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(Stock Code: 264)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The board of directors of the Company wishes to inform the shareholders of the Company and potential investors that the Group expects to record a significant decline in its net profit for the year ended 31 March 2012, as compared to that for the year ended 31 March 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Chanco International Group Limited (the “Company”, together with its subsidiaries as the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board (the “Board”) of directors (the “Directors”) of the Company wishes to inform the shareholders of the Company and potential investors that the Group expects to record a significant decline in its net profit for the year ended 31 March 2012, as compared to that for the year ended 31 March 2011.

Based on the latest information available, the Board considers that the decline in net profit is mainly due to decrease in sales and profit margin caused by reduction of orders from the overseas customers and rising production costs in the PRC.

The Company is still in the process of finalizing the annual results for the financial year ended 31 March 2012. The information contained in this announcement is only based on the Company’s preliminary review of the management accounts of the Group, which have not been audited or reviewed by the Company’s auditor. The Company’s annual results for the year ended 31 March 2012 is expected to be announced by the end of June 2012.

The Board would also like to inform the shareholders of the Company and potential investors that the financial position of the Group remains sound and healthy.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Chanco International Group Limited
Chan King Hong Edwin
Chairman

Hong Kong, 21 May 2012

As at the date of this announcement, Mr. Chan King Hong, Edwin, Mr. Chan King Yuen, Stanley, Ms. Chan Wai Po, Rebecca are the executive directors of the Company, Mr. Fong Pui Sheung, David MH, Ms. Chau Cynthia Sin Ha JP and Mr. Or Kam Chung, Janson are the independent non-executive directors of the Company.