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 2016

FINANCIAL HIGHLIGHTS			
	2016	2015	Change
RESULTS HIGHLIGHTS ***(HK$'000)***			
Revenue	**1,247,942**	1,567,788	-20%
Profit/(loss) before tax	**(140,167)**	42,503	N/A
Profit/(loss) attributable to equity holders of the Company	**(173,087)**	20,356	N/A
Total assets	**3,307,171**	3,752,231	-12%
Shareholders' funds	**2,665,650**	2,883,670	-8%
Issued share capital	**63,053**	63,053	0%
Net current assets	**1,495,379**	1,696,450	-12%
PER SHARE DATA			
Basic earnings/(loss) per share *(HK cents)*	**(27.5)**	3.2	N/A
Cash dividends per share *(HK cents)*	**5.0**	5.0	0%
Net assets per share *(HK$)*	**4.3**	4.6	-7%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**(6.2)**	0.7	N/A
Return on average total assets *(%)*	**(4.9)**	0.5	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 2016, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	3	**1,247,942**	1,567,788
Cost of sales		**(1,006,118)**	(1,238,122)
Gross profit		**241,824**	329,666
Other income and gains, net		**45,577**	33,446
Selling and distribution expenses		**(129,757)**	(144,975)
Administrative expenses		**(121,093)**	(125,410)
Other operating expenses, net		**(175,691)**	(48,819)
Finance costs		**(3,266)**	(4,966)
Share of profits less losses of associates		**2,239**	3,561
PROFIT/(LOSS) BEFORE TAX	4	**(140,167)**	42,503
Income tax expense	5	**(34,071)**	(23,703)
PROFIT/(LOSS) FOR THE YEAR		**(174,238)**	18,800
ATTRIBUTABLE TO:			
Equity holders of the Company		**(173,087)**	20,356
Non-controlling interests		**(1,151)**	(1,556)
		(174,238)	18,800
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic *(HK cents)*		**(27.5)**	3.2
Diluted *(HK cents)*		**(27.5)**	3.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(174,238)**	18,800
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive expenses to be reclassified to the income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**(82,558)**	(7,971)
Other comprehensive income/(expenses) not to be reclassified to the income statement in subsequent periods:		
Actuarial losses on defined benefit obligations	**(902)**	(434)
Gain on property revaluation	**92,378**	12,520
Income tax effect	**(23,094)**	(3,130)
	69,284	9,390
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	**68,382**	8,956
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	**(14,176)**	985
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	**(188,414)**	19,785
ATTRIBUTABLE TO:		
Equity holders of the Company	**(186,494)**	21,332
Non-controlling interests	**(1,920)**	(1,547)
	(188,414)	19,785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**716,615**	948,225
Investment properties		**292,224**	49,238
Prepaid land lease payments		**39,043**	45,369
Goodwill		**94,923**	94,931
Investments in associates		**36,574**	36,310
Deferred tax assets		**36,182**	58,996
Deposits for purchases of items of property, plant and equipment		**978**	2,406
Trade receivables	*8*	**13,712**	-
Finance lease receivables		**3,816**	-
Pledged bank deposits		**5,271**	-
Total non-current assets		**1,239,338**	1,235,475
CURRENT ASSETS			
Inventories		**501,369**	674,134
Trade and bills receivables	*8*	**613,610**	754,144
Deposits, prepayments and other receivables		**40,396**	68,698
Finance lease receivables		**16,345**	-
Pledged bank deposits		**49,304**	58,341
Cash and bank balances		**846,809**	961,439
Total current assets		**2,067,833**	2,516,756
CURRENT LIABILITIES			
Trade and bills payables	*9*	**259,023**	294,721
Other payables and accruals		**176,909**	198,586
Interest-bearing bank borrowings		**105,253**	296,618
Tax payable		**31,269**	30,381
Total current liabilities		**572,454**	820,306
NET CURRENT ASSETS		**1,495,379**	1,696,450
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,734,717**	2,931,925
NON-CURRENT LIABILITIES			
Other payables and accruals		**3,636**	-
Defined benefit obligations		**19,741**	21,033
Deferred tax liabilities		**29,269**	8,881
Total non-current liabilities		**52,646**	29,914
NET ASSETS		**2,682,071**	2,902,011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 March 2016

	2016 HK$'000	2015 HK$'000
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**63,053**	63,053
Reserves	**2,602,597**	2,820,617
	2,665,650	2,883,670
Non-controlling interests	**16,421**	18,341
TOTAL EQUITY	**2,682,071**	2,902,011

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.

The adoption of the revised HKFRSs, that are effective for annual periods beginning on or after 1 April 2015, has had no significant financial effect on the Group's consolidated financial statements.

In addition, the Group has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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 2016 and 2015.

	Segment revenue from external customers		Segment results	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**802,437**	915,743	**(120,359)**	30,189
Taiwan	**102,913**	99,074	**5,577**	12,167
Other overseas countries	**342,592**	552,971	**(9,443)**	15,741
	1,247,942	1,567,788	**(124,225)**	58,097

	2016	2015
Reconciliation of results of operating segments to profit/(loss) before tax is as follows:		
Operating segment results	**(124,225)**	58,097
Unallocated income and gains	**17,059**	17,558
Corporate and unallocated expenses	**(31,974)**	(31,747)
Finance costs	**(3,266)**	(4,966)
Share of profits less losses of associates	**2,239**	3,561
Profit/(loss) before tax	**(140,167)**	42,503

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,002,226**	2,263,946	**364,113**	389,006
Taiwan	**124,805**	93,352	**29,943**	27,877
Other overseas countries	**260,575**	338,188	**65,253**	97,457
	2,387,606	2,695,486	**459,309**	514,340
Investments in associates	**36,574**	36,310	**-**	-
Unallocated assets	**882,991**	1,020,435	**-**	-
Unallocated liabilities	**-**	-	**165,791**	335,880
	3,307,171	3,752,231	**625,100**	850,220

Other segment information

	Depreciation and amortization		Other non-cash expenses/(income)		Impairment losses charged/(written-back) in the income statement, net		Capital expenditure	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**60,514**	64,818	**(3,409)**	(1,635)	**74,667**	(7,669)	**29,320**	35,441
Taiwan	**1,442**	964	**6**	(7)	**240**	(16)	**267**	745
Other overseas countries	**2,433**	3,999	**(16)**	(32)	**3,735**	(467)	**330**	1,432
	64,389	69,781	**(3,419)**	(1,674)	**78,642**	(8,152)	**29,917**	37,618

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2016	2015
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**1,056,092**	1,047,138
Taiwan	**87,191**	92,394
Other overseas countries	**500**	637
	1,143,783	1,140,169

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

Information about major customers

For the years ended 31 March 2016 and 2015, 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):

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**1,006,118**	1,238,122
Depreciation	**62,915**	68,237
Amortization of prepaid land lease payments	**1,474**	1,544
Loss on disposal of items of property, plant and equipment	**44**	228
Impairment of trade and bills receivables, net	**36,762**	2,214
Impairment/(write-back of impairment) of inventories, net	**22,414**	(13,020)
Impairment of other receivables	**15,008**	2,654
Impairment of property, plant and equipment	**2,433**	-
Impairment of prepaid land lease payments	**2,025**	-
Foreign exchange differences, net	**66,219**	(2,047)
Fair value gains on investment properties	**(600)**	-
Interest income	**(16,756)**	(17,558)
Finance lease interest income	**(303)**	-
Write-back of aged liabilities	**(3,046)**	(2,228)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	2016	2015
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**5**	4
Elsewhere	**8,823**	8,201
Underprovision/(overprovision) in prior years	**668**	(87)
Deferred	**24,575**	15,585
Tax charge for the year	**34,071**	23,703

6. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2015 - HK$0.006 (year ended 31 March 2014: HK$0.04) per ordinary share	**3,783**	25,221
Special final in respect of the financial year ended 31 March 2015 - HK$0.032 (year ended 31 March 2014: Nil) per ordinary share	**20,177**	-
Interim - HK$0.012 (2015: HK$0.012) per ordinary share	**7,566**	7,567
	31,526	32,788
Proposed final and special final dividends:		
Final - HK$0.006 (2015: HK$0.006) per ordinary share	**3,783**	3,783
Special final - HK$0.032 (2015: HK$0.032) per ordinary share	**20,177**	20,177
	23,960	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 loss attributable to equity holders of the Company for the year of HK$173,087,000 (2015: profit of HK$20,356,000) and on the weighted average number of ordinary shares of 630,531,600 (2015: 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 2016 and 2015 as the Group had no potentially dilutive ordinary shares in issue during these years.

8. TRADE AND BILLS RECEIVABLES

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Trade receivables		**534,659**	586,048
Impairment		**(102,976)**	(71,536)
Trade receivables, net	*(a)*	**431,683**	514,512
Bills receivables	*(b)*	**195,639**	239,632
Total trade and bills receivables		**627,322**	754,144
Portion classified as non-current portion		**(13,712)**	-
Current portion		**613,610**	754,144

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$60,511,000 (2015: HK$18,946,000) are interest-bearing at an average interest rate of 6.0% (2015: 7.6%) per annum and with credit periods of 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:

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**197,163**	190,866
91 to 180 days	**71,584**	121,297
181 to 365 days	**119,931**	106,289
Over 1 year	**43,005**	96,060
	431,683	514,512

8. TRADE AND BILLS RECEIVABLES *(continued)*

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

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**115,930**	139,185
91 to 180 days	**69,749**	87,119
181 to 365 days	**9,960**	13,328
	195,639	239,632

9. TRADE AND BILLS PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**145,954**	152,266
91 to 180 days	**42,045**	77,784
181 to 365 days	**59,769**	56,867
Over 1 year	**11,255**	7,804
	259,023	294,721

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

FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.6 cent (2015: HK0.6 cent) per ordinary share and a special final dividend of HK3.2 cents (2015: HK3.2 cents) per ordinary share for the year ended 31 March 2016, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on Monday, 29 August 2016. Together with the interim dividend of HK1.2 cents (2015: HK1.2 cents) per ordinary share, the total dividend for the year ended 31 March 2016 will be HK5 cents (2015: HK5 cents) per ordinary share.

The final dividend and special final dividend will be paid on or about Thursday, 22 September 2016 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 5 September 2016.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Monday, 29 August 2016, the Register of Members of the Company will be closed from Friday, 26 August 2016 to Monday, 29 August 2016, 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 Monday, 29 August 2016, 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 Thursday, 25 August 2016.

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 Monday, 29 August 2016. The record date for entitlement to the proposed final dividend and special final dividend is Monday, 5 September 2016. For determining the entitlement to the proposed final dividend and special final dividend, the Register of Members of the Company will be closed from Friday, 2 September 2016 to Monday, 5 September 2016, 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 Thursday, 1 September 2016.

MANAGEMENT'S DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE

For the financial year ended 31 March 2016, the Group registered a reduction in total turnover of 20% to HK$1,248 million (2015: HK$1,568 million). Loss attributable to equity holders amounted to HK$173 million (2015: profit of HK$20 million). Basic loss per share was HK27.5 cents (2015: earnings per share of HK3.2 cents). The Board recommended the payment of a final dividend of HK0.6 cent (2015: HK0.6 cent) and a special final dividend of HK3.2 cents (2015: HK3.2 cents) per share for this financial year.

The primary reason for the loss registered in this financial year – the first ever loss for the Group since its listing – was a sudden and swift devaluation by more than 3% of the Renminbi, the largest drop within two days since 1994, due to the Central Government of China reforming its Renminbi currency exchange policies on 11 August 2015 lowering the official daily Renminbi mid-point trading prices against the U.S. Dollar. As the Group keeps most of its assets denominated in the Renminbi, a serious foreign exchange loss was suffered in this financial year. Loss attributable to equity holders would have been only HK$107 million (2015: profit of HK$18 million) without considering foreign exchange impacts. Such exchange impacts do not affect the Group's operations nor cash flows in any manner.

Apart from that, China experienced a stock market crash costing US$5 trillion during this financial year, witnessing an undoubtable transition to the "New Normal" state – i.e. Gross Domestic Product (GDP) growth rate of 7%, the lowest in 25 years. The China's official PMI (Purchasing Managers Index) measure was rapidly falling since dipping below 50 in July 2015, reaching a three-year low in February 2016. The Caixin PMI measures fared far worse, consistently staying below 50 for most of the past three years, with PMI for small/medium-scale enterprises even much lower than that of large enterprises in heavy industries. The export story was similarly depressed, with the first full-year decline in total exports since the financial crisis in 2008. These indicators clearly showed the difficult operating environment faced by all manufacturers in China – the heaviest hit ones being small/medium enterprises producing consumer products, the key customer segment of the Group.

The year 2015 was a lackluster one for the global economy. On the one hand, economy of the U.S.A. continued to rebound slowly but gradually, prompting the Federal Reserve to raise interest rates for the first time since 2006. On the other hand, high unemployment rate in Western Europe remained untamed, with Greece and Spain even hitting double-digits, forcing the European Central Bank to move into negative interest territory in a bid to jump-start sluggish European economies. Global capital markets, currencies, commodities, precious metals and futures all witnessed severe volatility, with dire implications to many developing countries around the world (especially the BRIC countries). Among them, Brazil and Russia slumped further. Most of the Southeast Asian economies showed no vitality, while a host of South American and Middle Eastern economies were plagued by political instability. All these caused follow-on impacts to the Group's performance.

Despite these challenges, the Group launched an all-new product line – the Mark-Six (Sixth Generation) high-performance series of injection moulding machines, designed with changing market demands and conditions in mind – within this financial year amid high praise and market acceptance. It is anticipated that this new product line should be instrumental in the Group's future efforts to regain market share.

Furthermore, the Group during the financial year, after restructuring the usage of its factory buildings and balancing the capacity needs and the market needs, had leased out part of its factory buildings on middle term to bring in steady rental income to the Group while enhancing the asset utilization and strengthening the working capital.

MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2016 is as follows:

Customer Location	2016 (HK$ million)	2015 (HK$ million)	Change
Mainland China and Hong Kong	**802**	916	-12%
Taiwan	**103**	99	+4%
Other overseas countries	**343**	553	-38%
	1,248	1,568	-20%

The economy of China during this financial year, in a nutshell, was in a state of gradual decline. Although all three economic sectors registered slowdowns in growth, the secondary sector saw the largest reduction while the tertiary sector (especially finance and real estate) grew to a marked increase in contribution to GDP. It is thus obvious that the weakened manufacturing sector had felt the hardest hit from the "New Normal" conditions, with the inevitable consequence that far fewer fixed asset investments had been available to the light manufacturing and consumer product industries – the Group's core customer segments.

While steady domestic consumption growth in China continued to increase in contribution to the national economy, exports from China registered a rare full-year decline – unseen in decades. In general, with the exception of growing exports to the U.S.A., exports to Europe as well as other developing countries showed particular weaknesses, with "One Belt, One Road" countries faring even worse than average. Although the Group has, during the past years, been gradually reducing its dependence on export-oriented customers, nevertheless exporters still accounted for a majority of the Group's business in China. As a result, squeezed between the pincer of reduced capital investments in consumer product industries and lackluster exports, the Group registered a decline in total turnover in China of 12% to HK$802 million (2015: HK$916 million).

The Renminbi continued to decline against the U.S. Dollar ever since the sudden devaluation in August 2015 due to slowing economic conditions in China and the anticipation of the U.S. interest rate hike, and there are talks of further downside risks which will inevitably have adverse consequences to other developing countries. Therefore, China faces three major facets of risks in the short-term future: (1) exodus of foreign investments amid large-scale Renminbi devaluations; (2) domestic liquidity risks; and (3) escalating political risks. These risks may in turn affect domestic consumption as well as the business and liquidity of the Group's customers, and may directly or indirectly affect future demands of injection moulding machines.

Internationally, the stock market crash in China during 2015 and the follow-on devaluation of the Renminbi caused anxieties and unrest among global investment circles from Tokyo to London, dragging down the currencies of most developing countries along the way to 10-20 year lows. As one of the largest consumers of metal, China also crashed commodity prices to six-year low from copper to aluminium due to its shrinking manufacturing activities. Global oil prices also fared little better, hovering near multi-year lows.

This global commodity prices crash was lethal to many resource-export economies such as Brazil, Australia, Russia and the Middle East. Most of them started on a vicious loop of economic recession, affecting currency exchanges and leading to political unrest. For instance, Russia experienced the longest recession in 20 years with inflation reaching 15%, and Brazil was plagued by political unrest and corruption scandals, with GDP shrinking 4% and inflation topping over 11%, while Argentina even reached the hyper-inflation level of about 20%. In order to combat runaway inflation, the central banks of many developing countries were forced to raise interest rates to unsustainable levels (e.g. Russia interest rates rose to 17% and Brazil's rising gradually), worsening the situation even further. As these developing countries had been some of the Group's more recent new market expansion efforts, such adverse economic conditions escalated the pressure of the Group's business in international markets.

China has been the central locomotive driving global trade and the rise of developing countries for many years. It has been predicted by global economists that, should the China economy continue to weaken, its impact will inevitably be felt in turns of a global decline in GDP. It is under such global market environments that the Group registered a substantial reduction in turnover of 38% to HK$343 million (2015: HK$553 million) in international markets. One of the main reasons behind this large decline was the devaluation of the Japanese Yen which benefited products manufactured in Japan, greatly reducing the price gap between the "MMX" series two-platen injection moulding machines that the Group produced under agreement for Mitsubishi and similar models made in Japan. If not considering this impact, the Group's turnover in international markets would have declined by 30%.

The Group's turnover in Taiwan registered a slight growth of 4% to HK$103 million (2015: HK$99 million) as compared with the previous year. This was primarily due to the fact that Taiwanese customers rely mostly on exports to the rebounding U.S.A. and less-severely-hampered Western European markets.

DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS

The Group continues to launch new models in its product line – the Mark Six (Sixth Generation) servo driven series, designed to cater for new and emerging industry requirements – and had successfully launched almost half of the entire series by the end of this financial year. This new product series, created with perfection in mind from design to assembly and relentlessly optimized by Japanese engineers for perfect performance, proved to be extremely competitive and has garnered substantial praises from the marketplace. The Group has much hopes tied to this new product line, which should capture larger market share in the future, and expects to complete the launch of the full series by the end of the first half of the next financial year.

PRODUCTION CAPACITY

Although the Group decided to lease out certain not urgently needed floor spaces in some of its factories in order to increase return on assets, the Group still maintains adequate production capacity to handle any foreseeable levels of market demand and growth for the next few years.

FINANCIAL REVIEW

Liquidity and Financial Conditions

As at 31 March 2016, the Group had net current assets of HK$1,495 million (2015: HK$1,696 million), which represented a 12% decrease over last year. Cash and bank balances (including pledged deposits) amounted to HK$901 million (2015: HK$1,020 million), representing a decrease of HK$119 million as compared to last year. The bank borrowings were HK$105 million (2015: HK$297 million), decreased by HK$192 million, which were short term loans with floating interest rates for general working capital purposes. The Group recorded a net cash position of HK$796 million (2015: HK$723 million), representing an increase of HK$73 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 2016. 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 2016, bank deposits of certain subsidiaries of the Group in the amount of HK$55 million (2015: HK$58 million) were pledged, including HK$32 million (2015: HK$36 million) for securing bank loans granted by banks in Mainland China to customers to purchase the Group's products, HK$20 million (2015: HK$18 million) for securing the issuance of bank acceptance notes, recorded in the trade and bills payables, to suppliers, and HK$3 million (2015: HK$4 million) mainly to guarantee for payments of construction costs of industrial buildings.

Capital Commitments

As at 31 March 2016, the Group had capital commitments of HK$3 million (2015: HK$13 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 2016, the Group had borrowings in Japanese yen equivalent to HK$23 million (2015: HK$34 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, as compared with net foreign exchange gains recorded in last year, because of the sizable depreciation of the Renminbi. The Group has substantial investments in Mainland China and is aware that any fluctuation of Renminbi would have an impact on the net profits of the Group. 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 2016, the Group provided guarantees to banks amounted to HK$42 million (2015: HK$81 million) for bank loans granted to customers to purchase the Group's products.

HUMAN RESOURCES

As at 31 March 2016, the Group had approximately 2,100 (2015: 2,400) 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

It is the Group's view that the coming year continues to be plagued by numerous uncertainties. Among them are currency fluctuations, political turmoil, commodity prices, U.S. interest rate hike, sovereign debt crises, state of manufacturing in China, as well as what the Central Government will do. As the world's countries flocked to extreme measures to boost their local economies, such as rate reductions, negative interests, currency manipulations etc., they make attempting to forecast the future even more perilous.

On the other hand, however, challenges may beget opportunities, as economic pressures may force certain countries (especially China) to adopt laxer monetary policies, introduce new economic stimuli, boost consumption, or greatly increase fiscal spending in infrastructure projects. As such, the current downtrend seen with fixed asset investments may reverse itself quite suddenly and without warning.

It is thus that the Group takes a neutral stance towards the coming year. It will continue to extend effort towards launching new products and hope for obvious improvements in business performance in the coming year.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2016, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the following 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 26 August 2015. 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.

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 2016.

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 2016.

SCOPE OF WORK OF ERNST & YOUNG 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 2016 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young 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 2016 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, 27 June 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.