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ASIA COMMERCIAL HOLDINGS LIMITED

冠亞商業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2023

	Six months ended 30th September		Change
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	%
Operations			
Revenue	338,010	290,881	16
Profit attributable to the owners of the Company	30,715	6,989	339
Earnings per share – Basic and diluted	4.11 HK cents	0.94 HK cents	337
Interim dividend declared	–	–	N/A
	As at 30th September 2023 HK\$ million (unaudited)	As at 31st March 2023 HK\$ million (audited)	Change %
Financial position			
Total assets	744	821	(9)
Equity attributable to the owners of the Company	447	461	(3)

The Board of Directors (the “Board”) of Asia Commercial Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2023 together with the comparative figures of the last corresponding period. The interim financial results have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September 2023

		Six months ended	
		30th September	
	<i>Note</i>	2023	2022
		HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue	4	338,010	290,881
Cost of sales		<u>(226,273)</u>	<u>(195,950)</u>
Gross profit		111,737	94,931
Other revenue		3,811	3,363
Distribution costs		(46,305)	(43,581)
Administrative expenses		(17,771)	(33,215)
Other net gains		504	6,162
Finance costs	5(a)	<u>(4,589)</u>	<u>(3,572)</u>
Profit before taxation	5	47,387	24,088
Income tax	6	<u>(16,672)</u>	<u>(17,099)</u>
Profit for the period		<u>30,715</u>	<u>6,989</u>
Attributable to:			
Owners of the Company		30,715	6,989
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>30,715</u>	<u>6,989</u>
Earnings per share	7		
Basic and diluted (HK cents)		<u>4.11</u>	<u>0.94</u>

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

For the six months ended 30th September 2023

	Six months ended 30th September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period	30,715	6,989
Other comprehensive loss for the period		
<i>Item that is or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(9,119)</u>	<u>(21,886)</u>
Total other comprehensive loss for the period, net of nil tax	<u>(9,119)</u>	<u>(21,886)</u>
Total comprehensive income/(loss) for the period	<u>21,596</u>	<u>(14,897)</u>
Attributable to:		
Owners of the Company	21,596	(14,897)
Non-controlling interests	<u>–</u>	<u>–</u>
Total comprehensive income/(loss) for the period	<u>21,596</u>	<u>(14,897)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2023

		As at 30th September 2023 <i>HK\$'000</i> (unaudited)	As at 31st March 2023 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		73,950	82,688
Investment properties		365,180	361,550
Deposits and other receivables	9	4,554	3,620
Financial assets at fair value through profit or loss		7,554	7,554
Equity instrument at fair value through other comprehensive income		3,046	3,054
Deferred tax assets		2,418	2,418
		456,702	460,884
Current assets			
Inventories		100,172	99,955
Trade and other receivables	9	68,918	65,680
Trading securities		17	24
Cash and cash equivalents		118,059	194,441
		287,166	360,100
Current liabilities			
Trade and other payables	10	76,184	82,394
Contract liabilities		1,107	1,250
Bank loans		134,360	174,360
Current income tax payable		12,577	18,616
Lease liabilities		20,321	19,998
		244,549	296,618
Net current assets		42,617	63,482
Total assets less current liabilities		499,319	524,366

		As at 30th September 2023 HK\$'000 (unaudited)	As at 31st March 2023 HK\$'000 (audited)
Non-current liabilities			
Rental deposits received and receipt in advance	10	2,802	2,339
Deferred tax liabilities		20,408	26,115
Lease liabilities		28,850	35,209
		52,060	63,663
Net assets		447,259	460,703
Capital and reserves			
Share capital	11	149,424	149,424
Reserves		297,838	311,282
		447,262	460,706
Equity attributable to the owners of the Company		447,262	460,706
Non-controlling interests		(3)	(3)
Total equity		447,259	460,703

Notes:

1. GENERAL

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

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

The unaudited condensed interim financial statements are presented in thousand of units of Hong Kong dollars (HK\$’000), unless otherwise stated, and have been approved for issue by the Board of Directors on 22nd November 2023.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

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

3. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION

The Group manages its business by divisions. In a manner consistent with the way in which information is reported internally to the board of directors of the Company, being the chief operating decision makers (“CODM”) for the purposes of resource allocations and performance assessments. The Group has presented two reportable segments: (i) sale of watches and (ii) properties leasing. No operating segments have been aggregated to form these two reportable segments.

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in the annual financial statements for the year ended 31st March 2023. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs and corporate costs which cannot be meaningfully allocated to individual segment. This is the measure reported to the CODM for purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

All assets are allocated to reportable segments other than deferred tax assets and other corporate assets.

All liabilities are allocated to reportable segments other than 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 for the periods:

	For the six months ended 30th September 2023 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Disaggregated by time of revenue recognition					
Point in time	333,335	–	333,335	–	333,335
Over time	–	3,929	3,929	746	4,675
	<u>333,335</u>	<u>3,929</u>	<u>337,264</u>	<u>746</u>	<u>338,010</u>
External revenue (<i>Note</i>)	<u>333,335</u>	<u>3,929</u>	<u>337,264</u>	<u>746</u>	<u>338,010</u>
Operating profit/(loss)	54,524	(2,299)	52,225	(2,847)	49,378
Interest income	1,945	–	1,945	149	2,094
Other income, net	503	3	506	(2)	504
Finance costs	(4,139)	–	(4,139)	(450)	(4,589)
	<u>52,833</u>	<u>(2,296)</u>	<u>50,537</u>	<u>(3,150)</u>	<u>47,387</u>
Segment results	<u>52,833</u>	<u>(2,296)</u>	<u>50,537</u>	<u>(3,150)</u>	<u>47,387</u>
Income tax					<u>(16,672)</u>
Profit for the period					<u>30,715</u>
Depreciation and amortisation	<u>(14,772)</u>	<u>(118)</u>	<u>(14,890)</u>	<u>(8)</u>	<u>(14,898)</u>

Note:

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

As at 30th September 2023 (unaudited)

	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>353,473</u>	<u>374,105</u>	<u>727,578</u>	<u>6,318</u>	733,896
Financial assets at fair value through profit or loss					7,554
Deferred tax assets					<u>2,418</u>
Total assets					<u>743,868</u>
Additions to non-current segment assets during the reporting period	<u>10,649</u>	<u>5,708</u>	<u>16,357</u>	<u>-</u>	<u>16,357</u>
Segment liabilities	<u>235,873</u>	<u>23,311</u>	<u>259,184</u>	<u>4,440</u>	263,624
Current income tax payable					12,577
Deferred tax liabilities					<u>20,408</u>
Total liabilities					<u>296,609</u>

For the six months ended 30th September 2022 (unaudited)

	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by time of revenue recognition					
Point in time	286,827	–	286,827	–	286,827
Over time	–	3,890	3,890	164	4,054
External revenue (<i>Note</i>)	<u>286,827</u>	<u>3,890</u>	<u>290,717</u>	<u>164</u>	<u>290,881</u>
Operating profit/(loss)	41,255	(18,898)	22,357	(2,487)	19,870
Interest income	1,608	–	1,608	20	1,628
Other income, net	5,787	–	5,787	375	6,162
Finance costs	<u>(3,362)</u>	<u>–</u>	<u>(3,362)</u>	<u>(210)</u>	<u>(3,572)</u>
Segment results	<u>45,288</u>	<u>(18,898)</u>	<u>26,390</u>	<u>(2,302)</u>	24,088
Income tax					<u>(17,099)</u>
Profit for the period					<u>6,989</u>
Depreciation and amortisation	<u>(13,815)</u>	<u>(133)</u>	<u>(13,948)</u>	<u>(4)</u>	<u>(13,952)</u>

Note:

There were no inter-segment sales during the six months ended 30th September 2022.

As at 31st March 2023 (audited)

	Sale of watches <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Segmental total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>437,639</u>	<u>366,902</u>	<u>804,541</u>	<u>6,471</u>	811,012
Financial assets at fair value through profit or loss					7,554
Deferred tax assets					<u>2,418</u>
Total assets					<u>820,984</u>
Additions to non-current segment assets during the reporting period	<u>16,216</u>	<u>11,628</u>	<u>27,844</u>	<u>10</u>	<u>27,854</u>
Segment liabilities	<u>288,080</u>	<u>22,499</u>	<u>310,579</u>	<u>4,971</u>	315,550
Current income tax payable					18,616
Deferred tax liabilities					<u>26,115</u>
Total liabilities					<u>360,281</u>

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 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	
	Six months ended		30th	31st
	30th September		September	March
	2023	2022	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
The People's Republic of China, excluding Hong Kong	331,949	285,799	71,297	76,741
Hong Kong (place of domicile)	5,264	4,584	243,443	245,530
United Kingdom	–	–	110,180	106,505
Switzerland	797	498	18,764	19,082
	338,010	290,881	443,684	447,858

Information about major customers

For the six months ended 30th September 2023 and 2022, no revenue from a single external customer contributed 10% or more of the total revenue of the Group.

5. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended	
	30th September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on bank borrowings	3,363	1,822
Interest on lease liabilities	1,226	1,750
Total interest expenses on financial liabilities not at fair value through profit or loss	4,589	3,572

(b) Other items

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange loss	2,689	20,311
Depreciation charge		
– owned property, plant and equipment	3,949	1,334
– right-of-use assets	10,949	12,618
Reversal of write-down of inventories, net	(1,677)	(1,983)
Staff costs including directors' fees and emoluments	24,124	25,534
Cost of inventories recognised as expenses	226,273	195,950
Interest income on bank deposits	(2,049)	(1,622)
Gain on disposal of financial assets at fair value through profit or loss	–	(30)
	<u>226,273</u>	<u>195,950</u>

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

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
PRC Corporate Income Tax		
– Charge for the period	22,379	21,426
Deferred tax		
Origination and reversal of temporary differences	(5,707)	(4,327)
	<u>16,672</u>	<u>17,099</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 six months ended 30th September 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 periods, except for subsidiaries which are eligible as Small Low-profit Enterprise* (小型微利企業). For the six months ended 30th September 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 period, one subsidiary (2022: one subsidiary) is subject to the relevant preferential tax treatments.

The subsidiaries in Switzerland are subject to Switzerland Profits Tax at the rate of 16% (2022: 16%). No Switzerland Profits Tax has been provided for the six months ended 30th September 2023 and 2022 as the Group has no estimated assessable profits in Switzerland.

The subsidiary in the United States is subject to Federal Corporate Income Tax at the rate of 21% (2022: 21%) and Maryland Corporation Income Tax at the rate of 8.25% (2022: 8.25%). No corporate income tax has been provided for the six months ended 30th September 2023 and 2022 as the subsidiary did not generate any estimated assessable profits in the United States.

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

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share has been based on earnings attributable to owners of the Company of HK\$30,715,000 (2022: HK\$6,989,000) and the weighted average number of 747,123,000 ordinary shares (2022: 747,123,000 ordinary shares) in issue during the six months ended 30th September 2023.

(b) Diluted earnings per share

For the six months ended 30th September 2023 and 2022, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

8. DIVIDENDS

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

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$0.0469 (2022: HK\$0.0536) per ordinary share	35,040	40,046

9. TRADE AND OTHER RECEIVABLES

	As at 30th September 2023 <i>HK\$'000</i> (unaudited)	As at 31st March 2023 <i>HK\$'000</i> (audited)
Trade receivables, net of loss allowance		
– Third parties	55,911	52,179
– Related parties	4,498	4,611
	<u>60,409</u>	<u>56,790</u>
Other receivables	<u>3,977</u>	4,136
Financial assets measured at amortised cost	64,386	60,926
Deposits and prepayments	<u>9,086</u>	<u>8,374</u>
	<u><u>73,472</u></u>	<u><u>69,300</u></u>
Analysed as:		
Non-current	4,554	3,620
Current	<u>68,918</u>	<u>65,680</u>
	<u><u>73,472</u></u>	<u><u>69,300</u></u>

(a) Aging Analysis

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

	As at 30th September 2023 <i>HK\$'000</i> (unaudited)	As at 31st March 2023 <i>HK\$'000</i> (audited)
Up to 90 days	55,121	52,777
91 to 180 days	13	–
181 to 365 days	934	13
Over 365 days	<u>4,341</u>	<u>4,000</u>
	<u><u>60,409</u></u>	<u><u>56,790</u></u>

10. TRADE AND OTHER PAYABLES

	As at 30th September 2023 <i>HK\$'000</i> (unaudited)	As at 31st March 2023 <i>HK\$'000</i> (audited)
Trade payables	2,468	1,939
Other payables and accrued charges	<u>20,679</u>	<u>21,408</u>
Financial liabilities measured at amortised cost	23,147	23,347
Deposits received	905	1,346
Rental received in advance	2,894	2,431
Other tax payable	<u>52,040</u>	<u>57,609</u>
	<u>78,986</u>	<u>84,733</u>
Analysed as:		
Non-current	2,802	2,339
Current	<u>76,184</u>	<u>82,394</u>
	<u>78,986</u>	<u>84,733</u>

(a) Aging Analysis

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

	As at 30th September 2023 <i>HK\$'000</i> (unaudited)	As at 31st March 2023 <i>HK\$'000</i> (audited)
Up to 90 days	1,291	668
91 to 180 days	–	–
181 to 365 days	–	–
Over 365 days	<u>1,177</u>	<u>1,271</u>
	<u>2,468</u>	<u>1,939</u>

11. SHARE CAPITAL

	Nominal value per share <i>HK\$</i>	Number of shares <i>'000</i> (unaudited)	Amount <i>HK\$'000</i> (unaudited)
Authorised:			
At 1st April 2022, 31st March 2023, 1st April 2023 and 30th September 2023	0.2	2,500,000	500,000
	<u>0.2</u>	<u>2,500,000</u>	<u>500,000</u>
Issued and fully paid:			
At 1st April 2022, 31st March 2023, 1st April 2023 and 30th September 2023	0.2	747,123	149,424
	<u>0.2</u>	<u>747,123</u>	<u>149,424</u>

12. PLEDGE OF ASSETS

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

	As at 30th September 2023 <i>HK\$'000</i> (unaudited)	As at 31st March 2023 <i>HK\$'000</i> (audited)
Investment properties	<u>340,969</u>	<u>337,289</u>

13. COMMITMENTS

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

(a) Capital commitments

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

	As at 30th September 2023 HK\$'000 (unaudited)	As at 31st March 2023 HK\$'000 (audited)
Contracted for:		
Property, plant and equipment	–	1,445
Construction work for properties	<u>6,429</u>	<u>7,810</u>
	<u><u>6,429</u></u>	<u><u>9,255</u></u>

(b) Operating lease commitments – as lessor

Undiscounted lease payments receivable on leases are as follows:

	As at 30th September 2023 HK\$'000 (unaudited)	As at 31st March 2023 HK\$'000 (audited)
Not later than one year	4,954	5,921
Later than one year and not later than five years	<u>6,159</u>	<u>8,198</u>
	<u><u>11,113</u></u>	<u><u>14,119</u></u>

14. CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Review

For the six months ended 30th September 2023, the Group's revenue amounted to HK\$338 million, representing an increase of 16% (2022: decrease of 32%) from HK\$291 million in the same period of last year. The increase was mainly due to the recovery of the watches sales in China following its lockdown in last period. Sales for this period in Hong Kong and China amounted to HK\$5 million and HK\$332 million, representing an increase of 15% and 16% respectively as compared with those in the corresponding period last year. Gross profit margin for this period was 33% which was the same as last year.

Distribution costs increased by 6% to HK\$46 million during this period as compared with the same period last year of HK\$44 million. The increase was mainly due to the increase in depreciation charges, entertainment expenses, other taxation charges and rental expenses which were partially offset by the reduction in staff expenses.

Administrative expenses this period amounting to HK\$18 million, representing a drop of 46% as compared to those in the last period of HK\$33 million. Such decrease was mainly due to a loss of about HK\$18 million as a result of the impact from the depreciation of Great British Pounds in which the Group's investment properties in the United Kingdom are denominated in last period while such loss in this period was only HK\$2 million.

Finance costs increased by 28% from HK\$4 million to HK\$5 million this period was due to the increase in interest in bank borrowings.

Other incomes amounted to about HK\$1 million this period as compared with those in last period of HK\$6 million which were mainly government subsidies.

As a result of the above, the Group achieved a net profit of HK\$31 million this period as compared with a net profit of HK\$7 million in the same period of last year.

Liquidity and financial resources

As at 30th September 2023, the Group's total cash balance amounted to HK\$118 million (31st March 2023: HK\$194 million). The decrease was mainly due to the repayments of bank loans and payment of dividend during the period. Bank loans amounted to HK\$134 million as of 30th September 2023 (HK\$174 million as of 31st March 2023). The bank loans were secured by (i) pledged of investment properties of HK\$341 million; (ii) corporate guarantees given by the Company; (iii) subordination of the payables to the group companies owned by a subsidiary of the Company as the loan borrower and (iv) assignment of rental income from certain investment properties. Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 30% as at 30th September 2023 (31st March 2023: 38%).

Foreign exchange risks

The Group views its main currencies as Hong Kong dollars, Renminbi and Swiss Francs. The Group monitors its exposure to foreign exchange risks and, when it considers necessary and appropriate, will hedge its foreign exchange risks by using financial instruments.

Prospect

The Group currently operates 5 stores in China. The Group remained focus on its core stores and has streamlined their operating costs and will continue to do so with a view to further enhance the cost efficiency of each store. The future prospect of the business in these stores will depend on the economic recovery in China following the COVID-19 pandemic.

Apart from the “Sale of watches” segment which continues to be the core business of the Group, the Group is also developing its business in the “Properties leasing” segment via the acquisition of two well located West London properties several years ago. The renovation for one property has been completed and the Group is now examining the current market conditions in order to realize a strategy which is in line with the shareholders’ best interests. Meanwhile construction on the second property continues to progress favourably on schedule and on budget.

The Group is determined to increase its financial strength and confidence to improve its business and take a cautious approach in its future expansion.

On behalf of the Group, we sincerely thank for the kind and positive support of our shareholders, customers, suppliers and associates.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices by emphasising a quality board of directors, sound internal control, transparency and accountability to all the shareholders of the Company.

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the period ended 30th September 2023 except for the deviation from the Code Provision C.3.3 and those disclosed below:

The Company was incorporated in Bermuda and enacted by private act, the Asia Commercial Holdings Limited Company Act, 1989 of Bermuda (the “1989 Act”). Pursuant to section 3(e) of the 1989 Act, director holding office as executive chairman or managing director shall not be subject to retirement by rotation at each annual general meeting as provided in the Bye-Laws.

As the Company is bound by the provision of the 1989 Act, at this time, the Bye-Laws cannot be amended to fully reflect the requirements of the Code. As such, a special resolution was passed at the special general meeting held on 28th March 2007 to amend the Bye-Laws of the Company so that, inter alia, (i) every director (save for a director holding office as Chairman or Managing Director) of the Company shall be subject to retirement by rotation at least once every three years; (ii) a director may be removed by an ordinary resolution in general meeting instead of a special resolution; (iii) any director appointed by the Board to fill a casual vacancy or as an additional director shall hold office until the next following general meeting, instead of the next annual general meeting.

To enhance good corporate governance practices, the Chairman of the Board will voluntarily retire as director at annual general meeting of the Company at least once every three years in order for the Company to comply with the Code, provided that being eligible for re-election at the annual general meeting.

Code Provision C.3.3 stipulates that directors should clearly understand delegation arrangements in place. The Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointments. Except for the appointments of Mr. Kee Wah Sze as an independent non-executive Director of the Company in August 2020 and the appointment of Ms. Lam Kim Phung as a non-executive Director of the Company, the Chairman of the Board and the chairman of the Nomination Committee of the Company in June 2022, and her redesignation as an Executive Director of the Company in March 2023, the Company has not entered into any written letters of appointment with its Directors.

However, the Board recognises that (i) the Directors have already been subject to the laws and regulations applicable to directors of a company listed on The Stock Exchange of Hong Kong Limited, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its shareholders; (ii) all of them are well established in their professions and (iii) the current arrangement has been adopted by the Company for several years and has proven to be effective. Therefore, the Board considers that the Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Compliance of the Model Code for Securities Transaction by Directors of Listed Issuers

The Company has adopted a code for securities transactions by Directors of the Company (the “Code of Conduct”) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules.

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

Interim Dividend

The Board of Directors resolved not to declare an interim dividend in respect of the six months ended 30th September 2023 (2022: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of Company’s listed securities during the six months ended 30th September 2023.

Employees and Remuneration Policy

There were 104 employees in the Group as at 30th September 2023. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses are offered to motivate employees.

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

Hong Kong, 22nd November 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*