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 2011

FINANCIAL HIGHLIGHTS

	2011 ***HK$ million***	2010 *HK$ million*	**Change** *%*
Operations			
Turnover	**1,035**	777	**33**
Profit attributable to owners of the Company	**92**	51	**80**
Earnings per share – Basic	**3.01 HK cents**	1.71 HK cents	**76**
Interim dividend declared and paid	**6**	–	
Final dividend proposed after the end of the reporting period	**7**	9	

	2011 ***HK$ million***	2010 *HK$ million*	**Change** *%*
Financial position			
Total assets	**789**	520	**52**
Shareholders' funds	**554**	404	**37**

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 2011, together with the comparative figures for 2010. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2011, 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

	Notes	**2011** *HK$’000*	2010 *HK$’000*
Turnover	2	**1,035,326**	777,464
Cost of sales		**(715,420)**	(532,472)
Gross profit		**319,906**	244,992
Valuation gains on investment properties		**31,932**	9,550
Other revenue	2	**23,884**	20,285
Distribution costs		**(229,632)**	(182,591)
Administrative expenses		**(44,363)**	(37,285)
Other operating income/(expense), net		**54**	(54)
Profit from operations		**101,781**	54,897
Finance costs	4(a)	**(3,919)**	(75)
Other income, net		**16,014**	2,012
Profit before taxation	4	**113,876**	56,834
Income tax	5	**(21,663)**	(5,603)
Profit for the year		**92,213**	51,231
Attributable to owners of the Company		**92,213**	51,231
			(Restated)
Earnings per share	7		
Basic *(HK cents)*		**3.01**	1.71
Diluted *(HK cents)*		**2.81**	1.71

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

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**92,213**	51,231
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**21,195**	5,510
Changes in revaluation reserve on revaluation of properties	**–**	(3,787)
Changes in fair value reserve on revaluation of available-for-sale investments	**1,081**	–
Total other comprehensive income for the year (net of tax)	**22,276**	1,723
Total comprehensive income for the year attributable to owners of the Company	**114,489**	52,954

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**24,632**	25,329
Prepaid lease payments		**1,081**	3,987
Investment properties		**105,746**	70,185
Available-for-sale investments		**5,273**	4,192
		136,732	103,693
Current assets			
Inventories		**387,037**	291,139
Prepaid lease payments		**6**	62
Trade and other receivables	8	**108,941**	59,767
Trading securities		**15,843**	–
Cash and cash equivalents		**140,520**	65,690
		652,347	416,658
Current liabilities			
Trade and other payables	9	**153,540**	105,198
Short term bank loan		**5,938**	–
Income tax payable		**7,599**	752
		167,077	105,950
Net current assets		**485,270**	310,708
Total assets less current liabilities		**622,002**	414,401
Non-current liabilities			
Rental received in advance		**2,268**	2,343
Deferred tax liabilities		**16,097**	7,679
Convertible notes		**49,695**	–
		68,060	10,022
Net assets		**553,942**	404,379
Equity			
Equity attributable to owners of the Company			
Share capital		**65,010**	60,070
Reserves		**488,932**	344,309
Total equity		**553,942**	404,379

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 HKICPA that are first effective for the current accounting period:

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised 2008)	Business combinations
HKAS 27 (Revised 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement – Eligible hedged items
HK(IFRIC) Int 17	Distributions of non-cash assets to owners
HK(Int) 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008

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.

HKFRS 3 (Revised 2008) Business combinations and HKAS 27 (Revised 2008) Consolidated and separate financial statements

HKFRS 3 (Revised 2008) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised 2008) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 Statement of cash flows, HKAS 12 Income taxes, HKAS 21 The effects of changes in foreign exchange rates, HKAS 28 Investments in associates and HKAS 31 Interests in joint ventures.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1st April 2010.

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:

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sale of watches	**1,032,491**	774,644
Gross rental income from properties	**2,835**	2,820
	1,035,326	777,464
Other revenue		
Other interest income	**423**	127
Total interest income on financial assets not at fair value through profit or loss	**423**	127
Customer services income and others	**23,461**	20,158
	23,884	20,285
	1,059,210	797,749

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 Board of Directors of the Company in order to allocate resources to the segment and assess its performance.

The Group's operating segments are: (i) sale of watches and (ii) properties leasing.

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

			2011		
	Sale of watches	**Properties leasing**	**Segmental total**	**Unallocated** *(Note)*	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
External revenue	**1,032,491**	**2,835**	**1,035,326**	**–**	**1,035,326**
Turnover	**1,032,491**	**2,835**	**1,035,326**	**–**	**1,035,326**
Operating profit	**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 income, net	**841**	**21,091**	**21,932**	**(5,918)**	**16,014**
Finance costs	**(98)**	**–**	**(98)**	**(3,821)**	**(3,919)**
Segment results	**79,700**	**49,776**	**129,476**	**(15,600)**	**113,876**
Income tax					**(21,663)**
Profit for the year					**92,213**
Depreciation and amortisation	**13,981**	**451**	**14,432**	**79**	**14,511**
Segment assets	**579,696**	**124,770**	**704,466**	**79,340**	**783,806**
Available-for-sale investments	**–**	**–**	**–**	**5,273**	**5,273**
Total assets	**579,696**	**124,770**	**704,466**	**84,613**	**789,079**
Additions to non-current segment assets during the year	**14,999**	**20**	**15,019**	**–**	**15,019**
Segment liabilities	**150,310**	**21,922**	**172,232**	**55,306**	**227,538**
Income tax payable	**6,141**	**1,458**	**7,599**	**–**	**7,599**
Total liabilities	**156,451**	**23,380**	**179,831**	**55,306**	**235,137**

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.

	2010				
	Sale of watches	Properties leasing	Segmental total	Unallocated *(Note)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue	774,644	2,820	777,464	–	777,464
Turnover	774,644	2,820	777,464	–	777,464
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	58,477	10,982	69,459	(12,625)	56,834
Income tax					(5,603)
Profit for the year					51,231
Depreciation and amortisation	15,673	470	16,143	103	16,246
Segment assets	425,144	79,234	504,378	11,781	516,159
Available-for-sale investments	–	–	–	4,192	4,192
Total assets	425,144	79,234	504,378	15,973	520,351
Additions to non-current segment assets during the year	7,927	–	7,927	–	7,927
Segment liabilities	99,827	11,757	111,584	3,636	115,220
Income tax payable	752	–	752	–	752
Total liabilities	100,579	11,757	112,336	3,636	115,972

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.

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 and investment properties. 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	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China, excluding Hong Kong	**874,632**	646,530	**20,958**	20,579
Hong Kong (place of domicile)	**160,348**	130,117	**86,927**	57,315
Switzerland	**335**	198	**23,574**	21,607
Others*	**11**	619	**–**	–
	1,035,326	777,464	**131,459**	99,501

* *Others 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

	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five year	**98**	–
Interest on loan notes	**–**	22
Interest payable on convertible notes	**3,821**	–
Others	**–**	53
Total interest expense on financial liabilities not at fair value through profit or loss	**3,919**	75

(b) Staff costs

	2011	2010
	HK$'000	*HK$'000*
Salaries, wages and other benefits (including directors' fee and emoluments)	**86,957**	69,620
Share-based payments expenses	**19**	–
Retirement benefits scheme contribution, net of forfeited contribution of HK$Nil (2010: HK$Nil)	**437**	389
	87,413	70,009

(c) Other items

	2011	2010
	HK$'000	*HK$'000*
Rental receivable from investment properties less direct outgoings of HK$196,000 (2010: HK$209,000)	**(2,592)**	(2,557)
Net exchange loss	**1,762**	2,005
Auditors' remuneration		
Audit services	**1,079**	975
Other services	**280**	258
Depreciation	**14,463**	16,179
Amortisation for prepaid lease payments	**48**	67
Profit on disposal of property, plant and equipment	**(88)**	–
Impairment loss for doubtful debts	**13**	54
Reversal of write-down of inventories*	**(7,633)**	(23,948)
Operating lease rentals in respect of rented premises:		
Minimum lease payments	**95,730**	81,230
Cost of inventories recognised as expenses	**715,420**	532,472

* 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 2011. The selling price of the obsolete stock is greater than the estimated net realisable value in previous years. Therefore, write back of inventories HK$7,633,000 was made during the year (2010: HK$23,948,000).

These amounts were included in the cost of sales.

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2011	2010
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**–**	–
Outside Hong Kong	**14,799**	4,343
Under-provision in respect of prior years		
Outside Hong Kong	**350**	–
Deferred tax		
Current year	**6,514**	1,260
	21,663	5,603

Hong Kong Profits Tax is calculated at a rate of 16.5% (2010: 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

	2011	2010
	HK$'000	*HK$'000*
Interim dividend declared and paid of 0.2 HK cents per share (2010: HK$Nil)	**6,239**	–
Final dividend proposed after the end of the reporting period of 0.2 HK cents per share (2010: 1.5 HK cents per share with nominal value of HK$0.1 per share)	**6,739**	9,010

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 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 2012.

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

	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 1.5 HK cents per share with nominal value of HK$0.1 per share (2010: 1 HK cent per share with nominal value of HK$0.1 per share)	**9,010**	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:

	2011	2010
	HK$'000	*HK$'000*
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**92,213**	51,231

	Number of shares	Number of shares
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share		
Issued ordinary shares at 1st April	**600,695**	600,695
Effect of subdivision of shares	**2,421,437**	2,402,781
Effect of conversion into shares from convertible notes	**42,971**	–
Weighted average number of ordinary shares for the purpose of basic earnings per share at 31st March	**3,065,103**	3,003,476

(b) Diluted earnings per share

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

	2011	2010
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**92,213**	51,231
After tax effect of effective interest on the liability component of convertible notes	**3,821**	–
Profit attributable to owners of the Company for the purpose of diluted earnings per share	**96,034**	51,231

	Number of shares	Number of shares
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share at 31st March	**3,065,103**	3,003,476
Effect of dilutive potential ordinary shares arising from convertible notes outstanding	**352,976**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share at 31st March	**3,418,079**	3,003,476

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.

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential ordinary shares outstanding for the year ended 31st March 2010.

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$55,153,000 (2010: HK$28,362,000) which are included in the Group's trade receivables at the end of the reporting period is as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables		
Up to 90 days	**54,387**	27,646
91 to 180 days	**533**	77
Over 180 days	**233**	639
	55,153	28,362
Allowance for doubtful debts	**–**	(62)
	55,153	28,300
Other receivables	**5,112**	2,748
Loans and receivables	**60,265**	31,048
Deposits and prepayments	**48,676**	28,719
	108,941	59,767

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

The carrying amounts of 93% (2010: 82%) of the Group's trade receivables are donominated 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$37,165,000 (2010: HK$19,899,000), the aging analysis of which at the end of the reporting period is as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Trade payables		
Up to 90 days	**35,463**	19,370
91 to 180 days	**296**	14
Over 180 days	**1,406**	515
	37,165	19,899
Other payables and accrued charges	**37,643**	30,363
Deposits received	**3,039**	2,324
Other tax payable	**75,693**	52,612
Financial liabilities measured at amortised cost	**153,540**	105,198

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

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 2011, the Group's general banking facilities were secured by certain leasehold properties and prepaid lease payments with carrying value of HK$1,008,000 (2010: HK$1,100,000) and HK$540,000 (2010: HK$545,000) respectively as well as certain investment properties at valuation of HK$79,900,000 (2010: HK$48,650,000).

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 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. 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$1,035 million representing an increase of 33% over the previous year as demand for top grade Swiss watches continued to grow in the Greater China market. All our POSs in mainland China and Hong Kong had strong growth during the year with average same store sales growth of more than 30% and comparable with the previous financial year. The strong growth continued in 2011 with export of Swiss watches in China increasing by more than 40% in the first five months of 2011 against the same period in 2010.

On the business development side, Timecity opened its fifth Vacheron Constantin boutique in Beijing in September 2010 and its performance was above expectation. Timecity's flagship store in Beijing Wangfujing was closed in February 2011 to pave way to a new 3,000 square meters flagship store nearby. This new flagship store is intended to be one of the biggest watch stores in the world and will house top Swiss watch brands that are popular amongst mainland China customers. Opening of the new Beijing flagship store is expected in the fourth quarter of 2011.

In Shanghai, renovation work is well underway for the opening of Timecity's second Audemars Piguet boutique in Shanghai. This will also be Timecity's third Audemars Piguet boutique in mainland China. In Jingan District of Shanghai, the opening of the IWC boutique has been rescheduled to the third quarter of 2011.

New POS developments in other parts of mainland China is also progressing especially the cities where Timecity already has a foothold including Chengdu, Chongqing and Shenyang especially as we have closed a POS in Chengdu.

The total number of POS has been reclassified as some locations have several brand boutiques and multi brand shops situated together and now each boutique or multi brand shop is treated as a POS in the new classification:

	As at 31st March 2011	As at 31st March 2010 (Reclassified)
Beijing	**8**	16
Shanghai	**16**	14
Shenyang	**8**	7
Chengdu, Chongqing, Urumuqi and Wuxi	**6**	5
Hong Kong	**1**	1
	39	43

The Group also recorded significant revaluation surplus from its portfolio of investment properties which mainly comprises from properties located in Hong Kong. During the year, one of the Group's properties in mainland China was sold as it was surplus to the Group's requirements.

Financial Review

Results review

The Group recorded turnover of HK$1,035 million for the year ended 31st March 2011, (2010: HK$777 million) representing an increase of 33% (2010: 26%) over the last year. The increase was mainly attributable to sales growth from the POSs in Mainland China as compared with the prior reporting year.

Distribution costs increased by 26% to HK$230 million mainly due to increase in rental expenses and staff payments as a result of the increase in sales activities during the year. Administrative expenses also increased by 19% from HK$37 million to HK$44 million due to the increase in bank charges as a result of the increase in sales turnover.

Owing to the continued improvement of the property market in Hong Kong during the year, our investment properties recorded valuation gains of HK$32 million (2010: valuation gains of HK$10 million).

Liquidity, financial resources and capital structure

As at 31st March 2011, the Group's total cash balance amounted to HK$141 million (2010: HK$66 million). The increase was mainly due to the net proceeds of around HK$99,000,000 received upon the issuance of the Company's Convertible Notes on 27th September 2010. 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. Gearing rate of the Group, expressed as a ratio of total borrowing over total equity, was 10% as at 31st March 2011 (2010: 0%).

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 recent years, we see very strong growth in the mainland China consumer market as demand for luxury products including watches grew rapidly. So far, there are no signs that the growth has slowed down. We will therefore continue our strategy of continuing to expand our retail network in both mainland China and Hong Kong. Several new POSs in Hong Kong, Shanghai, Chengdu and new flagship store in Beijing are in progress and will be opened before the end of the new financial year.

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 2011 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 have proposed a final dividend of 0.2 HK cents per share for the year ended 31st March 2011 (2010: 1.5 HK cents per share with nominal value of HK$0.1 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 529 employees in the Group as at 31st March 2011. 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 2011 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
Au Shiu Leung, Alex
Executive Director and Company Secretary

Hong Kong, 30th June 2011

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*