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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 2010

FINANCIAL HIGHLIGHTS

	2010 <i>HK\$million</i>	2009 <i>HK\$million</i>	Change %
Operations			
Turnover	777	619	26
Profit attributable to owners of the Company	51	40	28
Earnings per share – Basic	8.53 HK cents	6.61 HK cents	29
Final dividend proposed after the end of the reporting period	9	6	50
	2010 <i>HK\$million</i>	2009 <i>HK\$million</i>	Change %
Financial position			
Total assets	520	462	13
Shareholders' funds	404	357	13

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 2010, together with the comparative figures for 2009. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2010, 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>Notes</i>	2010 HK\$’000	2009 <i>HK\$’000</i>
Turnover	2	777,464	618,813
Cost of sales		(532,472)	(389,520)
Gross profit		244,992	229,293
Valuation gains/(losses) on investment properties		9,550	(4,500)
Other revenue	2	20,285	17,780
Distribution costs		(182,591)	(169,750)
Administrative expenses		(37,285)	(31,677)
Other operating expense, net		(54)	(1)
Profit from operations		54,897	41,145
Finance costs	4(a)	(75)	(25)
Other income, net		2,012	1,590
Profit before taxation	4	56,834	42,710
Income tax	5	(5,603)	(3,019)
Profit for the year		51,231	39,691
Attributable to owners of the Company		51,231	39,691
Earnings per share	7		
Basic (<i>HK cents</i>)		8.53	6.61
Diluted (<i>HK cents</i>)		8.53	6.61

Details of dividends payable to owners of the Company attributable to profit for the year are set out in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit for the year	51,231	39,691
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	5,510	(5,234)
Changes in revaluation reserve on revaluation of properties	<u>(3,787)</u>	<u>1,858</u>
Total other comprehensive income for the year (net of tax)	<u>1,723</u>	<u>(3,376)</u>
Total comprehensive income for the year attributable to owners of the Company	<u>52,954</u>	<u>36,315</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Notes</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		25,329	33,312
Prepaid lease payments		3,987	4,274
Investment properties		70,185	56,285
Available-for-sale investments		4,192	2,180
		103,693	96,051
Current assets			
Inventories		291,139	274,681
Prepaid lease payments		62	67
Trade and other receivables	8	59,767	41,457
Cash and cash equivalents		65,690	49,571
		416,658	365,776
Current liabilities			
Trade and other payables	9	105,198	98,798
Income tax payable		752	281
Loan notes		–	2,898
		105,950	101,977
Net current assets		310,708	263,799
Total assets less current liabilities		414,401	359,850
Non-current liabilities			
Rental received in advance		2,343	2,418
Deferred tax liabilities		7,679	–
		10,022	2,418
Net assets		404,379	357,432
Equity			
Equity attributable to owners of the Company			
Share capital		60,070	60,070
Reserves		344,309	297,362
Total equity		404,379	357,432

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 buildings, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties.

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 Hong Kong Institute of Certified Public Accountants that are first effective for the current accounting period:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers

Except as described below, 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 adopted HKFRS 8 with effect from 1st April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operation decision maker in order to allocate resources to the segment and assess its performance. In contrast, the predecessor Standard (HKAS 14) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s “system of internal financial reporting to key management personnel”

servicing only as starting point for the identification of such segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognized as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Turnover		
Sales of watches	774,644	615,735
Gross rental income from properties	2,820	3,078
	<hr/> 777,464	<hr/> 618,813
Other revenue		
Interest income from short-term bank deposits	-	23
Other interest income	127	251
Total interest income on financial assets not at fair value through profit or loss	127	274
Customer services income and others	20,158	17,506
	<hr/> 20,285	<hr/> 17,780
	<hr/> 797,749	<hr/> 636,593

3. SEGMENT REPORTING

The Group has adopted HKFRS 8 with effect from 1st April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operation decision maker in order to allocate resources to the segment and assess its performance. In contrast, the predecessor Standard (HKAS 14) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as starting point for the identification of such segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In the past, the Group's primary reporting segment was business segments: (i) sale of watches and (ii) others (mainly comprised properties leasing). However, for the purpose of resources allocation and assessment of performance, the directors of the Group, are more focused on sale of watches and properties leasing segment which are also the Group's reportable segments under HKFRS 8.

Information regarding the above segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

The following is an analysis of the Group's revenue, results, assets and liabilities by operating segment for the years under review:

	Sale of watches HK\$'000	Properties leasing HK\$'000	2010 Segmental total HK\$'000	Unallocated (Note) HK\$'000	Total HK\$'000
External revenue	<u>774,644</u>	<u>2,820</u>	<u>777,464</u>	<u>–</u>	<u>777,464</u>
Turnover	<u>774,644</u>	<u>2,820</u>	<u>777,464</u>	<u>–</u>	<u>777,464</u>
Operating profit	58,403	1,432	59,835	(14,615)	45,220
Valuation gains on investment properties	–	9,550	9,550	–	9,550
Interest income	127	–	127	–	127
Other income, net	–	–	–	2,012	2,012
Finance costs	(53)	–	(53)	(22)	(75)
Segment results	<u>58,477</u>	<u>10,982</u>	<u>69,459</u>	<u>(12,625)</u>	56,834
Income tax					<u>(5,603)</u>
Profit for the year					<u>51,231</u>
Depreciation and amortisation	15,673	470	16,143	103	16,246

	2010				
	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>
Segment assets	425,144	79,234	504,378	11,781	516,159
Available-for-sale investment	–	–	–	4,192	4,192
Total assets	<u>425,144</u>	<u>79,234</u>	<u>504,378</u>	<u>15,973</u>	<u>520,351</u>
Additions to non-current segment assets during the year	<u>7,927</u>	<u>–</u>	<u>7,927</u>	<u>–</u>	<u>7,927</u>
Segment liabilities	99,827	11,757	111,584	3,636	115,220
Income tax payable	752	–	752	–	752
Total liabilities	<u>100,579</u>	<u>11,757</u>	<u>112,336</u>	<u>3,636</u>	<u>115,972</u>

Note: Unallocated items mainly include (i) finance cost and corporate costs which cannot be meaningfully allocated to individual segment; and (ii) assets and liabilities that are not directly attributable to any reportable segment.

	2009				
	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	615,735	3,078	618,813	–	618,813
Turnover	<u>615,735</u>	<u>3,078</u>	<u>618,813</u>	<u>–</u>	<u>618,813</u>
Operating profit	58,142	1,371	59,513	(14,142)	45,371
Valuation losses on investment properties	–	(4,500)	(4,500)	–	(4,500)
Interest income	250	–	250	24	274
Other income/(expenses), net	(1,305)	–	(1,305)	2,895	1,590
Finance costs	–	–	–	(25)	(25)
Segment results	<u>57,087</u>	<u>(3,129)</u>	<u>53,958</u>	<u>(11,248)</u>	42,710
Income tax					(3,019)
Profit for the year					<u>39,691</u>
Depreciation and amortisation	13,822	501	14,323	47	14,370

	2009				Total
	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>	<i>HK\$'000</i>
Segment assets	391,777	66,856	458,633	1,014	459,647
Available-for-sale investment	–	–	–	2,180	2,180
Total assets	391,777	66,856	458,633	3,194	461,827
Additions to non-current segment assets during the year	22,788	1,757	24,545	–	24,545
Segment liabilities	93,688	4,433	98,121	5,993	104,114
Income tax payable	281	–	281	–	281
Total liabilities	93,969	4,433	98,402	5,993	104,395

Note: Unallocated items mainly include (i) finance income, finance cost and corporate costs which cannot be meaningfully allocated to individual segment; and (ii) assets and liabilities that are not directly attributable to any reportable segment.

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. The geographical location of customers refers 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 available-for-sale investments. The geographical locations of non-current assets are based on the physical location of the asset under consideration.

	Revenues from external customers		Non-current assets	
	2010 <i>HK\$'000</i>	2009 HK\$'000	2010 <i>HK\$'000</i>	2009 HK\$'000
The People's Republic of China, excluding Hong Kong	646,530	520,569	20,579	24,753
Hong Kong (place of domicile)	130,117	97,358	61,507	51,240
Switzerland	198	405	21,607	20,058
Others*	619	481	–	–
	777,464	618,813	103,693	96,051

* Other included U.S.A.

Information about major customers

During the year, none of the Group's revenue was derived from transactions with individual external customers that amounted to 10 per cent or more of the Group's revenue.

4. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest on loan notes	22	25
Others	53	–
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>75</u>	<u>25</u>

(b) Staff costs

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	69,620	67,408
Retirement benefits scheme contribution, net of forfeited contribution of HK\$Nil (2009: HK\$Nil)	389	408
	<hr/>	<hr/>
	<u>70,009</u>	<u>67,816</u>

(c) Other items

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$209,000 (2009: HK\$146,000)	(2,557)	(2,887)
Net exchange loss	2,005	459
Auditors' remuneration		
Audit services	975	845
Other services	258	250
Depreciation	16,179	14,299
Amortisation for prepaid lease payments	67	71
Bad debts written off	–	1
Reversal of write-down of inventories*	(23,948)	(17,209)
Operating lease rentals in respect of rented premises:		
Minimum lease payments	81,230	69,272
Cost of inventories recognised as expenses	<u>532,472</u>	<u>389,520</u>

- * The reversal of write-down of inventories made for the year arose due to the sale of the obsolete stock during the year ended 31st March 2010. The selling price of the obsolete stock is greater than the estimated net realisable value in previous years. Therefore, write back of inventories HK\$23,948,000 was made during the year (2009: HK\$17,209,000).

These amounts were included in the cost of sales.

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2010	2009
	HK\$'000	HK\$'000
Current tax		
Hong Kong	–	–
Outside Hong Kong	4,343	3,019
Deferred tax		
Current year	1,260	–
	5,603	3,019

On 26th June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced the corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/09 onwards.

Therefore, Hong Kong Profits Tax is calculated at a rate of 16.5% (2009: 16.5%) of the estimated assessable profit for the year. No Hong Kong Profits Tax is provided because the assessable profits generated during the year 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

(a) Dividends payable to owners of the Company attributable to the year

	2010	2009
	HK\$'000	HK\$'000
Final dividend proposed after the end of the reporting period of 1.5 HK cents per share (2009: 1 HK cent per share)	9,010	6,007
	9,010	6,007

At a board meeting held on 26th July 2010, the Directors proposed a final dividend of 1.5 HK cents per share for the year ended 31st March 2010. This proposed dividend is not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2011.

- (b) **Dividends payable to owners of the Company attributable to the previous year, approved and paid during the year**

	2010	2009
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 1 HK cent per share (2009: 1 HK cent per share)	6,007	6,007

7. EARNINGS PER SHARE

- (a) **Basic earnings per share**

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2010	2009
	HK\$'000	HK\$'000
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	51,231	39,691
	Number of shares	
	2010	2009
Weighted average number of ordinary shares at 31st March	600,695,128	600,695,128

- (b) **Diluted earnings per share**

Diluted earnings per share equals to the basic earnings per share as there were no potential dilutive ordinary shares outstanding for both years presented.

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\$28,362,000 (2009: HK\$20,322,000) which are included in the Group's trade receivables at the end of the reporting period is as follows:

	The Group	
	2010 HK\$'000	2009 HK\$'000
Trade receivables		
Up to 90 days	27,646	20,119
91 to 180 days	77	53
Over 180 days	639	150
	<hr/>	<hr/>
	28,362	20,322
Allowance for doubtful debts	(62)	(8)
	<hr/>	<hr/>
	28,300	20,314
Other receivables	2,748	3,080
	<hr/>	<hr/>
Loans and receivables	31,048	23,394
Deposits and prepayments	28,719	18,063
	<hr/>	<hr/>
	59,767	41,457
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of trade and other receivables at 31st March 2010 approximated their fair value.

The carrying amounts of 82% (2009: 76%) of the Group's trade receivables are denominated in Renminbi.

All of the trade 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\$19,899,000 (2009: HK\$28,775,000), the aging analysis of which at the end of the reporting period is as follows:

	The Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade payables		
Up to 90 days	19,370	27,848
91 to 180 days	14	283
Over 180 days	515	644
	<hr/>	<hr/>
	19,899	28,775
Other payables and accrued charges	30,363	24,282
Deposits received	2,324	1,981
Other tax payable	52,612	43,760
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	105,198	98,798

The carrying amounts of the Group's trade and other payables at 31st March 2010 approximated their fair value.

The carrying amounts of trade payables of the Group are mainly denominated in Renminbi.

All of the other 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

As at 31st March 2010, the Group's general banking facilities were secured by certain leasehold properties and prepaid lease payments with carrying value of HK\$1,100,000 (2009: HK\$1,192,000) and HK\$545,000 (2009: HK\$551,000) respectively as well as certain investment properties at valuation of HK\$48,650,000 (2009: HK\$39,600,000).

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 claim which is, in the opinion of the Directors, of material importance and no litigation or claim 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The year under review was a mixed challenge year for us. In the first six months of the financial year, the financial tsunami continuing to affect the global economy but the PRC economy remained stable during that period. The Group's turnover increased by 53% in the second half of the financial year compared with the same period in the previous year which was adversely affected by the start of the financial crisis. Overall, turnover for the year increased by 26% over last year to HK\$777 million. Same store sales growth maintained similar growth rate compared with last year. The competition in the luxury watch market mentioned in last year's annual report continued and our gross profit margin dropped from last year's 37% to this year's 32%.

Distribution costs increased by 8% compared by last year. The increase was mainly attributable to extra rental expenses as and staff costs in line with the increase in turnover as well as additional rental from new or expanded shops. Administrative expenses increased due to transaction fees charged on credit card sales which rose in line with the increase in credit card transactions and foreign exchange losses.

With the overall improvement in market sentiment, the market value of the investment properties and the available-for-sale investments held by the Group have increased resulting in valuation gain of approximately HK\$12 million.

In Shenyang, the Group opened its fourth Vacheron Constantin boutique as well as two other new brand boutiques specializing in Tudor and Girard-Perregaux. The Timecity Shenyang flagship store was closed temporarily for renovation. In Shanghai, the Group's Timecity multi-brand store on Nanjing Road West was closed for redevelopment into Audemars Piguet and IWC boutiques. In Hong Kong, the expanded Rolex/Tudor boutique reopened for business as we entered into the 2009/2010 financial year.

During the year, the Group continued to make investments to improve its operations as part of our ongoing process. Timecity upgraded its ERP system to facilitate better management and control of resources. New training programs are being put in place to improve the service quality of our associates in different areas such as customer service, selling techniques, product knowledge, etc.

	As at 31st March 2010	As at 31st March 2009
Beijing	6	6
Shanghai	8	10
Shenyang	9	8
Chengdu, Chongqing and Urumuqi	4	4
Hong Kong	1	1
	<hr/> 28 <hr/>	<hr/> 29 <hr/>

Financial Review

Results review

The Group recorded turnover of HK\$777 million for the year ended 31st March 2010, (2009: HK\$619 million) representing an increase of 26% (2009: 30%) over the last year. The increase was attributable to the contribution from our new POSs compared with the prior reporting year.

Distribution costs increased by 8% to HK\$183 million mainly due to increase in rental expenses as more POSs came into operation during the year. Administrative expenses also rose 18% from HK\$32 million to HK\$37 million due to the increase in bank charges, depreciation charges and exchange losses as a result of the increase in sales activity.

Owing to the recovery of the property market in Hong Kong during the year, our investment properties recorded valuation gains of HK\$9.55 million (2009: valuation losses of HK\$4.5 million).

Liquidity, financial resources and capital structure

As at 31st March 2010, the Group's total cash balance amounted to HK\$66 million (2009: HK\$50 million). The increase was mainly due to cash generated from operating activities which is slightly offset by the increase in renovation charges and payment of dividend. The Group has banking facilities amounting to HK\$40 million which were secured by certain leasehold properties, prepaid lease payments as well as certain investment properties. During the year, the Group has borrowed a money market loan of HK\$10 million from these facilities and fully repaid it before the year end. Gearing rate of the Group, expressed as a ratio of total borrowing over total equity, was 0% as at 31st March 2010 (2009: 1%).

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

According to statistics from the Federation of the Swiss Watch Industry, export of Swiss watches to China for the period of January to June 2010 reached approximately 483 million Swiss Francs representing an increase of approximately 91% over the same period in the previous year. With the continued growth in China economy and the increasing number of China tourists visiting Hong Kong, we will continue our development strategy to continue expansion of the Timecity development program into the second and third tier cities as well as in Hong Kong. The preparation for the opening of a number of new POSs are well underway and, since the year end, Timecity has opened in Wuxi as well as a new POS in Shenyang Hang Lung Plaza Phase 1. Search and negotiations for other suitable locations in mainland China and Hong Kong are part of our plan to strengthen our foothold.

There is no doubt that the market will continue to be competitive. Now that the global economy has stabilized, we are confident that, with the support of the top Swiss brands, we are on track with our development plan.

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 2010 except for the deviation from code provisions A.1.1 and A.4.1 and those 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.1.1 provides that regular board meetings should be held at least four times a year but only three regular board meetings were held during the year instead. The Board will improve this meeting arrangement to comply with this provision in the future.

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 have proposed a final dividend of 1.5 HK cents per share for the year ended 31st March 2010 (2009: 1 HK cent per share) subject to the approval by shareholders at the forthcoming annual general meeting. The period for closure of register of members of the Company and the date of annual general meeting would be announced later.

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 505 employees in the Group as at 31st March 2010. 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 2010 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 the 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
Au Shiu Leung, Alex
Executive Director and Company Secretary

Hong Kong, 26th July 2010

As at the date of this announcement, the Board comprises Mr. Eav Yin (Chairman), Mr. Eav Ming Keong, Kinson and Mr. Au Shiu Leung, Alex as executive directors, Mr. Lai Si Ming, Ms. Wong Wing Yue, Rosaline and Mr. Lee Tat Cheung, Vincent as independent non-executive directors.

* *For identification purpose only*