

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## 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 2017

#### FINANCIAL HIGHLIGHTS

	<b>2017</b> <i>HK\$ million</i>	2016 <i>HK\$ million</i>	<b>Change</b> <i>%</i>
<b>Operations</b>			
Revenue	<b>850</b>	834	<b>2</b>
Profit/(loss) attributable to owners of the Company	<b>31</b>	(36)	<b>N/A</b>
Earnings/(loss) per share – Basic	<b>1.99 HK cents</b>	(2.28 HK cents)	<b>N/A</b>
Interim dividend declared and paid	–	–	
Final dividend proposed after the end of the reporting period	–	–	
	<b>2017</b> <i>HK\$ million</i>	2016 <i>HK\$ million</i>	<b>Change</b> <i>%</i>
<b>Financial position</b>			
Total assets	<b>688</b>	705	<b>(2)</b>
Equity attributable to owners of the Company	<b>430</b>	406	<b>6</b>

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 2017 together with the comparative figures for 2016. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2017 but represents an extract from those financial statements. The financial information has been reviewed by the Company’s audit committee.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31st March*

	<i>Notes</i>	<b>2017</b> <i>HK\$’000</i>	2016 <i>HK\$’000</i>
<b>Revenue</b>	2	<b>850,218</b>	834,394
Cost of sales		<u>(662,099)</u>	<u>(668,661)</u>
<b>Gross profit</b>		<b>188,119</b>	165,733
Valuation gains on investment properties		<b>25,094</b>	262
Other revenue	2	<b>21,392</b>	23,320
Distribution costs		<b>(172,000)</b>	(203,543)
Administrative expenses		<b>(28,589)</b>	(28,080)
Other net gains		<b>1,361</b>	11,534
Finance costs	4(a)	<u>(4,273)</u>	<u>(4,851)</u>
<b>Profit/(loss) before taxation</b>	4	<b>31,104</b>	(35,625)
Income tax	5	<u>–</u>	<u>(53)</u>
<b>Profit/(loss) for the year attributable to the owners of the Company</b>		<u><b>31,104</b></u>	<u>(35,678)</u>
<b>Earnings/(loss) per share</b>	7		
Basic ( <i>HK cents</i> )		<u><b>1.99</b></u>	<u>(2.28)</u>
Diluted ( <i>HK cents</i> )		<u><b>1.99</b></u>	<u>(2.28)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31st March*

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Profit/(loss) for the year</b>	<b>31,104</b>	(35,678)
<b>Other comprehensive (loss)/income for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax)	<b>(6,877)</b>	(3,287)
Change in fair value reserve on revaluation of available-for-sale investments (net of nil tax)	<b>(170)</b>	(47)
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties upon transfer to investment properties	–	39,501
Deferred tax liability arising on gain on revaluation of properties	–	(6,519)
	<hr/>	<hr/>
Total other comprehensive (loss)/income for the year	<b>(7,047)</b>	29,648
	<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income/(loss) for the year attributable to the owners of the Company</b>	<b>24,057</b>	(6,030)
	<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31st March*

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		20,135	23,107
Prepaid lease payments		16,084	17,576
Investment properties		278,176	255,188
Available-for-sale investments		7,500	7,670
Rental deposits and prepayments		20,853	24,320
		<b>342,748</b>	327,861
<b>Current assets</b>			
Inventories		280,963	317,690
Prepaid lease payments		451	479
Trade and other receivables	8	36,652	24,779
Trading securities		703	689
Cash and cash equivalents		26,229	33,332
		<b>344,998</b>	376,969
<b>Current liabilities</b>			
Trade and other payables	9	113,808	154,347
Bank loans		102,265	44,976
Loans from a director		8,000	57,000
Current income tax payable		3,345	3,465
		<b>227,418</b>	259,788
<b>Net current assets</b>		<b>117,580</b>	117,181
<b>Total assets less current liabilities</b>		<b>460,328</b>	445,042
<b>Non-current liabilities</b>			
Rental deposits received and receipt in advance		2,683	3,312
Deferred tax liabilities		13,309	13,309
Other liabilities		14,504	22,646
		<b>30,496</b>	39,267
<b>Net assets</b>		<b>429,832</b>	405,775
<b>Capital and reserves</b>			
Share capital		313,373	313,373
Reserves		116,459	92,402
<b>Equity attributable to owners of the Company</b>		<b>429,832</b>	405,775

Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICY

The annual results of the Group 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 “Stock Exchange”). 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.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investments Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2. REVENUE AND OTHER REVENUE

### Revenue

Revenue represents (i) the gross proceeds received and receivable derived from the sale of watches, less the value added tax, other sales taxes and trade discounts and (ii) rental income from property leasing.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Sales of watches	842,304	827,100
Rental income from investment properties	<u>7,914</u>	<u>7,294</u>
	<u><b>850,218</b></u>	<u><b>834,394</b></u>

### Other Revenue

Bank interest income	<u>112</u>	<u>50</u>
Total interest income on financial assets not at fair value through profit or loss	112	50
Promotion income	5,207	7,386
Advertising income	5,409	5,962
Customer services income and others	<u>10,664</u>	<u>9,922</u>
	<u><b>21,392</b></u>	<u><b>23,320</b></u>

## 3. SEGMENT REPORTING

The Group manages its business by divisions. In a manner consistent with the way in which information is reported internally to the board of directors of the Company, being the chief operating decision maker (“CODM”) for the purposes of resource allocations and performance assessments. The Group has presented two reportable segments: (i) sale of watches (retail and wholesale) 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 and corporate costs which cannot be meaningfully allocated to individual segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to revenue 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 statement of profit or loss.

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 current income tax payable, deferred tax liabilities and borrowings not attributable to individual segments and other corporate liabilities.

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

	2017				
	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
External revenue ( <i>Note</i> )	<u>842,304</u>	<u>7,914</u>	<u>850,218</u>	<u>-</u>	<u>850,218</u>
Operating profit/(loss)	8,309	6,838	15,147	(6,337)	8,810
Valuation gains on investment properties	-	25,094	25,094	-	25,094
Interest income	112	-	112	-	112
Other net gains	1,347	-	1,347	14	1,361
Finance costs	<u>(4,273)</u>	<u>-</u>	<u>(4,273)</u>	<u>-</u>	<u>(4,273)</u>
Segment results	<u>5,495</u>	<u>31,932</u>	<u>37,427</u>	<u>(6,323)</u>	<u>31,104</u>
Income tax					-
Profit for the year					<u>31,104</u>
Write-down of inventories	(7,588)	-	(7,588)	-	(7,588)
Impairment loss of trade receivables	(59)	-	(59)	-	(59)
Net realised and unrealised gain on trading securities	-	-	-	14	14
Depreciation and amortisation	<u>(5,481)</u>	<u>(243)</u>	<u>(5,724)</u>	<u>(89)</u>	<u>(5,813)</u>
Segment assets	<u>394,848</u>	<u>279,410</u>	<u>674,258</u>	<u>5,988</u>	<u>680,246</u>
Available-for-sale investments					<u>7,500</u>
Total assets					<u>687,746</u>
Additions to non-current segment assets during the reporting period	<u>3,013</u>	<u>7</u>	<u>3,020</u>	<u>1,788</u>	<u>4,808</u>
Segment liabilities	<u>229,149</u>	<u>8,638</u>	<u>237,787</u>	<u>3,473</u>	<u>241,260</u>
Current income tax payable					3,345
Deferred tax liabilities					<u>13,309</u>
Total liabilities					<u>257,914</u>

*Note:* There were no inter-segment sales during the year ended 31st March 2017.



	2016				
	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
External revenue ( <i>Note</i> )	827,100	7,294	834,394	–	834,394
Operating profit/(loss)	(40,202)	5,178	(35,024)	(7,596)	(42,620)
Valuation gains on investment properties	–	262	262	–	262
Interest income	50	–	50	–	50
Other net gains	5,273	–	5,273	6,261	11,534
Finance costs	(4,851)	–	(4,851)	–	(4,851)
Segment results	(39,730)	5,440	(34,290)	(1,335)	(35,625)
Income tax					(53)
Loss for the year					(35,678)
Loss on write off of rental deposits	(252)	–	(252)	–	(252)
Write-down of inventories	(8,996)	–	(8,996)	–	(8,996)
Impairment loss of trade receivables	(18)	–	(18)	–	(18)
Reversal of impairment loss of other receivables and prepayments	1,709	–	1,709	–	1,709
Net realised and unrealised gain on trading securities	–	–	–	6,261	6,261
Depreciation and amortisation	(6,711)	(311)	(7,022)	–	(7,022)
Segment assets	433,489	256,439	689,928	7,232	697,160
Available-for-sale investments					7,670
Total assets					704,830
Additions to non-current segment assets during the reporting period	7,878	16	7,894	–	7,894
Segment liabilities	270,004	8,894	278,898	3,383	282,281
Current income tax payable					3,465
Deferred tax liabilities					13,309
Total liabilities					299,055

*Note:* There were no inter-segment sales during the year ended 31st March 2016.

### Geographic information

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

	Revenues from external customers		Non-current assets	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The People's Republic of China, excluding Hong Kong	<b>378,939</b>	376,219	<b>62,457</b>	65,234
Hong Kong (place of domicile)	<b>470,140</b>	456,700	<b>260,233</b>	241,597
Switzerland	<b>1,139</b>	1,475	<b>12,558</b>	13,360
	<b>850,218</b>	834,394	<b>335,248</b>	320,191

### Information about major customers

For the year ended 31st March 2017, revenue of approximately HK\$151,156,000 (2016: HK\$160,242,000) was derived from a single external customer who contributed more than 10% of total revenue of the Group. This revenue was attributable to the sales of watches segment.

## 4. PROFIT/(LOSS) BEFORE TAXATION

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

### (a) Finance costs

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank borrowings	<b>3,005</b>	1,754
Interest on other borrowings	–	56
Interest on loans from a director	<b>1,268</b>	3,041
Total interest expenses on financial liabilities not at fair value through profit or loss	<b>4,273</b>	4,851

**(b) Staff costs**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	46,987	45,931
Equity settled share-based payment expenses	–	569
Retirement benefits scheme contribution	4,018	4,455
	<u>51,005</u>	<u>50,955</u>

**(c) Other items**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$359,000 (2016: HK\$342,000)	(7,555)	(6,952)
Net exchange loss	426	496
Auditors' remuneration		
Audit services	1,180	1,268
Other services	314	329
Depreciation for property, plant and equipment	5,354	6,535
Amortisation of prepaid lease payments	459	487
Impairment loss on trade receivables	59	18
Reversal of impairment loss on other receivables and prepayments	–	(1,709)
Operating lease rentals in respect of rented premises		
– Minimum rentals	99,375	126,827
– Contingent rentals	3,452	2,031
	<u>102,827</u>	<u>128,858</u>
Cost of inventories recognised as expenses	<u>662,099</u>	<u>668,661</u>

## 5. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax		
– Charge for the year	–	53
	<u>                    </u>	<u>                    </u>

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2016: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the year ended 31st March 2017 either because the Hong Kong subsidiaries have accumulated tax losses brought forward which exceeded the estimated assessable profits or the Hong Kong subsidiaries sustained losses for taxation purpose. No Hong Kong Profits Tax has been provided for the year ended 31st March 2016 as the Group has no estimated assessable profits in Hong Kong.

Taxation for the PRC subsidiaries is provided at the rate of 25% (2016: 25%). No PRC income tax has been provided for in the financial statements for the year ended 31st March 2017 either because the PRC subsidiaries have accumulated tax losses brought forward which exceeded the estimated assessable profits or the PRC subsidiaries sustained losses for taxation purpose.

The subsidiary in Switzerland is subject to Switzerland Profits Tax at the rate of 16% (2016: 16%). No Switzerland Profits Tax has been provided for the years ended 31st March 2017 and 2016 as the Group has no estimated assessable profits in Switzerland.

## 6. DIVIDENDS

No interim dividend was paid for the years ended 31 March 2017 and 2016. The directors do not propose any payment of final dividend for the years ended 31st March 2017 and 2016.

## 7. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the year ended 31st March 2017 is based on profit attributable to owners of the Company of HK\$31,104,000 and the weighted average number of 1,566,866,000 ordinary shares in issue during the year.

The calculation of basic loss per share for the year ended 31st March 2016 is based on loss attributable to the owners of the Company of HK\$35,678,000 and the weighted average number of 1,566,866,000 ordinary shares in issue during the year.

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share for the years ended 31st March 2017 and 2016.

The Company's share options have no dilutive effect for the years ended 31st March 2017 and 2016 because the exercise price of the Company's share options was higher than the average market price of the Company's shares for both years.

## 8. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables		
– Third parties	15,459	14,159
– Related parties	2,841	2,173
	<b>18,300</b>	16,332
Allowance for doubtful debts	<b>(2,464)</b>	<b>(2,510)</b>
	<b>15,836</b>	13,822
Other receivables		
– Third parties	7,368	3,410
– Related parties	1,033	–
	<b>8,401</b>	3,410
Loans and receivables	<b>24,237</b>	17,232
Deposits and prepayments	<b>12,415</b>	7,547
	<b>36,652</b>	24,779

The carrying amounts of the Group's trade and other receivables at 31st March 2017 and 2016 approximate their fair values.

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

### (a) Aging analysis

The Group allows credit period of up to 180 days to its customers. The aging analysis of the trade receivables of HK\$15,836,000 (2016: HK\$13,822,000) at the end of the reporting period based on invoice date and net of allowance for doubtful debt is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Up to 90 days	13,636	11,178
91 to 180 days	623	504
181 to 365 days	1,054	1,310
Over 365 days	523	830
	<b>15,836</b>	13,822

## 9. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables		
– Third parties	14,703	29,787
– Related parties	16	75
	<b>14,719</b>	29,862
Other payables and accrued charges	<b>37,439</b>	50,134
Accrued interest to a director	–	1,211
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<b>52,158</b>	81,207
Rental received in advance	<b>90</b>	96
Deposits received	<b>4,063</b>	4,117
Other tax payable	<b>57,497</b>	68,927
	<hr/>	<hr/>
	<b>113,808</b>	154,347
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's trade and other payables at 31st March 2017 and 2016 approximate 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.

The carrying amounts of the trade payables of the Group are mainly denominated in Renminbi and Hong Kong dollars.

The aging analysis of trade payables based on date of receipt of goods as at the end of the reporting period is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Up to 90 days	11,457	25,616
91 to 180 days	39	6
181 to 365 days	–	–
Over 365 days	3,223	4,240
	<hr/>	<hr/>
	<b>14,719</b>	29,862
	<hr/> <hr/>	<hr/> <hr/>

## 10. PLEDGE OF ASSETS

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Land and buildings	14,045	14,435
Prepaid lease payments	16,535	18,055
Investment properties	251,162	229,116
Inventories	81,814	–
	<u>363,556</u>	<u>261,606</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group's revenue for the year amounted to HK\$850 million which was 2% higher than HK\$834 million of last year. Sales from China amounted to HK\$379 million which were slightly higher than HK\$376 million of last year while the average same store sales in China were increased by 8%. At the same time, sales in Hong Kong increased slightly by 3% to HK\$470 million as compared with HK\$457 million of last year. The slightly increase in sales in the two markets was the result of the stable market condition as compared with last year while the gross profit margin also increased slightly from 20% to 22% in this year.

The total number of stores is as below:

	<b>As at 31st March 2017</b>	As at 31st March 2016
Beijing	<b>3</b>	3
Shanghai	<b>3</b>	3
Shenyang	<b>1</b>	1
Chengdu	<b>2</b>	2
Hong Kong	<b>1</b>	1
	<hr/> <b>10</b> <hr/>	<hr/> 10 <hr/>

## **Financial Review**

### *Results review*

The Group recorded a turnover of HK\$850 million for the year ended 31st March 2017, (2016: HK\$834 million) which was 2% higher than last year. It was the result of the more stable markets in both China and Hong Kong which increased only by 1% and 3% respectively.

Distribution costs decreased by 16% to HK\$172 million as compared with HK\$204 million of last year was mainly due to the decrease in rental in Hong Kong. Administrative expenses amounted to HK\$29 million this year which were comparable with HK\$28 million in last year.

Valuation gains on investment properties increased significantly from HK\$0.3 million in last year to HK\$25 million this year which were mainly due to the blooming of the property market in Hong Kong.

Other net gains amounted to HK\$1 million this year as compared with the gains of HK\$12 million in last year as there was an one-off gain from the disposal of trading securities in last year.

Finance costs decreased by 12% to HK\$4.3 million as compared with HK\$4.9 million of last year was due to the shifting to lower interest rate loans during the year.



### *Liquidity, financial resources and capital structure*

As at 31st March 2017, the Group's total cash balance amounted to HK\$26 million (2016: HK\$33 million). The decrease was mainly due to the decrease in trade and other payables for the year. The Group has secured banking facilities amounting to a total of HK\$132 million which were secured by leasehold properties, prepaid lease payments, investment properties, inventories, rental assignment, as well as unlimited corporate guarantee provided by the Company. Gearing ratio of the Group, expressed as a ratio of total borrowing, over total equity, was 26% as at 31st March 2017 (2016: 25%).

### *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**

The Group continued to improve its operating results and achieved a profit of HK\$31 million this year as compared with a loss of HK\$36 million in last year. Excluding the valuation gains on investing properties of HK\$25 million, the Group achieved a small profit of HK\$6 million. The operating result improved significantly as compared with last year.

The Group operates 10 stores in Hong Kong and China. During the year, the Group remained focus on its core stores and has continued to streamline their operating costs and will continue to do so with a view to further enhance the cost efficiency of each store. The overall sentiment in the luxury retail business in Hong Kong and China remained weak due to the slowdown of the economic growth in China and Hong Kong, the shift of spending pattern of the mainland tourists and the continuation of anti-corruption drive in China.

Despite of this challenge, the Group will continue to strengthen its business and take a cautious approach in its future expansion.

On behalf of the Group, we sincerely thank for the kind and positive supportive of our shareholders, customers, suppliers and associates.

### **CORPORATE GOVERNANCE PRACTICES**

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 Corporate Governance Code (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the year ended 31st March 2017 except for the deviation from the code provisions A.1.1, A.4.1 and D.1.4 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 bound by the provision 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 practices, 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. The Chairman is Mr. Eav Yin while the function of the chief executive officer is divided between the remaining executive directors.

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 the 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.

Code provision D.1.4 stipulates that directors should clearly understand delegation arrangements in place. Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointments.

The Company has not entered into any written letters of appointment with its Directors. However, the Board recognises that (i) the Directors have already been subject to the laws and regulations applicable to directors of a company listed on The Stock Exchange of Hong Kong Limited, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its shareholders; (ii) all of them are well established in their professions; and (iii) the current arrangement has been adopted by the Company for several years and has proven to be effective. Therefore, the Board considers that the Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

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. 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.

### **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**

No interim dividend was paid for the year ended 31st March 2017 (2016: nil).

The directors do not recommend a final dividend in respect of the year ended 31st March 2017 (2016: nil).

### **Purchase, Sale or Redemption of Listed Securities**

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

### **Employees and Remuneration Policy**

There were 188 employees in the Group as at 31st March 2017. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses and shares under share award plan are offered to motivate employees.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the Annual General Meeting to be held on 22nd September 2017, the register of members of the Company will be closed from Monday, 18th September 2017 to Friday, 22nd September 2017, both days inclusive. In order to be eligible to attend and vote at the Annual General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 15th September 2017.

### **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 Crowe Horwath (HK) CPA Limited**

The figures in respect of the announcement of the Group's results for the year ended 31st March 2017 have been agreed by the Group's auditor, Crowe Horwath (HK) CPA Limited to the amounts set out in the Group's audited financial statements for the year. The work performed by Crowe Horwath (HK) 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 Crowe Horwath (HK) 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, 28th June 2017

*As at the date of this announcement, the Board comprises Mr. Eav Yin (Chairman), Ms. Eav Guech Rosanna and Mr. Duong Ming Chi, Henry 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