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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024

#### FINANCIAL HIGHLIGHTS

	Six months ended 30th September		Change %
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	
<b>Operations</b>			
Revenue	337,849	338,010	–
Profit attributable to the owners of the Company	35,816	30,715	17
Earnings per share – Basic and diluted	4.79 HK cents	4.11 HK cents	17
	As at 30th September 2024 HK\$ million (unaudited)	As at 31st March 2024 HK\$ million (audited)	Change %
<b>Financial position</b>			
Total assets	737	773	(5)
Equity attributable to the owners of the Company	462	445	4

The Board of Directors (the “Board”) of Asia Commercial Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2024 together with the comparative figures of the last corresponding period. The interim financial results have been reviewed by the Company’s audit committee.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30th September 2024*

		<b>Six months ended</b>	
		<b>30th September</b>	
	<i>Note</i>	<b>2024</b>	<b>2023</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	4	<b>337,849</b>	338,010
Cost of sales		<u>(228,210)</u>	<u>(226,273)</u>
<b>Gross profit</b>		<b>109,639</b>	111,737
Other revenue		<b>4,555</b>	3,811
Distribution costs		<b>(48,134)</b>	(46,305)
Administrative expenses		<b>(11,115)</b>	(17,771)
Other net gains		<b>7,234</b>	504
Finance costs	5(a)	<u>(4,646)</u>	<u>(4,589)</u>
<b>Profit before taxation</b>	5	<b>57,533</b>	47,387
Income tax	6	<u>(21,717)</u>	<u>(16,672)</u>
<b>Profit for the period</b>		<b><u>35,816</u></b>	<b><u>30,715</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>35,816</b>	30,715
Non-controlling interests		<u>—</u>	<u>—</u>
		<b><u>35,816</u></b>	<b><u>30,715</u></b>
<b>Earnings per share</b>	7		
Basic and diluted (HK cents)		<b><u>4.79</u></b>	<b><u>4.11</u></b>

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

*For the six months ended 30th September 2024*

	<b>Six months ended 30th September</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>	<b>35,816</b>	30,715
<b>Other comprehensive income/(loss) for the period</b>		
<i>Item that is or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>7,759</u>	<u>(9,119)</u>
Total other comprehensive income/(loss) for the period, net of nil tax	<u>7,759</u>	<u>(9,119)</u>
<b>Total comprehensive income for the period</b>	<b><u>43,575</u></b>	<b><u>21,596</u></b>
<b>Attributable to:</b>		
Owners of the Company	<u>43,575</u>	21,596
Non-controlling interests	<u>–</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<b><u>43,575</u></b>	<b><u>21,596</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30th September 2024*

		As at <b>30th September 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31st March 2024 <i>HK\$'000</i> (audited)
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		55,443	67,765
Investment properties		350,913	338,596
Deposits and other receivables	9	5,234	4,306
Financial assets at fair value through profit or loss		7,437	7,487
Equity instrument at fair value through other comprehensive income		3,024	3,043
Deferred tax assets		2,418	2,418
		<b>424,469</b>	423,615
<b>Current assets</b>			
Inventories		128,441	105,643
Trade and other receivables	9	57,236	78,391
Trading securities		19	16
Cash and cash equivalents		126,415	164,940
		<b>312,111</b>	348,990
<b>Current liabilities</b>			
Trade and other payables	10	79,390	80,382
Contract liabilities		1,147	1,127
Bank loans		118,840	158,840
Income tax payable		14,678	15,139
Lease liabilities		18,887	20,955
		<b>232,942</b>	276,443
<b>Net current assets</b>		<b>79,169</b>	72,547
<b>Total assets less current liabilities</b>		<b>503,638</b>	496,162

		<b>As at 30th September 2024 HK\$'000 (unaudited)</b>	<b>As at 31st March 2024 HK\$'000 (audited)</b>
<b>Non-current liabilities</b>			
Rental deposits received and receipt in advance	10	2,744	2,659
Deferred tax liabilities		20,385	23,125
Lease liabilities		18,417	25,861
		<u>41,546</u>	<u>51,645</u>
<b>Net assets</b>		<u><b>462,092</b></u>	<u>444,517</u>
<b>Capital and reserves</b>			
Share capital	11	149,424	149,424
Reserves		312,672	295,097
		<u>462,096</u>	<u>444,521</u>
<b>Equity attributable to the owners of the Company</b>		<b>462,096</b>	444,521
Non-controlling interests		<u>(4)</u>	<u>(4)</u>
<b>Total equity</b>		<u><b>462,092</b></u>	<u>444,517</u>

*Notes:*

## **1. GENERAL**

The Group is principally engaged in sales of watches and property leasing.

The Company is a limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and Room 3901, 39th Floor, The Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong respectively.

The unaudited condensed interim financial statements are presented in thousand of units of Hong Kong dollars (HK\$’000), unless otherwise stated, and have been approved for issue by the Board of Directors on 27th November 2024.

## **2. BASIS OF PREPARATION**

The unaudited condensed interim financial statements have been prepared in accordance with applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the unaudited condensed interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the unaudited condensed interim financial statements are consistent with those used in the preparation of the Group’s 2023/2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024/2025 annual financial statements which are set out in note 3.

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA to these interim financial statements for the current accounting period:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

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

### 4. REVENUE AND SEGMENT INFORMATION

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 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 the annual financial statements for the year ended 31st March 2024. 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 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 condensed 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 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 for the periods:

	For the six months ended 30th September 2024 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Disaggregated by time of revenue recognition					
Point in time	333,250	–	333,250	–	333,250
Over time	–	4,599	4,599	–	4,599
External revenue ( <i>Note</i> )	<u>333,250</u>	<u>4,599</u>	<u>337,849</u>	<u>–</u>	<u>337,849</u>
Operating profit/(loss)	50,406	5,554	55,960	(2,637)	53,323
Interest income	1,413	–	1,413	209	1,622
Other net gains	7,248	32	7,280	(46)	7,234
Finance costs	<u>(4,194)</u>	<u>–</u>	<u>(4,194)</u>	<u>(452)</u>	<u>(4,646)</u>
Segment results	<u>54,873</u>	<u>5,586</u>	<u>60,459</u>	<u>(2,926)</u>	<u>57,533</u>
Income tax					<u>(21,717)</u>
Profit for the period					<u>35,816</u>
Depreciation and amortisation	<u>(13,778)</u>	<u>(50)</u>	<u>(13,828)</u>	<u>(8)</u>	<u>(13,836)</u>

*Note:*

There were no inter-segment sales during the six months ended 30th September 2024.



**As at 30th September 2024 (unaudited)**

	<b>Sale of watches <i>HK\$'000</i></b>	<b>Properties leasing <i>HK\$'000</i></b>	<b>Segmental total <i>HK\$'000</i></b>	<b>Unallocated <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment assets	<u>359,414</u>	<u>360,722</u>	<u>720,136</u>	<u>6,589</u>	726,725
Financial assets at fair value through profit or loss					7,437
Deferred tax assets					<u>2,418</u>
Total assets					<u>736,580</u>
Additions to non-current segment assets during the reporting period	<u>929</u>	<u>5,506</u>	<u>6,435</u>	<u>-</u>	<u>6,435</u>
Segment liabilities	<u>210,690</u>	<u>24,528</u>	<u>235,218</u>	<u>4,207</u>	239,425
Income tax payable					14,678
Deferred tax liabilities					<u>20,385</u>
Total liabilities					<u>274,488</u>

For the six months ended 30th September 2023 (unaudited)

	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 time of revenue recognition					
Point in time	333,335	–	333,335	–	333,335
Over time	–	3,929	3,929	746	4,675
External revenue ( <i>Note</i> )	<u>333,335</u>	<u>3,929</u>	<u>337,264</u>	<u>746</u>	<u>338,010</u>
Operating profit/(loss)	54,524	(2,299)	52,225	(2,847)	49,378
Interest income	1,945	–	1,945	149	2,094
Other net gains	503	3	506	(2)	504
Finance costs	<u>(4,139)</u>	<u>–</u>	<u>(4,139)</u>	<u>(450)</u>	<u>(4,589)</u>
Segment results	<u>52,833</u>	<u>(2,296)</u>	<u>50,537</u>	<u>(3,150)</u>	47,387
Income tax					<u>(16,672)</u>
Profit for the period					<u>30,715</u>
Depreciation and amortisation	<u>(14,772)</u>	<u>(118)</u>	<u>(14,890)</u>	<u>(8)</u>	<u>(14,898)</u>

*Note:*

There were no inter-segment sales during the six months ended 30th September 2023.

As at 31st March 2024 (audited)

	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>
Segment assets	<u>406,117</u>	<u>349,728</u>	<u>755,845</u>	<u>6,855</u>	762,700
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>	289,824
Income tax payable					15,139
Deferred tax liabilities					<u>23,125</u>
Total liabilities					<u>328,088</u>

## 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 and investment properties. The geographical location of customers is referred to the location at which the services were provided or the goods delivered. The geographical locations of specific non-current assets are based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	Six months ended 30th September		As at 30th September	As at 31st March
	2024	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The People's Republic of China, excluding Hong Kong	332,657	331,949	44,041	57,317
Hong Kong (place of domicile)	4,661	5,264	224,919	228,333
Switzerland	531	797	19,961	18,863
United Kingdom	–	–	117,435	106,154
	<u>337,849</u>	<u>338,010</u>	<u>406,356</u>	<u>410,667</u>

## Information about major customers

For the six months ended 30th September 2024 and 2023, no revenue from a single external customer contributed 10% or more of the total revenue of the Group.

## 5. PROFIT BEFORE TAXATION

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

### (a) Finance costs

	Six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	3,616	3,363
Interest on lease liabilities	<u>1,030</u>	<u>1,226</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>4,646</u>	<u>4,589</u>

(b) Other items

	Six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange (gain)/loss	(4,939)	2,689
Depreciation charge		
– owned property, plant and equipment	3,677	3,949
– right-of-use assets	10,159	10,949
Write-down/(reversal of write-down) of inventories, net	441	(1,677)
Staff costs including directors' fees and emoluments	26,423	24,124
Cost of inventories recognised as expenses	228,210	226,273
Interest income on bank deposits	(1,553)	(2,049)
Change in fair value on financial assets at fair value through profit or loss	50	–

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

	Six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
PRC Corporate Income Tax		
– Charge for the period	24,457	22,379
Deferred tax		
Origination and reversal of temporary differences	(2,740)	(5,707)
	<u>21,717</u>	<u>16,672</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 six months ended 30th September 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 periods, except for subsidiaries which are eligible as Small Low-profit Enterprise\* (小型微利企業). An entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments. From 1st January 2023 to 31st December 2024, for the annual taxable income of a Small Low-profit Enterprise which is not more than RMB3,000,000, 75% of its taxable income is not subject to EIT and the remaining 25% of its taxable income is subject to EIT at a tax rate of 20%. During the six months ended 30th September 2024, one subsidiary (2023: one subsidiary) is 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 six months ended 30th September 2024 and 2023 as the Group has no estimated assessable profits in Switzerland.

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 six months ended 30th September 2024 and 2023 as the subsidiary did not generate any estimated assessable profits in the United States.

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.

## 7. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share has been based on profit attributable to owners of the Company of HK\$35,816,000 (2023: HK\$30,715,000) and the weighted average number of 747,123,000 ordinary shares (2023: 747,123,000 ordinary shares) in issue during the six months ended 30th September 2024.

### (b) Diluted earnings per share

For the six months ended 30th September 2024 and 2023, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

## 8. DIVIDENDS

Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period.

	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$0.0348 (2023: HK\$0.0469) per ordinary share	<b>26,000</b>	<b>35,040</b>

## 9. TRADE AND OTHER RECEIVABLES

	As at 30th September 2024 <i>HK\$'000</i> (unaudited)	As at 31st March 2024 <i>HK\$'000</i> (audited)
Trade receivables, net of loss allowance		
– Third parties	46,098	64,296
– Related parties	4,518	6,278
	<u>50,616</u>	<u>70,574</u>
Other receivables	<u>3,718</u>	<u>4,032</u>
Financial assets measured at amortised cost	54,334	74,606
Deposits and prepayments	<u>8,136</u>	<u>8,091</u>
	<u><u>62,470</u></u>	<u><u>82,697</u></u>
Analysed as:		
Non-current	5,234	4,306
Current	<u>57,236</u>	<u>78,391</u>
	<u><u>62,470</u></u>	<u><u>82,697</u></u>

### Aging Analysis

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

	As at 30th September 2024 <i>HK\$'000</i> (unaudited)	As at 31st March 2024 <i>HK\$'000</i> (audited)
Up to 90 days	46,076	66,389
91 to 180 days	60	2
181 to 365 days	3	14
Over 365 days	<u>4,477</u>	<u>4,169</u>
	<u><u>50,616</u></u>	<u><u>70,574</u></u>

## 10. TRADE AND OTHER PAYABLES

	As at 30th September 2024 <i>HK\$'000</i> (unaudited)	As at 31st March 2024 <i>HK\$'000</i> (audited)
Trade payables	2,577	2,462
Other payables and accrued charges	<u>23,053</u>	<u>23,735</u>
Financial liabilities measured at amortised cost	25,630	26,197
Deposits received	1,089	2,865
Rental received in advance	2,894	872
Other tax payable	<u>52,521</u>	<u>53,107</u>
	<u><b>82,134</b></u>	<u><b>83,041</b></u>
Analysed as:		
Non-current	2,744	2,659
Current	<u>79,390</u>	<u>80,382</u>
	<u><b>82,134</b></u>	<u><b>83,041</b></u>

### Aging Analysis

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

	As at 30th September 2024 <i>HK\$'000</i> (unaudited)	As at 31st March 2024 <i>HK\$'000</i> (audited)
Up to 90 days	1,437	1,275
91 to 180 days	33	–
181 to 365 days	–	–
Over 365 days	<u>1,107</u>	<u>1,187</u>
	<u><b>2,577</b></u>	<u><b>2,462</b></u>



## 11. SHARE CAPITAL

	<b>Nominal value per share</b> <i>HK\$</i>	<b>Number of shares</b> <i>'000</i> (unaudited)	<b>Amount</b> <i>HK\$'000</i> (unaudited)
Authorised:			
At 1st April 2023, 31st March 2024, 1st April 2024 and 30th September 2024	0.2	2,500,000	500,000
	<u>0.2</u>	<u>2,500,000</u>	<u>500,000</u>
Issued and fully paid:			
At 1st April 2023, 31st March 2024, 1st April 2024 and 30th September 2024	0.2	747,123	149,424
	<u>0.2</u>	<u>747,123</u>	<u>149,424</u>

## 12. PLEDGE OF ASSETS

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

	<b>As at 30th September 2024</b> <i>HK\$'000</i> (unaudited)	As at 31st March 2024 <i>HK\$'000</i> (audited)
Investment properties	<u>327,784</u>	<u>316,497</u>

### 13. COMMITMENTS

At the reporting date, the Group had the following outstanding commitments.

#### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 30th September 2024 HK\$'000 (unaudited)	As at 31st March 2024 HK\$'000 (audited)
Contracted for:		
Construction work for properties	<u>4,759</u>	<u>6,900</u>

#### (b) Operating lease commitments – as lessor

Undiscounted lease payments receivable on leases are as follows:

	As at 30th September 2024 HK\$'000 (unaudited)	As at 31st March 2024 HK\$'000 (audited)
Not later than one year	9,379	8,306
Later than one year and not later than five years	<u>8,548</u>	<u>10,225</u>
	<u>17,927</u>	<u>18,531</u>

### 14. CONTINGENT LIABILITIES

So far as the Directors are aware, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claims which is, in the opinion of the Directors, of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Interim Review**

For the six months ended 30th September 2024, the Group's revenue amounted to HK\$338 million which was the same as last year as the sales derived from China were stable across the two periods (2023: increase of 16%). Sales for this period in Hong Kong and China amounted to HK\$5 million and HK\$333 million, representing a decrease of 11% and a minimal increase of 0.2% respectively as compared with those in the corresponding period last year. Gross profit margin for this period was 32% which was comparable to 33% last year.

Distribution costs increased by 4% to HK\$48 million during this period as compared with the same period last year of HK\$46 million. The increase was mainly due to the increase in rental expenses and staff expenses.

Administrative expenses this period amounting to HK\$11 million, representing a drop of 39% as compared to those in the last period of HK\$18 million. Such decrease was mainly due to a gain of HK\$6 million as a result of the impact from the appreciation of Great British Pounds in which the Group's investment properties in the United Kingdom are denominated in this period while there was a loss in last period of HK\$2 million.

Finance costs amounted to HK\$5 million this period, which was the same as last year.

Other net gains amounted to HK\$7 million this period as compared with HK\$1 million last period. The increase was mainly due to government tax rebates in current period.

As a result of the above, the Group achieved a net profit of HK\$36 million this period as compared with a net profit of HK\$31 million in the same period of last year.

### ***Liquidity and financial resources***

As at 30th September 2024, the Group's total cash balance amounted to HK\$126 million (31st March 2024: HK\$165 million). The decrease was mainly due to the repayments of bank loans and payment of dividend during the period. Bank loans amounted to HK\$119 million as of 30th September 2024 (HK\$159 million as of 31st March 2024). The bank loans were secured by (i) pledged of investment properties of HK\$328 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 26% as at 30th September 2024 (31st March 2024: 36%).

### ***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 and will continue to do so with a view to further enhance the cost efficiency of each store. The future prospect of the business in these stores will depend on the economic recovery in China following its current economic challenges 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 via the acquisition of two well located West London properties several years ago. The renovation for one property has been completed and the Group is now examining the current market conditions in order to realize a strategy which is in line with the shareholders’ best interests. Meanwhile construction on the second property continues to progress favourably on schedule and on budget.

The Group is determined to increase 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**

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 period ended 30th September 2024 except for the deviation from the Code Provision C.3.3 and those disclosed 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**

The Company has adopted a code for securities transactions by Directors of the Company (the “Code of Conduct”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules.

All Directors have confirmed that they complied with the required standards set out in the Code of Conduct throughout the period under review.

## **Interim Dividend**

The Board of Directors resolved not to declare an interim dividend in respect of the six months ended 30th September 2024 (2023: Nil).

## **Purchase, Sale or Redemption of the Company’s Listed Securities**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of Company’s listed securities during the six months ended 30th September 2024.

## **Employees and Remuneration Policy**

There were 106 employees in the Group as at 30th September 2024. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses are offered to motivate employees.

By order of the Board  
**Asia Commercial Holdings Limited**  
**Cheng Ka Chung**  
*Company Secretary*

Hong Kong, 27th November 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*