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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)

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



結好證券有限公司
GET NICE SECURITIES LIMITED

On 24 September 2014 (after trading hours), the Company, the Vendor and the Placing Agent entered into the Placing Agreement, pursuant to which the Vendor appointed the Placing Shares to place, on a best-efforts basis, the Placing Shares comprising up to 200,000,000 issued Shares owned by the Vendor. The Placing Shares will be offered at the price of HK\$0.2550 per Share.

The Vendor and the Company, upon their execution of the Placing Agreement, also entered into the Subscription Agreement to top up the shareholdings of the Vendor in the Company. Under the Subscription Agreement, the Vendor will subscribe for the Subscription Shares in the equivalent number of the Placing Shares placed out. The Subscription Shares will be issued at HK\$0.2550 per Share, being equivalent to the Placing Price. The Subscription Shares will be allotted and issued by the Company pursuant to the General Mandate.

Subject to satisfaction of the relevant conditions, the Subscription will be completed within 14 days from the date of the Subscription Agreement. Completion of the Subscription is conditional on, among other things, the listing of, and permission to deal in, the Subscription Shares being granted by the Stock Exchange.

The 200,000,000 Placing Shares, if all placed successfully, represent approximately 14.63% of the issued share capital of the Company as at the date of this announcement, or approximately 12.76% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in the equivalent number of the Placing Shares placed out.

Upon completion of the Placing and the Subscription, the Company expects to receive net proceeds of approximately HK\$49.7 million. The Group intends to allocate the funds raised from the Placing and the Subscription primarily to its general working capital and, in a lesser proportion, to repay its loans, including bank loans.

The Placing Agreement and the Subscription Agreement were entered into on 24 September 2014 (after trading hours). Details of the terms of the Placing and the Subscription are summarised below.

(A) THE PLACING AGREEMENT

Parties:

- (a) Century Hero International Limited (as vendor of the Placing Shares);
- (b) Get Nice Securities Limited (as agent of the Vendor for the Placing); and
- (c) the Company.

Placing Shares:

The Vendor agreed to appoint the Placing Agent to sell by way of private placement up to 200,000,000 Placing Shares on a best-efforts basis.

As at the date of this announcement, there are a total of 1,366,866,440 issued Shares. The 200,000,000 Placing Shares, if all placed successfully, represent approximately 14.63% of the issued share capital of the Company as at the date of this announcement or approximately 12.76% of the existing issued share capital of the Company as enlarged by the issue of the Subscription Shares in the equivalent number of the Placing Shares placed out.

Placing Price:

The Placing Shares will be sold at the Placing Price of HK\$0.2550 per Share, representing:

- (i) a discount of approximately 17.74% to the closing price of HK\$0.3100 per Share on the date of the Placing Agreement as quoted on the Stock Exchange;
- (ii) a discount of approximately 5.20% to the average closing price of approximately HK\$0.2690 per Share for the last 5 consecutive trading days; and

- (iii) a premium of approximately 4.51% over the average closing price of approximately HK\$0.2440 per Share for the last 30 consecutive trading days prior to (and excluding) immediately before the date of the Placing Agreement, as quoted on the Stock Exchange.

The Placing Price was agreed after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to the average closing price of the Shares over the last 5 to 30 consecutive trading days of the Shares immediately before the date of the Placing Agreement.

Placees:

Under the Placing Agreement, the Placing Agent has agreed to procure purchasers on a best-efforts basis for the Placing Shares at the Placing Price.

It is expected that the Placing Shares will be placed to at least six Placees who are professional, institutional and/or individual investors. The Placees and/or their respective ultimate beneficial owners will be independent of and not connected with the Vendor, any of the directors, substantial shareholders and chief executive of the Company or its subsidiaries or any of their respective associates or any parties acting in concert (as defined in the Codes) with any of them. It is not expected that any Placee will become a substantial shareholder of the Company immediately after the Placing.

Independence of the Placing Agent:

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

Completion of the Placing:

The Placing is unconditional. Completion of the Placing shall take place on a Business Day falling on or before 30 September 2014.

Rights of the Placing Shares:

The Placing Shares will rank pari passu with all other issued Shares in all respects and will be sold by the Vendor free from all liens, charges and encumbrances and together with all rights attaching to the Placing Shares as at the Placing Completion Date and, including the right to receive all dividends declared, made or paid in respect of the Placing Shares on or after the Placing Completion Date.

(B) THE SUBSCRIPTION

Parties:

- (a) The Vendor (as the subscriber of the Subscription Shares); and
- (b) the Company (as the issuer).

Subscription Shares:

Up to 200,000,000 Subscription Shares, the actual number of which will be equivalent to the total number of Placing Shares actually placed by the Placing Agent under the Placing, will be subscribed by the Vendor.

The aggregate nominal value of the 200,000,000 Subscription Shares, if all allotted and issued, is approximately HK\$40,000,000, representing: (i) approximately 14.63% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.76% of the existing issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

Subscription Price:

The Subscription Shares will be issued at HK\$0.2550 per Subscription Share, which is equivalent to the Placing Price.

The Company shall reimburse the Vendor the aggregate amount of the expenses properly incurred by the Vendor in connection with the Placing and the Subscription (including the fee payable to the Placing Agent, stamp duty, Stock Exchange trading fee, SFC transaction levy, printing and publishing costs, legal fees and other related expenses).

General Mandate to allot and issue the Subscription Shares:

The Subscription Shares will be allotted and issued pursuant to the General Mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

The Company is authorised to issue up to 273,373,288 Shares, representing approximately 20% of the aggregate nominal amount of the then issued share capital of the Company (in the amount of HK\$273,373,288.0) as at 18 September 2014, on which the General Mandate was granted at annual general meeting of the Company. The Company has not exercised the power to allot and issue any new Shares under the General Mandate prior to the Placing and the Subscription.

Ranking of the Subscription Shares:

The Subscription Shares will, when fully paid, rank pari passu in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of completion of the Subscription.

Completion of the Subscription:

Completion of the Subscription is conditional upon:

- (a) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and
- (b) listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

Subject to satisfaction of these conditions, completion of the Subscription will take place within 14 days from the date of the Subscription Agreement.

If any of the conditions is/are not fulfilled in a timely manner resulting in the completion of the Subscription falling to take place within the above 14-day period, that is, on or prior to 8 October 2014, the Subscription will constitute a connected transaction for the Company and subject to compliance with the requirements under Chapter 14A of the Listing Rules, including the issue of a separate announcement and, if so required, approval of the independent Shareholders.

For the purpose of note 6 to Rule 26 of the Takeovers Code, the Vendor, together with persons acting in concert (as defined in the Codes) with it, has continuously held more than 50% of the issued Shares for at least 12 months immediately preceding the date of this Agreement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

CHANGES OF SHAREHOLDING STRUCTURE AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The impact on the shareholding structure of the Company by the completion of the Placing and the Subscription is illustrated as follows:

Shareholders (Notes)	Immediately before completion of the Placing and the Subscription		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Eav Family	220,657,536	16.14	220,657,536	16.14	220,657,536	14.08
Vendor	582,421,337	42.61	382,421,337	27.98	582,421,337	37.17
<i>Subtotal</i>	803,078,873	58.75	603,078,873	44.12	803,078,873	51.25
Other Directors and their associates	-	-	-	-	-	-
Placees	-	-	200,000,000	14.63	200,000,000	12.76
Convenhills Limited	128,510,486	9.40	128,510,486	9.40	128,510,486	8.20
Other Shareholders	435,277,081	31.85	435,277,081	31.85	435,277,081	27.78
Total	1,366,866,440	100	1,366,866,440	100	1,566,866,440	100

Notes:

- No awards have been made under the Share Award Scheme.
- Other than the outstanding Options entitling the respective holders to subscribe for up to 33,104,771 new Shares, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into the Shares.
- The percentages are subject to rounding error.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

Upon completion of the Placing and the Subscription, the Company expects to receive gross proceeds of HK\$51 million, or net proceeds of approximately HK\$49.7 million, after deducting related placing commission and other related expenses in connection with the Placing and the Subscription borne by the Company. The net proceeds raised per Subscription Share are approximately HK\$0.2485 per Subscription Share.

The Group intends to allocate the funds raised from the Placing and the Subscription primarily to its general working capital and, in a lesser proportion, to repay its loans including bank loans.

The terms of the Placing Agreement and the Subscription Agreement (including the Placing Price and the Subscription Price) are determined among the parties thereto after arm's length negotiation. In agreeing to these terms, the Company has considered the recent market trends, the recent price of the Shares, the outlook and prospects of the Group and the general market practice of this kind of fund-raising exercise. The Placing and Subscription was considered an appropriate and practical fund raising method for the Company, after having considered the timing and other methods of fund raisings such as a rights issue/open offer (which might not be feasible and with a less flexible timetable for implementation).

The Directors (including the independent non-executive Directors) consider that the Placing and the Subscription would enlarge the Company's capital and shareholder bases as well as to enhance the Company's share liquidity, and the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of the Group are the trading and retailing of watches and property leasing.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

- “associate” : shall have the same meaning as defined under Chapter 14A of the Listing Rules
- “Board” : the board of the Directors
- “Business Day” : any day (excluding a Saturday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which banks generally are open for business in Hong Kong
- “Codes” : The Codes on Takeovers and Mergers and Share Repurchases issued by the SFC
- “Company” : Asia Commercial Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
- “connected person” : has the meaning as ascribed to it under Chapter 14A of the Listing Rules
- “Director(s)” : the director(s) of the Company
- “General Mandate” : the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 18 September 2014 to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the then issued share capital of the Company as at the date of such general meeting
- “Group” : the Company and its subsidiaries
- “Hong Kong” : the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	:	party(ies) that is/are not connected with the Company, any directors, chief executives, controlling shareholders or substantial shareholders of the Company or its subsidiaries or any of their respective associates
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Eav”	:	Mr. Eav Yin, Chairman and executive Director of the Company
“Eav Family”	:	Mr. Eav, his spouse and their children, namely, Mr. Duong Ming Chi, Henry and Mr. Eav Ming Keong, Kinson, both are executive Directors
“Placees”	:	any professional, institutional and/or individual investors procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement, who and/or whose ultimate beneficial owner(s) are (a) not connected person(s) of the Company; (b) independent of and not connected with the Company or any director, chief executive or substantial shareholders of any member of the Group or any associate of them or any connected persons of the Company; and (c) independent of and not acting in concert with the Vendor and parties acting in concert with him
“Placing”	:	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	:	Get Nice Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	:	the placing agreement dated 24 September 2014 entered into among the Vendor, the Company and the Placing Agent in respect of the Placing

“Placing Completion Date”	:	completion date of the Placing which is a Business Day falling on or before the 30 September 2014 or such later date as the Vendor and the Placing Agent may mutually agree in writing
“Placing Price”	:	the placing price of HK\$0.2550 per Placing Share
“Placing Share(s)”	:	up to 200,000,000 issued Shares, beneficially owned by the Vendor and to be placed under the Placing
“SFC”	:	the Securities and Futures Commission of Hong Kong
“Share(s)”	:	the ordinary share(s) of nominal value of HK\$0.20 each in the capital of the Company
“Share Award Scheme”	:	the share award plan adopted by the Company on 13 September 2010, a ten-year discretionary share award and ownership plan
“Shareholder(s)”	:	the registered holder(s) of (an) issued Share(s) from time to time
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Subscription”	:	the subscription of the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	:	the subscription agreement dated 24 September 2014 entered into between the Vendor and the Company in respect of the Subscription
“Subscription Price”	:	the subscription price of HK\$0.2550 per Subscription Share
“Subscription Share(s)”	:	up to 200,000,000 new Shares to be allotted and issued by the Company to the Vendor under the Subscription, the actual number of which shall be equivalent to the number of Placing Shares actually placed by the Placing Agent pursuant to the Placing Agreement
“substantial shareholder”	:	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	:	the Code on Takeovers and Mergers issued by the SFC

“HK\$” : Hong Kong dollars, the lawful currency of Hong Kong

“%” : per cent.

By Order of the Board
Asia Commercial Holdings Limited
Eav Yin
Chairman

Hong Kong, 24 September 2014

As at the date hereof, the Board comprises Mr. Eav Yin, Chairman, Mr. Eav Ming Keong, Kinson and Mr. Duong Ming Chi, Henry as the executive Directors and Mr. Lai Si Ming, Ms. Wong Wing Yue, Rosaline and Mr. Lee Tat Cheung, Vincent as the independent non-executive Directors.

* *For identification purposes only*