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 2024

FINANCIAL HIGHLIGHTS			
	2024	2023	Change
RESULTS HIGHLIGHTS *(HK$'000)*			
Revenue	**2,009,545**	2,312,584	-13%
Profit before tax	**125,142**	158,941	-21%
Profit attributable to equity holders of the Company	**100,853**	130,289	-23%
Total assets	**4,143,750**	4,149,309	0%
Shareholders' funds	**3,057,530**	3,049,140	0%
Issued share capital	**63,053**	63,053	0%
Net current assets	**1,985,180**	1,990,404	0%
PER SHARE DATA			
Basic earnings per share *(HK cents)*	**16.0**	20.7	-23%
Cash dividends per share *(HK cents)*	**8.0**	11.8	-32%
Net assets per share *(HK$)*	**4.9**	4.9	0%
KEY FINANCIAL RATIOS			
Return on average shareholders' funds *(%)*	**3.3**	4.2	-21%
Return on average total assets *(%)*	**2.4**	3.0	-20%

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 2024, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
REVENUE	*3*	**2,009,545**	2,312,584
Cost of sales		**(1,532,561)**	(1,764,532)
Gross profit		**476,984**	548,052
Other income and gains, net		**108,357**	120,093
Selling and distribution expenses		**(219,167)**	(261,949)
Administrative expenses		**(153,069)**	(156,874)
Other operating expenses, net		**(86,712)**	(88,310)
Finance costs		**(1,199)**	(1,157)
Share of profits less losses of associates		**(52)**	(914)
PROFIT BEFORE TAX	*4*	**125,142**	158,941
Income tax expense	*5*	**(26,283)**	(30,156)
PROFIT FOR THE YEAR		**98,859**	128,785
ATTRIBUTABLE TO:			
Equity holders of the Company		**100,853**	130,289
Non-controlling interests		**(1,994)**	(1,504)
		98,859	128,785
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic *(HK cents)*		**16.0**	20.7
Diluted *(HK cents)*		**16.0**	20.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2024

	2024	2023
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**98,859**	128,785
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	**(84,067)**	(189,592)
Share of other comprehensive expenses of associates	**(1,004)**	(1,952)
Net other comprehensive expenses that may be reclassified to the income statement in subsequent periods	**(85,071)**	(191,544)
Other comprehensive income / (expenses) that will not be reclassified to the income statement in subsequent periods:		
Actuarial gains on defined benefit plan	**1,755**	257
Gain on property revaluation	**72,112**	-
Income tax effect	**(18,028)**	-
	54,084	-
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	**55,839**	257
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	**(29,232)**	(191,287)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE YEAR	**69,627**	(62,502)
ATTRIBUTABLE TO:		
Equity holders of the Company	**72,129**	(59,834)
Non-controlling interests	**(2,502)**	(2,668)
	69,627	(62,502)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**551,750**	585,382
Investment properties		**388,071**	332,866
Right-of-use assets		**58,120**	40,362
Goodwill		**51,905**	51,905
Intangible assets		**2,648**	3,579
Investments in associates		**24,607**	25,663
Deferred tax assets		**31,065**	37,014
Deposits for purchases of items of property, plant and equipment		**5,474**	15,248
Trade and bills receivables	*8*	**86,214**	82,200
Finance lease receivables	*9*	**-**	202
Defined benefit assets		**4,764**	2,611
Pledged bank deposits		**-**	1,353
Total non-current assets		**1,204,618**	1,178,385
CURRENT ASSETS			
Inventories		**694,637**	791,763
Trade and bills receivables	*8*	**1,232,090**	1,397,251
Deposits, prepayments and other receivables		**137,119**	111,344
Finance lease receivables	*9*	**1,610**	1,414
Pledged bank deposits		**47,899**	24,490
Cash and bank balances		**825,777**	644,662
Total current assets		**2,939,132**	2,970,924
CURRENT LIABILITIES			
Trade and bills payables	*10*	**623,110**	623,367
Other payables, accruals and contract liabilities		**290,667**	314,905
Lease liabilities		**3,429**	2,862
Tax payable		**36,746**	39,386
Total current liabilities		**953,952**	980,520
NET CURRENT ASSETS		**1,985,180**	1,990,404
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,189,798**	3,168,789

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 March 2024

	2024	2023
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**11,195**	6,364
Lease liabilities	**13,910**	17,064
Deferred tax liabilities	**90,624**	77,180
Total non-current liabilities	**115,729**	100,608
NET ASSETS	**3,074,069**	3,068,181
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**63,053**	63,053
Reserves	**2,994,477**	2,986,087
	3,057,530	3,049,140
Non-controlling interests	**16,539**	19,041
TOTAL EQUITY	**3,074,069**	3,068,181

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) 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 assets 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.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

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

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position and performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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 2024 and 2023.

	Segment revenue from external customers		Segment results	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,449,902**	1,670,556	**114,900**	168,911
Taiwan	**37,815**	63,358	**(3,682)**	793
Other overseas countries	**521,828**	578,670	**37,497**	28,906
	2,009,545	2,312,584	**148,715**	198,610

Reconciliation of results of operating segments to profit before tax is as follows:		
Operating segment results	**148,715**	198,610
Unallocated income and gains	**23,828**	12,545
Corporate and unallocated expenses	**(47,280)**	(50,620)
Finance costs (other than interest on lease liabilities)	**(69)**	(680)
Share of profits less losses of associates	**(52)**	(914)
Profit before tax	**125,142**	158,941

2. OPERATING SEGMENT INFORMATION *(continued)*

	Segment assets		Segment liabilities	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**2,705,352**	2,904,870	**834,726**	872,395
Taiwan	**62,756**	97,810	**13,668**	13,590
Other overseas countries	**494,193**	439,290	**93,917**	78,577
	3,262,301	3,441,970	**942,311**	964,562
Investments in associates	**24,607**	25,663	**-**	-
Unallocated assets	**856,842**	681,676	**-**	-
Unallocated liabilities	**-**	-	**127,370**	116,566
	4,143,750	4,149,309	**1,069,681**	1,081,128

	Other segment information					
	Depreciation and amortization		Other non-cash expenses		Capital expenditure	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**54,818**	57,558	**12,063**	1,820	**66,358**	50,188
Taiwan	**485**	1,051	**-**	20	**260**	919
Other overseas countries	**1,656**	1,805	**8**	29	**766**	994
	56,959	60,414	**12,071**	1,869	**67,384**	52,101

2. OPERATING SEGMENT INFORMATION *(continued)*

	Non-current assets	
	2024	2023
	HK$'000	*HK$'000*
Mainland China and Hong Kong	**1,069,984**	1,041,693
Taiwan	**16,922**	15,613
Other overseas countries	**433**	310
	1,087,339	1,057,616

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 year ended 31 March 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

For the year ended 31 March 2023, revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue and the revenue derived from that customer by the reportable operating segment in Mainland China and Hong Kong amounted to HK$351,464,000.

3. REVENUE

The Group's revenue from contracts with customers is related to the sale of plastic injection moulding machines and related products, 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.

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers	**2,009,545**	2,312,584

Disaggregated revenue information

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers		
- sale of plastic injection moulding machines and related products		
Geographical markets		
Mainland China and Hong Kong	**1,449,902**	1,670,556
Taiwan	**37,815**	63,358
Other overseas countries	**521,828**	578,670
Total revenue from contracts with customers	**2,009,545**	2,312,584

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:

	2024	2023
	HK$'000	*HK$'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of plastic injection moulding machines and related products	**65,620**	107,191

Performance obligations

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

Sale of plastic injection moulding machines and related products

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):

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories sold	**1,532,561**	1,764,532
Depreciation of property, plant and equipment	**51,176**	57,024
Depreciation of right-of-use assets	**4,971**	2,971
Amortization of intangible assets	**812**	419
Gain on disposal of items of property, plant and equipment and right-of-use asset, net	**(1,245)**	(30,953)
Write-off of items of property, plant and equipment	**1,511**	1,869
Write-back of impairment of trade receivables, net	**(2,956)**	(1,293)
Write-back of provision for inventories, net	**(1,045)**	(11,520)
Write-back of impairment of finance lease receivables, net	**-**	(846)
Foreign exchange differences, net	**(201)**	13,113
Fair value losses on investment properties	**10,569**	-
Interest income	**(23,603)**	(12,335)
Finance lease interest income	**(225)**	(210)

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year. For the year ended 31 March 2023, Hong Kong profits tax had been provided at the rate of 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.

	2024	2023
	HK$'000	*HK$'000*
Current:		
Charge for the year		
Hong Kong	**-**	2,252
Elsewhere	**26,293**	21,113
Overprovision in prior years	**(2,621)**	(1,408)
Deferred	**2,611**	8,199
Tax charge for the year	**26,283**	30,156

6. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2023 - HK$0.073 (year ended 31 March 2022: HK$0.116) per ordinary share	**46,029**	73,142
Interim - HK$0.030 (2023: HK$0.045) per ordinary share	**18,916**	28,374
	64,945	101,516
Proposed final dividends:		
Final - HK$0.050 (2023: HK$0.073) per ordinary share	**31,527**	46,029

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$100,853,000 (2023: HK$130,289,000) and on the weighted average number of ordinary shares of 630,531,600 (2023: 630,531,600) in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 March 2024 and 2023 in respect of a dilution as the exercise price of the share options of the Company outstanding during the years is higher than the average market price of the Company's ordinary shares and, accordingly, such share options held have no dilutive effect on the basic earnings per share amounts presented.

8. TRADE AND BILLS RECEIVABLES

		2024	2023
	Notes	***HK$'000***	*HK$'000*
Trade receivables		**1,098,568**	1,117,396
Impairment		**(86,938)**	(92,297)
Trade receivables, net	*(a)*	**1,011,630**	1,025,099
Bills receivable	*(b)*	**306,674**	454,352
Total trade and bills receivables		**1,318,304**	1,479,451
Portion classified as non-current portion		**(86,214)**	(82,200)
Current portion		**1,232,090**	1,397,251

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$93,126,000 (2023: HK$90,826,000) which are interest-bearing at an average interest rate of 6.2% (2023: 6.2%) per annum and with credit periods of 18 months to 36 months (2023: 12 months to 36 months) in general, the remaining trade and bills receivables are non-interest-bearing.

As at 31 March 2024, the Group has pledged bills receivable of HK$73,307,000 (2023: HK$93,639,000) to secure the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

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:

	2024	2023
	HK$'000	*HK$'000*
Within 90 days	**471,634**	337,415
91 to 180 days	**151,274**	202,952
181 to 365 days	**176,240**	319,359
Over 1 year	**212,482**	165,373
	1,011,630	1,025,099

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

	2024	2023
	HK$'000	*HK$'000*
Within 90 days	**139,352**	207,753
91 to 180 days	**129,552**	199,159
181 to 365 days	**18,226**	33,000
Over 1 year	**19,544**	14,440
	306,674	454,352

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 10 months (2023: 1 month to 15 months). The customers shall purchase the leased injection moulding machines at the end of the lease terms of the finance leases.

	2024	2023
	HK$'000	*HK$'000*
Finance lease receivables	**5,944**	6,104
Impairment	**(4,334)**	(4,488)
Finance lease receivables, net	**1,610**	1,616
Portion classified as non-current portion	**-**	(202)
Current portion	**1,610**	1,414

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**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts receivable:				
Within one year	**1,665**	1,492	**1,610**	1,414
In the second year	**-**	206	**-**	202
Total minimum finance lease receivables	**1,665**	1,698	**1,610**	1,616
Unearned finance income	**(55)**	(82)		
Total net finance lease receivables	**1,610**	1,616		
Portion classified as current assets	**(1,610)**	(1,414)		
Non-current portion	**-**	202		

No contingent income was recognized during the year ended 31 March 2024 (2023: 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:

	2024	2023
	HK$'000	*HK$'000*
Within 90 days	**408,225**	370,423
91 to 180 days	**128,443**	169,849
181 to 365 days	**73,350**	68,008
Over 1 year	**13,092**	15,087
	623,110	623,367

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

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK5.0 cents (2023: HK7.3 cents) per ordinary share for the year ended 31 March 2024, subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be held on Monday, 26 August 2024. Together with the interim dividend of HK3.0 cents (2023: HK4.5 cents) per ordinary share, the total dividend for the year ended 31 March 2024 will be HK8.0 cents (2023: HK11.8 cents) per ordinary share.

The final dividend will be paid on or about Monday, 23 September 2024 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 9 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Monday, 26 August 2024, the Register of Members of the Company will be closed from Wednesday, 21 August 2024 to Monday, 26 August 2024, 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, 26 August 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 August 2024.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders of the Company at the AGM to be held on Monday, 26 August 2024. The record date for entitlement to the proposed final dividend is Monday, 9 September 2024. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 5 September 2024 to Monday, 9 September 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 4 September 2024.

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Performance

For the financial year ended 31 March 2024, the Group's total turnover declined by 13% to HK$2,010 million (2023: HK$2,313 million); out of that drop, roughly 4% was caused by currency translation effects since the Renminbi depreciated against the U.S. Dollar. Profit attributable to equity holders declined by 23% to HK$101 million (2023: HK$130 million) while basic earnings per share amounted to HK16.0 cents (2023: HK20.7 cents). The Board recommended the payment of a final dividend of HK5.0 cents (2023: HK7.3 cents) per share for this financial year.

Many would look back towards 2022 as the "Year of Global Inflation." Runaway inflation in the U.S.A. due to an overheating economy led the Federal Reserve to embark on an aggressive rate hike campaign, lifting the key Federal Funds Rate to the high level of 5.5% within a very short period of time. As shock waves of this drastic event rippled throughout the globe, they made long-lasting effects on worldwide markets and economies. From continent to continent, from government to government, and for businesses large and small alike, 2023 turned out to be a year filled with challenges and hardships, stagnant markets, suppressed consumption demand, heavy interest burden, significant income loss, and cut-throat price competition owing to rampant over-capacity.

The U.S.A. remained the only star among developed economies throughout the year 2023, with GDP growth that consistently beat expectations. In fact, most of the major international events within the past few years played to the U.S.A.'s advantage – for instance, oil and armament export rose to new historical heights since the start of the Russo-Ukrainian conflict which caused acute energy shortages throughout Europe. These factors contributed to allow the U.S.A. to run a drastically narrowing current account deficit in 2023 – almost 20% below the peak in 2022. But in spite of that, all was not completely rosy in the U.S.A. as sky-rocketing interest rates exerted a heavy toll upon businesses, and high tariffs prevented the imports of lower-cost Chinese-made goods which made domestic inflation stubbornly difficult to tame. Consequently, most economists predicted growth in the U.S.A. to substantially slow down during this year, perhaps even into a mild recession.

On the other side of the world economic pendulum, few regions across the globe escaped being severely hampered by high interest rates. The Eurozone, its manufacturing sector in particular, went technically into contraction due to sky-rocketing energy costs, warfare, fiscal deficits and an escalating sovereign debt crisis. In 2023, economic growth among the Eurozone countries slowed down to a trickle amid constant geopolitical tensions, currency depreciations and weakness in worldwide consumption demand. Other developing regions, such as India, Turkey, S.E. Asia and South America, though slightly stronger than Europe, also faced, each in its own way, the inevitable challenges of global capital flight, high interest rates, volatile currencies, and overwhelming debt burden – for instance hyperinflation in Turkey and the rapidly-depreciating Lira, and serious decline in exports from Vietnam which was once a hub for global manufacturing. Many developing economies throughout the world, being heavily dependent upon capital and demand from western markets, were now left with few options available when said investments and demand went down simultaneously.

Comparatively speaking, China fared much better than most other countries under the current abnormal international market conditions, with GDP growth still achieving a respectable 5.2% in 2023 while contributing almost one third of total global economic growth. With low inflation and declining interest rates, China remained one of the rare atypical entities in the world during this financial year.

As the Group's traditional customer segments (especially in Mainland China and Taiwan) depend heavily on exports to western countries, and as weaknesses in global consumer consumption persisted, the Group found sluggish market conditions rarely encountered for the industry, with demand for injection moulding machines severely subdued. This in turn affected the Group's total performance during this financial year.

Market Analysis

Breakdown of turnover, based on the location of customers, for the year ended 31 March 2024 is as follows:

Customer Location	**2024** ***(HK$ million)***	2023 *(HK$ million)*	Change
Mainland China and Hong Kong	**1,450**	1,671	-13%
Taiwan	**38**	63	-40%
Other overseas countries	**522**	579	-10%
	2,010	2,313	-13%

During this financial year, the economy in Mainland China was severely impacted by subdue international sentiments, with consumption levels subdued and the manufacturing sector under life support. The Central Government attempted to rekindle the lacklustre economy via various stimulating measures, such as multiple rounds of rate drops and reductions in deposit reserve requirement ratio, but material results had so far been wanting, with Mainland China's domestic PMI index stubbornly staying within contraction zone for all but two months within this financial year. Still, the shrinkage of industrial activities faced by China was a far cry in severity from those faced by many other countries around the world, thus Mainland China continued to act as the primary driver of global economic growth, contributing close to one third in 2023.

The collapse (or "controlled landing" according to some) of the real estate bubble marked an important watershed economic event in recent Chinese history as multiple industry segments were dragged down with it, among them electric appliances, construction materials and household goods. Even EV's (electric vehicles), the single, red-hot, superstar automotive growth segment of recent years, felt the aftershocks and performed poorly during the first half of the year, though rebounding in the second half to finally deliver over 30 million vehicles in 2023, strengthening China's dominance as the largest automotive market in the world 15 years in a row, as well as bypassing Japan for the first time as the largest automotive exporter worldwide. The Group's cooperation with global EV leader BYD also continued into its third year, with BYD actively negotiating future orders with the Group for advanced injection moulding machines, and the Group is honoured to be able to contribute towards China's EV rise to global stardom.

General weaknesses in domestic consumption levels as well as over-capacity within Mainland China was effective in suppressing the demand for investments on capital equipment. Consequently, the Group's turnover in Mainland China declined by 13% to HK$1.45 billion (2023: HK$1.671 billion).

During this financial year, the Group's Taiwan customer base was also severely impacted by weak exports to western countries, and owing to that, capital investment activities ceased almost completely. This resulted in a drop of 40% of the Group's turnover in Taiwan to HK$38 million (2023: HK$63 million).

Internationally, Vietnam had been the primary victim of global foreign investment decline during this financial year among the Asian countries. As a popular first stop for worldwide buyers seeking to diversify their supply chain due to the "China + 1" initiative and buoyed by special tariffs charged on Chinese imports to the U.S.A., Vietnam reaped the benefits of rapidly growing exports to replace China as the World's Factory. Nevertheless, Vietnam's over-dependence upon exports to western countries and foreign investments became painfully obvious when many leading manufacturing names (including one of the Group's most important market segments – footwear) were forced to lay off massive number of workers this year amid dwindling orders inflow because of the weaknesses in European consumption. Needless to say, this had adverse impacts on the demand of new injection moulding machines. There were, however, a few bright spots during this financial year, in particular Brazil, Indonesia, Turkey, Mexico and India, all of which experienced significant expansions in their manufacturing sectors, and all without fail benefited from western buyers seeking to diversify from a China-centric supply chain. Demand for injection moulding machines in these countries rose because of the growing manufacturing industries.

As the Group has been engaged in international markets since time memorial and retains robust sales networks or direct-owned subsidiaries in many countries, thus the Group managed to take advantage of and gain material growth from the above-mentioned growth markets. On the other hand, such gains where unfortunately not adequate to fully compensate for structural declines in the Group's other main international markets. As a result, the Group still registered a 10% decline in other overseas countries turnover to HK$522 million (2023: HK$579 million).

Development of New Technologies and New Products

This financial year was a consolidation period for fruits of the Group's R&D efforts, with a large number of all-new or upgraded product lines launched last year amid general market praise. Especially remarkable was the DMIII series – third generational multi-material machine – which practically dazzled the market with very high stability and reliability.

The Group also achieved a number of fundamental technological breakthroughs during this financial year, including:

1. Ultra-large over-sized shot-weight via advanced shotpot-and-plunger technology (60-250kg), delivered on a 3,600-ton large-tonnage machine;
2. Eleven new patents, 2 of which were inventions;
3. New application-specific models, such as for produce crates.

Last, but not least, the Group also launched the new "G" series of general-purpose injection moulding machines which completed much-needed coverage of the mid-to-low end range of the market.

Production Capacity and Cost Control

During this financial year, the Group completed as planned the commissioning of its Centre for Innovation and Advanced Research and a new logistics centre, both in Shenzhen. In addition, the Group also conducted special projects to revamp, revitalise, optimise and upgrade existing assembly and processing workspaces, with the addition of new large-sized machining equipment. These changes increased the resiliency of the Group's manufacturing facilities, allowing for future increases in production capacity should the need arises. At the same time, the Group is about to put online a new lean-production management system to further streamline manufacturing efficiency.

In the areas of quality control, the Group has kept to continuously improve its quality assurance system and conducted large-scale TQM (total quality management) programs and events that seek to promote standardised procedures, heighten quality awareness, and lift quality alertness. These measures are critical to enable the Group to remain cost competitive and maintain market position under the current fiercely competitive market environment.

Financial Review

Liquidity and Financial Conditions

As at 31 March 2024, the Group had net current assets of HK$1,985 million (2023: HK$1,990 million). Cash and bank balances (including pledged deposits) amounted to HK$874 million (2023: HK$671 million), representing an increase of HK$203 million as compared to last year. As at 31 March 2024, the Group had no bank borrowings (2023: Nil). The Group recorded a net cash position of HK$874 million (2023: HK$671 million), representing an increase of HK$203 million as compared to last year.

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 2024. 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 to meet the funding requirements of the Group's capital investments and operations.

Charge on Assets

As at 31 March 2024, bank deposits of certain subsidiaries of the Group in the amount of HK$48 million (2023: HK$26 million) were pledged, including HK$3 million (2023: HK$3 million) for securing a bank loan granted by a bank in Mainland China to a customer to purchase the Group's products, and HK$45 million (2023: HK$23 million) for securing the issuance of bank acceptance notes, recorded in the trade and bills payables, to suppliers. In addition, bills receivable of a subsidiary of the Group in the amount of HK$73 million (2023: HK$94 million) was pledged for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

Capital Commitments

As at 31 March 2024, the Group had capital commitments of HK$6 million (2023: HK$26 million), mainly in respect of the upgrading of industrial facilities and the purchases of production equipment in Mainland China which are to be funded by internal resources of the Group.

Treasury and Foreign Exchange Risk Management

The Group adopts a prudent approach in managing its funding. Funds, primarily denominated in the Hong Kong Dollar, the Renminbi, the New Taiwanese Dollar, the U.S. Dollar and the Euro, are generally placed with banks as short or medium term deposits for working capital of the Group.

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 2024, the Group provided guarantee to a bank amounted to HK$1 million (2023: HK$3 million) for a bank loan granted to a customer to purchase the Group's products.

Human Resources

As at 31 March 2024, the Group had approximately 2,400 (2023: 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 financial 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.

Prospects for the Coming Year

A majority of the world's leading economists have forecasted the global economy to continue weakening in the coming year, with most remaining cautious amid belief that current geoeconomic fractures will continue to deepen and exert their tolls on the market at large. Most economies across the globe, developed or developing alike, all face significant headwinds due to deep structural problems as the laggard effects of interest rate hikes gradually catch up with vulnerable global consumption.

Geopolitical tensions are set to continue unabated, Europe and the Middle East as the epicentres, intensifying further fragmentation of global trade, while blockade of the Red Sea wreaks havoc with global shipping supply chains. In addition, regions accounting for over 50% of global GDP, including the Eurozone, U.S.A. and India, will have major elections in the coming year, shrouding even more political uncertainties over weak international consumer and investor confidence that have already been thoroughly rampaged by economic downturn, inflation and geopolitical conflict.

On the other hand, China is expected to remain firmly on growth grounds as domestic consumption has shown remarkable flexibility and resiliency. After a full cycle of global destocking, the Group believes that China exports stand to greatly improve in the near future. Due to these conflicting trends mentioned above, the Group remains cautious with regards to market conditions in the coming year. What the Group can do under such circumstances is to continue to develop and launch innovative new products to better cater for the unique needs of customers in diverse market segments.

The Group also pledges to continue its investments into enlarging and strengthening global sales and marketing networks, deeply engaging in key strategic countries, and deploying more regional service centres to provide better localised services. The measures will allow the Group to stay close to customers' needs and quickly take full advantage of future market rebounds.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2024, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 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 B.2.2 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 C.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 C3 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 2024.

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 2024.

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 2024 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 and consequently no opinion or assurance conclusion 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 2024 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, 25 June 2024

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. Harry Chi HUI, Mr. Anish LALVANI, Mr. Michael Tze Hau LEE and Mr. Johnson Chin Kwang TAN.