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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 2015

FINANCIAL HIGHLIGHTS			
	2015	2014	Change
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**1,567,788**	1,846,175	-15%
Profit before tax	**42,503**	105,931	-60%
Profit attributable to equity holders of the Company	**20,356**	81,368	-75%
Total assets	**3,752,231**	3,896,487	-4%
Shareholders' funds	**2,883,670**	2,895,126	0%
Issued share capital	**63,053**	63,053	0%
Net current assets	**1,696,450**	1,680,797	1%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**3.2**	12.9	-75%
Cash dividends per share *(HK cents)*	**5.0**	7.0	-29%
Net assets per share *(HK$)*	**4.6**	4.6	0%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**0.7**	2.8	-75%
Return on average total assets *(%)*	**0.5**	2.1	-76%

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 2015, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
REVENUE	*3*	**1,567,788**	1,846,175
Cost of sales		**(1,238,122)**	(1,429,321)
Gross profit		**329,666**	416,854
Other income and gains, net		**33,446**	36,115
Selling and distribution expenses		**(144,975)**	(188,187)
Administrative expenses		**(125,410)**	(131,504)
Other operating expenses, net		**(48,819)**	(28,516)
Finance costs		**(4,966)**	(5,469)
Share of profits less losses of associates		**3,561**	6,638
PROFIT BEFORE TAX	*4*	**42,503**	105,931
Income tax expense	*5*	**(23,703)**	(24,334)
PROFIT FOR THE YEAR		**18,800**	81,597
ATTRIBUTABLE TO:			
Equity holders of the Company		**20,356**	81,368
Non-controlling interests		**(1,556)**	229
		18,800	81,597
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**3.2**	12.9
Diluted *(HK cents)*		**3.2**	12.9

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 2015

	2015	2014
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**18,800**	81,597
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to the income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**(7,971)**	19,324
Realization of exchange fluctuation reserve upon deregistration of a subsidiary	**-**	(2,918)
Net other comprehensive income/(expenses) to be reclassified to the income statement in subsequent periods	**(7,971)**	16,406
Other comprehensive income/(expenses) not to be reclassified to the income statement in subsequent periods:		
Actuarial gains/(losses) on defined benefit obligations	**(434)**	1,180
Gain on property revaluation	**12,520**	-
Income tax effect	**(3,130)**	-
	9,390	**-**
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	**8,956**	1,180
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**985**	17,586
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**19,785**	99,183
ATTRIBUTABLE TO:		
Equity holders of the Company	**21,332**	98,621
Non-controlling interests	**(1,547)**	562
	19,785	99,183

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**948,225**	1,018,019
Investment properties		**49,238**	-
Prepaid land lease payments		**45,369**	46,684
Goodwill		**94,931**	94,931
Investments in associates		**36,310**	32,706
Deferred tax assets		**58,996**	70,481
Deposits for purchases of items of property, plant and equipment		**2,406**	2,901
Pledged bank deposits		**-**	3,265
Total non-current assets		**1,235,475**	1,268,987
CURRENT ASSETS			
Inventories		**674,134**	813,107
Trade and bills receivables	*8*	**754,144**	831,402
Deposits, prepayments and other receivables		**68,698**	59,639
Pledged bank deposits		**58,341**	79,473
Cash and bank balances		**961,439**	843,879
Total current assets		**2,516,756**	2,627,500
CURRENT LIABILITIES			
Trade and bills payables	*9*	**294,721**	402,660
Other payables and accruals		**198,586**	229,189
Interest-bearing bank borrowings		**296,618**	290,203
Tax payable		**30,381**	24,651
Total current liabilities		**820,306**	946,703
NET CURRENT ASSETS		**1,696,450**	1,680,797
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,931,925**	2,949,784
NON-CURRENT LIABILITIES			
Defined benefit obligations		**21,033**	23,034
Deferred tax liabilities		**8,881**	11,736
Total non-current liabilities		**29,914**	34,770
NET ASSETS		**2,902,011**	2,915,014
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**63,053**	63,053
Reserves		**2,820,617**	2,832,073
		2,883,670	2,895,126
Non-controlling interests		**18,341**	19,888
TOTAL EQUITY		**2,902,011**	2,915,014

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 which, because the Company has not early adopted the revised Rules Governing the Listing of Securities (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

The adoption of the revised standards and new interpretation, that are effective for annual periods beginning on or after 1 April 2014, has had no significant financial effect on the Group's consolidated financial statements.

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 2015 and 2014.

	Segment revenue from external customers		Segment results	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**915,743**	1,189,675	**30,189**	80,529
Taiwan	**99,074**	145,451	**12,167**	16,564
Other overseas countries	**552,971**	511,049	**15,741**	25,584
	1,567,788	1,846,175	**58,097**	122,677

Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**58,097**	122,677
Unallocated income and gains	**17,558**	17,529
Corporate and unallocated expenses	**(31,747)**	(35,444)
Finance costs	**(4,966)**	(5,469)
Share of profits less losses of associates	**3,561**	6,638
Profit before tax	**42,503**	105,931

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,263,946**	2,514,389	**389,006**	503,953
Taiwan	**93,352**	145,707	**27,877**	48,580
Other overseas countries	**338,188**	289,325	**97,457**	102,350
	2,695,486	2,949,421	**514,340**	654,883
Investments in associates	**36,310**	32,706	**-**	-
Unallocated assets	**1,020,435**	914,360	**-**	-
Unallocated liabilities	**-**	-	**335,880**	326,590
	3,752,231	3,896,487	**850,220**	981,473

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(reversed) in the income statement, net		Capital expenditure	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**64,818**	70,477	**(1,635)**	(6,747)	**(7,669)**	(15,097)	**35,441**	120,614
Taiwan	**964**	1,312	**(7)**	4	**(16)**	(721)	**745**	317
Other overseas countries	**3,999**	2,412	**(32)**	(11)	**(467)**	1,523	**1,432**	1,035
	69,781	74,201	**(1,674)**	(6,754)	**(8,152)**	(14,295)	**37,618**	121,966

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2015	2014
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**1,047,138**	1,064,295
Taiwan	**92,394**	97,846
Other overseas countries	**637**	394
	1,140,169	1,162,535

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):

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**1,238,122**	1,429,321
Depreciation	**68,237**	71,386
Amortization of prepaid land lease payments	**1,544**	2,815
Loss on disposal of items of property, plant and equipment	**228**	64
Gain on deregistration of a subsidiary	**-**	(2,918)
Impairment of trade and bills receivables, net	**2,214**	355
Write-back of impairment of inventories, net	**(13,020)**	(14,650)
Impairment of other receivables	**2,654**	-
Foreign exchange differences, net	**(2,047)**	(30,718)
Interest income	**(17,558)**	(14,611)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015	2014
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**4**	3
Elsewhere	**8,201**	13,179
Over provision in prior years	**(87)**	(100)
Deferred	**15,585**	11,252
Tax charge for the year	**23,703**	24,334

6. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2014 - HK$0.04 (year ended 31 March 2013: HK$0.06) per ordinary share	**25,221**	37,832
Interim - HK$0.012 (2014: HK$0.03) per ordinary share	**7,567**	18,916
	32,788	56,748
Proposed final and special final dividends:		
Final - HK$0.006 (2014: HK$0.04) per ordinary share	**3,783**	25,221
Special final - HK$0.032 (2014: Nil) per ordinary share	**20,177**	-
	23,960	25,221

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$20,356,000 (2014: HK$81,368,000) and on the weighted average number of ordinary shares of 630,531,600 (2014: 630,531,600) in issue during the year.

No adjustment has been made to the basic earnings per share presented for the years ended 31 March 2015 and 2014 as the Group had no potentially dilutive ordinary shares in issue during these years.

8. TRADE AND BILLS RECEIVABLES

Trading terms with customers are either cash on delivery, bank bills or on credit. The Group grants credit to customers based on their respective business strength and creditability, with credit periods of 30 days to 180 days in general. 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:

	2015	2014
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**513,845**	605,426
Less than 90 days past due	**86,388**	97,036
91 to 180 days past due	**45,269**	55,685
Over 180 days past due	**108,642**	73,255
	754,144	831,402

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:

	2015	2014
	HK$'000	*HK$'000*
Current	**218,335**	321,865
1 to 90 days	**56,277**	66,565
91 to 180 days	**7,481**	1,823
Over 180 days	**12,628**	12,407
	294,721	402,660

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

FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK0.6 cent per ordinary share (2014: HK4 cents) and a special final dividend of HK3.2 cents per ordinary share (2014: Nil), subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on Wednesday, 26 August 2015. Together with the interim dividend of HK1.2 cents (2014: HK3 cents) per ordinary share, the total dividend for the year ended 31 March 2015 will be HK5 cents (2014: HK7 cents) per ordinary share.

The final dividend and special final dividend will be paid on or about Friday, 18 September 2015 to shareholders whose names appear on the Register of Members of the Company on Friday, 4 September 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 26 August 2015, the Register of Members of the Company will be closed from Monday, 24 August 2015 to Wednesday, 26 August 2015, 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, 26 August 2015, 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, 21 August 2015.

The proposed final dividend and special final dividend are subject to the passing of an ordinary resolution by the shareholders of the Company at the AGM to be held on Wednesday, 26 August 2015. The record date for entitlement to the proposed final dividend and special final dividend is Friday, 4 September 2015. For determining the entitlement to the proposed final dividend and special final dividend, the Register of Members of the Company will be closed from Wednesday, 2 September 2015 to Friday, 4 September 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special 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, 1 September 2015.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2015, the Group registered total turnover decline of 15% over the previous year to HK$1,568 million (2014: HK$1,846 million). Profit attributable to equity holders decreased by 75% to HK$20 million (2014: HK$81 million) as compared with the previous year. Basic earnings per share was HK3.2 cents (2014: HK12.9 cents). The Renminbi currency appreciated during the previous year and had generated net foreign exchange gains of HK$31 million. If foreign exchange impacts were disregarded, profit attributable to equity holders would have decreased by 64% to HK$18 million (2014: HK$50 million) as compared with the previous year. The board of directors recommended the payment of a final dividend of HK0.6 cent (2014: HK4 cents) per share and a special final dividend of HK3.2 cents (2014: Nil) per share for this financial year.

China Gross Domestic Products (GDP) growth continued its long decline to 7% for the first quarter of 2015 – the lowest level since the 2008 financial crisis. Growth for the full year of 2014 came to only 7.4% which, although slightly higher than the official estimate of 7.2%, was the lowest annual growth rate for China in the past 24 years. Analysts and economists mostly concur that the China economy is currently at a crossroads between new and old market dynamics, and is facing downwards pressure due to the weakening state of both domestic consumption as well as export demand, which in turn leads to disappointing industrial growth.

Top Chinese officials recently coined the term "New Normality" to describe the current low-growth environment, which essentially was an admission that China's era of high GDP growth had officially come to an end. Although a 7.4% annual GDP growth is still currently the highest growth rate in the world, domestic and foreign economic environments have since become complicated and intertwined, creating numerous challenges and difficulties for future economic development. China's manufacturing sector and export trade, once a strong pillar of global economic activities, show even more weakness than a few years ago. Continuous decline in real-estate prices had forced the Central Government to implement a series of "quantitative-easing-like" measures, such as lowering interest rates and reducing bank reserve ratios, in order to flood the economy with new liquidity.

The United Nations and the World Bank released statements at the end of 2014 stating that a complete global recovery from the debt-bubble-induced financial crisis of the last ten years was likely to be much further away than expected, while, in the medium-to-long term, the worldwide economy was still at risk of being stuck in a low-growth pit. Although the U.S. economy has witnessed strong rebound, the Eurozone continued to be plagued by weaknesses, causing the European Central Bank to initiate a large-scale "quantitative-easing" program in early 2015 to counter the threats of deflation. The economy of Japan was temporarily lifted by an artificial round of currency devaluation, but its future remains extremely uncertain in face of an aggressive assault from the devaluing Euro.

The only lightspot among global economies (other than China) remains the U.S., which is itself being plagued by an anticipated interest rate increase from the U.S. Federal Reserve. Thus, during this financial year, the U.S. Dollar has been strengthening substantially against the currencies of many developing countries, with adverse consequences to those countries' economies. The original "BRICS" countries, with the exception of China, are all facing different levels of economic recession and political crisis, having lost most of their original aura.

On the other hand, the Group's recent investments in wholly-owned subsidiaries in Brazil, Europe and the Middle East (Dubai), all met high-growth expectations, with the exception of the subsidiary in Brazil which failed to grow at the expected rate due to local currency devaluation. These successes were the driver behind the Group's continued growth in international markets despite the current difficult business environment.

Generally speaking, the Group's turnover decline translates to a corresponding decline in profits in this financial year – decline which is expected to be temporary as there should be improvement after the new product line has been launched.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2015 is as follows:

Customer Location	**2015** ***(HK$ million)***	2014 *(HK$ million)*	Change
Mainland China and Hong Kong	**916**	1,190	-23%
Taiwan	**99**	145	-32%
Other overseas countries	**553**	511	+8%
	1,568	1,846	-15%

The recent weakness in China domestic economic activity was obvious as reflected by numerous statistical measurements, such as fixed asset investments in the first quarter of 2015, industrial value-added and sales of consumer goods, etc., all falling far short of expectations. GDP growth for the first quarter of 2015 was primarily driven by the servicing sector, with the manufacturing sector in gloomy conditions. Judging from the fact that electricity consumption, railway freight volume and current export statistics all pointed to a continued decline in industrial scale, it is forecasted that the manufacturing sector will continue to be difficult in the second quarter of 2015.

China's "New Normality" undoubtedly had an adverse impact on the Group's turnover in the China market, mainly due to a much-weakened export sector, which used to be the primary customer segment for the Group. Since the financial crisis in 2008, China rapidly transformed from "World Factory" into "The Largest Market In The World," causing a huge refocus of export-oriented activities towards domestic consumption. During this period of time, new, "up-and-coming" domestic consumption industries in China, such as household appliances, automotive and building materials etc., sprouted and grew at world-record-breaking speeds. In particular, the automotive market in China leapt ahead and, within a mere few years, eclipsed the U.S. to become the largest market in the world.

Such rapid and unprecedented shifts in industrial structure caused a tremendous change in demands for injection moulding machines, aspects from product categories to plastic materials to applications, all deviated fundamentally from the previous export-oriented models. The Group's traditional product lines suffered as a result of not responding fast enough to such market sea changes and rapidly emerging new demands. Consequently, the Group's turnover in China in this financial year suffered a substantial decline of 23% to HK$916 million (2014: HK$1,190 million).

The Group had invested heavily in R&D to bring about the new enhancement, "Third Generation" SVP/3 product series, which was launched last year amid strong customer acceptance in the new dominant market segments. The Group will further introduce an all-new-design, "Sixth Generation" MKVI series as its main flagship product line for the coming several years. This new product line was designed with the "New Normality" in mind, tailor-made for new market segments, highly-competitive, and should succeed in recapturing lost market share for the Group in the near future.

The Group's sales turnover in Taiwan in this financial year dropped by 32% to HK$99 million as compared with the previous year (2014: HK$145 million) primarily due to poor economic conditions in the European countries as the export-oriented Taiwanese customers mainly rely on orders from the U.S. and the European countries.

The Group registered total turnover of HK$553 million (2014: HK$511 million) in the international markets for this financial year, an increase of 8% over the previous year primarily driven by the strong and persistent performance from newly-established wholly-owned subsidiaries in key market countries, especially in Europe and in the Middle East. Among them, only the Group’s subsidiary in Brazil failed to reach expected targets due to economic recession and political turmoil, but still managed to have a small growth.

During this financial year, most developing countries and many developed countries in the Eurozone were threatened with economic recessions and currency devaluations. The Euro and Brazilian Real, for example, both devaluated close to 25% against the U.S. Dollar, while the Turkish Lira dropped 20% and Russian Ruble exceeding a 50% drop. All these facts pointed to actual weaknesses in many countries around the world, each of them either falling into endless political in-fighting or turning out various stimulus packages to revitalize failing economies. Recent actions by the European Central Bank to flood the market with liquidity in a new and large-scale “quantitative-easing” program, causing interest rates to drop to negative territory in some countries, will likely have large and unavoidable financial impacts on neighbouring areas such as Russia and the Middle East.

DEVELOPMENT OF TECHNOLOGIES AND NEW PRODUCTS

The market for injection moulding machines in China shifted from traditional export-oriented manufacturing segments to domestic-consumption-driven segments, such as household appliances, automotive and building materials. As a result, the materials used also went through significant changes which now include various grades of engineering resins, hybrid resins, enhanced resins and recycled plastics, etc. The Group has initiated R&D programs in response to these new market challenges and successfully designed the newest generation of machines: the “Sixth-Generation” MKVI servo-driven series. Every aspect of this new product line (including the clamping mechanism, machine base and injection unit) is the result of relentless optimisations and continued improvements, with enhanced performance and increased reliability.

From design to fabrication to assembly, the new product line has been a pursuit of perfection, with all electronic control systems and hydraulics relentlessly tested and fine-tuned for maximum efficiency and stability – a perfect working combination of mechanics, electronics and hydraulics. The entire range of this all-new “Sixth-Generation” MKVI series is expected to be fully launched by the end of 2016, and the Group is confident that it will meet high expectations and bring about new market breakthroughs.

PRODUCTION EFFICIENCY AND CAPACITY

The Group has carefully planned its factory expansion program and will put online and use up the additional capacity in accordance with the market conditions. The Group has continued to focus on improving production efficiency and introduced programs and measures to improve production output per head as well as to enhance the quality of its products.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2015, the Group had net current assets of HK$1,696 million (2014: HK$1,681 million), which represented a 1% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK$1,020 million (2014: HK$927 million), representing an increase of HK$93 million over last year. The bank borrowings were HK$297 million (2014: HK$290 million), increased by HK$7 million, which were short term loans with floating interest rates for general working capital purposes. The Group had net cash of HK$723 million (2014: HK$637 million), representing an increase of HK$86 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 2015. 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 2015, bank deposits of certain subsidiaries of the Group in the amount of HK$58 million (2014: HK$83 million) were pledged, including HK$36 million (2014: HK$41 million) for securing bank loans granted by banks in Mainland China to customers to purchase the Group's products, HK$18 million (2014: HK$36 million) for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers, and HK$4 million (2014: 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 2015, the Group had capital commitments of HK$13 million (2014: HK$36 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 Dollar, U.S. Dollar, New Taiwanese Dollar and Renminbi, are normally placed with banks in short or medium term deposits for working capital of the Group.

As at 31 March 2015, the Group had total foreign currency borrowings equivalent to HK$34 million (2014: HK$45 million), for payments to suppliers in Japanese yen (also for working capital in Taiwan in 2014). 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 decreased as compared with last year because of the lack of foreign exchange gains on the sizable appreciation of the Renminbi experienced in last 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 2015, the Group provided guarantees to banks amounted to HK$81 million (2014: HK$116 million) for bank loans granted to customers to purchase the Group's products.

HUMAN RESOURCES

As at 31 March 2015, the Group had approximately 2,400 (2014: 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 Group foresees a major uncertainty for the coming financial year. Continued strength in the U.S. Dollar, with its induced devaluations of other currencies, will unavoidably affect the Group's business volume in international markets, as well as increasing structural risks. The magnitude of impacts, however, remains to be determined.

On the other hand, the Group has launched the first product of its new product line to conform with China's recent "Manufacture in China 2025" macro-direction, in order to recapture market share in the China market.

In view of the above major uncertainty, the Group will continue to adopt a cautious approach towards the results growth in the coming year. The Group will continue to combat the challenges with solid style of management and invest in international markets and develop new products to maintain competitiveness.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2015, 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 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 2015.

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 2015.

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 2015 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 2015

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.