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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 2022

#### FINANCIAL HIGHLIGHTS

	<b>2022</b> <i>HK\$ million</i>	<b>2021</b> <i>HK\$ million</i>	<b>Change</b> <b>%</b>
<b>Operations</b>			
Revenue	<b>785</b>	1,165	<b>(33)</b>
Profit attributable to owners of the Company	<b>84</b>	59	<b>42</b>
Earnings per share – Basic	<b>11.22 HK cents</b>	7.84 HK cents	<b>43</b>
Interim dividend declared and paid	<b>40</b>	–	<b>N/A</b>
Final dividend proposed after the end of the reporting period	<b>40</b>	–	<b>N/A</b>
	<b>2022</b> <i>HK\$ million</i>	<b>2021</b> <i>HK\$ million</i>	<b>Change</b> <b>%</b>
<b>Financial position</b>			
Total assets	<b>870</b>	815	<b>7</b>
Equity attributable to owners of the Company	<b>468</b>	414	<b>13</b>

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 2022 together with the comparative figures for 2021. The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31st March 2022 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*

	Notes	2022 HK\$’000	2021 HK\$’000
<b>Revenue</b>	2	<b>784,815</b>	1,164,981
Cost of sales		(559,739)	(932,809)
<b>Gross profit</b>		<b>225,076</b>	232,172
Valuation gains on investment properties, net		23,176	3,130
Other revenue	2	7,262	9,611
Other net (loss)/gains	2	(5,079)	15,431
Gain on disposal of subsidiaries		12,954	–
Impairment loss on property, plant and equipment		–	(2,922)
Distribution costs		(103,558)	(118,652)
Administrative expenses		(26,012)	(37,912)
Finance costs	4(a)	(5,999)	(9,389)
<b>Profit before taxation</b>	4	<b>127,820</b>	91,469
Income tax	5	(44,505)	(35,710)
<b>Profit for the year attributable to the owners of the Company</b>		<b>83,315</b>	55,759
<b>Attributable to:</b>			
Owners of the Company		83,821	58,542
Non-controlling interest		(506)	(2,783)
		<b>83,315</b>	55,759
<b>Earnings per share</b>	7		
Basic (HK cents)		11.22	7.84
Diluted (HK cents)		11.22	7.84

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

*For the year ended 31st March*

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>83,315</b>	55,759
<b>Other comprehensive income for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<b>8,375</b>	11,574
Gain on revaluation of properties upon transfer to investment properties	<u><b>2,727</b></u>	<u>—</u>
Total other comprehensive income for the year, net of nil tax	<u><b>11,102</b></u>	<u>11,574</u>
<b>Total comprehensive income for the year</b>	<u><b>94,417</b></u>	<u>67,333</u>
<b>Attributable to:</b>		
Owners of the Company	<b>94,923</b>	70,116
Non-controlling interest	<u><b>(506)</b></u>	<u>(2,783)</u>
	<u><b>94,417</b></u>	<u>67,333</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31st March*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>102,113</b>	81,069
Investment properties		<b>377,315</b>	342,014
Deposits and other receivables	8	<b>4,165</b>	9,306
Financial assets at fair value through profit or loss		<b>8,327</b>	7,773
Equity instrument at fair value through other comprehensive income		<b>2,350</b>	2,333
Deferred tax assets		<b>2,418</b>	2,418
		<b>496,688</b>	444,913
<b>Current assets</b>			
Inventories		<b>93,213</b>	111,332
Trade and other receivables	8	<b>72,316</b>	115,291
Trading securities		<b>20</b>	510
Income tax recoverable		<b>—</b>	12,021
Cash and cash equivalents		<b>207,641</b>	130,663
		<b>373,190</b>	369,817
<b>Current liabilities</b>			
Trade and other payables	9	<b>93,565</b>	99,917
Contract liabilities		<b>2,526</b>	2,441
Bank loans		<b>172,480</b>	164,090
Current income tax payable		<b>14,505</b>	14,362
Lease liabilities		<b>29,127</b>	68,556
		<b>312,203</b>	349,366
<b>Net current assets</b>		<b>60,987</b>	20,451
<b>Total assets less current liabilities</b>		<b>557,675</b>	465,364

	<b>2022</b>	2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Rental deposits received and receipt in advance	<b>2,591</b>	2,546
Deferred tax liabilities	<b>29,115</b>	26,387
Lease liabilities	<b>57,497</b>	27,689
	<b>89,203</b>	56,622
<b>Net assets</b>	<b>468,472</b>	408,742
<b>Capital and reserves</b>		
Share capital	<b>149,424</b>	149,424
Reserves	<b>319,053</b>	264,176
<b>Equity attributable to owners of the Company</b>	<b>468,477</b>	413,600
<b>Non-controlling interests</b>	<b>(5)</b>	(4,858)
<b>Total equity</b>	<b>468,472</b>	408,742

*Notes:*

## **1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 2022 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform — phase 2
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In addition, the Group has early applied the Amendment to HKFRS 16 COVID-19-related rent concessions beyond 30th June 2021 which will be amendatory effective for annual periods on or after 1st April 2021, with earlier application is permitted.

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

## 2. REVENUE, OTHER REVENUE AND OTHER NET (LOSS)/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 and (iii) gourmet income.

#### (i) *Disaggregation of revenue*

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

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of watches	769,899	1,143,034
– Service income	355	946
– Gourmet income	2,111	7,912
Revenue from other sources		
– Rental income from investment properties	12,450	13,089
	<u>784,815</u>	<u>1,164,981</u>

### Other Revenue

	2022 HK\$'000	2021 HK\$'000
Interest income on financial assets measured at amortised cost	1,165	564
Advertising income	1,055	4,098
Customer services income and others	5,042	4,949
	<u>7,262</u>	<u>9,611</u>



**Other Net (Loss)/Gains**

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Net realised and unrealised gain on trading securities	<b>184</b>	128
Net (loss)/gain on disposal of investment properties	<b>(7,673)</b>	3,184
Impairment loss on trademark	–	(242)
Impairment loss on trade receivables	<b>(1,922)</b>	(1,503)
Write off of other receivable	–	(2,485)
Fair value gain/(loss) on financial assets at fair value through profit or loss (“FVPL”)	<b>554</b>	(6,360)
Loss on disposals of property, plant and equipment	–	(562)
Written back of long outstanding payables	–	68
Gain on lease modification	–	19,590
Government subsidy	<b>3,827</b>	3,742
Others	<b>(49)</b>	(129)
	<b>(5,079)</b>	15,431

**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:

	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.

	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 investment properties, net	–	3,130	3,130	–	3,130
Impairment loss on property, plant and equipment	–	(717)	(717)	(2,205)	(2,922)
Interest income	564	–	564	–	564
Other net gains/(loss)	15,733	3,284	19,017	(3,586)	15,431
Finance costs	<u>(9,185)</u>	<u>–</u>	<u>(9,185)</u>	<u>(204)</u>	<u>(9,389)</u>
Segmental results	<u>110,010</u>	<u>4,113</u>	<u>114,123</u>	<u>(22,654)</u>	<u>91,469</u>
Income tax					<u>(35,710)</u>
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 disposal 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	<u>(2,730)</u>	<u>–</u>	<u>(2,730)</u>	<u>–</u>	<u>(2,730)</u>
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					<u>2,418</u>
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					<u>26,387</u>
Total liabilities					<u>405,988</u>

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

	Revenues from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
The People's Republic of China, excluding Hong Kong	765,275	1,034,134	90,657	85,755
Hong Kong (place of domicile)	18,334	129,317	257,681	249,985
Switzerland	1,206	1,530	20,213	17,550
United Kingdom	—	—	115,042	79,099
	<u>784,815</u>	<u>1,164,981</u>	<u>483,593</u>	<u>432,389</u>

#### Information about major customers

For the year ended 31st March 2022, no revenue from a single external customer contributed 10% or more of the total revenue of the Group.

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

#### 4. PROFIT BEFORE TAXATION

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

##### (a) Finance costs

	2022 HK\$'000	2021 HK\$'000
Interest on bank borrowings	2,256	3,614
Interest on lease liabilities	<u>3,743</u>	<u>5,775</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>5,999</u>	<u>9,389</u>

**(b) Staff costs**

	2022 HK\$'000	2021 HK\$'000
Salaries, wages and other benefits (including directors' fee and emoluments)	47,738	59,921
Retirement benefits scheme contribution	3,770	1,968
	<u>51,508</u>	<u>61,889</u>

**(c) Other items**

	2022 HK\$'000	2021 HK\$'000
Rental receivable from investment properties less direct outgoings of HK\$138,000 (2021: HK\$212,000)	(12,312)	(12,877)
Net exchange (gain)/loss	(300)	184
Auditors' remuneration		
– Audit services	1,200	1,200
– Other services	330	380
Amortisation of intangible assets	1	34
Depreciation change		
– Owned property, plant and equipment	3,718	7,450
– right-of-use assets	27,442	29,953
	31,160	37,403
Write-down of/(reversal of write-down) inventories, net	6,223	(4,694)
Impairment loss on right-of-use assets	–	661
Impairment loss on property, plant and equipment	–	2,261
Impairment loss on trade receivable	1,922	1,503
Write off of other receivables	–	2,485
Written back of long outstanding payables	–	(68)
Variable lease payments not included in the measurement of lease liabilities	14,823	9,502
Cost of inventories recognised as expenses	<u>559,739</u>	<u>932,809</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
PRC Corporate Income Tax		
– Charge for the year	41,777	32,980
Deferred tax		
Origination and reversal of temporary differences	2,728	2,730
Income tax expense	<u>44,505</u>	<u>35,710</u>

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2021: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the years ended 31st March 2022 and 2021 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% (2021: 16%). No Switzerland Profits Tax has been provided for the years ended 31st March 2022 and 2021 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

### Dividends payable to owners of the Company attributable to the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.0536 (2021: HK\$Nil) per ordinary share	40,046	–
Interim dividend declared and paid of HK\$0.0536 per ordinary shares (2021: HK\$Nil) per ordinary share	40,046	–
	<u>80,092</u>	<u>–</u>

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

## 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\$83,821,000 (2021: HK\$58,542,000) 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 2022 and 2021.

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

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

	2022 HK\$'000	2021 HK\$'000
Trade receivables, net of loss allowance		
– Third parties	25,234	68,756
– Related parties	5,287	6,996
	<u>30,521</u>	<u>75,752</u>
Other receivables		
– Third parties	12,604	12,732
– Related parties	2,286	2,189
	<u>14,890</u>	<u>14,921</u>
Financial assets measured at amortised cost	45,411	90,673
Deposits and prepayments	<u>31,070</u>	<u>33,924</u>
	<u>76,481</u>	<u>124,597</u>
Analysed as:		
Non-current	4,165	9,306
Current	<u>72,316</u>	<u>115,291</u>
	<u>76,481</u>	<u>124,597</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:

	2022 HK\$'000	2021 HK\$'000
Up to 90 days	24,467	67,846
91 to 180 days	1	485
181 to 365 days	611	1,081
Over 365 days	5,442	6,340
	<u>30,521</u>	<u>75,752</u>

**9. TRADE AND OTHER PAYABLES**

	2022 HK\$'000	2021 HK\$'000
Trade payables		
– Third parties	5,432	6,542
– Related parties	–	13
	<u>5,432</u>	<u>6,555</u>
Other payables and accrued charges	<u>24,473</u>	<u>33,286</u>
Financial liabilities measured at amortised cost	29,905	39,841
Rental received in advance	92	75
Deposits received	4,115	3,046
Other tax payable	59,453	56,955
	<u>93,565</u>	<u>99,917</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:

	2022 HK\$'000	2021 HK\$'000
Up to 90 days	1,535	2,707
91 to 180 days	–	294
181 to 365 days	–	–
Over 365 days	3,897	3,554
	<u>5,432</u>	<u>6,555</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group's revenue for the year amounted to HK\$785 million which was 33% lower than HK\$1,165 million in last year was mainly due to the drop in watches sales in both China and Hong Kong. Sales in Hong Kong decreased by 86% from HK\$129 million in last year to HK\$18 million in this year was mainly due to the closure of the only retail store in February 2021. In China, the sales were dropped by 26% from HK\$1,034 million in last year to HK\$765 million in this year was mainly attributable to the termination of the watches wholesale business in July 2021 while the sales in the watches retail business remained stable. The "Sale of watches" segment continued to play a key role this year and achieved a total revenue of HK\$770 million this year. On the other hand, the business in the "Properties leasing" segment derived a total revenue of HK\$12 million this year, which was comparable to a total revenue of HK\$13 million in last year.

The total number of stores is as below:

	As at 31st March 2022	As at 31st March 2021
Beijing	2	2
Shanghai	2	3
Xiamen	1	1
Nantong	1	1
	<u>6</u>	<u>7</u>

### Financial Review

#### *Results review*

For the year ended 31st March 2022, the Group's revenue amounted to HK\$785 million, representing a decrease of 33% as compared with HK\$1,165 million in last year. Decrease in revenue was mainly due to the termination of the watches wholesale business in China in July 2021 and the closure of the only retail store in Hong Kong in February 2021. Gross profit margin increased by 9% to 29% as a result of the improvement in product mix with higher gross profit margin.

Distribution costs this year amounted to HK\$104 million which was 13% lower than HK\$119 million in last year. Such decrease was due to the net effect of the decrease in staff related costs, amortization charges for right-of-use assets and depreciation while there was a slightly increase of rentals.

Administrative expenses decreased by 32% to HK\$26 million as compared with HK\$38 million in last year which was mainly due to the decrease in professional fees, consultancy fee and director's remuneration.

Valuation gains on investment properties amounted to HK\$23 million in this year as compared with valuation gains of HK\$3 million in last year as the redevelopment of one of the investment properties in London was almost completed.

Finance costs amounted to HK\$6 million in this year which was much lower than that of last year amounting to HK\$9 million was mainly due to decrease in the interest on lease liabilities.

Other net losses amounted to HK\$5 million during this year as compared with net gains of HK\$15 million in last year. The amount this year mainly comprised a loss from the disposal of an investment property of HK\$8 million while there was an one-off gain of HK\$20 million due to the reassessment of the lease liability upon rental reduction for some stores in last year.

The Group has an one-off gain of HK\$13 million this year from the disposal of the gourmet business acquired in late July 2019 as the future outlook of this business was not promising given the current COVID-19 pandemic.

As a result of the above, the Group achieved a net profit of HK\$83 million in this year as compared with a net profit of HK\$56 million in last year.

#### *Liquidity, financial resources and capital structure*

As at 31st March 2022, the Group's total cash balance amounted to HK\$208 million (31st March 2021: HK\$131 million).

Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 37% as at 31st March 2022 (31st March 2021: 40%).

#### *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 6 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 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 that were in force as 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 2022 except for the deviation from the code provisions A.2.1 to A.2.9, A.4.1, A.5.1, D.1.4 and E.1.2 and those discussed below:

In respect of Code Provisions A.2.1 to A.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 Provision A.2.1 of the Code and will comply the Code Provisions A.2.2 to A.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 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, except for the appointment of Mr. Kee Wah Sze as independent non-executive director of the Company for a term of 3 years commencing on 10th August 2020, the other 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. 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, the Company has fully complied with the Rule 3.27A of the Listing Rule.

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 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.

In respect of Code Provision E.1.2 of the Code, the position of the Chairman has been vacant at the annual general meeting of the Company held on 17th September 2021 (the “AGM”) and has not been filled up to 30th June 2022. Ms. Eav Guech Rosanna, the executive director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM.

From 1st January 2022, certain amendments to the Corporate Governance Code (the “Revised CG Code”) come into effect and the requirements under the Revised CG Code will apply to all listed issuers for financial year commencing on or after 1st January 2022. The Board will continue to review and enhance the corporate governance practice of the Company to ensure compliance with the Revised CG Code and align with the latest developments.

### **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\$0.0536 per share for the year ended 31st March 2022 (2021: HK\$Nil) 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 116 employees in the Group as at 31st March 2022. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses and shares under share award plan are offered to motivate employees.

## **Closure of Register of Members**

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Thursday, 25th August 2022, the register of members of the Company will be closed from Monday, 22nd August 2022 to Thursday, 25th August 2022, both days inclusive.

In order to be eligible to attend and vote at the Annual General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (if the transfer will be lodged before 15th August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15th August 2022) for registration not later than 4:30 p.m. on Friday, 19th August 2022. Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 25th August 2022, the proposed final dividend will be payable on Friday, 16th September 2022 to the shareholders whose names appear on the register of members of the Company on Thursday, 1st September 2022.

To ascertain shareholders' entitlements to the final dividend, the register of members of the Company will be closed from Wednesday, 31st August 2022 to Thursday, 1st September 2022, both days inclusive. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (if the transfer will be lodged before 15th August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15th August 2022) for registration not later than 4:30 p.m. on Tuesday, 30th August 2022.

## **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 2022 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, 30th June 2022

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

\* *For identification purpose only*