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 2017

FINANCIAL HIGHLIGHTS

	2017	2016	Change
RESULTS HIGHLIGHTS ***(HK$'000)***			
Revenue	**1,450,877**	1,247,942	16%
Profit/(loss) before tax	**78,759**	(140,167)	N/A
Profit/(loss) attributable to equity holders of the Company	**51,485**	(173,087)	N/A
Total assets	**3,315,085**	3,307,171	0%
Shareholders' funds	**2,589,923**	2,665,650	-3%
Issued share capital	**63,053**	63,053	0%
Net current assets	**1,518,680**	1,495,379	2%
PER SHARE DATA			
Basic earnings/(loss) per share *(HK cents)*	**8.2**	(27.5)	N/A
Cash dividends per share *(HK cents)*	**7.2**	5.0	44%
Net assets per share *(HK$)*	**4.1**	4.3	-5%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**2.0**	(6.2)	N/A
Return on average total assets *(%)*	**1.6**	(4.9)	N/A

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 2017, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
REVENUE	*3*	**1,450,877**	1,247,942
Cost of sales		**(1,071,246)**	(1,006,118)
Gross profit		**379,631**	241,824
Other income and gains, net		**53,798**	45,577
Selling and distribution expenses		**(162,696)**	(129,757)
Administrative expenses		**(112,790)**	(121,093)
Other operating expenses, net		**(80,906)**	(175,691)
Finance costs		**(1,385)**	(3,266)
Share of profits less losses of associates		**3,107**	2,239
PROFIT/(LOSS) BEFORE TAX	*4*	**78,759**	(140,167)
Income tax expense	*5*	**(27,406)**	(34,071)
PROFIT/(LOSS) FOR THE YEAR		**51,353**	(174,238)
ATTRIBUTABLE TO:			
Equity holders of the Company		**51,485**	(173,087)
Non-controlling interests		**(132)**	(1,151)
		51,353	(174,238)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**8.2**	(27.5)
Diluted *(HK cents)*		**8.2**	(27.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**51,353**	(174,238)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive expenses to be reclassified to the income statement in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(90,676)**	(80,583)
Share of other comprehensive expenses of associates	**(2,830)**	(1,975)
Net other comprehensive expenses to be reclassified to the income statement in subsequent periods	**(93,506)**	(82,558)
Other comprehensive income/(expenses) not to be reclassified to the income statement in subsequent periods:		
Actuarial losses on defined benefit obligations	**(1,807)**	(902)
Gain on property revaluation	**-**	92,378
Income tax effect	**-**	(23,094)
	-	69,284
Net other comprehensive income/(expenses) not to be reclassified to the income statement in subsequent periods	**(1,807)**	68,382
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	**(95,313)**	(14,176)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	**(43,960)**	(188,414)
ATTRIBUTABLE TO:		
Equity holders of the Company	**(42,940)**	(186,494)
Non-controlling interests	**(1,020)**	(1,920)
	(43,960)	(188,414)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**640,256**	716,615
Investment properties		**281,600**	292,224
Prepaid land lease payments		**36,011**	39,043
Goodwill		**94,923**	94,923
Investments in associates		**25,922**	36,574
Deferred tax assets		**34,947**	36,182
Deposits for purchases of items of property, plant and equipment		**2,050**	978
Trade receivables	*8*	**10,346**	13,712
Finance lease receivables	*9*	**9,575**	3,816
Pledged bank deposits		**1,693**	5,271
Total non-current assets		**1,137,323**	1,239,338
CURRENT ASSETS			
Inventories		**457,941**	501,369
Trade and bills receivables	*8*	**736,473**	613,610
Deposits, prepayments and other receivables		**38,605**	40,396
Finance lease receivables	*9*	**36,693**	16,345
Pledged bank deposits		**55,525**	49,304
Cash and bank balances		**852,525**	846,809
Total current assets		**2,177,762**	2,067,833
CURRENT LIABILITIES			
Trade and bills payables	*10*	**356,967**	259,023
Other payables and accruals		**191,625**	176,909
Interest-bearing bank borrowings		**73,422**	105,253
Tax payable		**37,068**	31,269
Total current liabilities		**659,082**	572,454
NET CURRENT ASSETS		**1,518,680**	1,495,379
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,656,003**	2,734,717
NON-CURRENT LIABILITIES			
Other payables and accruals		**3,041**	3,636
Defined benefit obligations		**20,769**	19,741
Deferred tax liabilities		**29,669**	29,269
Total non-current liabilities		**53,479**	52,646
NET ASSETS		**2,602,524**	2,682,071

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 March 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**63,053**	63,053
Reserves		**2,526,870**	2,602,597
		2,589,923	2,665,650
Non-controlling interests		**12,601**	16,421
TOTAL EQUITY		**2,602,524**	2,682,071

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 and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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, except for investment properties which have been measured at fair value. Defined benefit obligations liabilities are measured using the projected unit credit actuarial valuation method.

The adoption of the new and revised HKFRSs, that are effective for annual periods beginning on or after 1 April 2016, 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 2017 and 2016.

	Segment revenue from external customers		Segment results	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,016,325**	802,437	**80,874**	(120,359)
Taiwan	**101,161**	102,913	**4,440**	5,577
Other overseas countries	**333,391**	342,592	**11,414**	(9,443)
	1,450,877	1,247,942	**96,728**	(124,225)

Reconciliation of results of operating segments to profit/(loss) before tax is as follows:		
Operating segment results	**96,728**	(124,225)
Unallocated income and gains	**12,406**	17,059
Corporate and unallocated expenses	**(32,097)**	(31,974)
Finance costs	**(1,385)**	(3,266)
Share of profits less losses of associates	**3,107**	2,239
Profit/(loss) before tax	**78,759**	(140,167)

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,032,133**	2,002,226	**469,278**	364,113
Taiwan	**118,533**	124,805	**35,038**	29,943
Other overseas countries	**251,025**	260,575	**68,086**	65,253
	2,401,691	2,387,606	**572,402**	459,309
Investments in associates	**25,922**	36,574	**-**	-
Unallocated assets	**887,472**	882,991	**-**	-
Unallocated liabilities	**-**	-	**140,159**	165,791
	3,315,085	3,307,171	**712,561**	625,100

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(written-back) in the income statement, net		Capital expenditure	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**50,877**	60,514	**(5,889)**	(3,409)	**9,198**	74,667	**9,030**	29,320
Taiwan	**1,246**	1,442	**35**	6	**(592)**	240	**749**	267
Other overseas countries	**1,980**	2,433	**(54)**	(16)	**(388)**	3,735	**692**	330
	54,103	64,389	**(5,908)**	(3,419)	**8,218**	78,642	**10,471**	29,917

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2017	2016
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**989,472**	1,092,666
Taiwan	**90,933**	87,191
Other overseas countries	**357**	500
	1,080,762	1,180,357

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

Information about major customers

For the years ended 31 March 2017 and 2016, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

3. REVENUE

Revenue represents the net invoiced value of goods sold during the year, after allowances for returns and trade discounts, excluding intra-group transactions.

4. PROFIT/(LOSS) BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold	**1,071,246**	1,006,118
Depreciation	**52,708**	62,915
Amortization of prepaid land lease payments	**1,395**	1,474
Loss on disposal of items of property, plant and equipment	**1,128**	44
Write-off of items of property, plant and equipment	**251**	175
Impairment/(write-back of impairment) of trade and bills receivables, net	**(6,865)**	36,762
Impairment of finance lease receivables	**602**	-
Provision for inventories, net	**13,967**	22,414
Impairment of other receivables, net	**514**	15,008
Impairment of items of property, plant and equipment	**-**	2,433
Impairment of prepaid land lease payments	**-**	2,025
Foreign exchange differences, net	**42,809**	66,219
Fair value gains on investment properties	**(7,086)**	(600)
Interest income	**(10,677)**	(16,756)
Finance lease interest income	**(1,729)**	(303)
Write-off of aged liabilities	(**201)**	(3,046)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

	2017	2016
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**1**	5
Elsewhere	**25,200**	8,823
Underprovision/(overprovision) in prior years	**(63)**	668
Deferred	**2,268**	24,575
Tax charge for the year	**27,406**	34,071

6. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2016 - HK$0.006 (year ended 31 March 2015: HK$0.006) per ordinary share	**3,783**	3,783
Special final in respect of the financial year ended 31 March 2016 - HK$0.032 (year ended 31 March 2015: HK$0.032) per ordinary share	**20,177**	20,177
Interim - HK$0.014 (2016: HK$0.012) per ordinary share	**8,827**	7,566
	32,787	31,526

6. DIVIDENDS *(continued)*

	2017	2016
	HK$'000	HK$'000
Proposed final and special final dividends:		
Final - HK$0.026 (2016: HK$0.006)		
per ordinary share	**16,394**	3,783
Special final - HK$0.032 (2016: HK$0.032)		
per ordinary share	**20,177**	20,177
	36,571	23,960

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share is based on the Group's profit attributable to equity holders of the Company for the year of HK$51,485,000 (2016: loss of HK$173,087,000) and on the weighted average number of ordinary shares of 630,531,600 (2016: 630,531,600) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share presented for the years ended 31 March 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during these years.

8. TRADE AND BILLS RECEIVABLES

		2017	2016
	Notes	***HK$'000***	*HK$'000*
Trade receivables		**596,767**	534,659
Impairment		**(89,390)**	(102,976)
Trade receivables, net	*(a)*	**507,377**	431,683
Bills receivable	*(b)*	**239,442**	195,639
Total trade and bills receivables		**746,819**	627,322
Portion classified as non-current portion		**(10,346)**	(13,712)
Current portion		**736,473**	613,610

8. TRADE AND BILLS RECEIVABLES *(continued)*

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. Except for the trade receivables of HK$49,264,000 (2016: HK$60,511,000) which are interest-bearing at an average interest rate of 6.2% (2016: 6.0%) per annum and with credit periods of 12 months to 24 months in general (2016: 12 months to 24 months in general), the remaining trade and bills receivables are non-interest-bearing.

(a) The aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**227,792**	197,163
91 to 180 days	**112,937**	71,584
181 to 365 days	**119,921**	119,931
Over 1 year	**46,727**	43,005
	507,377	431,683

The aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date, that are not considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**276,521**	281,438
Less than 90 days past due	**128,905**	46,311
91 to 180 days past due	**47,101**	48,820
Over 180 days past due	**50,043**	45,681
	502,570	422,250

8. TRADE AND BILLS RECEIVABLES *(continued)*

(b) The maturity dates of the bills receivable as at the end of the reporting period are analyzed as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**124,416**	115,930
91 to 180 days	**77,771**	69,749
181 to 365 days	**37,255**	9,960
	239,442	195,639

9. FINANCE LEASE RECEIVABLES

The Group leases certain of its injection moulding machines to its customers. These leases are classified as finance leases and have remaining lease terms ranging from 9 months to 3 years (2016: 5 months to 2 years). The customers shall purchase or have an option to purchase the leased injection moulding machines at the end of lease terms of the finance leases.

	2017	2016
	HK$'000	*HK$'000*
Finance lease receivables	**46,870**	20,161
Impairment	**(602)**	-
Finance lease receivables, net	**46,268**	20,161
Portion classified as non-current portion	**(9,575)**	(3,816)
Current portion	**36,693**	16,345

9. FINANCE LEASE RECEIVABLES *(continued)*

At 31 March 2017, the total future minimum lease receivables under finance leases and their present values were as follows:

	Minimum lease receivables		Present value of minimum lease receivables	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts receivable:				
Within one year	**38,516**	16,921	**36,693**	16,345
In the second year	**10,092**	3,891	**9,575**	3,816
Total minimum finance lease receivables	**48,608**	20,812	**46,268**	20,161
Unearned finance income	**(2,340)**	(651)		
Total net finance lease receivables	**46,268**	20,161		
Portion classified as current assets	**(36,693)**	(16,345)		
Non-current portion	**9,575**	3,816		

No contingent income was recognized during the year ended 31 March 2017 (2016: Nil).

The aged analysis of the finance lease receivables as at the end of the reporting period, based on the payment due date, that are not considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**37,169**	20,161
Less than 90 days past due	**4,587**	-
91 to 180 days past due	**2,372**	-
Over 180 days past due	**1,227**	-
	45,355	20,161

10. TRADE AND BILLS PAYABLES

The aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**221,133**	145,954
91 to 180 days	**61,638**	42,045
181 to 365 days	**55,812**	59,769
Over 1 year	**18,384**	11,255
	356,967	259,023

The trade and bills payables are non-interest-bearing and are normally settled on terms of 3 to 6 months.

FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK2.6 cents (2016: HK0.6 cent) per ordinary share and a special final dividend of HK3.2 cents (2016: HK3.2 cents) per ordinary share for the year ended 31 March 2017, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on Tuesday, 12 September 2017. Together with the interim dividend of HK1.4 cents (2016: HK1.2 cents) per ordinary share, the total dividend for the year ended 31 March 2017 will be HK7.2 cents (2016: HK5 cents) per ordinary share.

The final dividend and special final dividend will be paid on or about Friday, 29 September 2017 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 19 September 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 12 September 2017, the Register of Members of the Company will be closed from Thursday, 7 September 2017 to Tuesday, 12 September 2017, 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 Tuesday, 12 September 2017, 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 Wednesday, 6 September 2017.

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 Tuesday, 12 September 2017. The record date for entitlement to the proposed final dividend and special final dividend is Tuesday, 19 September 2017. For determining the entitlement to the proposed final dividend and special final dividend, the Register of Members of the Company will be closed from Monday, 18 September 2017 to Tuesday, 19 September 2017, 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 Friday, 15 September 2017.

MANAGEMENT’S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2017, the Group registered total turnover growth of 16% over the previous year to HK$1,451 million (2016: HK$1,248 million). Profit attributable to equity holders amounted to HK$51 million (2016: loss of HK$173 million). Basic earnings per share was HK8.2 cents (2016: loss per share of HK27.5 cents). The Group’s profits were adversely affected by further devaluation of the Renminbi during this financial year, amounting to net foreign exchange losses of HK$43 million (2016: HK$66 million), without which profit attributable to equity holders would have been HK$94 million (2016: loss of HK$107 million). The Board recommended the payment of a final dividend of HK2.6 cents (2016: HK0.6 cents) and a special final dividend of HK3.2 cents (2016: HK3.2 cents) per share for this financial year.

Taken as a whole, the global market conditions for this financial year were packed full of volatilities and uncertainties. Developed western economies were complicated by a number of major disruptive events, such as Brexit and the U.S. presidential election, while China continued to be troubled by the persistent real estate bubble and the Renminbi devaluation.

In the West, the U.S. Federal Reserve raised interest rate in December 2015 for the first time since 2006 but the pace of rate hikes was slower-than-expected, most probably due to the weakness of economic recovery. Many Western European economies remained gloomy with stubbornly-high unemployment despite further quantitative easing by the European Central Bank. England was plagued by Brexit, which added uncertainties to its future economy.

On the other hand, situations were rosier in the East: driven by its “One Belt One Road” and “China Manufacturing 2025” initiatives, the China economy experienced a small revival during the second half of this financial year, with China’s official manufacturing PMI (Purchasing Managers' Index) figures spiking above 50 since September 2016 indicating healthy expansion of China’s economy in the second half of this financial year.

Despite uncertain global market conditions, the Group continued to enhance and perfect its “star product” – the “Sixth-Generation” MK6 (Mark-Six) series of high-performance injection moulding machines during this financial year. This product line, since launched, had garnered tremendous amount of praises amid wide customer segments, gaining market share at a steady pace. In addition, the Group also made significant inroads into the automotive parts market with its matured two-platen technology.

Due to an unexpectedly robust market during the second half, with demands concentrated on the MK6 and two-platen product lines, the Group experienced certain supply chain difficulties due to the unavailability of spare parts and other bottlenecks at vendors. As a result, there were demands that the Group had not been able to fulfill due to lack of products – a situation that the Group is actively resolving through working closely with suppliers to increase their capacities and developing new supply sources.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2017 is as follows:

Customer Location	**2017** ***(HK$ million)***	2016 *(HK$ million)*	Change
Mainland China and Hong Kong	**1,017**	802	+27%
Taiwan	**101**	103	-2%
Other overseas countries	**333**	343	-3%
	1,451	1,248	+16%

China's economy grew by 6.7% in 2016 (previous year: grew by 6.9%) – the lowest rate of growth in 25 years. Nevertheless it was a respectable showing, a hallmark of China resiliency and stability, compared to the economic turmoil experienced around the world. During this financial year, the Central Government continued to tighten its policies in order to curb an over-heated real estate market and fine-tune commodities supply, unavoidably resulting in reduced output and weak consumption. The U.S. presidential election result did nothing to alleviate these conditions; immediately upon elected, the uncertainty of how Sino-American trade relations would evolve had become a most pressing question. The relationship between the Chinese Government and the new U.S. Government has become "The Largest Known Unknown" which will have repercussions on future economic development worldwide.

During this financial year, China witnessed an explosive, but lopsided, real estate price boom, a consequence of hot money speculation. The Central Government started curbing such liquidity, which in turn caused increased incidents of credit defaults from private and state-own enterprises. The People's Bank of China, in an attempt to maintain economic stability and stem the exodus of the foreign exchange pool, allowed the Renminbi to continue to devaluate. These measures appeared to have worked to an extent, because the Renminbi exchange rate started stabilizing since the last quarter of this financial year, as with plateauing real estate prices. China's economic activities boomed during the second half of the financial year, bringing great benefits to the manufacturing sector, with PMI spiking through 50 in September 2016 to rise to 51.7 in March 2017 – the strongest showing in recent years. The Group also benefited from this welcomed market boom during the second half of the financial year, with turnover in China especially robust. Total turnover in China amounted to HK$1,017 million (2016: HK$802 million), an increase of 27% over the same period last year.

All was not quiet, however, in international markets. The year 2016 first saw Brexit causing large-scale fluctuations and fear in financial markets, and the U.S. presidential election result threw a monkey wrench into a lot of international matters, in particular the issue of Sino-American trade relations. These uncertainties, compounded by the U.S. Federal Reserve starting its rate-rise cycle, hammered many developing countries in the middle of their economic recovery. Political instability in certain key countries (e.g. Brazil, Turkey) had worsened this situation. As a result, the Group's registered major sales declines in these regional markets (South America and Middle East, etc.). Luckily, strong showing in Europe through the Group's wholly-owned subsidiary over there, with strong sales growth, helped cover part of the shortfalls in other regions. Consequently, the Group registered only slight total turnover decline of 3% in international markets to HK$333 million (2016: HK$343 million).

Taiwanese customers relied mainly on the Europe and U.S. markets and thus were less affected during this financial year; continued recovery of the U.S. market also helped. As a result, the Group registered only slight turnover decline of 2% in Taiwan to HK$101 million (2016: HK$103 million).

DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS

During this financial year, the Group's new, "Sixth-Generation" MK6 (Mark-Six) series of injection moulding machines, which were based on Japanese technology, continued to garner significant market praises, with close to 700 sets sold by the end of this financial year and projected to break through 1,000 sets by May 2017 – an extremely encouraging rate of take-up. The MK6, product of years of R&D investments by the Group yielding high return, is an all-rounding performer with superior stability and price–performance ratio, achieving a "repeat-order ratio" (i.e. the portion of customers purchasing the MK6 and coming back for new purchases) that was the highest in recent history of the Group. Within a very short period of time, this product line will become the Group's new star product, and is expected to gain substantial market share in the future.

The Group's two-platen injection moulding machines have always been leading the cutting-edge among the industry in China. During this financial year, new two-platen machines successfully broke into a number of large, multi-national, first tier automotive parts customers – paving the way for the Group to expand into the automotive sector. The Group also delivered its *second* 6,500-ton ultra-large two-platen injection moulding machine to Australia – another historical record. Up to now, the Group continues to be the *only* Chinese manufacturer to export ultra-large-tonnage (>6,000-ton) injection moulding machines, with the score widening to two (the first 6,500-ton was exported by the Group in 2014 to Israel). This 6,500-tonner also included the Group's new technology – Y-Injectors – which adds substantial flexibility towards the customer's production capacity.

PRODUCTION EFFICIENCY AND CAPACITY

The Group has continued to lease out certain not urgently needed floor spaces in some of its factories in order to increase return on assets. The Group will also continue to invest in factory automation to improve production efficiency and to enhance the quality of products.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2017, the Group had net current assets of HK$1,519 million (2016: HK$1,495 million), which represented a 2% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK$910 million (2016: HK$901 million), representing an increase of HK$9 million as compared to last year. The bank borrowings were HK$73 million (2016: HK$105 million), decreased by HK$32 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK$837 million (2016: HK$796 million), representing an increase of HK$41 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 2017. 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 2017, bank deposits of certain subsidiaries of the Group in the amount of HK$57 million (2016: HK$55 million) were pledged, including HK$30 million (2016: HK$32 million) for securing bank loans granted by banks in Mainland China to customers to purchase the Group's products, HK$24 million (2016: HK$20 million) for securing the issuance of bank acceptance notes, recorded in the trade and bills payables, to suppliers, and HK$3 million (2016: HK$3 million) mainly to guarantee for payments of construction costs of industrial buildings.

Capital Commitments

As at 31 March 2017, the Group had capital commitments of HK$10 million (2016: HK$3 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, are primarily denominated in the Hong Kong Dollar, the Renminbi, the New Taiwanese Dollar, the U.S. Dollar and the Euro, are generally placed with banks in short or medium term deposits for working capital of the Group.

As at 31 March 2017, the Group had borrowings in Japanese yen equivalent to HK$23 million (2016: HK$23 million) for payments to suppliers in Japanese yen. 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 losses were incurred because of the sizable depreciation of the Renminbi. The Group has substantial investments in Mainland China and is aware that any fluctuation of the Renminbi would have an impact on the net profits of the Group. However, since most of the transactions of the Group are conducted with the Renminbi, the direct impact from the exchange losses on the Group's operations and cash flows is slight.

Contingent Liabilities

As at 31 March 2017, the Group provided (i) guarantees to banks amounted to HK$30 million (2016: HK$42 million) for bank loans granted to customers to purchase the Group's products; and (ii) performance guarantee to a bank amounted to HK$0.9 million (2016: Nil) provided to a customer.

HUMAN RESOURCES

As at 31 March 2017, the Group had approximately 2,300 (2016: 2,100) 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.

OUTLOOK FOR THE COMING YEAR

The Group considers the immediate future, especially around international markets, to be persistently uncertain. Uncertainties such as Brexit negotiations, the U.S. Federal Reserve rate hikes, the U.S. Government's policies towards China, as well as exchange rate fluctuations of the Renminbi and other developing countries remain to plague all industries. Nevertheless, the Group's production capacity for MK6 and two-platen large-tonnage machines will continue to expand, and together with international rollout of the MK6, it should allow the Group to beat all competition and continue to expand market share. Furthermore, China's domestic market remains robust as of this writing. The Group is thus cautiously optimistic towards healthy sales growth for the next financial year.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2017, 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 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 E.1.2 requires that the chairman of the board should attend the annual general meeting. Dr. Chen CHIANG, the Chairman of the Board, was absent from the annual general meeting of the Company held on 29 August 2016. The chief executive officer (also an executive director) and other directors of the Company, together with the chairmen/members of the audit, nomination, remuneration and corporate governance committees, were available to answer any shareholders' questions regarding the activities of the Company and various Board committees.

Code provision A.6.7 requires that independent non-executive directors and other non-executive directors should attend general meetings. Mr. Bernard Charnwut CHAN, the independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 29 August 2016 due to unanticipated urgent overseas trip.

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 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 throughout the year ended 31 March 2017.

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 2017.

SCOPE OF WORK OF INDEPENDENT AUDITOR ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Company's auditor, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company has reviewed with the Management the consolidated financial statements for the year ended 31 March 2017 and discussed internal controls and 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, 28 June 2017

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.