CHEN HSONG HOLDINGS LIMITED
震 雄 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00057)

ADDITIONAL INFORMATION TO THE ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Reference is made to the announcement of Chen Hsong Holdings Limited ("**Company**", together with its subsidiaries, "**Group**") dated 27 June 2016 ("**2015/2016 Annual Results Announcement**") in respect of the Group's annual results for the year ended 31 March 2016 ("**2015/2016**"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the 2015/2016 Annual Results Announcement.

Further to the information disclosed in the 2015/2016 Annual Results Announcement, the Company would like to provide the shareholders of the Company and potential investors with the following additional information:

MARKET ANALYSIS

As disclosed on pages 17 and 18 of the 2015/2016 Annual Results Announcement, the Group registered a substantial reduction in turnover of 38% to HK$343 million (2015: HK$553 million) in international markets due to the adverse economic conditions in the global markets, especially in those developing countries which had been some of the Group's more recent new market expansion efforts. The devaluation of the Japanese Yen had also adversely impacted the orders placed by Mitsubishi Heavy Industries Plastic Technology Co., Ltd. ("**Mitsubishi**"). The Company would like to provide the following additional information on the impact of the devaluation of the Japanese Yen on orders placed by Mitsubishi:

The devaluation of the Japanese Yen, which benefited products manufactured in Japan, greatly reduced the cost gap between the "MMX" series two-platen injection moulding machines ("**OEM**") that the Group produced under the agreement with Mitsubishi in March 2011 and its similar models made in Japan. The OEM orders were generally placed 6 months before deliveries. The Hong Kong Dollar per Japanese Yen ("**Exchange Rate**") on 30 September 2014 was HK$0.071 and further depreciated to HK$0.065 on both 31 March 2015 and 30 September 2015 by reference to the opening indicative counter exchange rates (being the middle rate of the buying and selling rates) published by The Hong Kong Association of Banks. As a result of the depreciation of the Exchange Rate to the extent that the machines made by Mitsubishi itself in Japan became more competitive, Mitsubishi placed fewer OEM orders to the Group which resulted in the reduction in the Group's turnover for 2015/2016. If not considering the impact of the OEM sales, the Group's turnover in international markets would be HK$320 million, down 30% as compared to HK$456 million in last financial year.

IMPAIRMENT OF TRADE AND BILLS RECEIVABLES

As disclosed on page 10 of the 2015/2016 Annual Results Announcement, the impairment of trade and bills receivables (net) for 2015/2016 amounted to HK$36,762,000, as compared to HK$2,214,000 for the corresponding previous year. The Company would like to provide the following additional information on the increase in the impairment of trade and bills receivables:

During 2015/2016, the average aging of trade receivables of the Group worsened under the economic slowdown, more impairment losses were provided. In addition, with the prolonged economic slump and gloomy economic outlook, some of the sales agents of the Group asked for the Group's support by releasing to them part of the retention monies kept by the Group, which were used to cover the credit risks of the corresponding trade receivables. The management, in order to sustain competitive sales force, decided to give support to these sales agents. As a result, impairment losses on these trade receivables with long age were recognized in response to that supportive move.

The Group always endeavors to recover its long outstanding debts through litigation and lawful commercial means, and upon the change of market situation, has implemented appropriate and adequate measures to lower its credit risks, including: more cautious in giving credit to customers; arranging for more credit insurance coverage on credit sales; and replacement of certain credit sales by machine leasing.

IMPAIRMENT OF INVENTORIES

As disclosed on page 10 of the 2015/2016 Annual Results Announcement, the impairment of inventories (net) for 2015/2016 amounted to HK$22,414,000, as compared to write-back of impairment of inventories (net) of HK$13,020,000 for the corresponding previous year. The Company would like to provide the following additional information on the increase in the impairment of inventories:

Following the decline in sales turnover of the Group in 2015/2016, the average inventory age increased. Together with the Group's efforts in recent years on the development of new series of products, more impairment losses on the phasing-out and obsolete inventories were recognized.

The Group continues to implement and reinforce stringent control over its inventory level in response to the market situation, and closer scrutiny has been placed to monitor slow-moving inventories so as to minimize the holding risk of its inventories.

IMPAIRMENT OF OTHER RECEIVABLES

As disclosed on page 10 of the 2015/2016 Annual Results Announcement, the impairment of other receivables for 2015/2016 amounted to HK$15,008,000, as compared to HK$2,654,000 for the corresponding previous year. The Company would like to provide the following additional information on the increase in the impairment of other receivables:

Impairment of other receivables was mainly related to vendor financing through banks which is a common trade practice in the industry. Under the arrangement, guarantees were given by the Group to banks for their loans granted to customers to purchase the Group's products. When the economy turned bad, the Group recognized more impairment losses on the default loans.

The Group endeavors to recover the losses by collaboration with the related banks through litigation and lawful commercial means.

GENERAL

The above additional information does not affect the information contained in the 2015/2016 Annual Results Announcement.

By Order of the Board
CHEN HSONG HOLDINGS LIMITED
Alice Sin Ping LIP
Company Secretary

Hong Kong, 20 July 2016

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.