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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

	Six months ended 30th September		Change
	2015	2014	%
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	
Operations			
Revenue	431,208	389,209	10.8
Loss attributable to owners of the Company	(15,003)	(39,380)	N/A
Loss per share – Basic and diluted	(0.96) HK cents	(2.88) HK cents	N/A
	As at 30th September 2015	As at 31st March 2015	Change
	HK\$'000	HK\$'000	%
	(unaudited)	(audited)	
Financial position			
Total assets	709,000	732,000	(3.1)
Equity attributable to owners of the Company	427,000	411,000	3.9

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 2015 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 2015

		Six months ended 30th September	
		2015	2014
	<i>Notes</i>	HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue	3	431,208	389,209
Cost of sales		<u>(343,332)</u>	<u>(303,524)</u>
Gross profit		87,876	85,685
Other revenue		13,338	14,792
Distribution costs		(106,348)	(126,953)
Administrative expenses		(13,307)	(16,569)
Other income, net		6,020	3,896
Finance costs	4(a)	<u>(2,555)</u>	<u>(4,317)</u>
Loss before taxation	4	(14,976)	(43,466)
Income tax	5	<u>(27)</u>	<u>–</u>
Loss for the period		<u>(15,003)</u>	<u>(43,466)</u>
Attributable to:			
Owners of the Company		(15,003)	(39,380)
Non-controlling interests		<u>–</u>	<u>(4,086)</u>
		<u>(15,003)</u>	<u>(43,466)</u>
Loss per share	6		
Basic and diluted (HK cents)		<u>(0.96)</u>	<u>(2.88)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September 2015

	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(15,003)	(43,466)
Other comprehensive (loss)/income for the period		
<i>Item that will not be reclassified to profit or loss:</i>		
Gain on revaluation of land and buildings	<u>34,955</u>	<u>—</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(4,206)</u>	<u>(4,797)</u>
Total other comprehensive income/(loss) for the period (net of nil tax)	<u>30,749</u>	<u>(4,797)</u>
Total comprehensive income/(loss) for the period	<u>15,746</u>	<u>(48,263)</u>
Attributable to:		
Owners of the Company	15,746	(44,177)
Non-controlling interests	<u>—</u>	<u>(4,086)</u>
	<u>15,746</u>	<u>(48,263)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2015

		As at 30th September 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		13,035	15,250
Prepaid lease payments		30,364	19,866
Investment properties		247,963	225,169
Available-for-sale investments		7,717	7,717
Rental deposits and prepayments		21,488	21,554
		320,567	289,556
Current assets			
Inventories		334,913	372,167
Prepaid lease payments		609	505
Trade and other receivables	8	33,265	38,475
Trading securities		916	8,239
Pledged bank deposits		5,131	1,483
Cash and cash equivalents		13,983	21,554
		388,817	442,423
Current liabilities			
Trade and other payables	9	173,304	172,011
Bank loans		18,520	62,081
Loans from a director		47,000	47,000
Current tax payable		3,519	3,548
		242,343	284,640
Net current assets		146,474	157,783
Total assets less current liabilities		467,041	447,339
Non-current liabilities			
Rental received in advance		1,917	1,967
Deferred tax liabilities		6,790	6,790
Other liabilities		30,990	27,346
		39,697	36,103
Net assets		427,344	411,236

		As at 30th September 2015 <i>HK\$'000</i> (unaudited)	As at 31st March 2015 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Capital and reserves			
Share capital	10	313,373	313,373
Reserves		113,971	97,863
		<hr/>	<hr/>
Equity attributable to owners of the Company		427,344	411,236
Non-controlling interests		–	–
		<hr/>	<hr/>
Total equity		427,344	411,236
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. GENERAL

The Group is principally engaged in trading and retailing of watches 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 27th November 2015.

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 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as noted below:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the amendments to HKFRSs and the new Interpretation in the current year 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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1st January 2016

² Effective for annual periods beginning on or after 1st January 2018

The Directors of the Company are assessing the impact of these new or revised HKFRSs on the results and the financial position of the Group.

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 2015. Segment (loss)/profit represents the (loss) from/profit earned by each segment without allocation of central administration costs such as those finance 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 sales 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 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 2015 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
External revenue	<u>427,883</u>	<u>3,325</u>	<u>431,208</u>	<u>–</u>	<u>431,208</u>
Revenue (<i>Note</i>)	<u><u>427,883</u></u>	<u><u>3,325</u></u>	<u><u>431,208</u></u>	<u><u>–</u></u>	<u><u>431,208</u></u>
Operating (loss)/profit	(15,847)	2,367	(13,480)	(4,994)	(18,474)
Interest income	33	–	33	–	33
Other (loss)/income, net	(499)	–	(499)	6,519	6,020
Finance costs	<u>(2,555)</u>	<u>–</u>	<u>(2,555)</u>	<u>–</u>	<u>(2,555)</u>
Segment results	<u><u>(18,868)</u></u>	<u><u>2,367</u></u>	<u><u>(16,501)</u></u>	<u><u>1,525</u></u>	<u><u>(14,976)</u></u>
Income tax					<u>(27)</u>
Loss for the period					<u><u>(15,003)</u></u>
Depreciation and amortisation	<u><u>3,438</u></u>	<u><u>146</u></u>	<u><u>3,584</u></u>	<u><u>–</u></u>	<u><u>3,584</u></u>

Note:

There were no inter-segment sales during the six months ended 30th September 2015.

	As at 30th September 2015 (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	<u>434,188</u>	<u>252,533</u>	<u>686,721</u>	<u>14,946</u>	<u>701,667</u>
Available-for-sale investments					<u>7,717</u>
Total assets					<u>709,384</u>
Additions to non-current segment assets during the reporting period	<u>1,256</u>	<u>3</u>	<u>1,259</u>	<u>–</u>	<u>1,259</u>
Segment liabilities	<u>260,731</u>	<u>8,425</u>	<u>269,156</u>	<u>2,575</u>	<u>271,731</u>
Current tax payable					<u>3,519</u>
Deferred tax liabilities					<u>6,790</u>
Total liabilities					<u>282,040</u>

	For the six months ended 30th September 2014 (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	386,765	2,444	389,209	–	389,209
Revenue (<i>Note</i>)	<u>386,765</u>	<u>2,444</u>	<u>389,209</u>	<u>–</u>	<u>389,209</u>
Operating (loss)/profit	(42,730)	2,176	(40,554)	(2,527)	(43,081)
Interest income	36	–	36	–	36
Other income/(loss), net	(667)	–	(667)	4,563	3,896
Finance costs	<u>(4,317)</u>	<u>–</u>	<u>(4,317)</u>	<u>–</u>	<u>(4,317)</u>
Segment results	<u>(47,678)</u>	<u>2,176</u>	<u>(45,502)</u>	<u>2,036</u>	(43,466)
Income tax					<u>–</u>
Loss for the period					<u>(43,466)</u>
Depreciation and amortisation	<u>5,696</u>	<u>89</u>	<u>5,785</u>	<u>–</u>	<u>5,785</u>

Note:

There were no inter-segment sales during the six months ended 30th September 2014.

	As at 31st March 2015 (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	<u>479,304</u>	<u>227,754</u>	<u>707,058</u>	<u>17,204</u>	724,262
Available-for-sale investments					<u>7,717</u>
Total assets					<u>731,979</u>
Additions to non-current segment assets during the reporting period	<u>7,299</u>	<u>230</u>	<u>7,529</u>	<u>33</u>	<u>7,562</u>
Segment liabilities	<u>298,960</u>	<u>7,872</u>	<u>306,832</u>	<u>3,573</u>	310,405
Current tax payable					3,548
Deferred tax liabilities					<u>6,790</u>
Total liabilities					<u>320,743</u>

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 Six months ended 30th September 2015 <i>HK\$'000</i> (unaudited)		Non-current assets 30th September 2015 <i>HK\$'000</i> (unaudited)		31st March 2015 <i>HK\$'000</i> (audited)
The People's Republic of China, excluding Hong Kong	198,345	194,583	55,808		59,129
Hong Kong (place of domicile)	232,078	194,236	243,733		208,912
Switzerland	785	390	13,309		13,798
	<u>431,208</u>	<u>389,209</u>	<u>312,850</u>		<u>281,839</u>

Information about major customers

For the six months ended 30 September 2015, revenue of approximately HK\$90,417,000 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. For the six months ended 30th September 2014, no revenue was derived from transactions with a single customer represented 10% or more of the Group's total revenue.

4. LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	1,120	2,848
Interest on loans from a director	1,435	1,469
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	2,555	4,317
	<hr/> <hr/>	<hr/> <hr/>

(b) Other items

	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange (gain)/loss	(424)	981
Amortisation of prepaid lease payments	289	253
Depreciation for property, plant and equipment	3,295	5,532
(Reversal of write-down)/Write-down of inventories, net	(784)	6,721
Staff costs including directors' fees and emoluments	28,080	34,561
Cost of inventories recognised as expenses	343,332	303,524
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended	
	30th September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current:		
Outside Hong Kong	27	–

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 2015 and 2014.

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

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$15,003,000 (2014: HK\$39,380,000) and the weighted average number of 1,566,866,000 ordinary shares (2014: 1,366,866,000 ordinary shares) in issue during the period.

(b) Diluted loss per share

Diluted loss per share is equal to the basic loss per share for the six months ended 30th September 2015 and 2014.

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 2015 and 2014.

7. DIVIDENDS

The Directors resolved not to pay any interim dividend for the six months ended 30th September 2015 (2014: Nil).

8. TRADE AND OTHER RECEIVABLES

	As at 30th September 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
Trade receivables		
– Third parties	8,857	14,564
– Related parties	5,201	4,213
	<u>14,058</u>	<u>18,777</u>
Allowance for doubtful debts	(2,515)	(2,552)
	<u>11,543</u>	<u>16,225</u>
Other receivables		
– Third parties	2,691	1,159
– Related parties	5,822	3,914
	<u>8,513</u>	<u>5,073</u>
Loans and receivables	20,056	21,298
Deposits and prepayments	13,209	17,177
	<u>33,265</u>	<u>38,475</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\$11,543,000 (31st March 2015: HK\$16,225,000) 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 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
Up to 90 days	6,275	11,678
91 to 180 days	391	415
181 to 365 days	1,583	1,515
Over 365 days	3,294	2,617
	<u>11,543</u>	<u>16,225</u>

9. TRADE AND OTHER PAYABLES

	As at 30th September 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
Trade payables		
– Third parties	34,425	36,171
– Related party	2,760	2,589
	<u>37,185</u>	<u>38,760</u>
Other payables and accrued charges	38,719	41,435
Accrued interest payable to a director	6,655	5,220
	<u>82,559</u>	<u>85,415</u>
Financial liabilities measured at amortised cost		
Rental received in advance	75	75
Deposits received	7,208	4,031
Other tax payable	83,462	82,490
	<u>173,304</u>	<u>172,011</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 2015 HK\$'000	As at 31st March 2015 HK\$'000
Up to 90 days	30,315	32,508
91 to 180 days	839	1,085
181 to 365 days	1,128	502
Over 365 days	4,903	4,665
	<u>37,185</u>	<u>38,760</u>

10. SHARE CAPITAL

	Number of shares '000 (unaudited)	Amount HK\$'000 (unaudited)
Authorised:		
At 1st April 2015 and 30th September 2015, Ordinary shares of HK\$0.2 each	2,500,000	500,000
Issued and fully paid:		
At 1st April 2015 and 30th September 2015, 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 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
Land and buildings	580	642
Prepaid lease payments	11,849	519
Investment properties	199,500	175,900
Inventories	102,561	120,901
Pledged bank deposits	5,131	1,483
	319,621	299,445

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 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
Not later than one year	6,613	4,056
Later than one year and not later than five years	17,925	2,858
More than five years	2,510	–
	27,048	6,914

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 2015 <i>HK\$'000</i> (unaudited)	As at 31st March 2015 <i>HK\$'000</i> (audited)
Not later than one year	110,019	104,958
Later than one year and not later than five years	268,293	322,334
	<u>378,312</u>	<u>427,292</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 2015, the Group's consolidated revenue amounted to HK\$431 million, representing an increase of 11% (2014: decrease of 21%) from HK\$389 million in the same period of last year due to the set up of a new business line selling watches in Hong Kong despite the decrease in the number of stores and the decrease in average same store sales for the reporting period by 13% over the corresponding period in last year. Gross profit margin slightly dropped by 2% to 20% during the period.

Distribution costs decreased by 16% to HK\$106 million was mainly due to the decrease in rental expenses, staff related costs, depreciation charges and advertising expenses as a result of reduction in number of stores. Administrative expenses decreased by 20% to HK\$13 million was mainly attributable to the reduction of bank charges and share option expenses as compared with last year. Other income increased by HK\$2 million to HK\$6 million in this period which was due to the gain from the disposal of trading securities. Finance costs decreased by 41% to HK\$3 million in this period was the result of the decrease in borrowings.

Liquidity and financial resources

As at 30th September 2015, the Group's total cash balance amounted to HK\$19 million (31st March 2015: HK\$23 million). The decrease was mainly due to the repayment of bank loans during the period. Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 15% as at 30th September 2015 (31st March 2015: 27%).

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 result and reduced its loss by HK\$24 million to HK\$15 million in this period.

The Group remained focus on its core stores and closed 8 stores as compared with last period. The overall sentiment in the luxury retail business in Hong Kong and China still remained weak due to the slow down of the economic growth in China and the change of spending pattern of the mainland tourists.

The Group is determined to rebuild its financial strength and confidence to turnaround 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 2015 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. 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.

OTHER INFORMATION

Interim Dividend

The directors resolved not to declare an interim dividend in respect of the six months ended 30th September 2015 (2014: 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 2015.

Employees and Remuneration Policy

There were 218 employees in the Group as at 30th September 2015. 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, 27th November 2015

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*