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ASIA COMMERCIAL HOLDINGS LIMITED

冠亞商業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2012

FINANCIAL HIGHLIGHTS

	2012 <i>HK\$ million</i>	2011 <i>HK\$ million</i> <i>(Restated)</i>	Change %
Operations			
Turnover	1,036	1,035	–
(Loss)/profit attributable to owners of the Company	(61)	97	N/A
(Loss)/earnings per share – Basic	(1.79 HK cents)	3.18 HK cents	N/A
Interim dividend declared and paid	–	6	
Final dividend proposed after the end of the reporting period	–	7	
	2012 <i>HK\$ million</i>	2011 <i>HK\$ million</i> <i>(Restated)</i>	Change %
Financial position			
Total assets	1,076	789	36
Equity attributable to owners of the Company	539	560	(4)
Non-controlling interests	10	–	N/A

The Board of Directors (the “Board”) of Asia Commercial Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2012 together with the comparative figures for 2011. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2012 but represents an extract from those financial statements. The financial information has been reviewed by the Company’s audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March

	<i>Note</i>	2012 HK\$’000	2011 HK\$’000 (Restated)
Turnover	2	1,036,249	1,035,326
Cost of sales		<u>(741,421)</u>	<u>(715,420)</u>
Gross profit		294,828	319,906
Valuation gains on investment properties		33,201	31,932
Other revenue	2	17,176	23,884
Distribution costs		(328,033)	(229,632)
Administrative expenses		(54,488)	(44,363)
Other operating income, net		4,768	54
Other (loss)/gain, net		(9,203)	16,014
Finance costs	4(a)	<u>(8,977)</u>	<u>(3,919)</u>
(Loss)/profit before taxation	4	(50,728)	113,876
Income tax	5	<u>(10,042)</u>	<u>(16,431)</u>
(Loss)/profit for the year		<u>(60,770)</u>	<u>97,445</u>
Attributable to:			
Owners of the Company		(60,770)	97,445
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>(60,770)</u>	<u>97,445</u>
(Loss)/earnings per share	7		
Basic (HK cents)		<u>(1.79)</u>	<u>3.18</u>
Diluted (HK cents)		<u>(1.79)</u>	<u>2.96</u>

Details of dividends payable to owners of the Company are set out in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (Restated)
(Loss)/profit for the year	<u>(60,770)</u>	<u>97,445</u>
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	9,481	21,195
Change in fair value reserves on revaluation of available-for-sale investments	<u>783</u>	<u>1,081</u>
Total other comprehensive income for the year (net of tax)	<u>10,264</u>	<u>22,276</u>
Total comprehensive (loss)/income for the year	<u>(50,506)</u>	<u>119,721</u>
Attributable to:		
Owners of the Company	(50,506)	119,721
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>(50,506)</u>	<u>119,721</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (Restated)	1st April 2010 <i>HK\$'000</i> (Restated)
Non-current assets				
Property, plant and equipment		49,660	24,632	25,329
Prepaid lease payments		21,128	1,081	3,987
Investment properties		159,599	105,746	70,185
Available-for-sale investments		6,056	5,273	4,192
Rental deposits and prepayments		49,142	27,214	16,562
		285,585	163,946	120,255
Current assets				
Inventories		596,594	387,037	291,139
Prepaid lease payments		499	6	62
Trade and other receivables	8	95,785	81,727	43,205
Trading securities		7,098	15,843	–
Pledged bank deposits		3,965	–	–
Cash and cash equivalents		86,146	140,520	65,690
		790,087	625,133	400,096
Current liabilities				
Trade and other payables	9	172,859	153,540	105,198
Bank loans		233,462	5,938	–
Loans from a director		65,000	–	–
Current tax payable		3,614	7,599	752
		474,935	167,077	105,950
Net current assets		315,152	458,056	294,146
Total assets less current liabilities		600,737	622,002	414,401
Non-current liabilities				
Rental received in advance		2,192	2,268	2,343
Deferred tax liabilities		8,050	9,937	6,751
Convertible notes		29,872	49,695	–
Other liabilities		12,307	–	–
		52,421	61,900	9,094
Net assets		548,316	560,102	405,307
Capital and reserves				
Share capital		68,343	65,010	60,070
Reserves		470,266	495,092	345,237
Equity attributable to owners of the Company		538,609	560,102	405,307
Non-controlling interests		9,707	–	–
Total equity		548,316	560,102	405,307

Notes:

1. BASIS OF PREPARATION

The annual results of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. These annual results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited. The annual results have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale investments and trading securities, which are carried at fair value, and in accordance with HKFRSs.

In the current year, the Group has, where applicable, applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are first effective for the current accounting period:

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

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has early adopted HKAS 12 (Amendment) “Deferred Tax: Recovery of Underlying Assets” which is effective for the financial year beginning on 1st January 2012 (“HKAS 12 (Amendment)”).

Except for the adoption of HKAS 12 (Amendment) has resulted in a change in accounting policies as describe below which has been applied retrospectively, the adoption of the other new HKFRSs in the current year did not have any significant effect on the Group’s results and financial position.

As a result of the adoption of HKAS 12 (Amendment), the Group now measures any deferred tax liability in respect of the Group’s investment properties with reference to the tax liability that would arise if the carrying amount of the investment properties at the reporting date were recovered through sale, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the assets value through use.

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the consolidated statement of financial position are as follows:

	At 31st March		At 1st April
	2012	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in deferred tax liabilities and increase in total equity	6,369	6,160	928
Increase in total equity attributable to:			
Owners of the Company	6,369	6,160	928
Non-controlling interests	-	-	-
	6,369	6,160	928

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the consolidated income statement are as follows:

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in income tax expenses	6,369	5,232
(Decrease in loss)/increase in profit for the year attributable to:		
Owners of the Company	(6,369)	5,232
Non-controlling interests	-	-
	(6,369)	5,232

2. TURNOVER AND OTHER REVENUE

Turnover represents the gross proceeds received and receivable derived from the sale of watches and property leasing and is summarised as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Turnover		
Sale of watches	1,032,380	1,032,491
Gross rental income from investment properties	3,869	2,835
	<u>1,036,249</u>	<u>1,035,326</u>
Other revenue		
Bank interest income	264	423
Total interest income on financial assets not at fair value through profit or loss	264	423
Show window rental income	2,788	–
Customer services income and others	14,124	23,461
	<u>17,176</u>	<u>23,884</u>

3. SEGMENT REPORTING

The Group manages its business by divisions. In a manner consistent into the way in which information is reported internally to the board of directors of the Company, being the chief operating decision makers (“CODM”) for the purposes of resource allocations and performance assessment. The Group has presented two reportable segments: (i) sale of watches and (ii) properties leasing. No operating segments have been aggregated to form these two reportable segments.

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note to the financial statements. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as those finance costs and corporate costs which cannot be meaningfully allocated to individual segment. This is the measure reported to the CODM for purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortization of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

All assets are allocated to reportable segments other than available-for-sale investments and other corporate assets.

All liabilities are allocated to reportable segments other than borrowings not attributable to individual segments and corporate liabilities.

The following is an analysis of the Group's revenue, results, assets and liabilities by operating segment.

			2012		
	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated (Note) <i>HK\$'000</i>	Total <i>HK\$'000</i>
External revenue	1,032,380	3,869	1,036,249	–	1,036,249
Turnover	<u>1,032,380</u>	<u>3,869</u>	<u>1,036,249</u>	<u>–</u>	<u>1,036,249</u>
Operating (loss)/profit	(60,201)	2,544	(57,657)	(8,356)	(66,013)
Valuation gains on investment properties	–	33,201	33,201	–	33,201
Interest income	263	–	263	1	264
Other loss, net	–	(458)	(458)	(8,745)	(9,203)
Finance costs	(4,789)	(734)	(5,523)	(3,454)	(8,977)
Segment results	<u>(64,727)</u>	<u>34,553</u>	<u>(30,174)</u>	<u>(20,554)</u>	<u>(50,728)</u>
Income tax					(10,042)
Loss for the year					<u>(60,770)</u>
Depreciation and amortisation	<u>15,775</u>	<u>487</u>	<u>16,262</u>	<u>–</u>	<u>16,262</u>
Segment assets	<u>858,690</u>	<u>162,435</u>	<u>1,021,125</u>	<u>48,491</u>	<u>1,069,616</u>
Available-for-sale investments					<u>6,056</u>
Total assets					<u>1,075,672</u>
Additions to non-current segment assets during the reporting period	<u>85,921</u>	<u>27,418</u>	<u>113,339</u>	<u>–</u>	<u>113,339</u>
Segment liabilities	<u>462,310</u>	<u>20,403</u>	<u>482,713</u>	<u>41,029</u>	<u>523,742</u>
Current tax payable					<u>3,614</u>
Total liabilities					<u>527,356</u>

Note: There were no inter-segment sales during the year ended 31st March 2012.

			2011 (Restated)		
	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated (<i>Note</i>) <i>HK\$'000</i>	Total <i>HK\$'000</i>
External revenue	1,032,491	2,835	1,035,326	–	1,035,326
Turnover	<u>1,032,491</u>	<u>2,835</u>	<u>1,035,326</u>	<u>–</u>	<u>1,035,326</u>
Operating profit/(loss)	78,565	(3,247)	75,318	(5,892)	69,426
Valuation gains on investment properties	–	31,932	31,932	–	31,932
Interest income	392	–	392	31	423
Other gain, net	–	–	–	16,014	16,014
Finance costs	(98)	–	(98)	(3,821)	(3,919)
Segment results	<u>78,859</u>	<u>28,685</u>	<u>107,544</u>	<u>6,332</u>	113,876
Income tax					(16,431)
Profit for the year					<u>97,445</u>
Depreciation and amortisation	<u>13,981</u>	<u>451</u>	<u>14,432</u>	<u>79</u>	<u>14,511</u>
Segment assets	<u>579,696</u>	<u>124,770</u>	<u>704,466</u>	<u>79,340</u>	783,806
Available-for-sale investments					5,273
Total assets					<u>789,079</u>
Additions to non-current segment assets during the reporting period	<u>27,545</u>	<u>20</u>	<u>27,565</u>	<u>–</u>	<u>27,565</u>
Segment liabilities	<u>150,310</u>	<u>15,762</u>	<u>166,072</u>	<u>55,306</u>	221,378
Current tax payable					7,599
Total liabilities					<u>228,977</u>

Note: There were no inter-segment sales during the year ended 31st March 2011.

Geographic Information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets as specified below. The geographical location of customers is referred to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment, prepaid lease payments, investment properties and rental deposits and prepayments. The geographical locations of non-current assets are based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
The People's Republic of China, excluding Hong Kong	801,268	874,632	105,290	42,103
Hong Kong (place of domicile)	228,546	160,348	156,249	92,996
Switzerland	6,370	335	17,990	23,574
Others	65	11	–	–
	1,036,249	1,035,326	279,529	158,673

Information about major customers

For the years ended 31 March 2012 and 2011, no revenue derived from transactions with a single customer represented 10% or more of the Group's total revenue.

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	4,123	98
Interest on convertible notes	3,454	3,821
Interest on loans from a director	1,400	–
Total interest expenses on financial liabilities not at fair value through profit or loss	8,977	3,919

(b) **Staff costs**

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	93,235	86,957
Share-based payments expenses	12,663	19
Retirement benefits scheme contribution	574	437
	<hr/>	<hr/>
	106,472	87,413
	<hr/> <hr/>	<hr/> <hr/>

(c) **Other items**

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$201,000 (2011: HK\$196,000)	(3,668)	(2,592)
Net exchange loss	1,327	1,762
Auditors' remuneration		
Audit services	1,110	1,079
Other services	318	280
Depreciation for property, plant and equipment	15,810	14,463
Amortisation for prepaid lease payments	452	48
Gain on disposal of property, plant and equipment	–	(88)
Impairment loss on trade receivables	712	13
Operating lease rentals in respect of rented premises	171,921	95,730
Cost of inventories recognised as expenses	741,421	715,420
	<hr/> <hr/>	<hr/> <hr/>

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> <i>(Restated)</i>
Current tax		
Hong Kong Profits Tax	–	–
Outside Hong Kong	10,439	14,799
Under-provision in respect of prior years		
Outside Hong Kong	230	350
	<u>10,669</u>	<u>15,149</u>
Deferred tax		
Current year	(627)	1,282
	<u>10,042</u>	<u>16,431</u>

No Hong Kong Profits Tax is provided for the year as the Group has no estimated assessable profits in Hong Kong for the year ended 31st March 2012. No Hong Kong Profits Tax is provided for prior year because the assessable profits generated during the year ended 31st March 2011 are set off by the accumulated tax losses brought forward from previous years.

Taxation for overseas subsidiary companies is provided at the appropriate current rates of taxation ruling in the relevant countries.

6. DIVIDENDS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interim dividend declared and paid of 0.2 HK cents per share	–	6,239
Final dividend proposed after the end of the reporting period of 0.2 HK cents per share	–	6,739

A final dividend of 0.2 HK cents per share, totaling HK\$9,010,000 for the year ended 31st March 2010 and interim dividend of HK\$6,239,000 in respect of the year ended 31st March 2011 was paid in September 2010 and December 2010 respectively.

At a board meeting held on 30th June 2011, the directors of the Company proposed a final dividend of 0.2 HK cents per share for the year ended 31st March 2011. This proposed dividend was not reflected as dividend payable in these financial statements, but was reflected as an appropriation of retained earnings for the year ended 31st March 2012. The final dividend relating to the year ended 31st March 2011 amounted to HK\$6,834,000 was paid in October 2011.

The directors do not propose any payment of final dividend for the year ended 31st March 2012.

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK\$60,770,000 (2011 (restated): profit of HK\$97,445,000) and the weighted average number of 3,386,116,000 ordinary shares (2011: 3,065,103,000 ordinary shares) in issue during the year. The weighted average number of ordinary shares used in the calculation of basic earnings per share for the year ended 31st March 2011 has accounted for the share sub-division which was effective from 15th November 2010.

(b) Diluted (loss)/earnings per share

(i) Diluted loss per share is equal to the basic loss per share for the year ended 31st March 2012 because the outstanding convertible notes had an anti-dilutive effect on the basic loss per share.

The share option had no dilutive effect because the average market price of ordinary shares did not exceed the exercise price of the share option for the year ended 31st March 2012.

(ii) The calculation of diluted earnings per share for the year ended 31st March 2011 is based on the following data:

	2011 HK\$'000 (Restated)
Profit attributable to owners of the Company	97,445
After tax effect of effective interest on the liability component of convertible notes	3,821
	<hr/>
Profit attributable to owners of the Company for the purpose of diluted earnings per share	101,266
	<hr/> <hr/>
	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,065,103
Effect of dilutive potential ordinary shares arising from convertible notes outstanding	352,976
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Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,418,079
	<hr/> <hr/>

The share option had no dilutive effect because the average market price of ordinary shares did not exceed the exercise price of the share option for the year ended 31st March 2011.

(c) Impact of change in accounting policy

Change in the Group's accounting policy during the year are described in detail in Note 1. The table below summarises that impact on both basic and diluted (loss)/earnings per share.

	(Decrease in loss)/increase in profit attributable to owners of the Company		(Decrease in basic loss)/increase in basic earnings per share		(Decrease in diluted loss)/increase in diluted earnings per share	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK cents per share	HK cents per share	HK cents per share	HK cents per share
Change in accounting policy relating to deferred income tax	(6,369)	5,232	(0.19)	0.17	(0.19)	0.15

8. TRADE AND OTHER RECEIVABLES

The Group allows credit period of ranging from cash on delivery to 90 days to its trade receivables. The aging analysis of trade receivables of HK\$47,467,000 (2011: HK\$55,153,000) which are included in the Group's trade receivables at the end of the reporting period based on invoice date is as follows:

	2012	2011
	HK\$'000	HK\$'000
Trade receivables		
Up to 90 days	45,647	54,387
91 to 180 days	174	533
181 to 365 days	1,429	87
Over 365 days	217	146
	47,467	55,153
Allowance for doubtful debts	–	–
	47,467	55,153
Other receivables	1,950	5,112
Loans and receivables	49,417	60,265
Deposits and prepayments	46,368	21,462
	95,785	81,727

The carrying amounts of trade and other receivables at 31st March 2012 and 2011 approximated their fair values.

All of the trade receivables and other receivables are expected to be recovered within one year.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$41,844,000 (2011: HK\$37,165,000), the aging analysis of which based on date of receipt of goods as at the end of the reporting period is as follows:

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
Up to 90 days	34,784	35,463
91 to 180 days	5,633	296
181 to 365 days	95	646
Over 365 days	1,332	760
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	41,844	37,165
Other payables and accrued charges	37,746	37,568
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	79,590	74,733
Rental received in advance	75	75
Deposits received	2,194	3,039
Other tax payable	91,000	75,693
	<hr/>	<hr/>
	172,859	153,540
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's trade and other payables at 31st March 2012 and 2011 approximated their fair values.

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

10. PLEDGE OF ASSETS

The assets pledged for certain banking facilities of the Group were as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Land and buildings	3,319	1,008
Prepaid lease payments	21,081	540
Investment properties	144,827	79,900
Inventories	159,611	–
Pledged bank deposits	3,965	–
	<u>332,803</u>	<u>81,448</u>

11. CONTINGENT LIABILITIES

So far as the Directors are aware, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claims which is, in the opinion of the Directors, of material importance and no litigation or claims which is, in the opinion of the Directors, of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

12. EVENTS AFTER THE REPORTING PERIOD

- (a) In April and May 2012, a wholly owned subsidiary entered into a number of banking facilities and loan agreements (the “Agreements”) with banks in the PRC. Under the Agreements, the subsidiary was granted a total banking facilities of RMB45 million (equivalents to HK\$55.5 million) for a period of up to one year. The banking facilities are unsecured and used for purchase of inventories and working capital purposes.
- (b) On 9th May 2012, a wholly owned subsidiary obtained a banking facility of US\$4 million (equivalents to HK\$31.2 million) from a bank in Hong Kong for financing of trade transactions. The banking facility is guaranteed by the Company and certain subsidiaries of the Group and secured by deposits of HK\$3.9 million owned by a director, Mr. Eav Yin.

13. COMPARATIVE FIGURES

Certain comparative figures have been realigned to conform to the current year’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the year was HK\$1,036 million which was comparable to HK\$1,035 million of last year. Excluding the new POSs set up during the year and our old flagship store in Beijing, there was an average same store sales growth of 4% in the mainland China as compared with last year despite the fact that sales from the mainland China decreased by 8% to HK\$801 million owing to the dramatic scale down of our old flagship store in Beijing as a result of the shopping center redevelopment. Sales in Hong Kong was increased by 43% to HK\$229 million because of the additional contribution from the new POSs set up in Hong Kong during the year and an average same store sales growth of 25% for the existing POS in Hong Kong.

On the business development side, the Group opened its new flagship store in December 2011 in Beijing with an area of around 3,000 square meters which is one of the biggest watch stores in the mainland China with most of the top Swiss watch brands that are popular amongst the mainland China customers. In addition, the Group has opened new POSs in Tianjin, Shanghai, Wuxi and a Rolex boutique in Shenyang during the year with a view to expand our foothold in the mainland China market. Several new stores in Beijing and Xian are in progress and will be opened very soon.

The total number of POS is as below:

	As at 31st March 2012	As at 31st March 2011
Beijing	15	8
Shanghai	17	16
Shenyang	8	8
Chengdu, Chongqing, Urumuqi and Wuxi	7	6
Hong Kong	4	1
	<hr/> 51 <hr/>	<hr/> 39 <hr/>

Financial Review

Results review

The Group recorded a turnover of HK\$1,036 million for the year ended 31st March 2012, (2011: HK\$1,035 million) which was comparable to last year. Sales from the mainland China decreased by 8% to HK\$801 million as compared with HK\$875 million of last year was due to the dramatic scale down of our old flagship store in Beijing as a result of the shopping center redevelopment. In addition, there were only four months' sales from our new flagship store in Beijing this year as it was opened in December 2011. Excluding the new POSs set up during the year and our old flagship store in Beijing, there was an average same store sales growth of 4% in the mainland China as compared with last year. Sales in Hong Kong increased by 43% to HK\$229 million as compared with HK\$160 million of last year was due to the new POSs set up in Hong Kong and an average same store sales growth of 25% for the existing POS in Hong Kong.

Distribution costs increased by 43% to HK\$328 million as compared with HK\$230 million of last year was mainly due to the increase in rental expenses incurred in launching our new flagship store in Beijing and the new POSs in Hong Kong. Administrative expenses also increased by 23% to HK\$54 million as compared with HK\$44 million of last year was mainly due to the full year recognition of the equity-settled share based payment expenses in this year as compared with just one day charge in last year.

Valuation gains on investment properties increased by 3% to HK\$33 million as compared with HK\$32 million of last year was mainly due to the appreciation in value on the investment properties located in Hong Kong.

Other loss amounting to HK\$9 million this year was mainly consisted of the unrealized loss on the trading securities while the other gain of HK\$16 million in last year was mainly the profit arising from the disposal of a property located in mainland China.

Finance costs increased by 129% to HK\$9 million as compared with HK\$4 million of last year was due to the increase in bank loans during the year.

This year, due to the set up of our new flagship store in Beijing and the coming POS in Xian, the Group has incurred a total loss of HK\$41 million from these projects. Included in this loss was mainly rental charges incurred before the commencement of the sales activities of these projects which amounted to HK\$30 million.

In addition, with a view to increase our presence in Hong Kong, the Group has set up three new POSs during the year in which a total loss of HK\$19 million was incurred.

Liquidity, financial resources and capital structure

As at 31st March 2012, the Group's total cash balance amounted to HK\$90 million (2011: HK\$141 million). The Group has secured banking facilities amounting to HK\$153 million which were secured by certain inventories, bank deposits, leasehold properties, prepaid lease payments, investment properties, rental assignment, assignment of dividends and shareholder's receivable as well as unlimited corporate guarantee provided by the Company. Gearing rate of the Group, expressed as a ratio of net debt over total equity, was 43% as at 31st March 2012 (2011: N/A).

Foreign exchange risks

The Group views its main currencies as Hong Kong dollars, Renminbi and Swiss Francs. The Group monitors its exposure to foreign exchange risks, and when it considers necessary and appropriate, will hedge its foreign exchange risks by using financial instruments.

Prospects

In the last few years, we saw very strong growth in the mainland China consumer market as demand for luxury products including watches grew rapidly. However, such pace has been slowed down recently. As a result, we will take a cautious approach in the future expansion in our retail network in both the mainland China and Hong Kong. Several new stores in Beijing and Xian are in progress and will be opened very soon.

Demand for good locations continues to present a challenge for us as retailers of all luxury products compete for the few locations that are available with record rentals. We therefore set our strategy to also expand into the second and third tier cities where the competition is less intense.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices by emphasising a quality board of directors, sound internal control, transparency and accountability to all the shareholders of the Company.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31st March 2012 except for the deviation from code provision A.4.1 as discussed below:

The Company was incorporated in Bermuda and enacted by private act, the Asia Commercial Holdings Limited Company Act, 1989 of Bermuda (the "1989 Act"). Pursuant to section 3(e) of the 1989 Act, director holding office as executive chairman or managing director shall not be subject to retirement by rotation at each annual general meeting as provided in the Bye-Laws.

As the Company is bounded by the provisions of the 1989 Act, at this time, the Bye-Laws cannot be amended to fully reflect the requirements of the Code. As such, a special resolution was passed at the special general meeting held on 28th March 2007 to amend the Bye-Laws of the Company so that, inter alia, (i) every director (save for a director holding office as Chairman or Managing Director) of the Company shall be subject to retirement by rotation at least once every three years; (ii) a director may be removed by an ordinary resolution in general meeting instead of a special resolution; and (iii) any director appointed by the Board to fill a casual vacancy or as an additional director shall hold office until the next following general meeting, instead of the next annual general meeting.

To enhance good corporate governance practice, Mr. Eav Yin, the Chairman of the Board has confirmed to the Board that he will voluntarily retire from his directorship at annual general meeting of the Company at least once every three years in order for the Company to comply with the Code, provided that being eligible for re-election, he may offer himself for re-election at the annual general meeting.

Code provision A.4.1 of the Code provides that non-executive director should be appointed for a specific term, subject to re-election.

During the year, the non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation at least once every three years and re-election at annual general meeting in accordance with the Company's Bye-Laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are not less exacting than those in the Code.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Compliance of the Model Code for Securities Transaction by Directors of Listed Issuers

All Directors have confirmed that they complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules throughout the year under review.

OTHER INFORMATION

Final Dividend

The directors do not recommend a final dividend in respect of the year ended 31st March 2012. (2011: 0.2 HK cents per share).

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of Company's listed securities on the Stock Exchange during the year.

Employees and Remuneration Policy

There were 573 employees in the Group as at 31st March 2012. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses and staff share options are offered to motivate employees.

Audit Committee

The Audit Committee is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties as assigned by the Board. All the members of our Audit Committee are independent non-executive directors.

Scope of work of CCIF CPA Limited

The figures in respect of the announcement of the Group's results for the year ended 31st March 2012 have been agreed by the Group's auditor, CCIF CPA Limited to the amounts set out in the Group's audited financial statements for the year. The work performed by CCIF CPA 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 CCIF CPA Limited on the announcement.

EXPRESSION OF GRATITUDE

The Board would like to take this opportunity to express its gratitude to all staff members, shareholders, bankers, customers, suppliers and professional advisors for the sincere support to the Group.

By order of the Board
Asia Commercial Holdings Limited
Eav Yin
Chairman

Hong Kong, 27th June 2012

As at the date of this announcement, the Board comprises Mr. Eav Yin (Chairman), Mr. Duong Ming Chi, Henry, Mr. Eav Ming Keong, Kinson and Mr. André Francois Meier as executive directors and Mr. Lai Si Ming, Ms. Wong Wing Yue, Rosaline and Mr. Lee Tat Cheung, Vincent as independent non-executive directors.

* *For identification purpose only*