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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 2021

FINANCIAL HIGHLIGHTS

	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	Change %
Operations			
Revenue	1,165	800	46
Profit/(loss) attributable to owners of the Company	59	(146)	140
Earnings/(loss) per share – Basic	7.84 HK cents	(19.56) HK cents	140
Interim dividend declared and paid	–	–	–
Final dividend proposed after the end of the reporting period	–	–	–
Special dividend proposed after the end of the reporting period	–	–	–
	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	Change %
Financial position			
Total assets	815	807	1
Equity attributable to owners of the Company	414	343	21

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 2021 together with the comparative figures for 2020. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2021 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>	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue	2	1,164,981	800,051
Cost of sales		<u>(932,809)</u>	<u>(601,270)</u>
Gross profit		232,172	198,781
Valuation gains/(loss) on investment properties, net		3,130	(17,400)
Other revenue	2	9,611	15,599
Other net gains	2	15,431	6,234
Impairment loss on goodwill		–	(19,895)
Impairment loss on right-of-use asset		(661)	(96,894)
Impairment loss on property, plant and equipment		(2,261)	(6,028)
Distribution costs		(118,652)	(161,334)
Administrative expenses		(37,912)	(47,093)
Finance costs	4(a)	<u>(9,389)</u>	<u>(14,240)</u>
Profit/(loss) before taxation	4	91,469	(142,270)
Income tax	5	<u>(35,710)</u>	<u>(6,452)</u>
Profit/(loss) for the year attributable to the owners of the Company		<u>55,759</u>	<u>(148,722)</u>
Attributable to:			
Owners of the Company		58,542	(146,174)
Non-controlling interest		<u>(2,783)</u>	<u>(2,548)</u>
		<u>55,759</u>	<u>(148,722)</u>
Earnings/(loss) per share	7		
Basic (<i>HK cents</i>)		<u>7.84</u>	<u>(19.56)</u>
Diluted (<i>HK cents</i>)		<u>7.84</u>	<u>(19.56)</u>

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

For the year ended 31st March

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year	55,759	(148,722)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	11,574	(6,200)
Release of fair value reserve on disposal of equity instrument at fair value through other comprehensive income	<u>—</u>	<u>(8,113)</u>
Total other comprehensive income/(loss) for the year, net of nil tax	<u>11,574</u>	<u>(14,313)</u>
Total comprehensive income/(loss) for the year	<u>67,333</u>	<u>(163,035)</u>
Attributable to:		
Owners of the Company	70,116	(160,487)
Non-controlling interest	<u>(2,783)</u>	<u>(2,548)</u>
	<u>67,333</u>	<u>(163,035)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		81,069	106,319
Investment properties		342,014	343,772
Deposits and prepayments	8	9,306	18,410
Goodwill		–	–
Financial assets at fair value through profit or loss		7,773	14,133
Financial assets at fair value through other comprehensive income		2,333	–
Deferred tax assets		2,418	2,418
Intangible assets		–	276
		444,913	485,328
Current assets			
Inventories		111,332	195,992
Trade and other receivables	8	115,291	46,942
Trading securities		510	382
Income tax recoverable		12,021	9,016
Cash and cash equivalents		130,663	69,121
		369,817	321,453
Current liabilities			
Trade and other payables	9	99,917	98,587
Contract liabilities		2,441	1,224
Bank loans		164,090	161,403
Current income tax payable		14,362	4,875
Lease liabilities		68,556	77,425
		349,366	343,514
Net current assets/(liabilities)		20,451	(22,061)
Total assets less current liabilities		465,364	463,267

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current liabilities			
Rental deposits received and receipt in advance		2,546	2,355
Deferred tax liabilities		26,387	23,657
Lease liabilities		27,689	95,846
		<u>56,622</u>	<u>121,858</u>
Net assets		<u>408,742</u>	<u>341,409</u>
Capital and reserves			
Share capital		149,424	149,424
Reserves		264,176	194,060
Equity attributable to owners of the Company		413,600	343,484
Non-controlling interests		<u>(4,858)</u>	<u>(2,075)</u>
Total equity		<u>408,742</u>	<u>341,409</u>

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. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that 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 2021 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
- 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.

Going concern basis

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. To sustain the Group as a going concern and to monitor the Group's liquidity and cash flows, the Group is implementing the following measures:

- negotiating with banks for renewal and obtaining new banking facilities;
- the directors of the Company have been taking various cost control measures to tighten the costs of operations; and
- the Group has been implementing various strategies to enhance the Group's turnover.

The directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. The directors are of the opinion that the Group will be able to generate sufficient working capital to finance its operations and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors as described above.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Other than the amendment to HKFRS 16, none of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1st April 2020.

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.

(i) Disaggregation of revenue

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
within the scope of HKFRS 15		
– Sales of watches	1,143,034	784,897
– Service income	946	–
– Gourmet income	7,912	5,048
Revenue from other sources		
– Rental income from investment properties	13,089	10,106
	<u>1,164,981</u>	<u>800,051</u>

Other Revenue

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income on financial assets measured at amortised cost	564	1,035
Dividend income	–	1
Advertising income	4,098	3,143
Customer services income and others	4,949	11,420
	<u>9,611</u>	<u>15,599</u>

Other Net Gains

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net realised and unrealised gain/(loss) on trading securities	128	(216)
Net gain on disposal of investment properties	3,184	–
Profit on disposal of equity investment	–	6,050
Impairment loss on trademark	(242)	–
Impairment loss on trade receivables	(1,503)	–
Write off of other receivables	(2,485)	–
Fair value loss on financial assets at fair value through profit or loss (“FVPL”)	(6,360)	(964)
Loss on disposals of property, plant and equipment	(562)	(8)
Written back of long outstanding payables	68	–
Gain on lease modification	19,590	1,256
Government subsidy	3,742	–
Others	(129)	116
	<u>15,431</u>	<u>6,234</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) 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:

	2021				
	Sales of watches HK\$'000	Property leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Disaggregated by the time of revenue recognition					
Point in time	1,143,034	-	1,143,034	7,912	1,150,946
Over time	-	13,089	13,089	946	14,035
External revenue (<i>Note</i>)	<u>1,143,034</u>	<u>13,089</u>	<u>1,156,123</u>	<u>8,858</u>	<u>1,164,981</u>
Operating profit/(loss)	102,898	(1,584)	101,314	(16,659)	84,655
Valuation gain on investments properties, net	-	3,130	3,130	-	3,130
Impairment loss on right-of-use assets	-	-	-	(661)	(661)
Impairment loss on property, plant and equipment	-	(717)	(717)	(1,544)	(2,261)
Interest income	564	-	564	-	564
Other net gains/(losses)	15,733	3,284	19,017	(3,586)	15,431
Finance costs	(9,185)	-	(9,185)	(204)	(9,389)
Segmental results	<u>110,010</u>	<u>4,113</u>	<u>114,123</u>	<u>(22,654)</u>	<u>91,469</u>
Income tax					(35,710)
Profit for the year					<u>55,759</u>
Reversal of write-down of inventories, net	4,694	-	4,694	-	4,694
Net realised and unrealised gain on trading securities	-	-	-	128	128
Impairment loss on trade receivables	(1,503)	-	(1,503)	-	(1,503)
Gain on disposal of investment properties	-	3,184	3,184	-	3,184
Loss on disposals of property, plant and equipment	-	-	-	(562)	(562)
Write off of other receivables	(2,485)	-	(2,485)	-	(2,485)
Depreciation and amortisation	(34,571)	(791)	(35,362)	(2,075)	(37,437)
Income tax expenses	(32,980)	-	(32,980)	-	(32,980)
Deferred tax	(2,730)	-	(2,730)	-	(2,730)
Segment assets	<u>430,124</u>	<u>354,066</u>	<u>784,190</u>	<u>20,349</u>	<u>804,539</u>
Financial assets at fair value through profit or loss					7,773
Deferred tax assets					2,418
Total assets					<u>814,730</u>
Additions to non-current segment assets during the reporting period	<u>11,500</u>	<u>8,696</u>	<u>20,196</u>	<u>2,638</u>	<u>22,834</u>
Segment liabilities	<u>326,576</u>	<u>22,337</u>	<u>348,913</u>	<u>16,326</u>	<u>365,239</u>
Current income tax payable					14,362
Deferred tax liabilities					26,387
Total liabilities					<u>405,988</u>

Note: There were no inter-segment sales during the year ended 31st March 2021.

	2020				
	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	786,516	–	786,516	5,048	791,564
Over time	–	8,487	8,487	–	8,487
External revenue (<i>Note</i>)	<u>786,516</u>	<u>8,487</u>	<u>795,003</u>	<u>5,048</u>	<u>800,051</u>
Operating profit/(loss)	27,129	(1,225)	25,904	(20,986)	4,918
Valuation loss on investment properties	–	(17,400)	(17,400)	–	(17,400)
Impairment loss on goodwill	–	–	–	(19,895)	(19,895)
Impairment loss on right-of-use assets	(96,894)	–	(96,894)	–	(96,894)
Impairment loss on property, plant and equipment	(6,028)	–	(6,028)	–	(6,028)
Interest income	1,035	–	1,035	–	1,035
Other net gains/(losses)	1,227	(2)	1,225	5,009	6,234
Finance costs	(14,162)	–	(14,162)	(78)	(14,240)
Segment results	<u>(87,693)</u>	<u>(18,627)</u>	<u>(106,320)</u>	<u>(35,950)</u>	<u>(142,270)</u>
Income tax expense					(6,452)
Loss for the year					<u>(148,722)</u>
Loss on disposal of property, plant and equipment	(8)	–	(8)	–	(8)
Write-down of inventories	(4,176)	–	(4,176)	–	(4,176)
Reversal of impairment loss of other receivable	154	–	154	–	154
Net realised and unrealised loss on trading securities	–	–	–	(215)	(215)
Depreciation and amortisation	(76,659)	(762)	(77,421)	(1,881)	(79,302)
Income tax expense	(4,004)	–	(4,004)	–	(4,004)
Deferred tax	(2,448)	–	(2,448)	–	(2,448)
Segment assets	<u>428,738</u>	<u>327,136</u>	<u>755,874</u>	<u>34,356</u>	<u>790,230</u>
Financial assets at fair value through profit or loss					14,133
Deferred tax assets					<u>2,418</u>
Total assets					<u>806,781</u>
Additions to non-current segment assets during the reporting period	<u>247,631</u>	<u>209</u>	<u>247,840</u>	<u>26,489</u>	<u>274,329</u>
Segment liabilities	<u>415,111</u>	<u>8,822</u>	<u>423,933</u>	<u>12,907</u>	<u>436,840</u>
Current income tax payable					4,875
Deferred tax liabilities					<u>23,657</u>
Total liabilities					<u>465,372</u>

Note: There were no inter-segment sales during the year ended 31st March 2020.

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, investment properties, right-of-use assets, intangible assets and 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 specific non-current assets are based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
The People's Republic of China, excluding Hong Kong	1,034,134	340,541	85,755	107,864
Hong Kong (place of domicile)	129,317	458,560	249,985	278,516
Switzerland	1,530	950	17,550	16,409
United Kingdom	–	–	79,099	65,988
	1,164,981	800,051	432,389	468,777

Information about major customers

For the year ended 31st March 2021, revenue of approximately HK\$333,075,000 (2020: HK\$109,818,000) was derived from a single external customer who contributed more than 10% of total revenue of the Group. This revenue was attributable to the sales of watches segment.

4. PROFIT /(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	3,614	4,882
Interest on lease liabilities	5,775	9,334
Interest on loans from a director	–	24
Total interest expenses on financial liabilities not at fair value through profit or loss	9,389	14,240

(b) Staff costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	59,921	57,184
Retirement benefits scheme contribution	1,968	2,939
	<u>61,889</u>	<u>60,123</u>

(c) Other items

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$212,000 (2020: HK\$566,000)	(12,877)	(9,540)
Net exchange gain	(184)	(452)
Auditors' remuneration		
– Audit services	1,200	1,270
– Other services	380	380
Amortisation of intangible assets	34	–
Depreciation change		
– Owned property, plant and equipment	7,450	7,684
– right-of-use assets	29,953	71,618
	37,403	79,302
(Reversal of write-down)/write-down of inventories, net	(4,694)	4,176
Impairment loss on goodwill	–	19,895
Impairment loss on right-of-use assets	661	96,894
Impairment loss on property, plant and equipment	2,261	6,028
Impairment loss on trade receivable	1,503	–
Write off of other receivable	2,485	–
Write back of long outstanding payables	(68)	–
Variable lease payments not included in the measurement of lease liabilities	9,502	1,222
Cost of inventories recognised as expenses	<u>932,809</u>	<u>601,270</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax		
– Charge for the year	32,980	4,004
Deferred tax		
Origination and reversal of temporary differences	<u>2,730</u>	<u>2,448</u>
Income tax expense	<u><u>35,710</u></u>	<u><u>6,452</u></u>

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2020: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the years ended 31st March 2021 and 2020 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.

The subsidiary in Switzerland is subject to Switzerland Profits Tax at the rate of 16% (2020: 16%). No Switzerland Profits Tax has been provided for the years ended 31st March 2021 and 2020 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) The directors of the Company do not recommend the payment or declaration of any dividends in respect of the years ended 31st March 2021 and 2020.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$Nil (2020: HK\$0.0256) per share	—	19,126
	<u> </u>	<u> </u>

7. EARNINGS/(LOSS) PER SHARE

- (a) **Basic earnings/(loss) per share**

The calculation of basic earnings per share for the year ended 31st March 2021 is based on earnings attributable to owners of the Company of HK\$58,542,000 and the weighted average number of 747,123,000 ordinary shares in issue during the year.

The calculation of basic loss per share for the year ended 31st March 2020 is based on loss attributable to the owners of the Company of HK\$146,174,000 and the weighted average number of 747,123,000 ordinary shares in issue during the year.

- (b) **Diluted earnings/(loss) per share**

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share for the years ended 31st March 2021 and 2020.

The Company's share options have no dilutive effect for the years ended 31st March 2021 and 2020 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables, net of loss allowance		
– Third parties	68,756	24,519
– Related parties	6,996	6,705
	75,752	31,224
Other receivables		
– Third parties	12,732	4,533
– Related parties	2,189	1,037
	14,921	5,570
Financial assets measured at amortised costs	90,673	36,794
Deposits and prepayments	33,924	28,558
	124,597	65,352
	124,597	65,352
Analysed as:		
Non-current	9,306	18,410
Current	115,291	46,942
	124,597	65,352
	124,597	65,352

(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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 90 days	67,846	13,561
91 to 180 days	485	8,214
181 to 365 days	1,081	1,987
Over 365 days	6,340	7,462
	75,752	31,224
	75,752	31,224

9. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables		
– Third parties	6,542	8,672
– Related parties	13	–
	6,555	8,672
Other payables and accrued charges	<u>33,286</u>	<u>36,274</u>
Financial liabilities measured at amortised cost	39,841	44,946
Rental received in advance	75	94
Deposits received	3,046	3,344
Other tax payable	<u>56,955</u>	<u>50,203</u>
	<u>99,917</u>	<u>98,587</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 90 days	2,707	5,321
91 to 180 days	294	127
181 to 365 days	–	–
Over 365 days	<u>3,554</u>	<u>3,224</u>
	<u>6,555</u>	<u>8,672</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the year amounted to HK\$1,165 million which was 46% higher than HK\$800 million in last year. The "Sale of watches" segment continued to play a key role this year and increased its revenue by 45% from HK\$787 million to HK\$1,143 million this year due to the good performance in the retail stores in China. On the other hand, the business in the "Properties leasing" segment derived a revenue of HK\$13 million this year, an increase of 63% as compared with last year of HK\$8 million due to the full year effect of a material tenancy.

The total number of stores is as below:

	As at 31st March 2021	As at 31st March 2020
Beijing	2	2
Shanghai	3	3
Xiamen	1	1
Nantong	1	1
Hong Kong	0	1
	<u>7</u>	<u>8</u>

Financial Review

Results review

For the year ended 31st March 2021, the Group's revenue amounted to HK\$1,165 million, representing an increase of 46% as compared with HK\$800 million in last year. Increase in revenue was mainly due to the good performance of the retail stores in China. Gross profit margin decreased by 5% to 20% as compared with last year was due to intense competition during the year.

Distribution costs this year amounted to HK\$119 million which was 26% lower than HK\$161 million in last year. Such decrease was due to the decrease in amortization charges for right-of-use assets as a core right-of-use asset had been fully impaired in the second half of last year.

Administrative expenses decreased by 19% to HK\$38 million as compared with HK\$47 million in last year which was mainly due to the decrease in bank charges, consultancy fee and director's remuneration.

Valuation gains on investment properties amounted to HK\$3 million in this year as compared with valuation losses of HK\$17 million in last year as the property market in London in particular performed better as compared with last year.

Finance costs amounted to HK\$9 million in this year which was much lower than that of last year amounting to HK\$14 million was due to decrease in the interest on lease liabilities.

Other net gains amounting to HK\$15 million during this year as compared with that of last year of HK\$6 million. The amount this year mainly comprised an one-off gain of HK\$20 million due to the reassessment of the lease liability upon rental reduction for some stores. The amount in last year represented the gain from the disposal of the unlisted equity investment.

Liquidity, financial resources and capital structure

As at 31st March 2021, the Group's total cash balance amounted to HK\$131 million (31st March 2020: HK\$69 million).

Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 40% as at 31st March 2021 (31st March 2020: 47%).

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

Continued with the momentum brought from the first half of the year, the Group achieved a net profit of HK\$59 million as compared with a net loss of HK\$146 million in last year was due to the good performance in the retail sales in this year and an one-off impairment loss on right-of-use asset amounting to HK\$97 million in last year.

The Group operates 7 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. The overall sentiment in the luxury retail business in China was good. Looking ahead, the Group believes that the sentiment will improve as the pandemic is under control.

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 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 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 2021 except for the deviation from the code provisions A.2.1, A.4.1, A.5.1, D.1.4 and those discussed below:

In respect of Code Provision A.2.1 of the Code, since the deceased of Mr. Eav Yin as the Chairman on 4th September 2020, the position of the Chairman has been vacant and has not been filled up as at the date of this announcement while the function of the chief executive officer is divided between the remaining executive directors. The Board of the Company as a whole and the executive directors have discharged the duties of the Chairman. The Board and the Nomination Committee of the Company will continuously review and discuss the adjustment to the composition of the Board.

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 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.

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 A.5.1 of the Code provides that the nomination committee should be chaired by the chairman of the board or an independent non-executive director. Since the deceased of Mr. Eav Yin on 4th September 2020, the chairman of the nomination committee has been vacant and has not been filled up as at the date of this announcement. The Board will appoint the chairman of the nomination committee as soon as practicable for filling such vacancy.

Code provision D.1.4 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 newly appointment of Mr. Kee Wah Sze as independent non-executive director of the Company in August 2020, 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 10 to the Listing Rules throughout the year under review.

OTHER INFORMATION

Final Dividend

The Directors do not recommend a final dividend in respect of the year ended 31st March 2021 (2020: Nil).

Purchase, Sale or Redemption of Listed Securities

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

Employees and Remuneration Policy

There were 144 employees in the Group as at 31st March 2021. 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

The dates of closure of register of members of the Company for the purpose of attending the 2021 annual general meeting will be announced later.

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 2021 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 Xin Qi Rosanna
Director

Hong Kong, 28th June 2021

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

* *For identification purpose only*