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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 2011**

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 2011 as follows:–

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2011**

	<i>Notes</i>	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover	2	<b>222,277</b>	250,703
Cost of sales		<u><b>(149,651)</b></u>	<u>(171,454)</u>
Gross profit		<b>72,626</b>	79,249
Other income and gains		<b>2,118</b>	2,294
Selling and distribution costs		<b>(24,774)</b>	(19,894)
Administrative and other operating expenses		<u><b>(29,917)</b></u>	<u>(35,808)</u>
Profit before income tax expense	3	<b>20,053</b>	25,841
Income tax expense	4	<u><b>(3,143)</b></u>	<u>(3,858)</u>
<b>Profit for the year attributable to owners of the Company</b>		<u><b>16,910</b></u>	<u>21,983</u>
<b>Other comprehensive income</b>			
Change in fair value of available-for-sale investments		<b>173</b>	1,582
Exchange differences arising on translation of financial statements of operations outside Hong Kong		<u><b>1,495</b></u>	<u>55</u>
Other comprehensive income for the year		<u><b>1,668</b></u>	<u>1,637</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>18,578</b></u>	<u>23,620</u>
Earnings per share			
– Basic	5	<u><b>HK5.30 cents</b></u>	<u>HK6.90 cents</u>
– Diluted	5	<u><b>HK5.30 cents</b></u>	<u>HK6.90 cents</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2011

	<i>Notes</i>	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Non-current asset</b>			
Property, plant and equipment		<b>8,429</b>	8,876
Available-for-sale investments		<b>5,333</b>	4,161
Rental deposits		<b>1,934</b>	2,282
		<u><b>15,696</b></u>	<u>15,319</u>
<b>Current assets</b>			
Inventories		<b>55,158</b>	68,843
Trade and bills receivables	6	<b>20,944</b>	19,566
Other receivables, deposits and prepayments		<b>3,666</b>	2,599
Tax recoverable		<b>370</b>	597
Cash and cash equivalents		<b>214,586</b>	190,885
		<u><b>294,724</b></u>	<u>282,490</u>
<b>Current liabilities</b>			
Trade and bills payables	7	<b>7,463</b>	9,595
Other payables and accrued charges		<b>15,835</b>	14,915
Current tax liabilities		<b>539</b>	805
		<u><b>23,837</b></u>	<u>25,315</u>
<b>Net current assets</b>		<u><b>270,887</b></u>	<u>257,175</u>
<b>Total assets less current liabilities</b>		<b>286,583</b>	272,494
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>123</b>	149
<b>Total net assets</b>		<u><b>286,460</b></u>	<u>272,345</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		<b>3,188</b>	3,188
Reserves		<b>283,272</b>	269,157
<b>Total equity</b>		<u><b>286,460</b></u>	<u>272,345</u>

NOTE :

## 1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adopting of new/revised HKFRSs

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

### (b) New/revised HKFRSs that have been issued but 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.

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1&amp;2</sup>
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirements <sup>2</sup>
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>2</sup>
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets <sup>3</sup>
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets <sup>4</sup>
HKFRS 9	Financial Instruments <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the potential impact of these 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 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	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue from external customers	178,847	218,904	43,430	31,799	222,277	250,703
Inter-segment revenue	947	1,592	33	–	980	1,592
Reportable segment revenue	<u>179,794</u>	<u>220,496</u>	<u>43,463</u>	<u>31,799</u>	<u>223,257</u>	<u>252,295</u>
Reportable segment profit	<u>17,079</u>	<u>26,224</u>	<u>2,164</u>	<u>3,974</u>	<u>19,243</u>	<u>30,198</u>
Depreciation of property, plant and equipment	954	1,390	794	597	1,748	1,987
Reportable segment assets	118,822	110,335	21,836	14,600	140,658	124,935
Additions to property, plant and equipment	66	115	1,301	908	1,367	1,023
Reportable segment liabilities	<u>21,866</u>	<u>23,111</u>	<u>1,416</u>	<u>1,384</u>	<u>23,282</u>	<u>24,495</u>

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	223,257	252,295
Elimination of inter-segment revenue	<u>(980)</u>	<u>(1,592)</u>
Consolidated revenue	<u><u>222,277</u></u>	<u><u>250,703</u></u>
<b>Profit before income tax expense</b>		
Reportable segment profit	19,243	30,198
Elimination of inter-segment profits	138	51
Interest income	1,574	1,529
Dividend income from available-for-sale investments	130	127
Unallocated other income and gains	64	14
Unallocated corporate expenses	<u>(1,096)</u>	<u>(6,078)</u>
Consolidated profit before income tax expense	<u><u>20,053</u></u>	<u><u>25,841</u></u>
<b>Depreciation of property, plant and equipment</b>		
Reportable segment depreciation	1,748	1,987
Depreciation of unallocated property, plant and equipment	<u>467</u>	<u>305</u>
Consolidated depreciation of property, plant and equipment	<u><u>2,215</u></u>	<u><u>2,292</u></u>
<b>Additions to property, plant and equipment</b>		
Reportable segment additions	1,367	1,023
Unallocated additions to property, plant and equipment	<u>422</u>	<u>948</u>
Consolidated additions to property, plant and equipment	<u><u>1,789</u></u>	<u><u>1,971</u></u>
<b>Assets</b>		
Reportable segment assets	140,658	124,935
Available-for-sale investments	5,333	4,161
Tax recoverable	370	597
Unallocated corporate cash and cash equivalents	161,833	165,823
Other unallocated corporate assets	<u>2,226</u>	<u>2,293</u>
Consolidated total assets	<u><u>310,420</u></u>	<u><u>297,809</u></u>

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	23,282	24,495
Current tax liabilities	539	805
Deferred tax liabilities	123	149
Unallocated corporate liabilities	<u>16</u>	<u>15</u>
Consolidated total liabilities	<u><b>23,960</b></u>	<u><b>25,464</b></u>

(c) **Geographical information**

The following table provides an analysis of the Group's revenue from external customers and property, plant and equipment.

	Revenue from external customers		Property, plant and equipment	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>62,645</u>	<u>45,776</u>	<u>3,267</u>	<u>2,841</u>
Europe	60,245	51,185	-	-
Japan	28,544	87,776	-	-
The United States of America	24,029	20,264	-	-
PRC	17,631	19,859	5,162	6,035
Other countries	<u>29,183</u>	<u>25,843</u>	<u>-</u>	<u>-</u>
Total	<u><b>159,632</b></u>	<u><b>204,927</b></u>	<u><b>5,162</b></u>	<u><b>6,035</b></u>
	<u><b>222,277</b></u>	<u><b>250,703</b></u>	<u><b>8,429</b></u>	<u><b>8,876</b></u>

(d) **Information about a major customer**

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Customer A	29,487	87,410
Customer B	<u><b>22,998</b></u>	<u><b>-</b></u>

### 3. PROFIT BEFORE INCOME TAX EXPENSE

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Auditor's remuneration	430	418
Cost of inventories recognised as expenses	149,656	171,454
Staff costs, excluding directors' emoluments	18,856	16,615
Depreciation of property, plant and equipment	2,215	2,292
Loss on disposal of property, plant and equipment	36	286
Impairment loss on trade receivables	1	195
Write-down of inventories	1,445	727
Foreign exchange gain, net	(64)	(242)
Interest income	(1,574)	(1,529)
Dividend income from available-for-sale investments	(130)	(127)
	<u>                    </u>	<u>                    </u>

### 4. INCOME TAX EXPENSE

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– tax for the year	1,568	2,362
– overprovision in respect of prior years	(1)	(15)
	<u>                    </u>	<u>                    </u>
	1,567	2,347
	-----	-----
Current tax – PRC Enterprise Income Tax		
– tax for the year	1,533	1,271
– underprovision in respect of prior years	69	255
	<u>                    </u>	<u>                    </u>
	1,602	1,526
	-----	-----
Deferred tax		
– current year	(26)	(15)
	<u>                    </u>	<u>                    </u>
	(26)	(15)
	-----	-----
Income tax expense	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	3,143	3,858
	<u>                    </u>	<u>                    </u>

Hong Kong Profits Tax is calculated at 16.5% (2010: 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% (2010: 25%).

## 5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to owners of the Company for the year of approximately HK\$16,910,000 (2010: HK\$21,983,000) and weighted average number of 318,804,000 (2010: 318,804,000) ordinary shares in issue during the year.

## 6. TRADE AND BILLS RECEIVABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade and bills receivables	21,591	20,212
Less: impairment loss	<u>(647)</u>	<u>(646)</u>
	<u><b>20,944</b></u>	<u><b>19,566</b></u>

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current to 30 days	10,838	10,986
31 – 60 days	2,816	3,329
61 – 90 days	3,600	4,103
91 – 120 days	420	866
121 – 365 days	3,192	7
Over 365 days	<u>78</u>	<u>275</u>
	<u><b>20,944</b></u>	<u><b>19,566</b></u>

## 7. TRADE AND BILLS PAYABLES

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current to 30 days	3,126	8,233
31 – 60 days	2,361	578
61 – 90 days	1,454	376
91 – 120 days	251	213
121 – 365 days	102	131
Over 365 days	<u>169</u>	<u>64</u>
	<u><b>7,463</b></u>	<u><b>9,595</b></u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

*(All the analysis below is based on the results of the Group for the year ended 31 March 2011 and the year ended 31 March 2010 for comparison purpose only)*

The Group's turnover dropped from HK\$250,703,000 in the financial year 2010 to HK\$222,277,000 in the financial year 2011, as the Group experienced lower sales volume in manufacturing business. The Group's gross profit reduced from HK\$79,249,000 to HK\$72,626,000, a decrease of approximately 8.4%. Gross profit margin increased slightly from 31.6% to 32.7%. This was mainly due to the increase in the proportion of profit contribution from retail business.

Other income and gains mainly represents bank interest income and dividend income from investment in securities. In the financial year 2011, other income and gains reduced slightly to HK\$2,118,000 (2010: HK\$2,294,000).

Selling and distribution expenses increased from HK\$19,894,000 to HK\$24,774,000. This was largely attributed to increase of staff costs and rental expenses in relation to the Group's retail business. Staff costs and rental expenses increased due largely to the increase in the number of stores and inclusion of full year rental expenses of the Group's strategic store in Causeway Bay in the current year.

Administrative and other operating expenses decreased from HK\$35,808,000 to HK\$29,917,000. This was largely due to one-off share based payment expense of HK\$4,904,000 recognized in last year. In addition, payment of performance bonus to the executive directors decreased in the financial year 2011.

As a result, the Group's net profit attributable to shareholders decreased by 23.1% to HK\$16,910,000. If the one-off share based payment expense of HK\$4,904,000 recognized in last year was excluded, the Group's net profit attributable to shareholders would have decreased by 37.1% when compared with last year. Basic earnings per share was HK5.3 cents compared to HK6.9 cents of last year.

### Business Review

#### *Manufacturing Business*

Manufacturing business continued to be the major revenue contributor, accounting for about 80.5% of the Group's turnover even though we saw a considerable drop in sales this year. This segment recorded revenue from external customers of HK\$178,847,000 in the financial year 2011, downed around 18.3% from HK\$218,904,000 in the financial year 2010. The decline of sales was primary due to the decrease of sales to Japan. Export sales to Japan decreased from HK\$87,776,000 to HK\$28,544,000 as a result of unexpected reduction of orders from the major customer in Japan during the reporting year. The customer strategically distributed its purchase orders to several manufacturers and largely reduced purchase orders with us in the reporting year. To cope with the unexpected reduction of orders from

Japan, we endeavored to explore new market and find new customers in Europe, the U.S. and other Asian countries. Both export sales to the U.S. and European markets were better off on the back of gradual recovery of economy in these countries. Sales to the U.S. and European market increased from HK\$20,264,000 to HK\$24,029,000 and increased from HK\$51,185,000 to HK\$60,245,000 respectively. Sales to the PRC market dropped from HK\$19,859,000 to HK\$17,631,000. Sales in Hong Kong increased to HK\$19,215,000, due to sales orders from new customers. Apart from the major markets, sales to other countries increased by around 12.9%, to HK\$29,183,000. This was mainly attributed to the increase of sales to Australia, Korea and Malaysia. Other than Japan, export sales to the U.S., Europe and other Asian countries showed signs of improvement. Nevertheless, the overall market conditions remained unstable and customer demands were fluctuating during the year.

In terms of product mix, sales of belts decreased to HK\$166,619,000 (2010: HK\$204,746,000). Sales of leather goods and other accessories were approximately HK\$12,228,000 (2010: HK\$14,158,000). Gross profit margin decreased marginally to around 26.6% (2010: 27.5%). Experiencing a decrease in sales, we had put extra emphasis on streamlining our workforce and improving operational efficiency. To remain cost effective, we cut down the number of fresh and unskillful workers in our factories to match lower orders. During the reporting year, we reduced purchase of leather and largely consumed our inventories of lower average cost for production. With our continuing effort on reducing wastage of raw materials, we managed to sustain our profitability in the tough period.

### ***Retail Business***

Retail business was on the right track of development. Revenue from retail business increased from HK\$31,799,000 to HK\$43,430,000, an increase of approximately 36.6%. This was largely attributed to vibrant inbound tourism, as well as strengthening domestic consumption on the back of economic growth. During the reporting year, we expanded our in-house design team and put strong effort on product design and development. Sales of in-house brands products continued to grow satisfactorily. Our in-house footwear and apparel products continued to be the growth driver to our in-house brands sales. On the other hand, one of the international footwear brands we marketed in our stores became more popular in the market and contributed a significant amount of sales to our retail business. Comparable same store sales increased around 12.9% against same period last year. Gross profit margin went down from 60.1% to around 56.8%. This was largely due to the substantial increase of sales of international footwear brand products in the reporting year. Sales performance of the new shop in Causeway Bay was far from satisfactory. Because of high rental cost, the overall shop rental to turnover ratio rose notably from 24.7% to around 30.7%. Consequently, the operating profit for the year decreased from HK\$3,974,000 to HK\$2,164,000. In the year under review, one new store was opened and one store was relocated to a bigger store. As at 31 March 2011, the Group operated five AREA 0264 stores in Hong Kong.

### **Prospects**

Moving forward, we expect the business environment in financial year 2012 to be challenging as the adverse impact of rising production costs in the PRC, and volatility in raw materials prices will likely affect our profit margin. Besides, there continues to be uncertainties surrounding the pace of global economic

recovery in 2011 and 2012. Market demands continue to be unstable. Our customer base remains strong and well diversified but customers become increasingly volatile and demanding. In the coming year, we will focus our efforts on business growth in the U.S., Europe and Asian countries other than Japan. In light of the remaining uncertainties surrounding the current economic and business environment, we will continue to be diligent in our cost management and maximize the production efficiency.

Hong Kong retail outlook is expected to be positive on the back of improving job and income prospects, coupled with further growth in tourist arrivals from the Mainland China. The appreciation of Renminbi will continue to provide the Chinese tourists with extra incentive to visit Hong Kong. In addition, some travelers may consider visiting Hong Kong in lieu of Japan after the recent natural disasters. In the first two months of the financial year 2012, our comparable same store sales recorded double-digit growth. As renovation works for our flagship store is implemented, our retail performance in the first half of the financial year 2012 will be adversely affected. We will continue our search for strategic locations to further strengthen our sales network. One new store will be opened at a shopping mall in Tsing Yi in August 2011. The development of customer loyalty and further enhancement of our brand equity of “AREA 0264” and “Urban Stranger” will continue to be our main focus. To remain competitive, we will continue to renovate our existing stores and make necessary adjustments to the merchandise lineup and brand mix to stay ahead of the fast and ever changing markets. We will also continue to introduce innovative target sales promotion to increase our market share and to focus on cost rationalization exercise to improve operating leverage.

### **Liquidity, Financial Resources and Capital Structure**

As at 31 March 2011, the Group’s cash and bank deposits were approximately HK\$214,586,000 (2010: HK\$190,885,000).

As at 31 March 2011, 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.

The Group recorded total current assets of approximately HK\$294,724,000 as at 31 March 2011 (2010: HK\$282,490,000) and total current liabilities of approximately HK\$23,837,000 (2010: HK\$25,315,000). The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 12 times as at 31 March 2011 (2010: 11 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\$272,345,000 as at 31 March 2010 to approximately HK\$286,460,000 at 31 March 2011. The increase was mainly attributable to operating profit generated during the 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, US dollars, Renminbi and Euro. Transactions of the Group are mainly denominated in Hong Kong dollars, US dollars, Renminbi and Euro. It is

estimated that the Group's exposure to foreign exchange fluctuation in Renminbi and Euro against Hong Kong dollars would have insignificant effects on profit or loss and other components of equity of the Group. 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.

### **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 2011.

### **Employee Information**

As at 31 March 2011, the Group had 168 full time 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 961 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 2011, 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 2011, 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 the Group.

## **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 Audit Committee comprises three independent non-executive directors, Mr. Fong Pui Sheung David (Chairman), Ms. Chau Cynthia Sin Ha, and Mr. Or Kam Chung Janson. The Audit Committee has reviewed with Group's management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the consolidated financial statements and the results of the Group for the year ended 31 March 2011.

## **FINAL DIVIDEND**

The Directors recommended the payment of a final dividend of HK0.8 cent per share to shareholders, whose names appear in the register of members of the Company on 30 August 2011. Subject to the passing of the necessary resolution at the forthcoming annual general meeting, such dividend will be payable on or about 6 September 2011.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held at 3rd Floor, Victory Industrial Building, Nos. 151-157 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on 22 August 2011 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 18 August 2011 to 22 August 2011, 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 17 August 2011.

The Register of Members of the Company will also be closed from 26 August 2011 to 30 August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend payable on or about 6 September 2011, all transfers, accompanied by the relevant share certificates and transfer forms, 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 25 August 2011.

## **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 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's 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.

## **APPRECIATION**

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their 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](http://www.irasia.com/listco/hk/chanco/index.htm)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). An annual report for the year ended 31 March 2011 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, 29 June 2011

*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.*