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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 2023

FINANCIAL HIGHLIGHTS

	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>	Change %
Operations			
Revenue	711	785	(9)
Profit attributable to owners of the Company	44	84	(48)
Earnings per share – Basic	5.84 HK cents	11.22 HK cents	(48)
Interim dividend declared and paid	–	40	N/A
Final dividend proposed after the end of the reporting period	35	40	(13)
	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>	Change %
Financial position			
Total assets	821	870	(6)
Equity attributable to owners of the Company	461	468	(2)

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 2023 together with the comparative figures for 2022. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2023 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>	2023 HK\$’000	2022 <i>HK\$’000</i>
Revenue	2	710,586	784,815
Cost of sales		<u>(481,728)</u>	<u>(559,739)</u>
Gross profit		228,858	225,076
Valuation (loss)/gains on investment properties, net		(26,097)	23,176
Other revenue	2	4,972	7,262
Other net gains/(loss)	2	3,988	(5,079)
Gain on disposal of subsidiaries		–	12,954
Distribution costs		(87,654)	(103,558)
Administrative expenses		(28,036)	(26,012)
Finance costs	4(a)	<u>(8,822)</u>	<u>(5,999)</u>
Profit before taxation	4	87,209	127,820
Income tax	5	<u>(43,555)</u>	<u>(44,505)</u>
Profit for the year attributable to the owners of the Company		<u>43,654</u>	<u>83,315</u>
Attributable to:			
Owners of the Company		43,652	83,821
Non-controlling interest		<u>2</u>	<u>(506)</u>
		<u>43,654</u>	<u>83,315</u>
Earnings per share	7		
Basic (<i>HK cents</i>)		<u>5.84</u>	<u>11.22</u>
Diluted (<i>HK cents</i>)		<u>5.84</u>	<u>11.22</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year	43,654	83,315
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(12,076)	8,375
Item that will not be reclassified to profit or loss:		
Gain on revaluation of equity instrument at fair value through other comprehensive income	699	–
Gain on revaluation of properties upon transfer to investment properties	–	2,727
	(11,377)	11,102
Total other comprehensive (loss)/income for the year, net of nil tax		
Total comprehensive income for the year	32,277	94,417
Attributable to:		
Owners of the Company	32,275	94,923
Non-controlling interest	2	(506)
	32,277	94,417

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		82,688	102,113
Investment properties		361,550	377,315
Deposits and other receivables	8	3,620	4,165
Financial assets at fair value through profit or loss		7,554	8,327
Equity instrument at fair value through other comprehensive income		3,054	2,350
Deferred tax assets		2,418	2,418
		460,884	496,688
Current assets			
Inventories		99,955	93,213
Trade and other receivables	8	65,680	72,316
Trading securities		24	20
Cash and cash equivalents		194,441	207,641
		360,100	373,190
Current liabilities			
Trade and other payables	9	82,394	93,565
Contract liabilities		1,250	2,526
Bank loans		174,360	172,480
Current income tax payable		18,616	14,505
Lease liabilities		19,998	29,127
		296,618	312,203
Net current assets		63,482	60,987
Total assets less current liabilities		524,366	557,675

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Rental deposits received and receipt in advance	2,339	2,591
Deferred tax liabilities	26,115	29,115
Lease liabilities	35,209	57,497
	<u>63,663</u>	<u>89,203</u>
Net assets	<u>460,703</u>	<u>468,472</u>
Capital and reserves		
Share capital	149,424	149,424
Reserves	311,282	319,053
	<u>460,706</u>	<u>468,477</u>
Equity attributable to owners of the Company	460,706	468,477
Non-controlling interests	<u>(3)</u>	<u>(5)</u>
Total equity	<u>460,703</u>	<u>468,472</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. Significant accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31st March 2023 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 amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKFRS 3, Reference to the Conceptual Framework
Amendments to HKAS 16, Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs, Annual Improvements to HKFRSs 2018-2020

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

2. **REVENUE, OTHER REVENUE AND OTHER NET GAINS/(LOSS)**

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 and (iii) gourmet income.

(i) **Disaggregation of revenue**

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of watches	701,523	769,899
– Service income	1,649	355
– Gourmet income	–	2,111
Revenue from other sources		
– Rental income from investment properties	7,414	12,450
	<u>710,586</u>	<u>784,815</u>

Other Revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income on financial assets measured at amortised cost	1,918	1,165
Advertising income	945	1,055
Customer services income and others	2,109	5,042
	<u>4,972</u>	<u>7,262</u>

Other Net Gains/(Loss)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net realised and unrealised gain on trading securities	4	184
Net loss on disposal of investment properties	–	(7,673)
Impairment loss on trade receivables	(1,790)	(1,922)
Impairment loss on other receivables	(4,792)	–
Write off of other deposit	(624)	–
Fair value (loss)/gain on financial assets at fair value through profit or loss (“FVPL”)	(373)	554
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	11,017	3,827
Others	–	(49)
	<u>3,988</u>	<u>(5,079)</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 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:

	2023				
	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	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
Valuation loss 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>	<u>87,209</u>
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>	<u>811,012</u>
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>	<u>315,550</u>
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.

	2022				
	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	769,899	–	769,899	2,111	772,010
Over time	–	12,450	12,450	355	12,805
External revenue (<i>Note</i>)	<u>769,899</u>	<u>12,450</u>	<u>782,349</u>	<u>2,466</u>	<u>784,815</u>
Operating profit/(loss)	107,770	961	108,731	(7,128)	101,603
Valuation gain on investment properties, net	–	23,176	23,176	–	23,176
Interest income	1,136	–	1,136	29	1,165
Other net (loss)/gains	1,929	(7,641)	(5,712)	633	(5,079)
Finance costs	(5,701)	–	(5,701)	(298)	(5,999)
Gain on disposal of subsidiaries	–	–	–	12,954	12,954
Segmental results	<u>105,134</u>	<u>16,496</u>	<u>121,630</u>	<u>6,190</u>	<u>127,820</u>
Income tax					(44,505)
Profit for the year					<u>83,315</u>
Write-down of inventories, net	(6,223)	–	(6,223)	–	(6,223)
Net realised and unrealised gain on trading securities	–	–	–	184	184
Impairment loss on trade receivables	(1,852)	(32)	(1,884)	(38)	(1,922)
Loss on disposal of investment properties	–	(7,673)	(7,673)	–	(7,673)
Depreciation and amortisation	(30,429)	(619)	(31,048)	(113)	(31,161)
Income tax expenses	(41,777)	–	(41,777)	–	(41,777)
Deferred tax	(2,300)	(428)	(2,728)	–	(2,728)
Segment assets	<u>459,088</u>	<u>382,247</u>	<u>841,335</u>	<u>17,798</u>	<u>859,133</u>
Financial assets at fair value through profit or loss					8,327
Deferred tax assets					<u>2,418</u>
Total assets					<u>869,878</u>
Additions to non-current segment assets during the reporting period	<u>61,162</u>	<u>15,659</u>	<u>76,821</u>	<u>528</u>	<u>77,349</u>
Segment liabilities	<u>331,372</u>	<u>21,119</u>	<u>352,491</u>	<u>5,295</u>	<u>357,786</u>
Current income tax payable					14,505
Deferred tax liabilities					<u>29,115</u>
Total liabilities					<u>401,406</u>

Note: There were no inter-segment sales during the year ended 31st March 2022.

	Revenues from external customers		Non-current assets	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The People's Republic of China, excluding Hong Kong	699,517	765,275	76,741	90,657
Hong Kong (place of domicile)	10,053	18,334	245,530	257,681
Switzerland	1,016	1,206	19,082	20,213
United Kingdom	–	–	106,505	115,042
	710,586	784,815	447,858	483,593

Information about major customers

For the year ended 31st March 2023 and 2022, 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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	5,645	2,256
Interest on lease liabilities	3,177	3,743
Total interest expenses on financial liabilities not at fair value through profit or loss	8,822	5,999

(b) Staff costs

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' fee and emoluments)	45,269	47,738
Retirement benefits scheme contribution	3,863	3,770
	<u>49,132</u>	<u>51,508</u>

(c) Other items

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental receivable from investment properties less direct outgoings of HK\$148,000 (2022: HK\$138,000)	(7,266)	(12,312)
Net exchange loss/(gain)	2,590	(300)
Auditors' remuneration		
– Audit services	1,200	1,200
– Other services	350	360
Amortisation of intangible assets	–	1
Depreciation change		
– Owned property, plant and equipment	4,246	3,718
– right-of-use assets	24,703	27,442
	28,949	31,160
Write-down of inventories, net	668	6,223
Impairment loss on trade receivable	1,790	1,922
Impairment loss on other receivable	4,792	–
Write off of other deposit	624	–
Variable lease payments not included in the measurement of lease liabilities	14,879	14,823
Cost of inventories recognised as expenses	<u>481,728</u>	<u>559,739</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax		
– Charge for the year	46,555	41,777
Deferred tax		
Origination and reversal of temporary differences	<u>(3,000)</u>	<u>2,728</u>
Income tax expense	<u><u>43,555</u></u>	<u><u>44,505</u></u>

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2022: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the years ended 31st March 2023 and 2022 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 2023 and 2022, 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 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 50% as its taxable profit and which is subject to a EIT tax rate of 20%. During the year, a subsidiary (2022: one subsidiary) is subject to the relevant preferential tax treatments.

The subsidiary in Switzerland is subject to Switzerland Profits Tax at the rate of 16% (2022: 16%). No Switzerland Profits Tax has been provided for the years ended 31st March 2023 and 2022 as the Group has no estimated assessable profits in Switzerland.

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

6. DIVIDENDS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$Nil per ordinary shares (2022: HK\$0.0536) per ordinary share	–	40,046
Final dividend proposed after the end of the reporting period of HK\$0.0469 (2022: HK\$0.0536) per ordinary share	<u>35,040</u>	<u>40,046</u>
	<u><u>35,040</u></u>	<u><u>80,092</u></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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0536 per ordinary share (2022: HK\$Nil per ordinary share)	<u>40,046</u>	<u>–</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\$43,652,000 (2022: HK\$83,821,000) and the weighted average number of 747,123,000 ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share for the years ended 31st March 2023 and 2022.

For the year ended 31st March 2023 and 2022, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

8. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, net of loss allowance		
– Third parties	52,179	25,234
– Related parties	4,611	5,287
	<u>56,790</u>	<u>30,521</u>
Other receivables		
– Third parties	4,136	12,604
– Related parties	–	2,286
	<u>4,136</u>	<u>14,890</u>
Financial assets measured at amortised cost	60,926	45,411
Deposits and prepayments	8,374	31,070
	<u>69,300</u>	<u>76,481</u>
Analysed as:		
Non-current	3,620	4,165
Current	65,680	72,316
	<u>69,300</u>	<u>76,481</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Up to 90 days	51,732	24,467
91 to 180 days	–	1
181 to 365 days	17	611
Over 365 days	5,041	5,442
	<u>56,790</u>	<u>30,521</u>

9. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables		
– Third parties	1,939	5,432
– Related parties	–	–
	1,939	5,432
Other payables and accrued charges	21,408	24,473
Financial liabilities measured at amortised cost	23,347	29,905
Rental received in advance	92	92
Deposits received	1,346	4,115
Other tax payable	57,609	59,453
	82,394	93,565

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Up to 90 days	668	1,535
91 to 180 days	–	–
181 to 365 days	–	–
Over 365 days	1,271	3,897
	1,939	5,432

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the year amounted to HK\$711 million which was 9% lower than HK\$785 million in last year was mainly due to the slightly drop in watches sales in China. The sales in China were dropped by 8% from HK\$765 million last year to HK\$700 million this year was mainly attributable to the drop in watches sales following the lockdowns in mid-2022. The "Sale of watches" segment continued to play a key role this year and achieved a total revenue of HK\$702 million this year. On the other hand, the business in the "Properties leasing" segment derived a total revenue of HK\$7 million this year, representing a drop of 42% as compared with HK\$12 million last year due to the vacancy of an investment property since early May 2022.

The total number of stores is as below:

	As at 31st March 2023	As at 31st March 2022
Beijing	1	2
Shanghai	2	2
Xiamen	1	1
Nantong	1	1
	<hr/>	<hr/>
	5	6
	<hr/> <hr/>	<hr/> <hr/>

Financial Review

Results review

For the year ended 31st March 2023, the Group's revenue amounted to HK\$711 million, representing a decrease of 9% as compared with HK\$785 million last year. Decrease in revenue was mainly due to drop in watches sales in China following the lockdowns in mid-2022. Gross profit margin increased by 3% to 32% as a result of the improvement in product mix with higher gross profit margin.

Distribution costs this year amounted to HK\$88 million which was 15% lower than HK\$104 million last year. Such decrease was due to the decrease in staff related costs, amortization charges for right-of-use assets and rental expenses.

Administrative expenses increased by 8% to HK\$28 million as compared with HK\$26 million last year which was mainly due to the net effect of the increase in exchange losses while there was a decrease in repair and maintenance expenses.

Valuation losses on investment properties amounted to HK\$26 million this year as compared with valuation gains of HK\$23 million last year as there was a downturn in both the property markets in London and Hong Kong.

Finance costs amounted to HK\$9 million this year which was 50% higher than the last year's amount of HK\$6 million was mainly due to the increase in interest rates on bank borrowings.

Other net gains amounting to HK\$4 million during this year as compared with net losses of HK\$5 million last year. The amount this year mainly comprised government subsidies while the amount last year represented mainly a loss from the disposal of an investment property of HK\$8 million.

As a result of the above, the Group achieved a net profit of HK\$44 million this year as compared with a net profit of HK\$83 million last year.

Liquidity, financial resources and capital structure

As at 31st March 2023, the Group's total cash balance amounted to HK\$194 million (31st March 2022: HK\$208 million).

Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 38% as at 31st March 2023 (31st March 2022: 37%).

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. The overall sentiment in the luxury retail business in China remains stable as compared with last year. Looking ahead, the Group believes that the sentiment will continue to 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 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 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 2023 except for the deviation from the code provisions C.2.1 to C.2.9, C.3.3 and those discussed below:

In respect of Code Provisions C.2.1 to C.2.9 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. 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. On 30th June 2022, Ms. Lam Kim Phung was appointed as a non-executive Director of the Company, the Chairman of the Board and the chairman of the Nomination Committee of the Company. Thereafter, the Company has fully complied with the Code Provisions C.2.1 to C.2.9 of the Code.

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.

Rule 3.27A of the Listing Rules provides that an issuer must establish a nomination committee 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. On 30th June 2022, Ms. Lam Kim Phung was appointed as a non-executive Director of the Company, the Chairman of the Board and the chairman of the Nomination Committee, and thereafter, the Company has fully complied with the Rule 3.27A of the Listing Rules.

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 have proposed a final dividend of HK\$0.0469 per share for the year ended 31st March 2023 (2022: HK\$0.0536) 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 2023. 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, 14th August 2023, the register of members of the Company will be closed from Wednesday, 9th August 2023 to Monday, 14th August 2023, 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, 8th August 2023. Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Monday, 14th August 2023, the proposed final dividend will be payable on Monday, 4th September 2023 to the shareholders whose names appear on the register of members of the Company on Monday, 21st August 2023.

To ascertain shareholders' entitlements to the final dividend, the register of members of the Company will be closed from Friday, 18th August 2023 to Monday, 21st August 2023, 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 Thursday, 17th August 2023.

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 2023 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, 26th June 2023

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*