CHEN HSONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 0057)

CONTINUING CONNECTED TRANSACTIONS

CHM-SZ, an indirect wholly-owned subsidiary of the Company, and CC-SZ entered into a master agreement which is a renewal agreement of the previous master agreement entered into between the parties on 15 July 2004 in respect of the Steel Purchase Transactions. The transactions contemplated under the agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules and are exempt from the independent shareholders' approval requirements of Rule 14A.34 of the Listing Rules.

INTRODUCTION

On 19 March 2007, CHM-SZ, an indirect wholly-owned subsidiary of the Company, entered into a master agreement in respect of the Steel Purchase Transactions with CC-SZ. The master agreement is a renewal agreement of the previous master agreement entered into on 15 July 2004 in respect of the Steel Purchase Transactions, which will expire by effluxion of time on 31 March 2007. The Steel Purchase Transactions carried out under the agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules but are exempt from the independent shareholders' approval requirements of Rule 14A.34 of the Listing Rules. Particulars of the agreement and other relevant information are set out below.

STEEL PURCHASE TRANSACTIONS

Master agreement for the non-exclusive purchase of steel

Date of agreement:	19 March 2007
Parties:	CC-SZ as vendor; and CHM-SZ as purchaser
Duration:	With effect from 1 April 2007 to 31 March 2010
Purpose of purchase:	To purchase steel to be used in the manufacturing of plastic injection moulding machines and accessories, the core products of the Chen Hsong Group.
Scope:	Under the agreement, Chen Hsong Group may from time to time place orders, on a non-exclusive basis, with CC-SZ to purchase steel specifying the quantity, quality standard, model number, manufacturer and delivery time.
Price:	The price for each order will be determined in the following manner: a quote will be provided by CC-SZ for the order; the purchasing party may either accept the quote and proceed with the purchase or reject the quote and decline to proceed further, based on other quotes obtained from independent third parties in the market.
Annual caps:	It is provided that during the term of the agreement, the aggregate value of purchases of steel should not exceed RMB40,000,000 (equivalent to HK$40,000,000), RMB43,000,000 (equivalent to HK$43,000,000) and RMB45,000,000 (equivalent to HK$45,000,000) for each of the three years ending 31 March 2008, 31 March 2009 and 31 March 2010 respectively.
Right of termination:	Either party may terminate the agreement by serving on the other party 3 months' prior written notice of termination.

The respective annual caps, based on aggregate purchase order values, referred to above have been determined by reference to (1) the existing business dealings between the Chen Hsong Group and CC-SZ; (2) the future contracts anticipated to be entered into by the Chen Hsong Group with CC-SZ under the above agreement; and (3) the value of previous transactions of a similar nature entered into by the same parties, based on aggregate purchase order values, being approximately HK$1,968,000, HK$4,753,000 and HK$3,449,000 respectively for the financial years ended 31 March 2005 and 2006 and for the period from 1 April 2006 to 31 December 2006. The above annual caps are substantially higher than these historical figures since the calculation has been based on the assumptions that (a) the Chen Hsong Group will purchase additional types of high quality steel from CC-SZ as CC-SZ has demonstrated to the Chen Hsong Group its ability to meet the demands of the Chen Hsong Group, both in terms of product quality and delivery lead time as compared with other suppliers; and (b) the production capacity of the Chen Hsong Group is expected to continue to grow as a result of the anticipated increase in market demand under the market condition of the industry.

REASONS FOR AND BENEFITS OF THE ABOVE AGREEMENT

CHM-SZ is of the view that the Steel Purchase Transactions are of a recurrent nature and will take place on a regular and continuing basis in the ordinary and usual course of business of the Chen Hsong Group; and that in future, the value of such transactions is expected to remain at a level above the de minimis thresholds under Rule 14A.33 of the Listing Rules but below the thresholds under Rule 14A.34 of the Listing Rules. On the basis of the above, CHM-SZ entered into the above agreement to regulate the purchase of steel with CC-SZ. The above agreement was negotiated on an arm's length basis on normal commercial terms. The board of Directors (including the independent non-executive Directors) are of the view that the terms of the above agreement are fair, reasonable and in the interests of the Company and its shareholders as a whole and that it is beneficial to the Company for CHM-SZ to enter into such agreement.

REQUIREMENTS OF THE LISTING RULES

The transactions contemplated under the above agreement will constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

It is anticipated that, on an annual basis, the aggregate value of the Steel Purchase Transactions may exceed the thresholds stipulated in Rule 14A.33(3) of the Listing Rules but remain under the thresholds stipulated in Rule 14A.34 of the Listing Rules. Accordingly, the above agreement is subject to the reporting and announcement requirements of Rules 14A.45 to 14A.47 and also Rules 14A.37 to 14A.41 of the Listing Rules but exempt from the independent shareholders' approval requirements.

GENERAL

Dr. Chen CHIANG and Mr. Chi Kin CHIANG, who are both Directors, and their respective associates together control the exercise of 80% of the voting power at general meetings of Chen Chien Holdings Limited, which holds the entire equity interest of CC-SZ. Therefore, CC-SZ is a connected person of the Company, as defined in the Listing Rules.

CC-SZ is a company incorporated in the PRC and is principally engaged in the business of manufacturing mould bases and trading of steel materials.

The Chen Hsong Group is principally involved in the manufacture and sale of plastic injection moulding machines and related products.

DEFINITIONS

Unless otherwise defined, terms used in this announcement shall have the meanings set out below:

"CC-SZ"	Zhenjian Mould & Machinery (Shenzhen) Co., Ltd. (震堅模具機械(深圳)有限公司), a PRC incorporated company which is a connected person as described above
"Chen Hsong Group"	the Company and its subsidiaries
"CHM-SZ"	Chen Hsong Machinery (Shenzhen) Company, Limited (震雄機械(深圳)有限公司), a PRC incorporated company which is an indirect wholly-owned subsidiary of the Company
"Company"	Chen Hsong Holdings Limited
"Directors"	the directors of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Steel Purchase Transactions"	transactions under which Chen Hsong Group purchases steels from CC-SZ, details of which are described under the heading titled "Steel Purchase Transactions" in this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

(The exchange rate of RMB to HK$ quoted in this announcement adopts a reference rate of RMB1.00 to HK$1.00.)

By Order of the Board
LIP SIN PING, ALICE
Company Secretary

Hong Kong, 19 March 2007

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 and Mr. Bernard Charnwut CHAN.

This announcement can also be assessed through the Internet on the Company's website www.chenhsong.com.hk.