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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 TRANSACTION

RENEWED SUB-LEASE

On 28 January 2022, the Company as a lessor entered into the Renewed Sub-lease with Honour Rich (a connected person) as a lessee, under which the Company agreed to grant a lease of the Hopewell Property to Honour Rich for a term of 24 months at a monthly rental of HK\$163,713.

The lease under the Renewed Sub-lease constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. It is subject to annual review and the applicable disclosure requirements and is exempt from the shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWED SUB-LEASE

On 18 November 2019, the Company granted a lease of the Hopewell Property to Honour Rich for a term of 26.5 months commencing from 15 November 2019 to 31 January 2022 (both days inclusive). As the lease of the Hopewell Property will expire on 31 January 2022, after arm’s length negotiations, the Board announces that on 28 January 2022, the Company as a lessor entered into the Renewed Sub-lease with Honour Rich as a lessee in respect of the renewal of lease of the Hopewell Property for a term of 24 months commencing from 1 February 2022 to 31 January 2024 (both days inclusive). The principal terms of the Renewed Sub-lease are set out below:

- Lessor : The Company
- Lessee : Honour Rich, the principal business activity of which is watch trading business
- Property : A portion of the Hopewell Property (Rm 01-02) as described in the Renewed Sub-lease, the total area of which portion representing approximately 40% of the total areas of Hopewell Property (Rm 01-02)
- Usage : Office
- Area : 3,200 square feet (net)
- Term : From 1 February 2022 to 31 January 2024 (both days inclusive)
- Rent : HK\$163,713 per month (all fees inclusive)
- Deposit : HK\$491,139

EXISTING TENANCY AGREEMENT

Before entering into the Renewed Sub-lease, the Group had entered into the Existing Tenancy Agreement with a connected person of the Company. The principal terms of the Existing Tenancy Agreement are set out below:

- Landlord : Juvenia Montres S.A., an indirectly wholly-owned subsidiary of the Company, the principal business activity of which is assembling and marketing of gold and jewellery watches
- Tenant : Ball Watch Company SA
- Property : Rue du Châtelot 21, 2304 La Chaux-De-Fonds, Switzerland (part of 1/F, 2/F and 3/F & 13 Parking spaces)
- Usage : Office and warehouse
- Term : From 1 September 2021 to 31 August 2024 (both days inclusive)
- Rent : CHF11,250 per month (all fees inclusive)

The tenancy under the Existing Tenancy Agreement constitutes a continuing connected transaction because Ball Watch is a company owned by the mother of Ms. Eav Xin Qi Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company) and who is also a substantial shareholder of the Company.

ANNUAL CAPS

The follow table sets out the aggregate annual caps in respect of the lease under the Renewed Sub-lease and the tenancy under the Existing Tenancy Agreement:

	Financial Year/Period			
	1 February 2022 to 31 March 2022 <i>HK\$</i>	1 April 2022 to 31 March 2023 <i>HK\$</i>	1 April 2023 to 31 March 2024 <i>HK\$</i>	1 April 2024 to 31 March 2025 <i>HK\$</i>
Annual caps	600,000	3,700,000	3,500,000	780,000

The aggregate annual caps set out above are determined after taking into account the rentals stipulated in the Renewed Sub-lease and the Existing Tenancy Agreement for the period ending 31 March 2022 and each of the three financial years ending 31 March 2023, 2024 and 2025.

The total amount of rentals received by the Company in respect of the Hopewell Property and the Switzerland Property for each of the two financial years ending 31 March 2020 and 2021 and 10 months ending 31 January 2022 were HK\$2,689,619, HK\$5,453,010 and HK\$4,553,119 respectively.

Based on the annual rentals under the Renewed Sub-lease and the Existing Tenancy Agreement, the Directors (except Ms. Eav Xin Qi Rosanna and Mr. Eav Feng Ming, Jonathan who have material interests in the Renewed Sub-lease and had abstained from participating in the relevant board resolutions approving the transactions due to conflict of interests), including the independent non-executive Directors, consider the aggregate annual caps to be fair and reasonable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED SUB-LEASE

The Hopewell Property forms a portion of the Hopewell Property (Rm 01-02), which is rented from its landlord (an independent third party) by the Company for use as office. The terms of the Renewed Sub-lease were arrived at after arm's length negotiation and are on normal commercial terms. The rental for the Hopewell Property was determined on a cost basis with reference to the proportionate amount of the rental and other payments from the Company under the head lease of Hopewell Property (Rm 01-02) based on the areas of the premises. The Directors (except Ms. Eav Xin Qi Rosanna and Mr. Eav Feng Ming, Jonathan who have material interests in the Renewed Sub-lease 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 Renewed Sub-lease 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 mother of Ms. Eav Xin Qi Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company) and who is also a substantial shareholder of the Company, and hence are connected persons of the Company under the Listing Rules. Accordingly, the lease under the Renewed Sub-lease and the tenancy under the Existing Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A.

The Existing Tenancy Agreement is fully exempt from 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 of the financial year ending 31 March 2022, 2023, 2024 and 2025. Renewed Sub-lease on itself would qualify for exemption from circular under Rule 14A.76(2). As the applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual caps are 0.1% or more but less than 5%, the transactions under the Renewed Sub-lease and the Existing Tenancy Agreement are subject to annual review and the applicable disclosure requirements and are exempt from circular and the shareholders' approval requirements under Rule 14A.76(2).

DEFINITIONS

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

“Ball Watch”	Ball Watch Company SA, a company incorporated in Switzerland with limited liability and owned by the mother of Ms. Eav Xin Qi Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company) and who is also a substantial shareholder 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 Agreement”	the tenancy made between Juvenia as landlord and Ball Watch as tenant in respect of the Switzerland Property;
“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 mother of Ms. Eav Xin Qi Rosanna (an executive director of the Company) and Mr. Eav Feng Ming, Jonathan (an executive director of the Company) and who is also a substantial shareholder of the Company, and thus a connected person of the Company;

“Hopewell Property”	a portion of the Hopewell Property (Rm 01-02) as described in the Renewed Sub-lease, the total area of which portion representing approximately 40% of the total areas of Hopewell Property (Rm 01-02);
“Hopewell Property (Rm 01-02)”	Rooms 3901-02, 39/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Juvenia”	Juvenia Montres S.A., a company incorporated in Switzerland with limited liability and is an indirectly wholly-owned subsidiary of the Company;
“lease”	any contract that conveys the right to use an asset for a period of time in exchange for consideration, and references to “licence” and “tenancy” have the same meaning;
“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;
“Renewed Sub-lease”	the sub-lease dated 28 January 2022 and entered into between the Company as lessor and Honour Rich as lessee in respect of the Hopewell Property;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Switzerland Property”	Rue du Châtelot 21, 2304 La Chaux-De-Fonds, Switzerland (part of 1/F, 2/F and 3/F & 13 Parking spaces);
“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, 28 January 2022

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

* *For identification purposes only*