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ASIA COMMERCIAL HOLDINGS LIMITED

冠亞商業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2024

FINANCIAL HIGHLIGHTS

	2024 <i>HK\$ million</i>	2023 <i>HK\$ million</i>	Change %
Operations			
Revenue	705	711	(1)
Profit attributable to owners of the Company	26	44	(41)
Earnings per share – Basic	3.51 HK cents	5.84 HK cents	(40)
Final dividend proposed after the end of the reporting period	26	35	(26)
	2024 <i>HK\$ million</i>	2023 <i>HK\$ million</i>	Change %
Financial position			
Total assets	773	821	(6)
Equity attributable to owners of the Company	445	461	(3)

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 2024 together with the comparative figures for 2023. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2024 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>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue	2	705,403	710,586
Cost of sales and services rendered		<u>(471,038)</u>	<u>(481,728)</u>
Gross profit		234,365	228,858
Fair value losses on investment properties, net		(31,731)	(26,097)
Other revenue	2	4,834	4,972
Other net (losses)/gains	2	(592)	3,988
Distribution costs		(100,436)	(87,654)
Administrative expenses		(30,768)	(28,036)
Finance costs	4(a)	<u>(10,578)</u>	<u>(8,822)</u>
Profit before taxation	4	65,094	87,209
Income tax	5	<u>(38,893)</u>	<u>(43,555)</u>
Profit for the year attributable to the owners of the Company		<u>26,201</u>	<u>43,654</u>
Attributable to:			
Owners of the Company		26,202	43,652
Non-controlling interests		<u>(1)</u>	<u>2</u>
		<u>26,201</u>	<u>43,654</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	7		
Basic		<u>3.51</u>	<u>5.84</u>
Diluted		<u>3.51</u>	<u>5.84</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	26,201	43,654
Other comprehensive (loss)/income for the year		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(7,347)	(12,076)
Item that will not be reclassified to profit or loss:		
Gain on revaluation of equity instrument at fair value through other comprehensive income	—	699
Total other comprehensive (loss)/income for the year, net of nil tax	<u>(7,347)</u>	<u>(11,377)</u>
Total comprehensive income for the year	<u>18,854</u>	<u>32,277</u>
Attributable to:		
Owners of the Company	18,855	32,275
Non-controlling interests	(1)	2
	<u>18,854</u>	<u>32,277</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		67,765	82,688
Investment properties		338,596	361,550
Deposits and other receivables	8	4,306	3,620
Financial assets at fair value through profit or loss		7,487	7,554
Equity instrument at fair value through other comprehensive income		3,043	3,054
Deferred tax assets		2,418	2,418
		423,615	460,884
Current assets			
Inventories		105,643	99,955
Trade and other receivables	8	78,391	65,680
Trading securities		16	24
Cash and cash equivalents		164,940	194,441
		348,990	360,100
Current liabilities			
Trade and other payables	9	80,382	82,394
Contract liabilities		1,127	1,250
Bank loans		158,840	174,360
Current income tax payable		15,139	18,616
Lease liabilities		20,955	19,998
		276,443	296,618
Net current assets		72,547	63,482
Total assets less current liabilities		496,162	524,366

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Rental deposits received and receipt in advance	9	2,659	2,339
Deferred tax liabilities		23,125	26,115
Lease liabilities		25,861	35,209
		<u>51,645</u>	<u>63,663</u>
Net assets		<u>444,517</u>	<u>460,703</u>
Capital and reserves			
Share capital		149,424	149,424
Reserves		295,097	311,282
Equity attributable to owners of the Company		444,521	460,706
Non-controlling interests		<u>(4)</u>	<u>(3)</u>
Total equity		<u>444,517</u>	<u>460,703</u>

Notes:

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(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 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.

The HKICPA has issued certain new and amendments to HKFRSs which are mandatorily 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 2024 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, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest; and
- investments in equity securities

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) **Changes in accounting policies**

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period for the first time, which are mandatorily effective for the Group's financial annual period beginning on or after 1st April 2023:

HKFRS 17 and related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

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

The Group has not applied any amendments to HKFRSs that are not yet mandatorily effective for the current accounting period.

2. **REVENUE, OTHER REVENUE AND OTHER NET (LOSSES)/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.

(i) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of watches	696,162	701,523
– Service income	946	1,649
Revenue from other sources		
– Rental income from investment properties	8,295	7,414
	<u>705,403</u>	<u>710,586</u>

Other Revenue

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income on financial assets measured at amortised cost	2,555	1,918
Advertising income	494	945
Customer services income and others	1,785	2,109
	<u>4,834</u>	<u>4,972</u>

Other Net (Losses)/Gains

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised and unrealised (loss)/gain on trading securities	(8)	4
Net loss on disposal of investment properties	(120)	–
Impairment loss on trade receivables	(251)	(1,790)
Impairment loss on other receivables	(162)	(4,792)
Write off of other deposit	–	(624)
Fair value loss on financial assets at fair value through profit or loss (“FVPL”)	(67)	(373)
Gain on disposal of financial assets at FVPL	–	30
Gain on disposals of property, plant and equipment, net	–	371
Gain on lease termination	–	145
Government subsidy	10	11,017
Others	6	–
	<u>(592)</u>	<u>3,988</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 makers (“CODM”) for the purposes of resource allocations and performance assessments. The Group has presented two reportable segments: (i) sales 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 policy information of the reportable segments are the same as the Group’s material accounting policy information 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:

	2024				Total HK\$'000
	Sales of watches HK\$'000	Property leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	
Disaggregated by the time of revenue recognition					
Point in time	696,162	-	696,162	-	696,162
Over time	-	8,295	8,295	946	9,241
External revenue (<i>Note</i>)	<u>696,162</u>	<u>8,295</u>	<u>704,457</u>	<u>946</u>	<u>705,403</u>
Operating profit/(loss)	111,891	(1,149)	110,742	(5,302)	105,440
Fair value losses on investment properties, net	-	(31,731)	(31,731)	-	(31,731)
Interest income	2,204	-	2,204	351	2,555
Other net (losses)/gains	(242)	3	(239)	(353)	(592)
Finance costs	(9,622)	-	(9,622)	(956)	(10,578)
Segmental results	<u>104,231</u>	<u>(32,877)</u>	<u>71,354</u>	<u>(6,260)</u>	<u>65,094</u>
Income tax					(38,893)
Profit for the year					<u>26,201</u>
Reversal of write-down of inventories, net	1,400	-	1,400	-	1,400
Net realised and unrealised loss on trading securities	-	-	-	(8)	(8)
Impairment loss (recognised)/reversed on trade receivables	(254)	-	(254)	3	(251)
Impairment loss (recognised)/reversed on other receivables	-	-	-	(162)	(162)
Depreciation	(29,596)	(210)	(29,806)	(16)	(29,822)
Income tax expenses	(41,883)	-	(41,883)	-	(41,883)
Deferred tax	(500)	3,490	2,990	-	2,990
Segment assets	<u>406,117</u>	<u>349,728</u>	<u>755,845</u>	<u>6,855</u>	<u>762,700</u>
Financial assets at fair value through profit or loss					7,487
Deferred tax assets					<u>2,418</u>
Total assets					<u>772,605</u>
Additions to non-current segment assets during the reporting period	<u>18,627</u>	<u>10,322</u>	<u>28,949</u>	<u>-</u>	<u>28,949</u>
Segment liabilities	<u>260,330</u>	<u>24,280</u>	<u>284,610</u>	<u>5,214</u>	<u>289,824</u>
Current income tax payable					15,139
Deferred tax liabilities					<u>23,125</u>
Total liabilities					<u>328,088</u>

Note: There were no inter-segment sales during the year ended 31st March 2024.

	2023				
	Sales of watches <i>HK\$'000</i>	Property leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by the time of revenue recognition					
Point in time	701,523	–	701,523	–	701,523
Over time	–	7,414	7,414	1,649	9,063
External revenue (<i>Note</i>)	<u>701,523</u>	<u>7,414</u>	<u>708,937</u>	<u>1,649</u>	<u>710,586</u>
Operating profit/(loss)	123,082	(2,046)	121,036	(4,814)	116,222
Fair value losses on investment properties, net	–	(26,097)	(26,097)	–	(26,097)
Interest income	1,855	–	1,855	63	1,918
Other net gains/(loss)	6,634	(127)	6,507	(2,519)	3,988
Finance costs	(8,210)	–	(8,210)	(612)	(8,822)
Segmental results	<u>123,361</u>	<u>(28,270)</u>	<u>95,091</u>	<u>(7,882)</u>	87,209
Income tax					<u>(43,555)</u>
Profit for the year					<u>43,654</u>
Write-down of inventories, net	(668)	–	(668)	–	(668)
Net realised and unrealised gain on trading securities	–	–	–	4	4
Impairment loss on trade receivables	(1,662)	(1)	(1,663)	(127)	(1,790)
Impairment loss on other receivables	(2,114)	–	(2,114)	(2,678)	(4,792)
Write off of other deposit	(624)	–	(624)	–	(624)
Depreciation	(28,700)	(235)	(28,935)	(14)	(28,949)
Income tax expenses	(46,555)	–	(46,555)	–	(46,555)
Deferred tax	3,000	–	3,000	–	3,000
Segment assets	<u>437,639</u>	<u>366,902</u>	<u>804,541</u>	<u>6,471</u>	811,012
Financial assets at fair value through profit or loss					7,554
Deferred tax assets					<u>2,418</u>
Total assets					<u>820,984</u>
Additions to non-current segment assets during the reporting period	<u>16,216</u>	<u>11,628</u>	<u>27,844</u>	<u>10</u>	<u>27,854</u>
Segment liabilities	<u>288,080</u>	<u>22,499</u>	<u>310,579</u>	<u>4,971</u>	315,550
Current income tax payable					18,616
Deferred tax liabilities					<u>26,115</u>
Total liabilities					<u>360,281</u>

Note: There were no inter-segment sales during the year ended 31st March 2023.

	Revenues from external customers		Non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The People's Republic of China, excluding Hong Kong	693,077	699,517	57,317	76,741
Hong Kong (place of domicile)	10,957	10,053	228,333	245,530
Switzerland	1,369	1,016	18,863	19,082
United Kingdom	–	–	106,154	106,505
	705,403	710,586	410,667	447,858

Information about major customers

For the year ended 31st March 2024 and 2023, no revenue from a single external customer contributed 10% or more of the total revenue of the Group.

4. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	8,260	5,645
Interest on lease liabilities	2,318	3,177
Total interest expenses on financial liabilities not at fair value through profit or loss	10,578	8,822

(b) **Employee benefits expenses (including directors' emoluments)**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	48,664	45,269
Retirement benefits scheme contribution	3,637	3,863
	<u>52,301</u>	<u>49,132</u>

(c) **Other items**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$328,000 (2023: HK\$148,000)	(7,967)	(7,266)
Net exchange loss	678	2,590
Auditors' remuneration		
– Audit services	1,200	1,200
– Other services	355	350
Depreciation change		
– Owned property, plant and equipment	8,016	4,246
– right-of-use assets	21,806	24,703
	29,822	28,949
(Reversal of write-down)/write-down of inventories, net	(1,400)	668
Impairment loss recognised on trade receivables	251	1,790
Impairment loss recognised on other receivables	162	4,792
Write off of other deposit	–	624
Variable lease payments not included in the measurement of lease liabilities	15,125	14,879
Cost of inventories recognised as expenses	471,038	481,728

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax		
– Charge for the year	41,883	46,555
Deferred tax		
Origination and reversal of temporary differences	<u>(2,990)</u>	<u>(3,000)</u>
Income tax expense	<u>38,893</u>	<u>43,555</u>

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2023: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the years ended 31st March 2024 and 2023 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.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for subsidiaries which are eligible as Small Low-profit Enterprise* (小型微利企業). For the years ended 31st March 2024 and 2023, eligible Small Low-profit Enterprise with the portion of annual taxable profit of less than RMB1,000,000 shall be calculated at a reduced rate of 25% (2023: 12.5%) as its taxable profit and which is subject to a EIT tax rate of 20%; with the portion of annual taxable profit of more than RMB1,000,000 but less than RMB3,000,000 shall be calculated at a reduced rate of 25% (2023: 50%) as its taxable profit and which is subject to a EIT tax rate of 20%. During the year, two subsidiaries (2023: one subsidiary) are subject to the relevant preferential tax treatments.

The subsidiaries in Switzerland are subject to Switzerland Profits Tax at the rate of 16% (2023: 16%). No Switzerland Profits Tax has been provided for the years ended 31st March 2024 and 2023 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.

The subsidiary in the United States is subject to Federal Corporate Income Tax at the rate of 21% (2023: 21%) and Maryland Corporation Income Tax at the rate of 8.25% (2023: 8.25%). No corporate income tax has been provided for the years ended 31st March 2024 and 2023 as the subsidiary did not generate any estimated assessable profits in the United States.

* *For identification purpose only*

6. DIVIDENDS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.0348 (2023: HK\$0.0469) per ordinary share	<u>26,000</u>	<u>35,040</u>

The distribution of the final dividend is subject to the shareholders' approvals at the forthcoming 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.

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the year:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0469 (2023: HK\$0.0536) per ordinary share	<u>35,040</u>	<u>40,046</u>

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share has been based on earnings attributable to owners of the Company of HK\$26,202,000 (2023: HK\$43,652,000) and the weighted average number of 747,123,000 ordinary shares in issue during the year.

(b) Diluted earnings per share

For the year ended 31st March 2024 and 2023, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

8. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, net of loss allowance		
– Third parties	64,296	52,179
– Related parties	6,278	4,611
	<u>70,574</u>	<u>56,790</u>
Other receivables	<u>4,032</u>	<u>4,136</u>
Financial assets measured at amortised cost	74,606	60,926
Deposits and prepayments	<u>8,091</u>	<u>8,374</u>
	<u><u>82,697</u></u>	<u><u>69,300</u></u>
Analysed as:		
Non-current	4,306	3,620
Current	<u>78,391</u>	<u>65,680</u>
	<u><u>82,697</u></u>	<u><u>69,300</u></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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Up to 90 days	66,389	52,777
91 to 180 days	2	–
181 to 365 days	14	13
Over 365 days	<u>4,169</u>	<u>4,000</u>
	<u><u>70,574</u></u>	<u><u>56,790</u></u>

9. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	2,462	1,939
Other payables and accrued charges	<u>23,735</u>	<u>21,408</u>
Financial liabilities measured at amortised cost	26,197	23,347
Rental received in advance	2,865	2,431
Deposits received	872	1,346
Other tax payable	<u>53,107</u>	<u>57,609</u>
	<u>83,041</u>	<u>84,733</u>
Analysed as:		
Non-current	2,659	2,339
Current	<u>80,382</u>	<u>82,394</u>
	<u>83,041</u>	<u>84,733</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Up to 90 days	1,275	668
91 to 180 days	–	–
181 to 365 days	–	–
Over 365 days	<u>1,187</u>	<u>1,271</u>
	<u>2,462</u>	<u>1,939</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the year amounted to HK\$705 million which was comparable to HK\$711 million in last year. The sales in China this year amounted to HK\$693 million which was comparable to HK\$700 million in last year. The "Sale of watches" segment continued to play a key role this year and achieved a total revenue of HK\$696 million. On the other hand, the business in the "Properties leasing" segment derived a total revenue of HK\$8 million this year, representing an increase of 14% as compared with HK\$7 million in last year due to the commencement of a new tenancy for the investment property which was vacant in last year.

The total number of stores is as below:

	As at 31st March 2024	As at 31st March 2023
Beijing	1	1
Shanghai	2	2
Xiamen	1	1
Nantong	1	1
	<u>5</u>	<u>5</u>

Financial Review

Results review

For the year ended 31st March 2024, the Group's revenue amounted to HK\$705 million which was comparable to HK\$711 million in last year. Gross profit margin slightly increased by 1% to 33% as a result of the further improvement in product mix with higher gross profit margin.

Distribution costs this year amounted to HK\$100 million which was 14% higher than HK\$88 million in last year. Such increase was due to the increase in depreciation charges and rental expenses.

Administrative expenses increased by 11% this year to HK\$31 million as compared with HK\$28 million in last year which was mainly due to the net effect of the increase in legal and professional fees, director's remuneration and repair and maintenance charges while there was a decrease in exchange losses.

Valuation losses on investment properties amounted to HK\$32 million this year as compared with valuation losses of HK\$26 million in last year as there was a downturn in both the property markets in London and Hong Kong.

Finance costs amounted to HK\$11 million this year which was 22% higher than the last year's amount of HK\$9 million as there was an increase in interest rates on bank borrowings.

Other net losses amounting to HK\$1 million this year as compared with net gains of HK\$4 million in last year was mainly due to substantial government subsidies in last year.

As a result of the above, the Group achieved a net profit of HK\$26 million this year as compared with a net profit of HK\$44 million in last year.

Liquidity, financial resources and capital structure

As at 31st March 2024, the Group's total cash balance amounted to HK\$165 million (31st March 2023: HK\$194 million). The decrease was mainly due to the repayments of bank loans and payment of dividend during the year. Bank loans amounted to HK\$159 million as of 31st March 2024 (HK\$174 million as of 31st March 2023). The bank loans were secured by (i) pledged of investment properties of HK\$316 million; (ii) corporate guarantees given by the Company; (iii) subordination of the payables to the group companies owned by a subsidiary of the Company as the loan borrower and (iv) assignment of rental income from certain investment properties.

Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 36% as at 31st March 2024 (31st March 2023: 38%).

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 currently operates 5 stores in 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. Though our sales in China were stable this year, the slowing economy in China is still a challenge for the luxury retail business looking ahead.

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 in previous years in addition to the key investment properties located in Hong Kong.

The Group will continue 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 C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the year ended 31st March 2024 except for the deviation from the Code Provision C.3.3 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; (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, the Chairman of the Board will voluntarily retire as director 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 at the annual general meeting.

Code Provision C.3.3 stipulates that directors should clearly understand delegation arrangements in place. The Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointments. Except for the appointments of Mr. Kee Wah Sze as an independent non-executive Director of the Company in August 2020 and the appointment of Ms. Lam Kim Phung as a non-executive Director of the Company, the Chairman of the Board and the chairman of the Nomination Committee of the Company in June 2022, and her redesignation as an Executive Director of the Company in March 2023, 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.

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 C3 to the Listing Rules throughout the year under review.

OTHER INFORMATION

Final Dividend

The Directors have proposed a final dividend of HK\$0.0348 per share for the year ended 31st March 2024 (2023: HK\$0.0469) subject to the approval by shareholders at the forthcoming annual general meeting.

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 of Hong Kong Limited during the year.

Employees and Remuneration Policy

There were 103 employees in the Group as at 31st March 2024. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses 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 Monday, 12th August 2024, the register of members of the Company will be closed from Wednesday, 7th August 2024 to Monday, 12th August 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6th August 2024. Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Monday, 12th August 2024, the proposed final dividend will be payable on Wednesday, 4th September 2024 to the shareholders whose names appear on the register of members of the Company on Wednesday, 21st August 2024.

To ascertain shareholders' entitlements to the final dividend, the register of members of the Company will be closed from Monday, 19th August 2024 to Wednesday, 21st August 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16th August 2024.

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 2024 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 Guech Rosanna
Director

Hong Kong, 24th June 2024

As at the date of this announcement, the Board comprises Ms. Lam Kim Phung, Ms. Eav Guech Rosanna and Mr. Eav Feng Ming, Jonathan as executive directors, and Mr. Lai Si Ming, Mr. Lee Tat Cheung, Vincent and Mr. Kee Wah Sze as independent non-executive directors.

* *For identification purpose only*