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CHANCO INTERNATIONAL GROUP LIMITED
卓 高 國 際 集 團 有 限 公 司
(incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

The Board of Directors of Chanco International Group Limited (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012 as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	2	**196,001**	222,277
Cost of sales		**(135,259)**	(149,651)
Gross profit		**60,742**	72,626
Other income and gains		**6,314**	2,118
Selling and distribution costs		**(27,792)**	(24,774)
Administrative and other operating expenses		**(30,791)**	(29,917)
Profit before income tax expense	3	**8,473**	20,053
Income tax expense	4	**(1,493)**	(3,143)
Profit for the year attributable to owners of the Company		**6,980**	16,910
Other comprehensive income			
Change in fair value of available-for-sale investments		**(1,060)**	173
Exchange differences arising on translation of financial statements of operations outside Hong Kong		**1,190**	1,495
Other comprehensive income for the year		**130**	1,668
Total comprehensive income for the year attributable to owners of the Company		**7,110**	18,578
Earnings per share			
– Basic	5	**HK2.19 cents**	HK5.30 cents
– Diluted	5	**HK2.19 cents**	HK5.30 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**7,973**	8,429
Available-for-sale investments		**5,349**	5,333
Held-to-maturity investment		**1,524**	–
Rental deposits		**2,403**	1,934
		17,249	15,696
Current assets			
Inventories		**86,097**	55,158
Trade and bills receivables	*6*	**25,034**	20,944
Other receivables, deposits and prepayments		**3,186**	3,666
Tax recoverable		**900**	370
Structured bank deposit		**5,536**	–
Cash and cash equivalents		**180,597**	214,586
		301,350	294,724
Current liabilities			
Trade payables	*7*	**11,131**	7,463
Other payables and accrued charges		**15,832**	15,835
Current tax liabilities		**555**	539
		27,518	23,837
Net current assets		**273,832**	270,887
Total assets less current liabilities		**291,081**	286,583
Non-current liabilities			
Deferred tax liabilities		**61**	123
Total net assets		**291,020**	286,460
Capital and reserves attributable to owners of the Company			
Share capital		**3,188**	3,188
Reserves		**287,832**	283,272
Total equity		**291,020**	286,460

NOTE:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

The adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosure – Offsetting Financial Assets and Financial Liabilities[3]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
Amendments to HKAS 32	Presentation of Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 12	Disclosures of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 27 (2011)	Separate Financial Statements[3]
Annual Improvements Projects	Annual Improvements 2009-2011 Cycle[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

2. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Manufacturing business – Manufacture and distribution of leather products

Retail business – Retail of fashion apparel, footwear and leather accessories

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision makers for assessment of segment performance.

(a) Reportable segments

	Manufacturing business		**Retail business**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**141,503**	178,847	**54,498**	43,430	**196,001**	222,277
Inter-segment revenue	**3,079**	947	**13**	33	**3,092**	980
Reportable segment revenue	**144,582**	179,794	**54,511**	43,463	**199,093**	223,257
Reportable segment profit	**3,520**	17,079	**2,065**	2,164	**5,585**	19,243
Depreciation of property, plant and equipment	**776**	954	**905**	794	**1,681**	1,748
Reportable segment assets	**147,225**	118,822	**38,894**	21,836	**186,119**	140,658
Additions to property, plant and equipment	**37**	66	**1,696**	1,301	**1,733**	1,367
Reportable segment liabilities	**23,584**	21,866	**3,338**	1,416	**26,922**	23,282

(b) Reconciliation of reportable segment revenues, profit, assets and liabilities

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**199,093**	223,257
Elimination of inter-segment revenue	**(3,092)**	(980)
Consolidated revenue	**196,001**	222,277
Profit before income tax expense		
Reportable segment profit	**5,585**	19,243
Elimination of inter-segment (profits)/losses	**(97)**	138
Interest income	**3,308**	1,574
Dividend income from available-for-sale investments	**194**	130
Unallocated other income and gains	**516**	64
Unallocated corporate expenses	**(1,033)**	(1,096)
Consolidated profit before income tax expense	**8,473**	20,053
Depreciation of property, plant and equipment		
Reportable segment depreciation	**1,681**	1,748
Depreciation of unallocated property, plant and equipment	**380**	467
Consolidated depreciation of property, plant and equipment	**2,061**	2,215
Additions to property, plant and equipment		
Reportable segment additions	**1,733**	1,367
Unallocated additions to property, plant and equipment	**83**	422
Consolidated additions to property, plant and equipment	**1,816**	1,789
Assets		
Reportable segment assets	**186,119**	140,658
Available-for-sale investments	**5,349**	5,333
Held-to-maturity investment	**1,524**	–
Tax recoverable	**900**	370
Unallocated corporate cash and cash equivalents	**122,753**	161,833
Other unallocated corporate assets	**1,954**	2,226
Consolidated total assets	**318,599**	310,420

	2012	2011
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**26,922**	23,282
Current tax liabilities	**555**	539
Deferred tax liabilities	**61**	123
Unallocated corporate liabilities	**41**	16
Consolidated total liabilities	**27,579**	23,960

(c) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, i.e. property, plant and equipment.

	Revenue from external customers *(Note)*		**Property, plant and equipment**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**71,925**	62,645	**3,542**	3,267
Europe	**53,395**	60,245	**–**	–
Japan	**3,782**	28,544	**–**	–
The United States of America	**16,638**	24,029	**–**	–
PRC	**17,361**	17,631	**4,431**	5,162
Other countries	**32,900**	29,183	**–**	–
Total	**124,076**	159,632	**4,431**	5,162
	196,001	222,277	**7,973**	8,429

Note: Revenues are attributed to countries on the basis of the customer's location.

(d) Information about major customers

Revenue from major customers of the Group's manufacturing business segment, each of them account for 10% or more of the Group's revenue, are set out below:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**–**	29,487
Customer B	**–**	22,998
Customer C	**19,983**	–

3. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**447**	430
Cost of inventories recognised as expenses	**135,259**	149,651
Staff costs, excluding directors' emoluments	**20,623**	18,856
Depreciation of property, plant and equipment	**2,061**	2,215
Loss on disposal of property, plant and equipment	**208**	36
Impairment loss on trade receivables	**11**	1
Write-down of inventories	**695**	1,445
Foreign exchange gain, net	**(2,647)**	(64)
Interest income	**(3,308)**	(1,574)
Dividend income from available-for-sale investments	**(194)**	(130)

4. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– tax for the year	**349**	1,568
– overprovision in respect of prior years	**(71)**	(1)
	278	1,567
Current tax – PRC Enterprise Income Tax		
– tax for the year	**1,277**	1,533
– underprovision in respect of prior years	**–**	69
	1,277	1,602
Deferred tax		
– current year	**(62)**	(26)
Income tax expense	**1,493**	3,143

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

The PRC Enterprise Income Tax rate for the Company's subsidiary in the PRC is 25% (2011: 25%).

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit for the year attributable to owners of the Company of approximately HK$6,980,000 (2011: HK$16,910,000) and weighted average number of 318,804,000 (2011: 318,804,000) ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for shares for both years ended 31 March 2012 and 2011.

6. TRADE AND BILLS RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**25,632**	21,591
Less: impairment loss	**(598)**	(647)
	25,034	20,944

Customers are generally granted with credit terms of 30 to 90 days. The ageing analysis of trade and bills receivables based on invoice date (net of impairment loss) at the end of reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Less than 30 days	**16,504**	10,838
31 – 60 days	**2,788**	2,816
61 – 90 days	**2,560**	3,600
91 – 120 days	**760**	420
121 – 365 days	**2,334**	3,192
Over 365 days	**88**	78
	25,034	20,944

7. TRADE PAYABLES

The ageing analysis of trade payables at the end of reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Less than 30 days	**7,234**	3,126
31 – 60 days	**2,745**	2,361
61 – 90 days	**181**	1,454
91 – 120 days	**377**	251
121 – 365 days	**497**	102
Over 365 days	**97**	169
	11,131	7,463

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

(All the analysis below is based on the results of the Group for the year ended 31 March 2012 and the year ended 31 March 2011 for comparison purpose only)

For the year ended 31 March 2012, the Group recorded a lower turnover of HK$196,001,000 compared to HK$222,277,000 for the year ended 31 March 2011, downed by around 12%. The decline in total turnover was primarily attributed to lower revenue from manufacturing business segment in the reporting year. Gross profit reduced from HK$72,626,000 to HK$60,742,000, a decrease of approximately 16%, which was mainly due to lower turnover and profit margin in manufacturing business segment. Gross profit margin decreased from 33% to around 31%.

Other income and gains increased from HK$2,118,000 to HK$6,314,000 which was attributable to the increase in bank interest income and the increase in foreign exchange gain mainly resulting from appreciation of Renminbi. Higher interest rate earned through conversion of cash in banks from U.S dollars to Renminbi during the year.

Selling and distribution expenses increased from HK$24,774,000 to HK$27,792,000. This was largely attributed to the increase of staff costs, promotion and advertising expenses and rental expenses in relation to retail business. Administrative and other operating expenses increased from HK$29,917,000 to HK$30,791,000. This was primarily due to the increase in salaries and related staff costs in the reporting year.

As a result, the Group's net profit for the year decreased by around 59% to HK$6,980,000. Basic earnings per share was HK2.2 cents compared to HK5.3 cents of last year.

Business Review

By business segments, manufacturing business remained the Group's largest revenue contributor accounting for approximately 72% of its total turnover and the balance of 28% being contributions from retail business.

Manufacturing Business

For the year ended 31 March 2012, turnover of manufacturing business segment from external customers reduced from HK$178,847,000 to HK$141,503,000. The fall in turnover was mainly due to continued decrease of export sales to Japan and the weakness of its two core markets, Europe and the U.S.

Geographically, sales to Europe decreased from HK$60,245,000 to HK$53,395,000 and sales to the U.S. decreased from HK$24,029,000 to HK$16,638,000. The sovereign debt crisis in Europe continued suppressing market demand. Customers in these markets stayed conservative during the reporting year. Export sales to Japan for the year reduced to HK$3,782,000 compared with HK$28,544,000 of last year. Japan became an unimportant market to the Group. Sales in Hong Kong decreased from HK$19,215,000 to HK$17,427,000. Sales in the PRC market dropped slightly from HK$17,631,000 to HK$17,361,000. Apart from the major markets, sales to other countries including Australia, Korea, Malaysia, Singapore and India etc. increased by around 13% to HK$32,900,000. This was mainly attributed to the increase of sales to India and Malaysia.

In terms of product category, sales of belt products decreased to HK$123,688,000 (2011: HK$166,619,000). Sales of leather goods and other accessories were approximately HK$17,815,000 (2011: HK$12,228,000). Gross profit margin decreased from around 27% to around 22% which was mainly due to the increase in labor cost as a result of an increase of statutory minimum wages in the PRC and appreciation of Renminbi during the reporting year. Lower factory utilization also affected the gross margin. Fixed manufacturing cost per unit was higher as a result of output volume reduced.

Retail Business

Retail sales for the year increased around 25% to HK$54,498,000. This was primarily due to an increase of comparable same store sales as well as incremental sales related to new store. Hong Kong retail market remained prosperous during the reporting year, thanks to the prevailing strength of inbound tourism and strong domestic consumption on the back of steady economic growth and low unemployment. Our comparable same store sales increased around 20% compared with same period last year. Our in-house brand sales mainly Urban Stranger accounted for around 40% of our total retail sales compared with around 44% of last year. Profit margin went down from around 57% to around 52%. This was primarily due to additional promotions and price markdown, increase in proportion of sales of international footwear brands products with lower profit margin and net provision for slow moving inventories of around HK$498,000 in the reporting year. The overall shop rental to turnover ratio decreased from around 31% to around 25% as a result of better sales performance and closure of loss-making store at Causeway Bay in the second half of the financial year. Staff costs were notably higher than that of last year as a result of an increase in staff salaries, sales commission and bonus and expansion of in-house design team in the reporting year. As a consequence of lower profit margin and higher staff costs, the segmental profit for the year decreased slightly from HK$2,164,000 to HK$2,065,000. In the year under review, we closed one loss-making store upon expiry of tenancy and opened two new stores. As at 31 March 2012, the Group operated six AREA 0264 stores in Hong Kong.

Prospects

Looking ahead, the negative impacts from debt crisis will continue affect the global economy. Countries around the world may experience an economic slowdown for the rest of 2012 as the sovereign debt crisis in Europe remains unsolved. The US economic recovery remains fragile and volatile. Market demands continue to be unstable and business prospect remains tough in the near term. The escalating production cost will continue to affect our profit margin. In response to these challenges ahead, we will strive to tighten cost control and optimize the production capacity.

Hong Kong retail market remains positive on the back of inbound tourism and low unemployment. However, increasing external economic uncertainties and increasing volatility in stock market may adversely affect the local spending sentiment. The growth trend is expected to be slowing down in the near term. In the first two months of financial year 2012/13, our comparable same store sales dropped. Nonetheless, we are confident that the medium to long term prospect of retail business remains positive. We will stay cautious to look for strategic location to strengthen our sales network. We plan to open two new stores and expect to have around eight AREA 0264 stores in Hong Kong by the end of financial year 2012/13. We will also stay focus on enhancing our brand equity through innovative marketing promotion and strengthening product quality. To stay competitive in the market, we will renovate and upgrade our stores and make alternation to our merchandise lineup and brand mix. We will also manage our operating expense carefully and implement disciplined inventory management policy.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2012, the Group's cash and cash equivalents were approximately HK$180,597,000 (2011: HK$214,586,000).

As at 31 March 2012, the Group had aggregate banking facilities in respect of import/export facilities of approximately HK$15,000,000 which were secured by corporate guarantees provided by the Company.

Compared to 31 March 2011, the inventory level as at 31 March 2012 was notably higher. The increase in inventories was mainly due to an increase in inventory level of best-selling merchandises of international footwear brand and increase in inventory of leather.

The Group recorded total current assets of approximately HK$301,350,000 as at 31 March 2012 (2011: HK$294,724,000) and total current liabilities of approximately HK$27,518,000 (2011: HK$23,837,000). The current ratio of the Group, calculated by dividing the total currents assets by the total current liabilities, was approximately 11 times as at 31 March 2012 (2011: 12 times).

Supported by its strong financial position, the Group had not raised any bank loan during the year.

The Group recorded an increase in shareholders' funds from approximately HK$286,460,000 as at 31 March 2011 to approximately HK$291,020,000 as at 31 March 2012. The increase was mainly attributable to retained profits after deducting dividend paid out in the reporting year.

Treasury Policy

The Group generally finances its operation with internally generated resources. Cash and bank deposits of the Group are mainly denominated in Hong Kong dollars ("HK$"), US dollars ("USD"), Renminbi ("RMB") and Euro. Transactions of the Group are mainly denominated in HK$, USD, RMB and Euro. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. In this regard, the Group does not expose to significant currency risk arising from USD. The Group has significant exposure to foreign exchange fluctuation in RMB against HK$ at the end of reporting period. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

During the reporting year, the Group invested in government bond issued by the Ministry of Finance People's Republic of China amounting to approximately HK$1,524,000 (equivalent to RMB1,250,000) for long term investment purpose. The Group also placed to a bank a structured bank deposit amounting to approximately HK$5,536,000 (equivalent to RMB4,500,000) for short term investment purpose.

The Group recorded available-for-sale investments of approximately HK$5,349,000 as at 31 March 2012 (2011: HK$5,333,000). Additional investment in equity securities was offset by fair value adjustment on overall investment portfolio at 31 March 2012.

Charges on Assets

The Group did not have any assets pledged for general facilities granted by banks.

Material Acquisitions/Disposal

The Group had no material acquisition/disposals for the year ended 31 March 2012.

Employee Information

As at 31 March 2012, the Group had 133 employees in Hong Kong and the PRC and the processing factory, an independent third party with which the Group has entered into a processing agreement, had around 960 workers. The Group remunerated its employees mainly based on their individual performance. Apart from basic salaries, discretionary bonus, contribution to the statutory retirement scheme, the Group adopted a share option scheme whereby certain employees of the Group may be granted options to subscribe for shares of the Company.

Contingent Liabilities

As at 31 March 2012, the Group did not have any contingent liabilities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Listing Rules during the year ended 31 March 2012, except for the deviations from CG Code provision A2.1 in respect of the separation of roles of the chairman and chief executive officer. Due to the small size of the existing management team, both the roles of the chairman and chief executive officer of the Company are currently played by Mr. Chan King Hong, Edwin. Mr. Chan has considerable experience in manufacturing industry and is the person most knowledgeable about the business of the Group. The Board believes that the current structure will enable us to make and implement decisions promptly and efficiently. The Board will meet regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). Following specific enquiries by the Company, all its current Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2012.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee currently comprises Mr. Fong Pui Sheung David (Chairman), Ms. Chau Cynthia Sin Ha, and Mr. Or Kam Chung Janson. The audit committee has reviewed and discussed with the management and the external auditor the financial reporting matters including the annual results for the year ended 31 March 2012.

DIVIDEND

The Board does not recommend payment of any dividend for the financial year ended 31 March 2012 at the forthcoming annual general meeting of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “2012 AGM”) will be held at, 3/F, 3rd Floor, Victory Industrial Building, Nos. 151-157 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on 3 September 2012 at 10:30 a.m. Notice of the annual general meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 30 August 2012 to 3 September 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 29 August 2012.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2012 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has recently amended the Listing Rules relating to, inter alia, the Code on Corporate Governance Practices (now renamed as Corporate Governance Code and Corporate Governance Report) set out in Appendix 14 of the Listing Rules and the rules pertaining to corporate governance. The Directors accordingly propose to seek the approval of the shareholders at the 2012 AGM to amend the existing articles of association of the Company (the “Articles”) by way of special resolution to bring the Articles in line with the amended Listing Rules. A circular containing, inter alia, information about the proposed amendments and notice of the 2012 AGM will be dispatched to the shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their hard work, commitment, dedication and contribution, and all of our shareholders, valuable customers and banks for their ongoing support.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.irasia.com/listco/hk/chanco/index.htm) and the Stock Exchange (www.hkex.com.hk). An annual report for the year ended 31 March 2012 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

On behalf of the Board
Chan King Hong Edwin
Chairman

Hong Kong, 28 June 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.