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 2015

FINANCIAL HIGHLIGHTS

	2015	2014	**Change**
	HK$ million	*HK$ million*	**%**
Operations			
Revenue	**719**	967	**(26)**
Loss attributable to owners of the Company	**(31)**	(153)	**N/A**
Loss per share – Basic	**(2.11 HK cents)**	(11.21 HK cents)	**N/A**
Interim dividend declared and paid	**–**	–	
Final dividend proposed after the end of the reporting period	**–**	–	
	2015	2014	**Change**
	HK$ million	*HK$ million*	**%**
Financial position			
Total assets	**732**	840	**(13)**
Equity attributable to owners of the Company	**411**	396	**4**
Non-controlling interests	**–**	10	**(100)**

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 2015 together with the comparative figures for 2014. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31st March 2015 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

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Revenue	3	**718,580**	967,353
Cost of sales		**(570,552)**	(754,386)
Gross profit		**148,028**	212,967
Valuation gains on investment properties		**40,481**	13,791
Other revenue	3	**24,962**	30,579
Distribution costs		**(230,213)**	(353,014)
Administrative expenses		**(28,834)**	(33,788)
Other net gain/(loss)		**18,294**	(11,055)
Finance costs	5(a)	**(7,691)**	(12,470)
Loss before taxation	5	**(34,973)**	(152,990)
Income tax	6	**(54)**	(196)
Loss for the year		**(35,027)**	(153,186)
Attributable to:			
Owners of the Company		**(30,936)**	(153,278)
Non-controlling interests		**(4,091)**	92
		(35,027)	(153,186)
Loss per share	8		
Basic *(HK cents)*		**(2.11)**	(11.21)
Diluted *(HK cents)*		**(2.11)**	(11.21)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31st March

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(35,027)**	(153,186)
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(6,790)**	8,405
Change in fair value reserve on revaluation of available-for-sale investments	**190**	277
Total other comprehensive (loss)/income for the year (net of nil tax)	**(6,600)**	8,682
Total comprehensive loss for the year	**(41,627)**	(144,504)
Attributable to:		
Owners of the Company	**(37,536)**	(144,596)
Non-controlling interests	**(4,091)**	92
	(41,627)	(144,504)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st March

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**15,250**	19,225
Prepaid lease payments		**19,866**	20,366
Investment properties		**225,169**	185,529
Available-for-sale investments		**7,717**	7,527
Rental deposits and prepayments		**21,554**	29,433
		289,556	262,080
Current assets			
Inventories		**372,167**	469,341
Prepaid lease payments		**505**	505
Trade and other receivables	9	**38,475**	64,368
Trading securities		**8,239**	3,676
Pledged bank deposits		**1,483**	3,303
Cash and cash equivalents		**21,554**	36,879
		442,423	578,072
Current liabilities			
Trade and other payables	10	**172,011**	206,377
Bank loans		**62,081**	135,449
Loans from a director		**47,000**	52,000
Provision for store closure		**–**	7,634
Current income tax payable		**3,548**	3,548
		284,640	405,008
Net current assets		**157,783**	173,064
Total assets less current liabilities		**447,339**	435,144
Non-current liabilities			
Rental received in advance		**1,967**	2,042
Deferred tax liabilities		**6,790**	6,736
Other liabilities		**27,346**	19,886
		36,103	28,664
Net assets		**411,236**	406,480
Capital and reserves			
Share capital		**313,373**	273,373
Reserves		**97,863**	123,306
Equity attributable to owners of the Company		**411,236**	396,679
Non-controlling interests		**–**	9,801
Total equity		**411,236**	406,480

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 the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) 21	Levies

The impact of the application of these standards is set out below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1st January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) 21 *Levies*

The Group has applied HK(IFRIC) 21 *Levies* for the first time in the current year. HK(IFRIC) 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

In addition, the Company has early adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. GOING CONCERN

The Group incurred a loss attributable to owners of the Company of HK$30,936,000 (2014: HK$153,278,000) and had decrease in net current assets of HK$15,281,000 (2014: HK$119,479,000) and net debt of HK$86,044,000 (2014: HK$147,267,000) as stated in note to the consolidated financial statements as at 31st March 2015. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profit and positive cash flows from operations in the immediate and longer term.

On 29th February 2012, the Group was granted a long-term loan of HK$130,000,000 by a bank which is repayable by quarterly installment by February 2016. As of 31st March 2015, the remaining outstanding balances of the bank loan was HK$37,100,000. Pursuant to the loan facility agreement, an event of default would arise if the Group cannot meet the financial covenants as set out in the loan facility agreement. As at 31st March 2014, the Group was unable to comply with certain of these financial covenants. The directors of the Company had negotiated with the bank and obtained a waiver for the breach of the financial covenants. On 10th June 2015, the Group entered into an amendment agreement with the bank, certain clauses of original loan facility agreement in respect of financial covenants were revised with effect from 1st September 2014. As at 31st March 2015, the Group was able to meet all the revised financial covenants under the amendment agreement.

In order to strengthen the Group's capital base and liquidity in the foreseeable future, the Group has taken the following measures:

- In June 2013, the Group entered into a term loan facility agreement for HK$150 million with Mr. Eav Yin, a director and controlling shareholder of the Company for a period from 27th June 2013 to 30th September 2014. The Group renewed the term loan facility agreement with Mr. Eav on 25th June 2014 for another year to 30th September 2015. The total amount utilized under the term loan facility agreement as at 31st March 2015 were HK$47,000,000. The Group renewed the term loan facility agreement with Mr. Eav on 26th June 2015 for another year to 30th September 2016 with facility amount of HK$80 million.

- the directors of the Company have been negotiating with a bank for obtaining new bank facilities for the Group;

- the directors of the Company have been taking various cost control measures to tighten the costs of operations; and

- the directors of the Company have reviewed the performance of individual stores and plan to close non-profitable stores if appropriate.

Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group and the above measures, the directors have concluded that the Group is able to continue as a going concern and to meet their financial liabilities as and when they fall due in the foreseeable future.

3. REVENUE AND OTHER REVENUE

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

	2015	2014
	HK$'000	*HK$'000*
Sales of watches	**713,854**	962,264
Gross rental income from investment properties	**4,726**	5,089
	718,580	967,353
Bank interest income	**57**	176
Total interest income on financial assets not at fair value through profit or loss	**57**	176
Show window rental income	**–**	857
Gross rental income from sub-letting of a shop	**623**	757
Promotion income	**8,854**	8,541
Advertising income	**2,310**	3,233
Customer services income and others	**13,118**	17,015
	24,962	30,579

4. 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 and (ii) properties leasing. No operating segments have been aggregated to form these two reportable segments.

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

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

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

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

			2015		
	Sale of watches	**Properties leasing**	**Segmental total**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue *(Note)*	**713,854**	**4,726**	**718,580**	**–**	**718,580**
Operating profit/(loss)	**(82,463)**	**3,864**	**(78,599)**	**(7,515)**	**(86,114)**
Valuation gains on investment properties	**–**	**40,481**	**40,481**	**–**	**40,481**
Interest income	**56**	**–**	**56**	**1**	**57**
Other net gain	**13,444**	**79**	**13,523**	**4,771**	**18,294**
Finance costs	**(7,691)**	**–**	**(7,691)**	**–**	**(7,691)**
Segment results	**(76,654)**	**44,424**	**(32,230)**	**(2,743)**	**(34,973)**
Income tax					**(54)**
Loss for the year					**(35,027)**
Loss on written off of property, plant and equipment	**173**	**–**	**173**	**–**	**173**
Loss on write off of rental deposits	**5,046**	**–**	**5,046**	**–**	**5,046**
Write-down of inventories	**21,722**	**–**	**21,722**	**–**	**21,722**
Impairment loss of trade receivables	**2,552**	**–**	**2,552**	**–**	**2,552**
Impairment loss of other receivables and prepayments	**13,413**	**–**	**13,413**	**–**	**13,413**
Reversal of other tax payable	**(34,467)**	**–**	**(34,467)**	**–**	**(34,467)**
Depreciation and amortisation	**10,336**	**197**	**10,533**	**–**	**10,533**
Segment assets	**479,304**	**227,754**	**707,058**	**17,204**	**724,262**
Available-for-sale investments					**7,717**
Total assets					**731,979**
Additions to non-current segment assets during the reporting period	**7,299**	**230**	**7,529**	**33**	**7,562**
Segment liabilities	**298,960**	**7,872**	**306,832**	**3,573**	**310,405**
Current income tax payable					**3,548**
Deferred tax liabilities					**6,790**
Total liabilities					**320,743**

Note: There were no inter-segment sales during the year ended 31st March 2015.

	Sale of watches *HK$'000*	Properties leasing *HK$'000*	2014 Segmental total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
External revenue *(Note)*	962,264	5,089	967,353	–	967,353
Operating profit/(loss)	(142,813)	4,204	(138,609)	(4,823)	(143,432)
Valuation gains on investment properties	–	13,791	13,791	–	13,791
Interest income	166	–	166	10	176
Other net loss	(11,836)	–	(11,836)	781	(11,055)
Finance costs	(10,786)	–	(10,786)	(1,684)	(12,470)
Segment results	(165,269)	17,995	(147,274)	(5,716)	(152,990)
Income tax					(196)
Loss for the year					(153,186)
Provision for store closure	6,599	–	6,599	–	6,599
Loss on write off of property, plant and equipment	3,094	–	3,094	–	3,094
Loss on write off of rental deposits	4,861	–	4,861	–	4,861
Write-down of inventories	18,925	–	18,925	–	18,925
Impairment loss of other receivables and prepayments	1,145	–	1,145	–	1,145
Depreciation and amortisation	28,222	164	28,386	–	28,386
Segment assets	623,216	191,416	814,632	17,993	832,625
Available-for-sale investments					7,527
Total assets					840,152
Additions to non-current segment assets during the reporting period	16,983	–	16,983	–	16,983
Segment liabilities	412,028	8,030	420,058	3,330	423,388
Current income tax payable					3,548
Deferred tax liabilities					6,736
Total liabilities					433,672

Note: There were no inter-segment sales during the year ended 31st March 2014.

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	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China, excluding Hong Kong	**343,113**	461,122	**59,129**	65,957
Hong Kong (place of domicile)	**374,488**	502,909	**208,912**	170,266
Switzerland	**979**	1,872	**13,798**	18,330
Others	**–**	1,450	**–**	–
	718,580	967,353	**281,839**	254,553

Information about major customers

For the years ended 31st March 2015 and 2014, no revenue derived from transactions with a single customer represented 10% or more of the Group's total revenue.

5. LOSS BEFORE TAXATION

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

(a) Finance costs

	2015	2014
	HK$'000	*HK$'000*
Interest on bank borrowings	**4,903**	8,355
Interest on convertible notes	**–**	1,684
Interest on loans from a director	**2,788**	2,431
Total interest expenses on financial liabilities not at fair value through profit or loss	**7,691**	12,470

(b) Staff costs

	2015	2014
	HK$'000	*HK$'000*
Salaries, wages and other benefits (including directors' fee and emoluments)	**55,157**	73,962
Equity-settled share-based payment expenses	**(1,206)**	2,952
Retirement benefits scheme contribution	**709**	803
	54,660	77,717

(c) Other items

	2015	2014
	HK$'000	*HK$'000*
Rental receivable from investment properties less direct outgoings of HK$252,000 (2014: HK$161,000)	**(4,474)**	(4,928)
Net exchange loss/(gain)	**1,057**	(1,444)
Auditors' remuneration		
Audit services	**1,566**	1,654
Other services	**371**	354
Depreciation for property, plant and equipment	**10,027**	27,873
Amortisation for prepaid lease payments	**506**	513
Impairment loss on trade receivables	**2,552**	–
Impairment loss on other receivables and prepayments	**13,413**	1,145
Operating lease rentals in respect of rented premises		
– Minimum rentals	**135,619**	204,449
– Contingent rentals	**1,813**	2,593
	137,432	207,042
Cost of inventories recognised as expenses	**570,552**	754,386

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Current tax		
PRC Corporate Income Tax		
– Charge for the year	**21**	530
– Tax refund	**(21)**	(824)
– Under-provision in respect of prior years	**–**	490
	–	196
Deferred tax		
Origination of temporary differences	**54**	–
	54	196

No Hong Kong Profits Tax is provided for in the consolidated financial statements as the Group has no estimated assessable profits in Hong Kong for the years ended 31st March 2015 and 2014.

Taxation for PRC subsidiary companies is provided at the appropriate current rate of 25% (2014: 25%).

The subsidiary in Switzerland is subject to Switzerland Profits Tax at the rate of 17% (2014: 17%). No Switzerland Profits Tax has been provided for in the consolidated financial statements as the Group did not have any estimated assessable profits subject to Switzerland Profits Tax for the years ended 31st March 2015 and 2014.

7. DIVIDENDS

The directors do not propose any payment of final dividend for the years ended 31st March 2015 and 2014.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK$30,936,000 (2014: HK$153,278,000) and the weighted average number of 1,462,757,000 ordinary shares (2014: 1,366,866,000 ordinary shares) in issue during the year, calculated as follows:

	2015	2014
	'000	*'000*
Issued ordinary shares at 1st April	**1,366,866**	1,366,866
Effect of issue on shares pursuant to share placement	**95,891**	–
Weighted average number of ordinary shares at 31st March	**1,462,757**	1,366,866

(b) Diluted loss per share

Diluted loss per share is equal to the basic loss per share for the years ended 31st March 2015 and 2014.

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 years ended 31st March 2015 and 2014.

The outstanding convertible notes during the year ended 31st March 2014 had an anti-dilutive effect on the basic loss per share.

9. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables		
– Third parties	**14,564**	21,105
– Related parties	**4,213**	2,332
	18,777	23,437
Allowance for doubtful debts	**(2,552)**	–
	16,225	23,437
Other receivables		
– Third parties	**1,159**	3,746
– Related parties	**3,914**	2,750
	5,073	6,496
Loans and receivables	**21,298**	29,933
Deposits and prepayments	**17,177**	34,435
	38,475	64,368

The Group allows credit period of up to 180 days to its customers. The aging analysis of trade receivables of HK$16,225,000 (2014: HK$23,437,000) at the end of the reporting period based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Trade receivables		
Up to 90 days	**11,678**	17,853
91 to 180 days	**415**	1,361
181 to 365 days	**1,515**	3,181
Over 365 days	**2,617**	1,042
	16,225	23,437

The carrying amounts of the Group's trade and other receivables at 31st March 2015 and 2014 approximate their fair values.

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

10. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables		
– Third parties	**36,171**	36,235
– Related party	**2,589**	1,606
	38,760	37,841
Other payables and accrued charges	**41,435**	46,729
Accrued interest to a director	**5,220**	2,431
Financial liabilities measured at amortised cost	**85,415**	87,001
Rental received in advance	**75**	75
Deposits received	**4,031**	5,245
Other tax payable	**82,490**	114,056
	172,011	206,377

The carrying amounts of the Group's trade and other payables at 31st March 2015 and 2014 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:

	2015	2014
	HK$'000	*HK$'000*
Trade payables		
Up to 90 days	**32,508**	29,535
91 to 180 days	**1,085**	2,328
181 to 365 days	**502**	1,697
Over 365 days	**4,665**	4,281
	38,760	37,841

11. PLEDGE OF ASSETS

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

	2015	2014
	HK$'000	*HK$'000*
Land and buildings	**642**	733
Prepaid lease payments	**519**	524
Investment properties	**175,900**	137,900
Inventories	**120,901**	147,190
Pledged bank deposits	**1,483**	3,303
	299,445	289,650

12. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31st March 2015 and 2014.

SUBSEQUENT EVENT REVIEW

In April 2015, 冠亞名表城(上海)貿易有限公司, a wholly owned subsidiary of the Company, entered into a loan agreement (the "Agreement") with a bank in the PRC. Under the Agreement, the subsidiary was granted a loan of RMB5 million (equivalents to approximately HK$6 million) for a period of six months. The bank loan is unsecured and has been used for purchase of inventories. 冠亞名表城(上海)貿易有限公司 repaid the outstanding bank loans of RMB5 million and RMB7 million on 13th April 2015 and 7th May 2015 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the year was HK$719 million which was 26% lower than HK$967 million of last year. Gross profit margin dropped slightly from 22% to 21% due to intense market competition. Sales from mainland China were decreased by 26% to HK$343 million while average same store sales in China were decreased by 8%. On the other hand, sales in Hong Kong were decreased by 26% to HK$374 million due to the closure of two non-profitable stores during the year.

During the year, the Group had closed 9 stores (mainly non-profitable ones) and opened 1 store in Shanghai.

The total number of stores is as below:

	As at 31st March 2015	As at 31st March 2014
Beijing	**3**	7
Shanghai	**3**	4
Shenyang	**1**	2
Chengdu	**2**	2
Hong Kong	**1**	3
	10	18

Financial Review

Results review

The Group recorded a turnover of HK$719 million for the year ended 31st March 2015, (2014: HK$967 million) which was 26% lower than last year. Sales from the mainland China decreased by 26% to HK$343 million as compared with HK$461 million of last year was due to the slow down of the market and closure of non-profitable stores during the year. Sales in Hong Kong decreased by 26% to HK$374 million as compared with HK$503 million of last year due to the closure of non-profitable stores during the year.

Distribution costs decreased by 35% to HK$230 million as compared with HK$353 million of last year was mainly due to the decrease in depreciation charge, rental and staff cost due to the closure of stores and tightening control in expenses. Administrative expenses decreased by 15% to HK$29 million as compared with HK$34 million of last year which was mainly due to the decrease in equity-settled share-based payment expenses in this year.

Valuation gains on investment properties increased by 186% to HK$40 million as compared with HK$14 million of last year as a result of the increase in the valuation of the properties located in Hong Kong.

Other net gain amounting to HK$18 million this year was mainly due to the net effect as a result of reversal of other tax payable and the store closure cost and impairment loss on other receivables and prepayments.

Finance costs decreased by 33% to HK$8 million as compared with HK$12 million of last year was due to the decrease in bank loans during the year.

Liquidity, financial resources and capital structure

As at 31st March 2015, the Group's total cash balance amounted to HK$23 million (2014: HK$40 million). The decrease was mainly due to the repayment of bank loans during the year. The Group has secured banking facilities amounting to HK$37 million which were secured by certain inventories, bank deposits, leasehold properties, prepaid lease payments, investment properties, rental assignment, assignment of dividends and shareholder's receivable as well as unlimited corporate guarantee provided by the Company. In October 2014, the Company had issued 200,000,000 ordinary shares pursuant to the completion of the placing and raised around HK$50 million. Gearing ratio of the Group, expressed as a ratio of total borrowing, over total equity, was 27% as at 31st March 2015 (2014: 46%).

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

Despite reporting financial loss of HK$31 million, the Group had generated a positive cash flow of HK$25 million from operating activities.

In Hong Kong, declining luxury watch sales has become the so-called new normal. The spending pattern of mainland tourists has changed.

The Group has basically closed down all its non-core stores in China and cut corporate overhead. Baring unforeseen circumstances, the financial performance of China retailing unit will further improve.

In July 2015, the Group will work with a PRC local operator to open a Rolex and Tudor boutique in Hangzhou Tower, one of the most important strategical retail locations in China.

The Group is determined to rebuild its financial strength and confidence to turnaround its business.

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 2015 except for the deviation from the code provisions 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.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

The directors do not recommend a final dividend in respect of the year ended 31st March 2015 (2014: 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 234 employees in the Group as at 31st March 2015. 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.

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 2015 have been agreed by the Group's auditor, CCIF CPA Limited to the amounts set out in the Group's audited financial statements for the year. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the announcement.

EXPRESSION OF GRATITUDE

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

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

Hong Kong, 30th June 2015

As at the date of this announcement, the Board comprises Mr. Eav Yin (Chairman), Mr. Eav Ming Keong, Kinson 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*