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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)

CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS

On 15 November 2019, the Company as a principal tenant entered into the Sub-Tenancy Agreement I with Honour Rich (a connected person) as a sub-tenant, under which the Company agreed to grant a tenancy of the Hopewell Property to Honour Rich for a term of 26.5 months at a monthly rental of HK\$359,706.

In addition, on the same date, Juvenia, a wholly-owned subsidiary of the Company and as a sub-tenant, entered into Sub-Tenancy Agreement II with Ball Watch (a connected person), under which Ball Watch, as the principal tenant, agreed to grant a tenancy of the Wu Chung Property to Juvenia for a term of 25.5 months at a monthly rental of HK\$84,447.

The tenancies under the Sub-Tenancy Agreements constitute connected transactions or continuing connected transactions for the Company under Chapter 14A of the Listing Rules. They are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUB-TENANCY AGREEMENTS

Sub-Tenancy Agreement I – On 15 November 2019, the Company as a principal tenant entered into Sub-Tenancy Agreement I with Honour Rich as a sub-tenant, under which the Company agreed to grant a tenancy of the Hopewell Property to Honour Rich for a term of 26.5 months at a monthly rental of HK\$359,706. The principal terms of Sub-Tenancy Agreement I are set out below:–

Principal tenant	:	The Company
Sub-tenant	:	Honour Rich, the principal business activity of which is watch trading business
Property	:	3901-02, 39/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Usage	:	Office
Area	:	3,380 square feet (net)
Term	:	from 15 November 2019 to 31 January 2022 (both dates inclusive)
Rent	:	HK\$359,706 per month (all fees inclusive)
Deposit	:	HK\$1,079,118

Sub-Tenancy Agreement II – In addition, on 15 November 2019, Juvenia, a wholly-owned subsidiary of the Company, as a sub-tenant, entered into Sub-Tenancy Agreement II with Ball Watch, under which Ball Watch, as a principal tenant, agreed to grant a tenancy of the Wu Chung Property to Juvenia for a term of 25.5 months at a monthly rental of HK\$84,447. The principal terms of Sub-Tenancy Agreement II are set out below:–

- Principal tenant : Ball Watch, the principal business activity of which is watch trading business

- Sub-tenant : Juvenia, a wholly-owned subsidiary of the Company

- Property : Rooms 3501 & 3520, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong

- Usage : Warehouse

- Area : 874 square feet (net)

- Term : from 17 November 2019 to 1 January 2022 (both dates inclusive)

- Rent : HK\$84,447 per month (all fees inclusive)

- Deposit : HK\$253,341

EXISTING TENANCY AGREEMENTS

Before entering into the two Sub-Tenancy Agreements, the Group had entered into the Existing Tenancy Agreements with a connected person of the Company in respect of the following properties:

Property	Tenant	Landlord	Usage	Term	Monthly rent
Unit E, 14/F, Hong Kong Industrial Building, No. 444-452 Des Voeux Road West, Hong Kong	LDI Enterprise Limited	Asia Commercial Property Holdings Limited	Warehouse	1 September 2019 to 31 March 2021	HK\$38,000
上海市靜安區成都北路199號2002A室	波爾表業(上海)有限公司	冠亞名表城(上海)貿易有限公司	Office	1 March 2019 to 28 February 2022	RMB19,375
上海市靜安區成都北路199號2002B室	麗東鐘表(上海)有限公司	冠亞名表城(上海)貿易有限公司	Office	1 March 2019 to 28 February 2022	RMB38,751
Rue du Châtelot 21, 2304 La Chaux-De-Fonds, Switzerland (part of 1/F, 2/F and 3/F & 13 Parking spaces)	Juvenia Montres SA	Ball Watch Company SA	Office and warehouse	1 October 2019 to 31 December 2019	CHF11,250

The Existing Tenancy Agreements are connected transactions because the counterparties to the Existing Tenancy Agreements are companies owned by the wife of Mr. Eav Yin (the Chairman and executive director of the Company) and the mother of Ms. Eav Guech Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company), and hence are connected persons of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUB-TENANCY AGREEMENTS

The Hopewell Property will be rented by the Company and leased to Honour Rich for the use as office and the Wu Chung Property will be rented by Ball Watch and leased to a wholly-owned subsidiary of the Company for the use as warehouse respectively.

The terms of the two Sub-Tenancy Agreements were arrived at after arm's length negotiation and are on normal commercial terms. The rentals were determined with reference to the prevailing market rents charged by the landlords of the Hopewell Property and the Wu Chung Property. The Directors (except Mr. Eav Yin, Ms. Eav Guech Rosanna and Mr. Eav Feng Ming, Jonathan who have material interests in the two Sub-Tenancy Agreements and had abstained from participating in the relevant board resolutions approving the transactions due to conflict of interests), including the independent non-executive Directors, considered that the terms of the two Sub-Tenancy Agreements are fair and reasonable, and they are on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

The Company is an investment holding company. Its subsidiaries are principally engaged in trading of watches (retail and wholesale) and property leasing.

Both Honour Rich and Ball Watch are companies owned by the wife of Mr. Eav Yin (the Chairman and executive director of the Company) and the mother of Ms. Eav Guech Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company), and hence are connected persons of the Company under the Listing Rules. Accordingly, the tenancies under the Sub-Tenancy Agreements constitute connected transactions or continuing connected transactions for the Company under Chapter 14A.

The Existing Tenancy Agreements are fully exempt from the announcement, annual review, reporting requirements and the independent shareholders' approval requirements under the *de minimis* thresholds in Rule 14A.76(1), based on the applicable percentage ratios (other than the profits ratio) in respect of the largest of their annual caps (calculated based on their total annual rentals) for each financial year ending 31 March 2020, 2021 and 2022. Sub-Tenancy Agreement II regarded as an acquisition of asset is fully exempt from the announcement, annual review, reporting requirements and the independent shareholders' approval requirements under the *de minimis* thresholds in Rule 14A.76(1). Sub-Tenancy Agreement I on itself would qualify for exemption from circular under Rule 14A.76(2). It is expected that the applicable percentage ratios (other than the profits ratio) in respect of their aggregate annual caps (calculated based on their total annual rentals to the extent applicable) in respect of the tenancies under the Existing Tenancy Agreements and Sub-Tenancy Agreement I for each of the three financial years ending 31 March 2020, 2021 and 2022 (being approximately HK\$4.1 million, HK\$7 million and HK\$7.4 million) will remain under the thresholds in Rule 14A.76(2) which exempts the Company from the independent shareholders' approval requirements.

DEFINITIONS

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

“Ball Watch”	Ball Watch (Asia) Company Limited, a company incorporated in Hong Kong with limited liability and owned by the wife of Mr. Eav Yin, the Chairman and executive director of the Company, and thus a connected person of the Company;
“Board”	the board of Directors;

“Company“	Asia Commercial Holdings Limited, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 104);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	(a) director(s) of the Company;
“Existing Tenancy Agreements”	collectively, the several tenancy agreements entered into between the companies owned by the wife of Mr. Eav Yin (the Chairman and executive director of the Company) and the mother of Ms. Eav Guech Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company) on one hand and the Group on the other hand as set out on page 4 of this announcement;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Honour Rich”	Honour Rich International Limited, a company incorporated in Hong Kong with limited liability and owned by the wife of Mr. Eav Yin, the Chairman and executive director of the Company, and thus a connected person of the Company;
“Hopewell Property”	3901-02, 39/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Juvenia”	Juvenia (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the Main Board of the Stock Exchange;
“percentage ratio”	has the meaning ascribed to it in Rule 14.07 of the Listing Rules;
“PRC”	The People’s Republic of China;

“Share(s)”	ordinary share(s) in the capital of the Company;
“Shareholder(s)”	holder(s) of Share(s) from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-Tenancy Agreements”	(i) the sub-tenancy agreement dated 15 November 2019 and entered into between the Company as principal tenant and Honour Rich as sub-tenant in respect of the Hopewell Property (“ Sub-Tenancy Agreement I ”); and (ii) the sub-tenancy agreement dated 15 November 2019 and entered into between Juvenia as sub-tenant and Ball Watch as principal tenant in respect of the Wu Chung Property (“ Sub-Tenancy Agreement II ”);
“Wu Chung Property”	Rooms 3501 & 3520, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“%”	per cent..

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

Hong Kong, 18 November 2019

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

* *For identification purpose only*