

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2017

	Six months ended 30th September		Change %
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	
Operations			
Revenue	490,775	406,994	21
Profit attributable to the owners of the Company	3,689	2,436	51
Earnings per share – Basic and diluted	0.24 HK cents	0.16 HK cents	50
	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)	Change %
	Financial position		
Total assets	649,000	688,000	(6)
Equity attributable to the owners of the Company	440,000	430,000	2

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 2017 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 2017

		Six months ended	
		30th September	
	<i>Notes</i>	2017	2016
		HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue	3	490,775	406,994
Cost of sales		<u>(398,191)</u>	<u>(312,066)</u>
Gross profit		92,584	94,928
Other revenue		10,445	13,680
Distribution costs		(81,393)	(91,718)
Administrative expenses		(14,061)	(13,469)
Other (loss)/income, net		(2,347)	1,262
Finance costs	4(a)	<u>(1,539)</u>	<u>(2,224)</u>
Profit before taxation	4	3,689	2,459
Income tax	5	<u>–</u>	<u>(23)</u>
Profit for the period attributable to the owners of the Company		<u>3,689</u>	<u>2,436</u>
Earnings per share	6		
Basic and diluted (HK cents)		<u>0.24</u>	<u>0.16</u>

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

For the six months ended 30th September 2017

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	3,689	2,436
Other comprehensive income for the period		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	6,300	(2,324)
Total other comprehensive income/(loss) for the period (net of nil tax)	6,300	(2,324)
Total comprehensive income for the period attributable to the owners of the Company	9,989	112

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2017

	<i>Note</i>	As at 30th September 2017 <i>HK\$'000</i> (unaudited)	As at 31st March 2017 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		18,892	20,135
Prepaid lease payments		16,505	16,084
Investment properties		279,931	278,176
Available-for-sale investments		7,500	7,500
Rental deposits and prepayments		22,150	20,853
		344,978	342,748
Current assets			
Inventories		204,656	280,963
Prepaid lease payments		470	451
Trade and other receivables	8	35,797	36,652
Trading securities		861	703
Cash and cash equivalents		61,907	26,229
		303,691	344,998
Current liabilities			
Trade and other payables	9	117,915	113,808
Bank loans		58,491	102,265
Loans from a director		–	8,000
Current tax payable		3,423	3,345
		179,829	227,418
Net current assets		123,862	117,580
Total assets less current liabilities		468,840	460,328
Non-current liabilities			
Rental received in advance		2,844	2,683
Deferred tax liabilities		13,309	13,309
Other liabilities		12,866	14,504
		29,019	30,496
Net assets		439,821	429,832

		As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Capital and reserves			
Share capital	10	313,373	313,373
Reserves		126,448	116,459
		<hr/>	<hr/>
Equity attributable to the owners of the Company		439,821	429,832
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. GENERAL

The Group is principally engaged in trading of watches (retail and wholesale) 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 registered office and principal place of business of the Company are situated at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda and 19th Floor, 9 Des Voeux Road West, 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 21st November 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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”) and HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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 be different 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 annual financial statements for the year ended 31st March 2017, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as noted below:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs, 2014-2016 Cycle
Amendments to HKAS 40	Transfer of Investment Property ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instrument with HKFRS 4 Insurance Contract ¹
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹

¹ Effective for annual periods beginning on or after 1st January 2018.

² Effective for annual periods beginning on or after 1st January 2019.

3. 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 (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 the annual financial statements for the year ended 31st March 2017. 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 consolidated statement of profit or loss.

All assets are allocated to reportable segments other than available-for-sale investments and other corporate assets.

All liabilities are allocated to reportable segments other than current income tax payables, 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 2017 (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>
External revenue (<i>Note</i>)	486,446	4,329	490,775	–	490,775
Operating profit/(loss)	6,095	4,037	10,132	(2,654)	7,478
Interest income	97	–	97	–	97
Other (loss)/income, net	(2,407)	–	(2,407)	60	(2,347)
Finance costs	(1,539)	–	(1,539)	–	(1,539)
Segment results	2,246	4,037	6,283	(2,594)	3,689
Income tax					–
Profit for the period					3,689
Depreciation and amortisation	(1,936)	(292)	(2,228)	–	(2,228)

Note:

There were no inter-segment sales during the six months ended 30th September 2017.

As at 30th September 2017 (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	356,598	281,632	638,230	2,939	641,169
Available-for-sale investments					7,500
Total assets					648,669
Additions to non-current segment assets during the reporting period	607	–	607	–	607
Segment liabilities	180,326	8,926	189,252	2,864	192,116
Current tax payable					3,423
Deferred tax liabilities					13,309
Total liabilities					208,848

For the six months ended 30th September 2016 (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>
External revenue (<i>Note</i>)	403,128	3,866	406,994	–	406,994
Operating profit/(loss)	6,484	1,200	7,684	(4,304)	3,380
Interest income	41	–	41	–	41
Other income/(loss), net	1,328	–	1,328	(66)	1,262
Finance costs	(2,224)	–	(2,224)	–	(2,224)
Segment results	5,629	1,200	6,829	(4,370)	2,459
Income tax					(23)
Profit for the period					2,436
Depreciation and amortisation	(3,234)	(130)	(3,364)	–	(3,364)

Note:

There were no inter-segment sales during the six months ended 30th September 2016.

As at 31st March 2017 (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	394,848	279,410	674,258	5,988	680,246
Available-for-sale investments					7,500
Total assets					687,746
Additions to non-current segment assets during the reporting period	3,013	7	3,020	1,788	4,808
Segment liabilities	229,149	8,638	237,787	3,473	241,260
Current tax payable					3,345
Deferred tax liabilities					13,309
Total liabilities					257,914

Geographic Information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets as specified below. The geographical location of customers is referred to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment, prepaid lease payments, investment properties and rental deposits and prepayments. The geographical locations of non-current assets are based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	Six months ended 30th September 2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	30th September 2017 HK\$'000 (unaudited)	31st March 2017 HK\$'000 (audited)
The People's Republic of China, excluding Hong Kong	187,923	185,294	63,280	62,457
Hong Kong (place of domicile)	302,359	221,058	261,175	260,233
Switzerland	493	642	13,023	12,558
	<u>490,775</u>	<u>406,994</u>	<u>337,478</u>	<u>335,248</u>

Information about major customers

For the six months ended 30th September 2017, revenue of approximately HK\$94,533,000 (2016: HK\$75,566,000) was derived from a single external customer who contributed more than 10% of total revenue of the Group. This revenue was attributable to the sale of watches segment.

4. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30th September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on bank borrowings wholly repayable within five years	1,378	1,377
Interest on loans from a director	161	847
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>1,539</u>	<u>2,224</u>

(b) Other items

	Six months ended	
	30th September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange loss	662	68
Amortisation of prepaid lease payments	233	235
Depreciation for property, plant and equipment	1,995	3,129
Write-down/(reversal of write-down) of inventories, net	36,129	(2,079)
Staff costs including directors' fees and emoluments	27,404	25,686
Cost of inventories recognised as expenses	398,191	312,066

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

	Six months ended	
	30th September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current:		
Outside Hong Kong	–	23

No Hong Kong Profits Tax has been provided for the period as the Group has no estimated assessable profits in Hong Kong for the six months ended 30th September 2017 and 2016.

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2016: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the period ended 30th September 2017 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. No Hong Kong Profits Tax has been provided for the period ended 30th September 2016 as the Group has no estimated assessable profits in Hong Kong.

No PRC income tax has been provided for in the financial statements for the period ended 30th September 2017 either because the PRC subsidiaries have accumulated tax losses brought forward which exceeded the estimated assessable profits or the PRC subsidiaries sustained losses for taxation purpose. Taxation for the PRC subsidiaries is provided at the rate of 25% for the period ended 30th September 2016.

Taxation for other overseas subsidiary companies is provided at the appropriate current rates of taxation ruling in the relevant countries.

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$3,689,000 (2016: HK\$2,436,000) and the weighted average number of 1,566,866,000 ordinary shares (2016: 1,566,866,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share for the six months ended 30th September 2017 and 2016.

The share options had no dilutive effect because the average market price of ordinary shares did not exceed the exercise price of the share options for the six months ended 30th September 2017 and 2016.

7. DIVIDENDS

The Directors resolved not to pay any interim dividend for the six months ended 30th September 2017 (2016: Nil).

8. TRADE AND OTHER RECEIVABLES

	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Trade receivables		
– Third parties	20,405	15,459
– Related parties	4,850	2,841
	<u>25,255</u>	<u>18,300</u>
Allowance for doubtful debts	(2,514)	(2,464)
	<u>22,741</u>	15,836
Other receivables		
– Third parties	4,838	7,368
– Related parties	2,173	1,033
	<u>7,011</u>	<u>8,401</u>
Loans and receivables	29,752	24,237
Deposits and prepayments	6,045	12,415
	<u>35,797</u>	<u>36,652</u>

(a) **Aging Analysis**

The Group allows credit period of up to 180 days to its customers. The aging analysis of trade receivables of HK\$22,741,000 (31st March 2017: HK\$15,836,000) at the end of the reporting period based on invoice date and net of allowance of doubtful debts is as follows:

	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Up to 90 days	19,802	13,636
91 to 180 days	932	623
181 to 365 days	643	1,054
Over 365 days	1,364	523
	<u>22,741</u>	<u>15,836</u>

9. TRADE AND OTHER PAYABLES

	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Trade payables		
– Third parties	19,131	14,703
– Related parties	173	16
	<u>19,304</u>	<u>14,719</u>
Other payables and accrued charges	34,045	37,439
Accrued interest payable to a director	161	–
	<u>53,510</u>	<u>52,158</u>
Financial liabilities measured at amortised cost		
Rental received in advance	94	90
Deposits received	4,250	4,063
Other tax payable	60,061	57,497
	<u>117,915</u>	<u>113,808</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 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Up to 90 days	15,957	11,457
91 to 180 days	63	39
181 to 365 days	–	–
Over 365 days	3,284	3,223
	<u>19,304</u>	<u>14,719</u>

10. SHARE CAPITAL

	Number of shares '000 (unaudited)	Amount HK\$'000 (unaudited)
Authorised:		
At 31st March 2017, 1st April 2017 and 30th September 2017, Ordinary shares of HK\$0.2 each	2,500,000	500,000
Issued and fully paid:		
At 31st March 2017, 1st April 2017 and 30th September 2017, Ordinary shares of HK\$0.2 each	1,566,866	313,373

11. PLEDGE OF ASSETS

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

	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Land and buildings	13,990	14,045
Prepaid lease payments	16,975	16,535
Investment properties	252,295	251,162
Inventories	68,974	81,814
	<u>352,234</u>	<u>363,556</u>

12. COMMITMENTS

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

Operating lease commitments – as lessor

The Group had total future minimum lease receivables under the non-cancellable operating leases with the tenants falling due as follows:

	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Not later than one year	7,574	7,622
Later than one year and not later than five years	19,323	21,587
More than five years	–	627
	<u>26,897</u>	<u>29,836</u>

Operating lease commitments – as lessee

The Group had total future minimum lease payment under non-cancellable operating leases falling due as follows:

	As at 30th September 2017 HK\$'000 (unaudited)	As at 31st March 2017 HK\$'000 (audited)
Not later than one year	86,650	86,005
Later than one year and not later than five years	255,487	276,408
More than five years	3,047	15,264
	<u>345,184</u>	<u>377,677</u>

13. 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.

14. SEASONALITY OF OPERATION

The Group's business in sale of watches is subject to seasonal fluctuations, with higher sales amount in the first and fourth quarters of the calendar year. This is due to holiday periods. The Group's business in investment holding has no specific seasonality factor.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Review

For the six months ended 30th September 2017, the Group's consolidated revenue amounted to HK\$491 million, representing an increase of 21% (2016: decrease of 6%) from HK\$407 million in the same period of last year was mainly due to the increase in watches sales in Hong Kong. Average same store sales for the reporting period in Hong Kong and China increased by 40% and 1% respectively as compared with the corresponding period in last year. Gross profit margin decreased by 4% to 19% during this period was mainly due to the provision for obsolete inventories in view of the decision to close a shop in China and terminate the business relationship with retailers in China of a brand owned by the Group.

Distribution costs decreased by 11% to HK\$81 million during this period were mainly attributable to the decrease in rental expenses in Hong Kong. Administrative expenses amounted to HK\$14 million during this period which were comparable to those of last year. Finance costs slightly dropped to HK\$2 million during this period because of the decrease in borrowings.

Liquidity and financial resources

As at 30th September 2017, the Group's total cash balance amounted to HK\$62 million (31st March 2017: HK\$26 million). The increase was mainly due to the reduced inventory level as a result of the tightening control over inventory. Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 13% as at 30th September 2017 (31st March 2017: 26%).

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 continued to improve its operating results and achieved a small profit of HK\$4 million in this period as compared with a profit of HK\$2 million in the same period of last year.

The Group operates 9 stores in Hong Kong and China. The Group remained focus on its core stores and has streamlined their operating costs during the period 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 Hong Kong was stable but that in China still remained weak due to the slowdown of the economic growth in China and the change of spending pattern of the mainland tourists and the continuation of anticorruption drive in China.

Apart from the “Sale of watches business”, the Group also derived a smaller but stable income from the “Properties leasing business” in which the key investment properties are 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

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 2017 except for the deviation from the code provisions A.4.1 and D.1.4 and those discussed 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, Mr. Eav Yin, the Chairman of the Board has confirmed to the Board that he will voluntarily retire from his directorship 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, he may offer himself for re-election at the annual general meeting. The Chairman is Mr. Eav Yin while the function of the chief executive officer is divided between the remaining executive directors.

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 period, the 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 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.

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 directors resolved not to declare an interim dividend in respect of the six months ended 30th September 2017 (2016: 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 2017.

Employees and Remuneration Policy

There were 175 employees in the Group as at 30th September 2017. The Group offers competitive remuneration packages to employees in line with market trends. Incentives such as discretionary bonuses and share awards are offered to motivate employees.

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

Hong Kong, 21st November 2017

As at the date of this announcement, the Board comprises Mr. Eav Yin (Chairman), Ms. Eav Guech Rosanna and Mr. Duong Ming Chi, Henry as executive directors, Mr. Lai Si Ming, Ms. Wong Wing Yue, Rosaline and Mr. Lee Tat Cheung, Vincent as independent non-executive directors.

* *For identification purpose only*