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 2020

FINANCIAL HIGHLIGHTS			
	2020	2019	Change
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**1,513,363**	1,635,938	-7%
Profit before tax	**149,010**	124,007	20%
Profit attributable to equity holders of the Company	**93,651**	90,279	4%
Total assets	**3,442,573**	3,451,745	0%
Shareholders' funds	**2,664,751**	2,751,932	-3%
Issued share capital	**63,053**	63,053	0%
Net current assets	**1,765,510**	1,612,556	9%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**14.9**	14.3	4%
Cash dividends per share *(HK cents)*	**9.0**	7.0	29%
Net assets per share *(HK$)*	**4.2**	4.4	-5%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**3.5**	3.2	9%
Return on average total assets *(%)*	**2.7**	2.5	8%

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 2020, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
REVENUE	*3*	**1,513,363**	1,635,938
Cost of sales		**(1,174,483)**	(1,282,334)
Gross profit		**338,880**	353,604
Other income and gains, net		**228,500**	140,019
Selling and distribution expenses		**(174,757)**	(178,032)
Administrative expenses		**(125,463)**	(122,738)
Other operating expenses, net		**(116,305)**	(67,935)
Finance costs		**(2,583)**	(1,954)
Share of profits less losses of associates		**738**	1,043
PROFIT BEFORE TAX	*4*	**149,010**	124,007
Income tax expense	*5*	**(55,962)**	(34,778)
PROFIT FOR THE YEAR		**93,048**	89,229
ATTRIBUTABLE TO:			
Equity holders of the Company		**93,651**	90,279
Non-controlling interests		**(603)**	(1,050)
		93,048	89,229
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**14.9**	14.3
Diluted *(HK cents)*		**14.9**	14.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**93,048**	89,229
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive expenses that may be reclassified to the income statement in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(135,032)**	(158,374)
Share of other comprehensive expenses of associates	**(1,817)**	(2,459)
Net other comprehensive expenses that may be reclassified to the income statement in subsequent periods	**(136,849)**	(160,833)
Other comprehensive income that will not be reclassified to the income statement in subsequent periods:		
Actuarial gains on defined benefit obligations	**2,476**	1,701
Gain on property revaluation	-	3,409
Income tax effect	-	(852)
	-	2,557
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	**2,476**	4,258
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	**(134,373)**	(156,575)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	**(41,325)**	(67,346)
ATTRIBUTABLE TO:		
Equity holders of the Company	**(39,891)**	(65,452)
Non-controlling interests	**(1,434)**	(1,894)
	(41,325)	(67,346)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**471,015**	614,628
Investment properties		**355,931**	372,007
Right-of-use assets		**35,439**	-
Prepaid land lease payments		**-**	34,206
Goodwill		**51,905**	94,923
Investments in associates		**21,610**	31,211
Deferred tax assets		**34,261**	38,549
Deposits for purchases of items of property, plant and equipment		**8,663**	8,135
Trade receivables	*8*	**30,587**	30,779
Finance lease receivables	*9*	**1,435**	4,215
Pledged bank deposits		**277**	21
Total non-current assets		**1,011,123**	1,228,674
CURRENT ASSETS			
Inventories		**494,268**	552,996
Trade and bills receivables	*8*	**834,598**	884,319
Deposits, prepayments and other receivables		**66,185**	60,060
Finance lease receivables	*9*	**18,617**	37,816
Pledged bank deposits		**20,699**	20,063
Cash and bank balances		**997,083**	667,817
Total current assets		**2,431,450**	2,223,071
CURRENT LIABILITIES			
Trade and bills payables	*10*	**336,345**	299,340
Other payables, accruals and contract liabilities		**198,120**	202,480
Lease liabilities		**1,432**	-
Interest-bearing bank borrowings		**99,197**	73,893
Tax payable		**30,846**	34,802
Total current liabilities		**665,940**	610,515
NET CURRENT ASSETS		**1,765,510**	1,612,556
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,776,633**	2,841,230

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
As at 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**12,210**	11,114
Lease liabilities	**1,381**	-
Defined benefit obligations	**3,921**	8,173
Deferred tax liabilities	**80,811**	55,867
Total non-current liabilities	**98,323**	75,154
NET ASSETS	**2,678,310**	2,766,076
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**63,053**	63,053
Reserves	**2,601,698**	2,688,879
	2,664,751	2,751,932
Non-controlling interests	**13,559**	14,144
TOTAL EQUITY	**2,678,310**	2,766,076

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 are measured using the projected unit credit actuarial valuation method.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests In Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognize and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

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

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognized as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for the year ended 31 March 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for certain of its properties, office equipment and motor vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognizing rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognizes depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

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

As a lessee – Leases previously classified as operating leases *(continued)*

Impact on transition

Lease liabilities at 1 April 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before 1 April 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes prepaid lease payments in respect of the land use rights of HK$35,613,000 that were reclassified from prepaid land lease payments and deposits, prepayments and other receivables.

For the buildings (that were held to earn rental income) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term leases exemptions to leases with a lease term that ends within 12 months from the date of initial application;

- Using hindsight in determining the lease term where the contract contains options to terminate the lease; and

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

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

Financial impact at 1 April 2019

The impact arising from the adoption of HKFRS 16 as at 1 April 2019 was as follows:

	Increase/(decrease)
	HK$'000
Assets	
Increase in right-of-use assets	37,823
Decrease in prepaid land lease payments	(34,206)
Decrease in deposits, prepayments and other receivables	(1,407)
Increase in total assets	2,210
Liabilities	
Increase in lease liabilities	2,210
Increase in total liabilities	2,210

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK$'000
Operating lease commitments as at 31 March 2019	4,942
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 March 2020	(2,348)
Commitments relating to leases of low-value assets	(193)
	2,401
Weighted average incremental borrowing rate as at 1 April 2019	6.1%
Lease liabilities as at 1 April 2019	2,210

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on the locations of customers. The following tables present revenue, results, certain assets, liabilities and expenditure information for the Group's operating segments for the years ended 31 March 2020 and 2019.

	Segment revenue from external customers		Segment results	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,038,861**	1,061,796	**35,440**	112,726
Taiwan	**97,823**	125,133	**143,184**	4,401
Other overseas countries	**376,679**	449,009	**(10,012)**	26,750
	1,513,363	1,635,938	**168,612**	143,877

Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**168,612**	143,877
Unallocated income and gains	**17,452**	10,869
Corporate and unallocated expenses	**(35,449)**	(29,828)
Finance costs (other than interest on lease liabilities)	**(2,343)**	(1,954)
Share of profits less losses of associates	**738**	1,043
Profit before tax	**149,010**	124,007

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		**Segment liabilities**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,040,593**	2,197,534	**472,206**	428,621
Taiwan	**91,804**	154,090	**31,320**	29,832
Other overseas countries	**257,222**	362,544	**49,883**	62,654
	2,389,619	2,714,168	**553,409**	521,107
Investments in associates	**21,610**	31,211	**-**	-
Unallocated assets	**1,031,344**	706,366	**-**	-
Unallocated liabilities	**-**	-	**210,854**	164,562
	3,442,573	3,451,745	**764,263**	685,669

Other segment information

	Depreciation and amortization		**Other non-cash income**		**Impairment losses/ provisions charged to the income statement, net**		**Capital expenditure**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**52,069**	53,978	**(3,206)**	(69,242)	**50,900**	4,582	**15,393**	15,385
Taiwan	**1,687**	1,583	**-**	(635)	**162**	112	**906**	899
Other overseas countries	**1,794**	2,859	**-**	(2,311)	**5,004**	616	**1,000**	1,740
	55,550	58,420	**(3,206)**	(72,188)	**56,066**	5,310	**17,299**	18,024

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2020	2019
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**930,058**	1,066,466
Taiwan	**13,874**	87,782
Other overseas countries	**631**	862
	944,563	1,155,110

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 2020 and 2019, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

3. REVENUE

The Group's revenue from contracts with customers is related to sale of goods, and all the revenue is recognized at a point in time when control of goods is transferred to customers generally on delivery of the goods.

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers	**1,513,363**	1,635,938

Disaggregated revenue information

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
- sale of goods		
Geographical markets		
Mainland China and Hong Kong	**1,038,861**	1,061,796
Taiwan	**97,823**	125,133
Other overseas countries	**376,679**	449,009
Total revenue from contracts with customers	**1,513,363**	1,635,938

3. **REVENUE** *(continued)*

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period		
Sale of goods	**40,726**	57,029

Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due between 30 and 180 days from delivery.

4. **PROFIT BEFORE TAX**

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

	2020	2019
	HK$'000	*HK$'000*
Cost of inventories sold	**1,174,483**	1,282,334
Depreciation of property, plant and equipment	**52,438**	57,033
Depreciation of right-of-use assets (2019: Amortization of prepaid land lease payments)	**3,112**	1,387
Gain on disposal of items of property, plant and equipment	**(145,744)**	(513)
Write-off of items of property, plant and equipment	**3,470**	770
Impairment of goodwill	**43,018**	-
Impairment of trade receivables, net	**8,374**	4,720
Impairment/(write-back of impairment) of finance lease receivables, net	**2,255**	(715)
Provision for inventories, net	**594**	976
Impairment of other receivables, net	**1,825**	329
Foreign exchange differences, net	**15,814**	15,986
Fair value gains on investment properties	**(6,676)**	(64,119)
Interest income	**(15,379)**	(8,865)
Finance lease interest income	**(2,073)**	(2,004)
Write-off of aged liabilities	-	(8,326)

5. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong or has available tax losses brought forward from prior years to offset the assessable profits generated during the year. For the year ended 31 March 2019, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2020	2019
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**-**	-
Elsewhere	**25,290**	18,383
Underprovision/(overprovision) in prior years	**(205)**	695
Deferred	**30,877**	15,700
Tax charge for the year	**55,962**	34,778

6. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2019 - HK$0.04 (year ended 31 March 2018: HK$0.05) per ordinary share	**25,221**	31,527
Interim - HK$0.035 (2019: HK$0.03) per ordinary share	**22,069**	18,916
	47,290	50,443
Proposed final and special final dividends:		
Final - HK$0.038 (2019: HK$0.04) per ordinary share	**23,960**	25,221
Special final - HK$0.017 (2019: Nil) per ordinary share	**10,719**	-
	34,679	25,221

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the year of HK$93,651,000 (2019: HK$90,279,000) and on the weighted average number of ordinary shares of 630,531,600 (2019: 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 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during these years.

8. TRADE AND BILLS RECEIVABLES

		2020	2019
	Notes	***HK$'000***	*HK$'000*
Trade receivables		**712,142**	713,646
Impairment		**(85,963)**	(81,062)
Trade receivables, net	*(a)*	**626,179**	632,584
Bills receivable	*(b)*	**239,006**	282,514
Total trade and bills receivables		**865,185**	915,098
Portion classified as non-current portion		**(30,587)**	(30,779)
Current portion		**834,598**	884,319

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$114,018,000 (2019: HK$79,663,000) which are interest-bearing at an average interest rate of 6.2% (2019: 6.1%) per annum and with credit periods of 12 months to 36 months (2019: 12 months to 24 months) in general, the remaining trade and bills receivables are non-interest-bearing.

8. TRADE AND BILLS RECEIVABLES *(continued)*

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

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**279,216**	275,450
91 to 180 days	**112,992**	92,680
181 to 365 days	**153,149**	163,745
Over 1 year	**80,822**	100,709
	626,179	632,584

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

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**101,225**	114,772
91 to 180 days	**85,417**	104,782
181 to 365 days	**52,364**	62,960
	239,006	282,514

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 1 month to 2 years (2019: 1 month to 2 years). The customers shall purchase the leased injection moulding machines at the end of the lease terms of the finance leases.

	2020	2019
	HK$'000	*HK$'000*
Finance lease receivables	**23,155**	42,968
Impairment	**(3,103)**	(937)
Finance lease receivables, net	**20,052**	42,031
Portion classified as non-current portion	**(1,435)**	(4,215)
Current portion	**18,617**	37,816

The total future minimum lease receivables under finance leases and their present values as at the end of the reporting period are analyzed as follows:

	Minimum lease receivables		**Present value of minimum lease receivables**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts receivable:				
Within one year	**19,166**	39,249	**18,617**	37,816
In the second year	**1,484**	4,329	**1,435**	4,215
Total minimum finance lease receivables	**20,650**	43,578	**20,052**	42,031
Unearned finance income	**(598)**	(1,547)		
Total net finance lease receivables	**20,052**	42,031		
Portion classified as current assets	**(18,617)**	(37,816)		
Non-current portion	**1,435**	4,215		

No contingent income was recognized during the year ended 31 March 2020 (2019: Nil).

10. TRADE AND BILLS PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**219,582**	211,302
91 to 180 days	**65,374**	39,576
181 to 365 days	**40,418**	38,224
Over 1 year	**10,971**	10,238
	336,345	299,340

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 HK3.8 cents (2019: HK4.0 cents) per ordinary share and a special final dividend of HK1.7 cents (2019: Nil) per ordinary share for the year ended 31 March 2020, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on Wednesday, 26 August 2020. Together with the interim dividend of HK3.5 cents (2019: HK3.0 cents) per ordinary share, the total dividend for the year ended 31 March 2020 will be HK9.0 cents (2019: HK7.0 cents) per ordinary share.

The final dividend and special final dividend will be paid on or about Wednesday, 16 September 2020 to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 3 September 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 26 August 2020, the Register of Members of the Company will be closed from Friday, 21 August 2020 to Wednesday, 26 August 2020, 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 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 20 August 2020.

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 2020. The record date for entitlement to the proposed final dividend and special final dividend is Thursday, 3 September 2020. For determining the entitlement to the proposed final dividend and special final dividend, the Register of Members of the Company will be closed from Tuesday, 1 September 2020 to Thursday, 3 September 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 31 August 2020.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2020, the Group registered total turnover of HK$1,513 million (2019: HK$1,636 million), a decline of 7% as compared with last year. On the other hand, profit attributable to equity holders grew by 4% to HK$94 million (2019: HK$90 million). Basic earnings per share was HK14.9 cents (2019: HK14.3 cents). This year's results were under the impact of a number of extraordinary factors, including a one-time gain on disposal of a manufacturing property in Taiwan, investment properties revaluation gains, foreign exchange differences, and impairment of goodwill. The Board recommended the payment of a final dividend of HK3.8 cents (2019: HK4.0 cents) and a special final dividend of HK1.7 cents (2019: Nil) per share for this financial year. The Board believes that a special final dividend is in order not only due to the said one-time property disposal gain, but also in response to the current negative economic sentiments caused by a worldwide COVID-19 coronavirus outbreak.

This financial year can be categorized as one in which uncertainties and the unexpected ruled, as evident from the numerous Black-Swan-class events causing havoc on global markets and investment sentiments. During the first half of this financial year, Sino-USA trade disputes escalated into an official "trade war", while at the same time China's economy grinded to a slowdown with industrial output growth dropping to a multi-year low of less than 5%, partly due to a collapse of exports to the USA. In the last two quarters of calendar year 2019, China's Gross Domestic Product "GDP" growth declined to yet another multi-year low, barely keep to its "protection level" of 6%.

Entering the last quarter of this financial year (i.e. Q1 of calendar year 2020), the new coronavirus (officially named COVID-19) started ravaging the whole world on an almost-unprecedented global scale, stressing already-desperate economic conditions. The city of Wuhan in China first went into lockdown in late January, followed rapidly by the rest of China, with all consumer and industrial activities coming to an effective halt, and all supply chains were impacted severely. Although the Chinese Government allowed for limited resumption of industrial production since mid-February and until March, most factories did not really reach anywhere near normal production levels. The massive worldwide outbreak of the virus in western countries happened right at this time (i.e. March), with most countries in the world going into lockdown immediately afterwards in a vain bid to contain the outbreak.

The global COVID-19 outbreak, undoubtedly the largest single defining event during this financial year, practically wiped out two to three months of worldwide consumption, immediately causing serious GDP drops in most countries around the globe. Although the USA Federal Reserve immediately launched a massive "quantitative easing" program, it did little to rescue market sentiments, and the result was massive currency devaluations in many developing countries (such as Brazil, Turkey and India). These devaluations worsened the already heavy economic impacts on these countries.

The Group's performance during the first half of this financial year was lackluster, with total turnover declining by 12% as compared with the same period of last year. Nevertheless, the Group's new product lines (especially the brand-new MK6e "evolution" series of injection moulding machines) have completed full market launch and were starting to garner rapidly growing sales volumes. Consequently, the Group registered strong sales growth in Q3 of this financial year (i.e. end of calendar year 2019 before the outbreak of COVID-19) which alone made up for most of the decline during the first half of this financial year. Although the Group was anticipating an equally-strong Q4 to round up an annual result with positive growth, the coronavirus outbreak and eventual global lockdown threw a serious wrench into this plan. In the end, the Group recovered part of the decline of the first-half and ended this financial year with a small turnover drop. Also, further to the Company's announcement on 31 January 2020 regarding the possible cooperation on the land plot located at Pingshan New District, Shenzhen, the Group is still awaiting feedback and response from the relevant government authorities.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2020 is as follows:

Customer Location	2020 (HK$ million)	2019 (HK$ million)	Change
Mainland China and Hong Kong	**1,039**	1,062	-2%
Taiwan	**98**	125	-22%
Other overseas countries	**376**	449	-16%
	1,513	1,636	-7%

During the first half of this financial year, Sino-USA trade relationships escalated into a trade war which caused serious disruptions to China's domestic economy, with GDP and industrial output growth both weakening markedly and the Purchasing Managers' Index "PMI" stuck in a trough. Even with stimuli introduced by the Central Government, including tax rebates and more readily-available liquidity, these measures hardly had time to take hold and have practical impacts before the next "elephant" event hit during the second half-year.

As many of the Group's core customers export their products to the USA, the new trade barriers (including tariffs) caused an immediate business reduction and cessation of most capital investment plans. Nevertheless, the Group's flagship product line – the MK6 – was revered in the marketplace by most customers, and the Group was successful in capturing market share in order to counter these negative impacts. The result was that the Group's

China turnover declined only by 9% (in Renminbi terms) during the first half of this financial year. The Group started full market launch of the new extension line of the MK6 – the MK6e "evolution" series – during September 2019 amid overwhelmingly positive market response due to its superb price-performance balance. Buoyed by the hot-selling MK6 and MK6e product lines, the Group's China turnover registered strong double-digit growth in Q3 (i.e. October to December 2019) compared with the same quarter of last financial year, almost fully compensating for the decline in the first-half.

The coronavirus outbreak which started in January 2020 caused China a nation-wide lockdown in late January all the way till late February when some industries were gradually allowed to restart. Due to effective preventive measures and control, the Group was one of the very first few companies approved for reopening production facilities on 10 February 2020. During that time, due to massive increases in demand for medical consumables, literal crowds of medical customers flocked to the Group's factory doors asking for more shipments of high-precision all-electric injection moulding machines. The Group did not disappoint, and with round-the-clock production by a skeletal staff in earnest, managed to significantly shorten the delivery lead-times of the SPARK series of all-electric machines, fulfilling their duties to the Group's medical customers, heeding their calls in times of need.

Even with significant demand coming from the medical sector, however, traditional industries (such as automotive, electric appliances, electronic consumer products etc.) were in virtual standstill until mid-March when most companies were approved to restart production, while customers in Hubei province had to wait till April. This situation took a heavy toll on the Group's China market turnover during the months of February and March. When faced with such adverse market conditions, it was time for the Group's frontline teams to shine, the technical teams to reassert their strong backing, and the service teams to out-do what their duties called for. In an ultra-sensitive environment just out of the coronavirus scare, the Group's business teams diligently visited customers and partners to understand their needs and how they could help smoothen their production restart process. The end result was encouraging – the Group's annual China turnover only declined slightly by 2% to HK$1,039 million (2019: HK$1,062 million). Compared with the 13% drop during the first half year of this financial year, the Group was not able to achieve this good result in the second half year without the support of all the customers.

Internationally, western developed economies were already in trouble from the very beginning, with economic growth slowing in most world areas. In particular, the UK was plagued by an uncertain "Brexit," the Eurozone facing deteriorating economic conditions and unemployment, while the USA had to officially start a new cycle of interest rate reductions. These also had severe implications on the well-being of other developing countries. By the time of the second half of this financial year, especially in early 2020, Italy closely followed China's footsteps of a coronavirus outbreak which almost immediately went out of control and rapidly spread to the rest of Europe. Countries in the Americas were not far behind, with the USA leaping-frog all other countries to capture the crown of highest coronavirus infection numbers. Some important developing countries (e.g. Brazil) even went ahead and nearly overtake the USA in terms of infections, while others (such as Turkey, India and Vietnam) were destitute and resorted to nation-wide lockdowns, but potentially trading outbreak control with economic collapse.

With COVID-19 out of control on a global scale during Q4 of this financial year, shipping and freight ground to a halt due to closed borders, closed factories and unopen ports. The Group was stuck with large amounts of pre-ordered goods unable to ship out after Chinese New Year, leading to a 16% drop in international turnover to HK$376 million (2019: HK$449 million).

The Taiwan market was not immune to the global lockdown as most Taiwanese customers' export activities stopped. The Group thus registered significant drop in its Taiwan turnover during the second half of this financial year, with annual turnover declining by 22% to HK$98 million (2019: HK$125 million).

DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS

This financial year has been one where the Group overhauled almost its entire product line-up, as well as started to focus on specialized market segments. For instance, the Group started general market launch of the SPARK series of all-electric machines; the "TP ii" series of second-generation two-platen machines was also introduced with much improved stability, making a perfect match for the logistics and environmental segments; the new MK6e evolution series is ideal for electric appliances; a new, ultra-high-speed (up to 500mm/s injection speed) SPEED-PACK II series was also launched to better serve the needs of the packaging segment. This increased focus on specialization reflects the Group's endeavors in creating the best value for different application industries – an attitude much appreciated by customers all round.

Two events particularly worth mention were that the SPARK series of all-electric machines and the SM6500-TP ultra-large-tonnage two-platen machine with dual Y-injectors design won the *Grand Award* and *Certificate of Merit*, respectively, in the "Equipment and Machinery Design" category of the Hong Kong Awards for Industries 2019 organized by the Chinese Manufacturers Association of Hong Kong. In this same year, the Group's high-tech R&D project "High-End Servo-Drive Technology for Injection Moulding Machines" won the *2019 China Machinery Industry Technical Award*. These awards also reflect the Group's class-leading technology level.

In the future, the Group will continue to follow its motto of "Innovative Breakthroughs for

Technological Leadership" as well as the Chinese Central Government's grand roadmap of technological developments, and aggressively invest into highly-specialized, value-creating solutions for more diverse industry segments.

PRODUCTION CAPACITY

The Group's production facilities went into shutdown for the Chinese New Year national holidays during mid-January 2020, which coincided with the start of the coronavirus outbreak. Strict lockdown measures in China forced the shutdown to last 2-3 weeks longer than usual, all the way until mid-February when the Group was among the very first companies allowed to restart manufacturing activities. But despite having an early start, the number of workers allowed to start work (only a minor portion) was strictly controlled and most suppliers were still in shutdown. The entire supply chain in China was practically defunct all throughout February and March.

Nevertheless, the Group did far better than others, primarily due to a decision to streamline the manufacturing process starting from Q3 of this financial year. As new products proved to be hot sellers, the Group strategically increased its stocks of parts and components, and thus built up a sizable cache before the start of the coronavirus crisis. Owing to this, the Group still managed to reach higher production levels in Q4 than the same period of last year, despite the difficult supply situation, ensuring timely shipment of products to the market.

FINANCIAL REVIEW

The Group has the following extraordinary items in the profit attributable to equity holders for the financial year: net foreign exchange losses, one-time gain on disposal of a manufacturing property in Taiwan, investment properties revaluation gains, and impairment of goodwill. Excluding the impact of the above extraordinary items, the profit attributable to equity holders was HK$35 million (2019: HK$58 million).

Liquidity and Financial Conditions

As at 31 March 2020, the Group had net current assets of HK$1,766 million (2019: HK$1,613 million), which represented a 9% increase over last year. Cash and bank balances (including pledged deposits) amounted to HK$1,018 million (2019: HK$688 million), representing an increase of HK$330 million as compared to last year. The bank borrowings were HK$99 million (2019: HK$74 million), increased by HK$25 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK$919 million (2019: HK$614 million), representing an increase of HK$305 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 2020.

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 2020, bank deposits of certain subsidiaries of the Group in the amount of HK$21 million (2019: HK$20 million) were pledged, including HK$10 million (2019: HK$11 million) for securing bank loans granted by banks in Mainland China to customers to purchase the Group's products, and HK$11 million (2019: HK$9 million) for securing the issuance of bank acceptance notes, recorded in the trade and bills payables, to suppliers.

Capital Commitments

As at 31 March 2020, the Group had capital commitments of HK$3 million (2019: HK$7 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 2020, the Group had a borrowing in Japanese yen equivalent to HK$24 million (2019: HK$24 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.

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 exchange differences have no direct impact on the Group's actual operations and cash flows.

Contingent Liabilities

As at 31 March 2020, the Group provided (i) guarantees to banks amounted to HK$9 million (2019: HK$11 million) for bank loans granted to customers to purchase the Group's products; and (ii) performance guarantee to a bank amounted to HK$2 million (2019: HK$3 million) provided to a customer.

HUMAN RESOURCES

As at 31 March 2020, the Group had approximately 2,200 (2019: 2,300) 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 believes that 2020 will promise to be an extremely volatile year, notwithstanding the global coronavirus outbreak and resultant worldwide economic collapse during the first two quarters, Sino-USA relationship also appears to be entering an ice age. Global consumption (including such industries as automotive, appliances and consumer electronics) is expected to be depressed well into the next financial year. Although China led the world in restarting its domestic economy while many countries are still in lockdown, exports will likely remain dismal due to reduced global demand. In a nutshell, the coming financial year leaves nothing to be optimistic about.

On the other hand, the Group has not written off this coming financial year and still plans to achieve reasonable performance. This confidence is mainly due to great popularity of the Group’s newest product lines. Since the Group adopted a strategic direction of “Customers First,” all operating teams in the Group considered their customers’ needs first and foremost, especially during this unprecedented time of global pandemic, constantly seeking ways to help, support and stand beside them, backing them up. Together they weathered through this storm and, in the end, actually built tighter and much improved sense of partnership that had withstood the crisis. Through the toil of sweat and tears, together with spirit and hope, the Group shall emerge from this ordeal stronger and taller.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2020, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to 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 the managing director of the Company are not required to retire by rotation.

Code provision A.2.1 provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Ms. Lai Yuen CHIANG is the Chairman of the Board and Chief Executive Officer of the Company. Given the skills and experience of Ms. CHIANG and her long term of service with the Group, this structure can be considered appropriate to the Group and can provide the Group with strong and consistent leadership for effective and efficient business planning and decisions, as well as execution of long term business strategies.

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 to 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 2020.

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 2020.

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 2020 have been agreed by the Company's auditor to the figures 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 2020 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
Lai Yuen CHIANG
Chairman and Chief Executive Officer

Hong Kong, 26 June 2020

As at the date of this announcement, the executive directors of the Company are Ms. Lai Yuen CHIANG and Mr. Stephen Hau Leung CHUNG; and the independent non-executive directors of the Company are Mr. Bernard Charnwut CHAN, Mr. Anish LALVANI, Mr. Michael Tze Hau LEE and Mr. Johnson Chin Kwang TAN.