

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 2019

FINANCIAL HIGHLIGHTS

	2019 <i>HK\$ million</i>	2018 <i>HK\$ million</i>	Change %
Operations			
Revenue	935	991	(6)
Profit attributable to owners of the Company	70	63	11
Earnings per share – Basic	9.03 HK cents	8.03 HK cents (Restated)	12
Interim dividend declared and paid	–	–	–
Final dividend proposed after the end of the reporting period	19	20	(5)
Special dividend proposed after the end of the reporting period	–	20	(100)
	2019 <i>HK\$ million</i>	2018 <i>HK\$ million</i>	Change %
Financial position			
Total assets	816	657	24
Equity attributable to owners of the Company	523	503	4

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 2019 together with the comparative figures for 2018. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2019 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>	2019 <i>HK\$’000</i>	2018 <i>HK\$’000</i>
Revenue	2	934,520	991,429
Cost of sales		<u>(650,214)</u>	<u>(768,998)</u>
Gross profit		284,306	222,431
Valuation gains on investment properties		781	8,509
Other revenue	2	21,590	20,311
Other net gains	2	69	7,981
Distribution costs		(176,548)	(171,897)
Administrative expenses		(41,166)	(32,427)
Finance costs	4(a)	<u>(1,700)</u>	<u>(1,905)</u>
Profit before taxation	4	87,332	53,003
Income tax	5	<u>(16,870)</u>	<u>9,935</u>
Profit for the year attributable to the owners of the Company		<u>70,462</u>	<u>62,938</u>
Earnings per share	7		
Basic (HK cents)		<u>9.03</u>	(Restated) <u>8.03</u>
Diluted (HK cents)		<u>9.03</u>	(Restated) <u>8.03</u>

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

For the year ended 31st March

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year	70,462	62,938
Other comprehensive (loss)/income for the year		
Items that will not be reclassified to profit or loss:		
Change in fair value of equity instruments at fair value through other comprehensive income	684	1,157
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(8,061)	11,968
Realisation of exchange reserve upon deregistration of a subsidiary	<u> –</u>	<u> (3,122)</u>
Total other comprehensive (loss)/income for the year, net of nil tax	<u>(7,377)</u>	<u>10,003</u>
Total comprehensive income for the year attributable to the owners of the Company	<u>63,085</u>	<u>72,941</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		25,539	19,997
Prepaid lease payments		15,736	17,272
Investment properties		362,776	290,224
Available-for-sale investments		–	8,657
Rental deposits and prepayments		18,278	20,981
Equity instruments at fair value through other comprehensive income		9,063	–
Financial assets at fair value through profit or loss		15,097	–
Deferred tax assets		2,418	17,188
Deposits	8	10,770	–
		459,677	374,319
Current assets			
Inventories		196,517	153,433
Prepaid lease payments		467	498
Trade and other receivables	8	57,408	35,653
Trading securities		598	715
Structured deposit		31,568	12,462
Bank deposit with maturity over 3 months		–	12,462
Cash and cash equivalents		69,990	67,163
		356,548	282,386
Current liabilities			
Trade and other payables	9	122,415	100,943
Contract liabilities		1,404	–
Bank loans		130,741	14,352
Current income tax payable		4,851	5,074
		259,411	120,369
Net current assets		97,137	162,017
Total assets less current liabilities		556,814	536,336
Non-current liabilities			
Rental deposits received and receipt in advance		3,111	3,355
Deferred tax liabilities		21,209	19,109
Other liabilities		9,397	11,099
		33,717	33,563
Net assets		523,097	502,773
Capital and reserves			
Share capital		149,424	313,373
Reserves		373,673	189,400
Equity attributable to owners of the Company		523,097	502,773

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements 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 financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b) Basis of Preparation of the financial statements

The consolidated financial statements for the year ended 31st March 2019 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investment property; and
- equity investments

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

c) **Application of New and Revised Hong Kong Financial Reporting Standards (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.

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HK(IFRIC) 22	Foreign currency transactions and advance consideration
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9, Financial instruments with HKFRS 4 Insurance contracts
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of investment property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's performance and financial positions for the current and prior years and/or disclosures set out in the consolidated financial statements.

HKFRS 9 Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1st April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1st April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves at 1st April 2018.

	Closing	HKFRS 9		Opening
	balance at 31st March 2018 under HKAS 39 <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	Remeasurement <i>HK\$'000</i>	balance at 1st April 2018 under HKFRS 9 <i>HK\$'000</i>
Available-for-sale investments	8,657	(8,657)	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	950	7,429	8,379
Financial assets at fair value through profit or loss (FVPL)	-	-	7,390	15,097
Fair value reserve	3,515	(3,515)	7,429	7,429
Accumulated losses	(345,289)	3,515	7,390	(334,384)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	FVPL <i>HK\$'000</i>	FVOCI <i>HK\$'000</i>
Closing balance at 31st March 2018		
– HKAS 39	–	–
Reclassify investments from		
available-for-sale investments to FVPL	7,707	–
Remeasurement of available-for-sale investments	7,390	–
Reclassify non-trading equities from		
available-for-sale investments to FVOCI	–	950
Remeasurement of unlisted equity securities at fair value	–	7,429
	<hr/>	<hr/>
Opening balance at 1st April 2018		
– HKFRS 9	15,097	8,379
	<hr/> <hr/>	<hr/> <hr/>

The impact of these changes on the Group's equity is as follows:

	Effect on fair value reserve HK\$'000	Effect on accumulated losses HK\$'000
Closing balance at 31st March 2018		
– HKAS 39	3,515	(345,289)
Reclassify investments from available-for-sale to FVPL	(3,515)	3,515
Remeasurement of available-for-sale investments	–	7,390
Reclassify non-trading equities from available-for-sale investment to FVOCI	7,429	–
	<u>7,429</u>	<u>–</u>
Opening balance at 1st April 2018		
– HKFRS 9	7,429	(334,384)
	<u><u>7,429</u></u>	<u><u>(334,384)</u></u>

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1st April 2018 have not been impacted by the initial application of HKFRS 9.

b. *Expected credit losses*

The Group applied the simplified approach and recorded lifetime expected losses that were estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables, and deposits and other receivables. The Group performed a detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade receivables and deposits and other receivables.

The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1st April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31st March 2018 HK\$'000	Impacts of adopting HKFRS 15 HK\$'000	Carrying amounts under HKFRS 15 at 1st April 2018 HK\$'000
Current liabilities			
Trade and other payables	100,943	(1,740)	99,203
Contract liabilities	–	1,740	1,740
	<u> </u>	<u> </u>	<u> </u>

As at 1st April 2018, deposits from customers of HK\$1,740,000 in respect of sales contracts with customers previously included in trade and other payables were reclassified to contract liabilities.

Other than as disclosed above, the application of HKFRS 15 does not have other significant impacts on the consolidated financial position and/or consolidated financial performance of the Group.

2. REVENUE, OTHER REVENUE AND OTHER NET GAINS

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.

	2019 HK\$'000	2018 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of watches	925,442	982,675
– Service income	285	–
Revenue from other sources		
– Rental income from investment properties	<u>8,793</u>	<u>8,754</u>
	<u>934,520</u>	<u>991,429</u>

Other Revenue

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income on financial assets measured at amortised cost	1,239	237
Dividend income	1	99
Promotion income	3,190	4,913
Advertising income	4,953	4,397
Customer services income and others	12,207	10,665
	<u>21,590</u>	<u>20,311</u>

Other Net Gains

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net realised and unrealised loss on trading securities	(118)	(120)
Compensation received upon the closure of a shop	–	2,721
Impairment loss on trade receivables	(28)	–
Impairment loss on other receivables and prepayments	–	(2,542)
Gain on disposals of property, plant and equipment	20	520
Gain on deregistration of a subsidiary (note)	–	3,122
Written back of long outstanding payables	28	3,988
Others	167	292
	<u>69</u>	<u>7,981</u>

Note:

沈陽灣拿鐘錶珠寶有限公司 (the “deregistered entity”), which was a wholly owned subsidiary of the Group and was engaged in the trading of watches in the PRC, was deregistered during the year ended 31st March 2018. The gain on deregistration amounting to approximately HK\$3,122,000 represented the exchange reserve arisen from translating the assets and liabilities of the deregistered entity into the presentation currency of the Group and was reclassified to profit or loss upon the deregistration. No cash flow effects resulted at the date of deregistration.

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 makers (“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 notes 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 amortisation 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 deferred tax assets 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:

	2019				
	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>
Disaggregated by timing of revenue recognition					
Point in time	925,442	-	925,442	-	925,442
Over time	-	8,793	8,793	285	9,078
External revenue (<i>Note</i>)	<u>925,442</u>	<u>8,793</u>	<u>934,235</u>	<u>285</u>	<u>934,520</u>
Operating profit/(loss)	91,316	2,030	93,346	(6,403)	86,943
Valuation gains on investment properties	-	781	781	-	781
Interest income	1,239	-	1,239	-	1,239
Other net gains/(losses)	502	-	502	(433)	69
Finance costs	(1,700)	-	(1,700)	-	(1,700)
Segment results	<u>91,357</u>	<u>2,811</u>	<u>94,168</u>	<u>(6,836)</u>	87,332
Income tax expense					(16,870)
Profit for the year					<u>70,462</u>
Write-down of inventories	(6,818)	-	(6,818)	-	(6,818)
Write back of long outstanding payables	28	-	28	-	28
Impairment loss of trade receivables	(28)	-	(28)	-	(28)
Net realised and unrealised loss on trading securities	-	-	-	(118)	(118)
Depreciation and amortisation	(3,087)	(648)	(3,735)	(219)	(3,954)
Deferred tax	(16,870)	-	(16,870)	-	(16,870)
Segment assets	<u>406,821</u>	<u>366,407</u>	<u>773,228</u>	<u>16,419</u>	789,647
Financial assets at fair value through other comprehensive income					9,063
Financial assets at fair value through profit or loss					15,097
Deferred tax assets					2,418
Total assets					<u>816,225</u>
Additions to non-current segment assets during the reporting period	<u>8,952</u>	<u>76,990</u>	<u>85,942</u>	<u>-</u>	<u>85,942</u>
Segment liabilities	<u>254,746</u>	<u>8,772</u>	<u>263,518</u>	<u>3,550</u>	267,068
Current income tax payable					4,851
Deferred tax liabilities					21,209
Total liabilities					<u>293,128</u>

Note: There were no inter-segment sales during the year ended 31st March 2019.

	2018				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition					
Point in time	982,675	–	982,675	–	982,675
Over time	–	8,754	8,754	–	8,754
External revenue (<i>Note</i>)	<u>982,675</u>	<u>8,754</u>	<u>991,429</u>	<u>–</u>	<u>991,429</u>
Operating profit/(loss)	38,226	7,344	45,570	(7,389)	38,181
Valuation gains on investment properties	–	8,509	8,509	–	8,509
Interest income	237	–	237	–	237
Other net gains/(losses)	8,101	–	8,101	(120)	7,981
Finance costs	(1,905)	–	(1,905)	–	(1,905)
Segment results	<u>44,659</u>	<u>15,853</u>	<u>60,512</u>	<u>(7,509)</u>	<u>53,003</u>
Income tax credit					9,935
Profit for the year					<u>62,938</u>
Write-down of inventories	(47,819)	–	(47,819)	–	(47,819)
Gain on deregistration of a subsidiary	3,122	–	3,122	–	3,122
Write back of long outstanding payables	3,988	–	3,988	–	3,988
Impairment loss of other receivables and prepayments	(2,542)	–	(2,542)	–	(2,542)
Net realised and unrealised loss on trading securities	–	–	–	(120)	(120)
Depreciation and amortisation	(2,914)	(233)	(3,147)	(358)	(3,505)
Income tax expenses	(1,453)	–	(1,453)	–	(1,453)
Deferred tax	11,388	–	11,388	–	11,388
Segment assets	<u>303,921</u>	<u>294,689</u>	<u>598,610</u>	<u>32,250</u>	<u>630,860</u>
Available-for-sale investments					8,657
Deferred tax assets					<u>17,188</u>
Total assets					<u>656,705</u>
Additions to non-current segment assets during the reporting period	<u>3,970</u>	<u>71</u>	<u>4,041</u>	<u>–</u>	<u>4,041</u>
Segment liabilities	<u>116,782</u>	<u>9,274</u>	<u>126,056</u>	<u>3,693</u>	<u>129,749</u>
Current income tax payable					5,074
Deferred tax liabilities					<u>19,109</u>
Total liabilities					<u>153,932</u>

Note: There were no inter-segment sales during the year ended 31st March 2018.

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	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
The People's Republic of China, excluding Hong Kong	329,181	365,214	63,000	66,803
Hong Kong (place of domicile)	604,390	625,194	279,142	266,180
Switzerland	949	1,021	14,898	15,491
United Kingdom	–	–	76,060	–
	<u>934,520</u>	<u>991,429</u>	<u>433,100</u>	<u>348,474</u>

Information about major customers

For the year ended 31st March 2019, revenue of approximately HK\$91,329,000 (2018: HK\$115,267,000) 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 BEFORE TAXATION

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

(a) Finance costs

	2019 HK\$'000	2018 HK\$'000
Interest on bank borrowings	1,700	1,745
Interest on loans from a director	–	160
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>1,700</u>	<u>1,905</u>

(b) Staff costs

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	56,799	57,784
Retirement benefits scheme contribution	3,867	4,110
	<u>60,666</u>	<u>61,894</u>

(c) Other items

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$414,000 (2018: HK\$408,000)	(8,379)	(8,346)
Net exchange loss	1,803	308
Auditors' remuneration		
Audit services	1,330	1,230
Other services	344	329
Depreciation for property, plant and equipment	3,488	3,032
Amortisation of prepaid lease payments	466	473
(Reversal of)/write down of inventories, net	(6,818)	47,819
Impairment loss on trade receivables	28	–
Impairment loss on other receivables and prepayments	(165)	2,542
Write back of long outstanding payables	(28)	(3,988)
Operating lease rentals in respect of rented premises		
– Minimum rentals	84,138	86,501
– Contingent rentals	793	1,235
	84,931	87,736
Cost of inventories recognised as expenses	<u>650,214</u>	<u>768,998</u>

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

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax		
– Charge for the year	–	1,453
Deferred tax		
Origination and reversal of temporary differences	<u>16,870</u>	<u>(11,388)</u>
	<u>16,870</u>	<u>(9,935)</u>

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2018: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the years ended 31st March 2019 and 2018 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.

Taxation for the PRC subsidiaries is provided at the rate of 25% (2018: 25%). No PRC income tax has been provided for in the financial statements for the year ended 31st March 2018 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% (2018: 16%). No Switzerland Profits Tax has been provided for the years ended 31st March 2019 and 2018 as the Group has no estimated assessable profits in Switzerland.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

6. DIVIDENDS

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Final dividend proposed after the end the reporting period of HK\$0.0256 (2018: HK\$0.0256) per share	19,126	20,056
Special dividend proposed after the end the reporting period of HK\$Nil (2018: HK\$0.0128) per share	—	20,056
	<u>19,126</u>	<u>40,112</u>

The distribution of the final dividend is subject to the shareholders' approvals in the coming annual general meeting of the Company. The final dividend declared or proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

No interim dividend was paid for the year ended 31st March 2019 nor 2018.

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.0256 (2018: HK\$Nil) per share	20,056	—
Special dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.0128 (2018: HK\$Nil) per share	20,056	—
	<u>40,112</u>	<u>—</u>

The final dividend per share in respect of the previous financial year, approved and paid during the year has been adjusted for the effect of share consolidation which occurred during the year ended 31st March 2019.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the years ended 31st March 2019 and 2018 of HK\$70,462,000 and HK\$62,938,000, respectively, and the weighted average number of 780,575,000 (2018: 783,433,000 ordinary shares) ordinary shares in issue during the years ended 31st March 2019.

For the year ended 31st March 2018, the weighed average number of ordinary shares has been adjusted for the effect of share consolidation which occurred during the year ended 31st March 2019.

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share for the years ended 31st March 2019 and 2018.

The Company's share options have no dilutive effect for the years ended 31st March 2019 and 2018 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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables, net of loss allowance		
– Third parties	35,985	19,257
– Related parties	5,866	2,366
	<u>41,851</u>	<u>21,623</u>
Other receivables		
– Third parties	3,610	2,836
– Related parties	2,164	4,832
	<u>5,774</u>	<u>7,668</u>
Financial assets measured at amortised costs	47,625	29,291
Deposits and prepayments	<u>20,553</u>	<u>6,362</u>
	<u>68,178</u>	<u>35,653</u>
Analysed as:		
Non-current	10,770	–
Current	<u>57,408</u>	<u>35,653</u>
	<u>68,178</u>	<u>35,653</u>

(a) Aging analysis

The Group allows credit period of up to 180 days to its customers. The aging analysis of the trade receivables at the end of the reporting period based on invoice date and net of loss allowance, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Up to 90 days	34,712	18,996
91 to 180 days	1,374	676
181 to 365 days	122	1,010
Over 365 days	<u>5,643</u>	<u>941</u>
	<u>41,851</u>	<u>21,623</u>

9. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables		
– Third parties	31,661	5,656
– Related party	–	8
	31,661	5,664
Other payables and accrued charges	33,398	35,016
Accrued interest to a director	160	160
Financial liabilities measured at amortised cost	65,219	40,840
Rental received in advance	110	94
Deposits received	3,211	3,913
Other tax payable	55,279	56,096
	123,819	100,943

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Up to 90 days	28,284	2,030
91 to 180 days	6	13
181 to 365 days	–	119
Over 365 days	3,371	3,502
	31,661	5,664

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the year amounted to HK\$935 million which was 6% slightly lower than HK\$991 million in last year. The "Sale of watches" segment continued to play a key role this year but slightly decreased its revenue by 6% from HK\$983 million to HK\$925 million this year due to the reduction of revenue in the stores in China. On the other hand, the business in the "Properties leasing" segment remained stable and derived a revenue of HK\$9 million this year.

The total number of stores is as below:

	As at 31st March 2019	As at 31st March 2018
Beijing	2	2
Shanghai	3	3
Chengdu	1	2
Hong Kong	1	1
	<hr/>	<hr/>
	7	8
	<hr/> <hr/>	<hr/> <hr/>

Financial Review

Results review

For the year ended 31st March 2019, the Group's revenue amounted to HK\$935 million, representing a slightly decrease of 6% as compared with HK\$991 million in last year. There were decreases in revenue in both Hong Kong and China markets but the overall decrease in revenue was driven by the China market despite a new line of watch movement business was launched in Hong Kong. Gross profit margin increased to 30% as compared with 22% in last year. This was mainly due to the provision for obsolete inventories in last year as a result of the closure of a store in China and the termination of the business relationship with retailers in China of a brand owned by the Group and lesser discount was offered to the customers in this year.

Distribution costs this year amounted to HK\$177 million which was 3% slightly higher than HK\$172 million in last year. Such increase was due to the net effect of the increase in entertainment expense and the decrease in rental charges for the year.

Administrative expenses increased 28% to HK\$41 million as compared with HK\$32 million in last year which was due to the increase in staff related expenses, bank charges and legal and professional charges.

Valuation gains on investment properties amounted to HK\$0.8 million in this year as compared with HK\$9 million in last year as the property market in Hong Kong was quite stable since last year.

Finance costs amounted to HK\$2 million in this year which was comparable with last year.

Liquidity, financial resources and capital structure

As at 31st March 2019, the Group's total cash balance (including short-term deposits and structured deposits) amounted to HK\$102 million (31st March 2018: HK\$92 million) which was comparable with last year.

Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 25% as at 31st March 2019 (31st March 2018: 3%).

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.

Prospect

The Group continued to improve its operating results and achieved a net profit of HK\$70 million in this year as compared with a net profit of HK\$63 million in last year.

The Group operates 7 stores in Hong Kong and China. The Group remained focus on its core stores and has streamlined their operating costs during the year 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 was improving in Hong Kong and but that in China still remained stable. Looking ahead, the improving sentiment in Hong Kong as a result of the increase in tourist and local spending will be a positive sign for the Group's business in Hong Kong.

Apart from the "Sale of watches" segment which continues to be the core business of the Group, the Group is also developing its business in the "Properties leasing" segment and acquired two residential properties in London during the year in additional to the key investment properties located in Hong Kong.

The Group is determined to rebuild its financial strength and confidence to improve its business and take a cautious approach in its future expansion.

On behalf of the Group, we sincerely thank for the kind and positive support 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 2019 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 have proposed a final dividend of HK\$0.0256 per share for the year ended 31st March 2019 (2018 final dividend: HK\$0.0256 and special dividend: HK\$0.0128) subject to the approval by shareholders at the forthcoming annual general meeting. The final dividend per share in respect of the previous financial year, approved and paid during the year has been adjusted for the effect of share consolidation which occurred during the year ended 31st March 2019.

Purchase, Sale or Redemption of Listed Securities

In January and February 2019, the Company repurchased a total of 36,310,000 of its listed shares on The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) from the open market at the average price of HK\$0.481 per share. Aggregate purchase consideration paid for the repurchase was HK\$17,466,650 (excluding expenses). The repurchase was paid out from Company’s contributed surplus account. All the shares repurchased during the year ended 31st March 2019 were cancelled. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the contributed surplus account. The directors believe that the above share repurchases were exercised in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net assets value and/or earnings per share of the Company. An amount equivalent to the par value of the shares cancelled was transferred from the Company’s contributed surplus account to the capital redemption reserve.

Details of the ordinary shares repurchased on the HK Stock Exchange during the year are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate purchase price (excluding expenses) HK\$’000
		Highest HK\$	Lowest HK\$	
January 2019	34,300,000	0.495	0.45	16,241
February 2019	2,010,000	0.61	0.61	1,226
	<u>36,310,000</u>			<u>17,467</u>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or the Company had redeemed any of the Company’s listed securities during the year ended 31st March 2019.

Employees and Remuneration Policy

There were 149 employees in the Group as at 31st March 2019. 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 Thursday, 26th September 2019, the register of members of the Company will be closed from Friday, 20th September 2019 to Thursday, 26th September 2019, 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 (which address will be changed to Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong with effect from 11th July 2019) for registration not later than 4:30 p.m. on Thursday, 19th September 2019. Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 26th September 2019, the proposed final dividend will be payable on Friday, 25th October 2019 to the shareholders whose names appear on the register of members of the Company on Wednesday, 9th October 2019.

To ascertain shareholders' entitlements to the final dividend, the register of members of the Company will be closed from Tuesday, 8th October 2019 to Wednesday, 9th October 2019, both days inclusive. In order to qualify for the final dividend, 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 (which address will be changed to Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong with effect from 11th July 2019) for registration not later than 4:30 p.m. on Friday, 4th October 2019.

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 (HK) CPA Limited

The figures in respect of the announcement of the Group's results for the year ended 31st March 2019 have been agreed by the Group's auditor, Crowe (HK) CPA Limited to the amounts set out in the Group's audited financial statements for the year. The work performed by Crowe (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 (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, 27th June 2019

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