261
	831,402	833,561

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:

	2014	2013
	HK$'000	*HK$'000*
Current	**321,865**	323,201
1 to 90 days	**66,565**	72,222
91 to 180 days	**1,823**	4,632
Over 180 days	**12,407**	11,308
	402,660	411,363

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

10. COMPARATIVE AMOUNTS

As further explained in note 1 to the announcement, due to the adoption of revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 April 2012 has been presented.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK4 cents (2013: HK6 cents) per ordinary share, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on Wednesday, 24 September 2014. Together with the interim dividend of HK3 cents (2013: HK2.5 cents) per ordinary share, the total dividend for the year ended 31 March 2014 will be HK7 cents (2013: HK8.5 cents) per ordinary share.

The final dividend will be paid on or about Thursday, 16 October 2014 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 7 October 2014.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 24 September 2014, the Register of Members of the Company will be closed from Monday, 22 September 2014 to Wednesday, 24 September 2014, 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 Wednesday, 24 September 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 September 2014.

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 Wednesday, 24 September 2014. The record date for entitlement to the proposed final dividend is Tuesday, 7 October 2014. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 3 October 2014 to Tuesday, 7 October 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 30 September 2014.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2014, the Group registered total turnover of HK$1,846 million (2013: HK$1,794 million), a slight increase of 3% over the previous year. Profit attributable to equity holders decreased by 22% to HK$81 million (2013: HK$104 million). Basic earnings per share is HK12.9 cents (2013: HK16.5 cents). The board of directors recommended the final dividend payment for this financial year of HK4 cents (2013: HK6 cents).

During the first half of this financial year, China witnessed a scheduled change in its leadership ranks, with the new leaders adopting tighter monetary policies. Interest rates and bank reserve ratios were kept high in order to remove liquidity from the economy, which in turn caused substantial credit tightness in the country. Thereafter, the Central Government in China implemented a series of repeated tightening/relaxing measures in a bid to combat declining Gross Domestic Product (GDP) growth, lacklustre import/export and an escalating real estate bubble. These cyclic actions caused China's Purchasing Managers' Index (PMI) to oscillate around the 50 threshold, only to finally drop into sub-50 territory in the fourth quarter of this financial year (the first quarter of 2014) and continued to trend downwards. With weaknesses abound in the economy, domestic manufacturers in China lacked the confidence to invest in new machinery. The Group, however, still managed to squeeze out an overall minor growth albeit adverse market conditions, mainly through stronger sales in its large-tonnage two-platen injection moulding machines.

During the first half of this financial year, rumours of the U.S. winding down its quantitative-easing program had caused widespread devaluations in currencies of developing countries around the world. The currency exchange rates of many such developing countries, such as Brazil, Indonesia, Thailand and India, all of which are large markets for injection moulding machines and which had maintained loose monetary policies since the financial crisis, dropped substantially enough to seriously affect the Group's turnover in international markets. Fortunately, the U.S. Federal Reserve's rapid clarifications during the second half succeeded in suppressing these rumours and alleviating the wave of devaluations. Global market sentiments have improved since, even though the currency exchange rates of many developing countries are still below their original levels.

In recent years, the Group has successfully kindled growth in a number of strategic international markets (such as Brazil, Europe etc.) by setting up new wholly-owned subsidiaries and expending larger investment efforts. Although these projects raised sales expenses, but they also provided the Group with a firm foundation and platform in these key international markets. The Group expects to see rapid growth in the future resulting from these strategic investments.

In addition, the Group's participation in the largest trade-show for injection moulding machines in the world – the "K-Show" in Germany – during the second half of the financial year also caused selling expenses to increase. On the other hand, the Group has finally launched the full range of MMX two-platen injection moulding machines that it manufactures for Mitsubishi Heavy Industries Plastic Technology Co. Ltd. ("Mitsubishi") after more than two years of tight cooperation between the companies. The Group has already expended many resources in overcoming the steep learning curve, and expects gross margin to improve in the coming year.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2014 is as follows:

Customer Location	**2014** ***(HK$ million)***	2013 *(HK$ million)*	Change
Mainland China and Hong Kong	**1,190**	1,169	+2%
Taiwan	**145**	114	+27%
Other overseas countries	**511**	511	0%
	1,846	1,794	+3%

China GDP growth dropped to 7.7% in 2013 – a fourteen-year low. Although it is still higher than the official target of 7.5%, nevertheless it has caused many concerns over the health of the Chinese economy. New leadership in China adopted tight monetary policies which also contributed to depressed market sentiments, suppressing China PMI to below the 50 threshold. Although the Central Government implemented a "reverse buyback" mechanism during the third quarter to alleviate the credit condition, which had the immediate effect of pushing PMI above 50 and arresting the constant Producer's Price Index (PPI) decline, PMI nevertheless fell below 50 once again in January 2014 and had been trending downwards since. These indicators suggest that China has a structural weakness in its domestic economy which is not easily solved via simple monetary manoeuvrings.

China export growth has long been declining, and the wide-spread currency devaluations of developing countries during this financial year further caused export growth to drop to historical single digit lows – to 4.3% in April 2013, close to zero in May and -2% in June. Even though export growth rebounded somewhat during the second half year, it was still persistently stuck in low territory – an accurate reflection of the increasingly difficult conditions of China's export sector.

The Group faced difficult market environments in China due to the negative factors in both domestic and international markets. On the other hand, the Group managed to partially offset these negative influences via stronger sales of its large-tonnage two-platen injection moulding machines, finally registering a minor growth of 2% in turnover to HK$1,190 million (2013: HK$1,169 million).

Riding on the impressive growth during the first half of this financial year, the Group's Taiwan business continued to benefit from economic recovery in Europe and the U.S., with turnover of this financial year rising 27% to HK$145 million (2013: HK$114 million).

For international markets, as rumours spread during the first half of this financial year regarding the potential ending of the U.S. Federal Reserve's quantitative-easing program, many developing countries saw their currency exchange rates plummeted. In particular, South East Asian currencies generally depreciated more than 10%, with some (e.g. India) dropping to historical lows. Similar devaluations also plagued many South American countries. Although the U.S. Federal Reserve immediately dispelled with the rumours during the second half year, causing the U.S. Dollar to fall rapidly in currency exchange markets, many developing countries are still "under-water" with regards to their currency exchange rates compared to the beginning.

Although this wave of large-scale, global currency devaluations temporarily affected the Group's international business, impacts started to recede during the second half year. At the same time, the Group's new wholly-owned subsidiaries in strategic markets (such as Brazil, Europe etc.) also gained traction and began to yield expected returns with strong growth prospects, especially for Europe where sales growth was more than 50%. As a result, the Group succeeded in compensating for its first-half shortfall in international markets and registered total annual turnover of HK$511 million (2013: HK$511 million), flat with last year.

During this financial year, the Group completed launching the entire series (from 1,300-ton to 3,000-ton) of MMX large-tonnage two-platen injection moulding machines that it manufactured for Mitsubishi, with much larger number of machines shipped this year. Due to Mitsubishi's extremely strict requirements regarding product quality and technical details, the Group spent more than two years in cooperation with them to streamline our manufacturing process and to overcome the substantial learning curve and finally succeeded in bulk-production. It is anticipated that the MMX model should contribute more significantly to the Group's bottom-line in the coming year.

DEVELOPMENT OF TECHNOLOGIES AND NEW PRODUCTS

In the wake of shipping the then-largest injection moulding machine made in China – a 4,500-ton two-platen – to a European customer last financial year, the Group once again raised the ante by shipping its first 6,500-ton two-platen injection moulding machine during this year to a Middle-East customer – the largest injection moulding machine made in Asia at the time, and a highlight of the global industry. The machine was held in high regards by its purchaser, who was highly satisfied with its overall performance and quality. This achievement reaffirms the Group as one of the leaders in the area of high-tech, ultra-large-tonnage injection moulding machines.

In the areas of intelligent controls, the Group has actively co-developed with a leading German supplier of computer controllers, the next-generation intelligent computer controllers which are at the testing stage.

The Group also started a number of optimisation projects for its existing range of small and medium-sized injection moulding machines. A new generation of product lines will be introduced in the near future, sure to lead the market once again as the existing products had.

PRODUCTION EFFICIENCY AND CAPACITY

The third-stage development project of the Shenzhen Industrial Park is complete, with three large two-storey factory buildings ready for installing production equipment. The new factories provide around 83,000 m^2 of operating space primarily for manufacturing ultra-large-tonnage injection moulding machines of over 4,000-ton. The Group shall put these facilities on-line as market conditions demand.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2014, the Group had net current assets of HK$1,681 million (2013: HK$1,703 million (restated)). Cash and bank balances (including pledged deposits) amounted to HK$927 million (2013: HK$867 million), representing an increase of HK$60 million over last year. The bank borrowings were HK$290 million (2013: HK$232 million), increased by HK$58 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK$637 million (2013: HK$635 million), representing an increase of HK$2 million.

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 31 March 2014. 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 31 March 2014, bank deposits of certain subsidiaries of the Group in the amount of HK$83 million (2013: HK$80 million) were pledged, including HK$41 million (2013: HK$41 million) for securing certain loans granted by certain financial institutions in Mainland China to independent third parties, HK$36 million (2013: HK$33 million) for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers, and HK$6 million (2013: HK$6 million) to guarantee for payments of construction costs of industrial buildings and rental of premises, and tendering of contracts.

Capital Commitments

As at 31 March 2014, the Group had capital commitments of HK$36 million (2013: HK$104 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 Taiwanese dollars and Renminbi, are normally placed with banks in short or medium term deposits for working capital of the Group.

As at 31 March 2014, the Group had total foreign currency borrowings equivalent to HK$45 million (2013: HK$82 million), for payments to suppliers in Japanese yen and working capital in Taiwan. 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 year, net foreign exchange gains increased as compared with last year because of the appreciation of Renminbi during the year. The Group has substantial investments in Mainland China and is aware that any fluctuation of Renminbi would have an impact on the net profits of the Group.

Contingent Liabilities

As at 31 March 2014, the Group provided guarantees to financial institutions in connection with facilities granted to third parties amounted to HK$116 million (2013: HK$79 million).

HUMAN RESOURCES

As at 31 March 2014, the Group had approximately 2,700 (2013: 2,700) 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 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

The coming year is one full of uncertainties.

Firstly, China's economy is still stuck in an adjustment period, with PMI dipping below the 50 threshold and trending downwards, as well as persistently weak export growth. The Central Government adopts tightening measures that result in a continued credit squeeze, and the lack of liquidity is directly hampering investments capital equipment and also leading to the weakening of the Renminbi at the beginning of this year, although these measures are arguably successful in alleviating the real estate bubble and escalating inflation.

At the same time, most developed countries in the world, except the U.S. where recovery is still strong, are facing weakening economies. In particular, the European Central Bank, in a bid to avoid falling into a Japan-style deflation cycle after report a series of weak economic data, dropped its lending rate from the previous historical low of 0.25% to an even lower 0.1%. This essentially means that the European Central Bank demands interest on its overnight deposits made by commercial banks, and that the Eurozone is officially into "negative interest" territory. The European Central Bank has thus become the first central bank in the world to adopt a negative-interest monetary policy.

These uncertain factors raise the Group's concerns regarding the coming year, which is expected to be extremely difficult and challenging. The Group believes, however, that it can continue to reap healthy growth from a number of promising markets through its investments in international markets and the launch of new products and new technology.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2014, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

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.

COMPLIANCE WITH THE MODEL CODE AND THE CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by the 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 throughout the year ended 31 March 2014.

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 2014.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed with the Management and the Company's external auditor, the consolidated financial statements for the year ended 31 March 2014 and discussed financial reporting matters including the review of accounting principles and practices adopted by the Group.

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

Hong Kong, 25 June 2014

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.