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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)**

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF AN OFFICE UNIT IN SHANGHAI**

On 24 September 2021, the Vendor (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, to sell the Property for a cash consideration of RMB15,535,395 (approximately HK\$18,642,474).

After the Purchaser has received a new certificate of ownership of the Property, the Office Portion (being part of the Property) will be leased back to the Vendor at a monthly rental of RMB18,662 (approximately HK\$22,394). The lease will expire by 30 April 2022. The Vendor will use the additional time afforded by the short lease to relocate its office furniture and equipment in the Office Portion.

The Disposal is a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

On 24 September 2021, the Vendor (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser to sell the Property. The material terms of the Sale and Purchase Agreement are as follows.

### **THE SALE AND PURCHASE AGREEMENT**

#### **Date**

24 September 2021

## **Parties**

**Vendor:** 冠亞名表城(上海)貿易有限公司 (Asia Commercial Time City (Shanghai) Trading Limited\*), a wholly owned subsidiary of the Company

**Purchaser:** 曹恩迪 (Cao En Di\*). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is a third party independent of the Company and connected persons of the Company.

## **The Property**

The Property is an office unit at Unit 2002, 199 Chengdu Beilu, Jing'an District, Shanghai, PRC. Its total gross floor area is approximately 383.59 square meters.

Portions of the Property are currently leased out. The total annual rentals received for each of the two financial years ended 31 March 2020 and 31 March 2021 were HK\$743,810 and HK\$760,762 respectively.

The Office Portion representing the untenanted portion of the Property will be leased back to the Vendor, after the Purchaser has received the certificate of ownership of the Property. The monthly rental is agreed at a total sum of RMB18,662 (approximately HK\$22,394) per month. The new lease will expire by 30 April 2022. It is granted to the Vendor to afford additional time to allow it to relocate its office furniture and equipment in the Office Portion after the Disposal.

The carrying value of the Property as at 31 March 2021 was RMB21,400,000 (approximately HK\$25,310,467). The market value of the Property as 1 September 2021 is appraised at RMB15,800,000 (approximately HK\$18,960,000) by an independent professional valuer based on market approach.

## **Consideration**

The total consideration for the Property is RMB15,535,395 (approximately HK\$18,642,474). The Purchaser agreed to pay the Consideration to the Vendor in cash as follows:-

- (i) an initial deposit of RMB1,000,000 (approximately HK\$1,200,000) is payable within one business day after signing of the Sale and Purchase Agreement;
- (ii) a further deposit of RMB6,700,000 (approximately HK\$8,040,000) is payable within one business day after the date of signing of the Model Contract in respect of the sale and purchase of the Property (which is scheduled within 10 business days from the date of the Sale and Purchase Agreement); and
- (iii) the balance of RMB7,835,395 (approximately HK\$9,402,474) is payable within 15 business days after the date of signing of the Model Contract in respect of the sale and purchase of the Property.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser. The Company agreed to its amount after considering various commercial factors including the independent valuation of the Property mentioned above and the prevailing negative real estate market sentiments in the PRC.

### **Completion**

The Vendor and the Purchaser shall complete the necessary transfer procedures with the relevant PRC authorities after the receipt of the Consideration in full and within 15 business days after the date of signing of the Model Contract.

The delivery of the Property is agreed to take place within 3 business days from the date of receipt of the certificate of ownership of the Property by the Purchaser.

### **Leaseback**

Pursuant to the Sale and Purchase Agreement, the Purchaser (as landlord) shall lease the Office Portion to the Vendor (as tenant). The lease will commence on the date after the Purchaser receiving the certificate of ownership of the Property and expire by 30 April 2022. The rental will be at RMB18,662 (approximately HK\$22,394) per month (pro-rated for an incomplete month at a daily rate of RMB5.5 per square meter), exclusive of management fees. At any time before 30 April 2022, the Vendor (as tenant) may early terminate the lease after giving a 7 days' prior notice to the Purchaser (as landlord).

The rental was determined after arm's length negotiations with the Purchaser (as landlord) with reference to the prevailing market rental of comparable office premises in the nearby localities.

The Office Portion is currently used by the Vendor as part of its office. The Vendor will use the additional time afforded by the short lease to relocate its office furniture and equipment in the Office Portion.

### **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

The Group is expected to recognise a loss of approximately HK\$6,667,993 from the Disposal, based on the amount of the Consideration and the carrying value of the Property in the accounts of the Group. The actual amount of the loss to be recognized in the Group's financial statements for the current financial year is subject to the review and final audit by the Company's auditor.

The net proceeds (after deducting expenses) from the Disposal are estimated to be approximately HK\$18,073,520. The Group intends to apply them as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in sales of watches (retail and wholesale) and property leasing.

The Property was acquired by the Vendor in May 2011. As part of the Group's principal activities is property leasing, the Group has hold it as an investment property and for rental income for years.

The Board believes that the Disposal currently provides the best opportunity to realise certain value for the investment in the Property. The selling price of the Disposal is amongst the highest of the selected offers tendered to the Group following its recent organized efforts to market the Property for sale. If the Group does not proceed with the Disposal, there can be no assurance of a future sale opportunity at the equivalent price, or if at all, in view of the continued negative real estate market sentiments in the PRC. The market risks ahead could continue to erode the value of the Property over time, this reducing its realisable value further to lower than can be realised by way of the Disposal.

The terms of the transactions under the Sale and Purchase Agreement were negotiated on an arm's length basis. The Directors believe that the terms of the the Sale and Purchase Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

No Director has a material interest in the transactions under the Sale and Purchase Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

The highest of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%. Therefore, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	board of Directors
“Company”	Asia Commercial Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 104)
“connected person”	has the same meaning ascribed to it in the Listing Rules
“Consideration”	the consideration of RMB15,535,395 (approximately HK\$18,642,474) for the Disposal

“Directors”	directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Contract”	the Shanghai Real Estate Sale and Purchase Contract, a sample contract drafted jointly by Shanghai Municipal Housing, Land and Resources Administration and Shanghai Municipal Administration of Industry and Commerce in accordance with “Contract Law of the People’s Republic of China” and “Measures of Shanghai Municipality for Real Estate Transfer
“PRC”	the People’s Republic of China
“Property”	an office unit at Unit 2002, 199 Chengdu Beilu, Jing’an District, Shanghai, PRC
“Purchaser”	曹恩迪 (Cao En Di*), who is an individual and a third party independent of the Company and connected persons of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a sale and purchase agreement dated 24 September 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	冠亞名表城(上海)貿易有限公司 (Asia Commercial Time City (Shanghai) Trading Limited*), a company incorporated in the PRC, a wholly-owned subsidiary of the Company and the beneficial owner of the Property

“Office Portion” the untenanted portion of the Property with an area of 110.59 square meters

“%” per cent.

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

Hong Kong, 24 September 2021

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

*For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.20. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

\* *For identification purposes only*