

# INTERIM REPORT



**ASIA COMMERCIAL HOLDINGS LIMITED**  
**(Incorporated in Bermuda with limited liability)**  
**(Stock Code: 104)**

2015

## FINANCIAL HIGHLIGHTS

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

The Board of Directors (the "Board") of Asia Commercial Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim report 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 report has been reviewed by the Company's audit committee.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September 2015

	Notes	Six months ended 30th September 2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>431,208</b>	389,209
Cost of sales		<b>(343,332)</b>	(303,524)
<b>Gross profit</b>		<b>87,876</b>	85,685
Other revenue		<b>13,338</b>	14,792
Distribution costs		<b>(106,348)</b>	(126,953)
Administrative expenses		<b>(13,307)</b>	(16,569)
Other income, net		<b>6,020</b>	3,896
Finance costs	5(a)	<b>(2,555)</b>	(4,317)
<b>Loss before taxation</b>	5	<b>(14,976)</b>	(43,466)
Income tax	6	<b>(27)</b>	-
<b>Loss for the period</b>		<b>(15,003)</b>	(43,466)
<b>Attributable to:</b>			
Owners of the Company		<b>(15,003)</b>	(39,380)
Non-controlling interests		-	(4,086)
		<b>(15,003)</b>	(43,466)
<b>Loss per share</b>	7	<b>(0.96)</b>	(2.88)
Basic and diluted (HK cents)			

The notes on pages 8 to 25 form part of these unaudited interim financial statements.

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

For the six months ended 30th September 2015

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

The notes on pages 8 to 25 form part of these unaudited interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2015

	Note	As at 30th September 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	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
		<b>320,567</b>	289,556
<b>Current assets</b>			
Inventories		334,913	372,167
Prepaid lease payments		609	505
Trade and other receivables	9	33,265	38,475
Trading securities		916	8,239
Pledged bank deposits		5,131	1,483
Cash and cash equivalents		13,983	21,554
		<b>388,817</b>	442,423
<b>Current liabilities</b>			
Trade and other payables	10	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
		<b>242,343</b>	284,640
<b>Net current assets</b>		<b>146,474</b>	157,783
<b>Total assets less current liabilities</b>		<b>467,041</b>	447,339
<b>Non-current liabilities</b>			
Rental received in advance		1,917	1,967
Deferred tax liabilities		6,790	6,790
Other liabilities		30,990	27,346
		<b>39,697</b>	36,103
<b>Net assets</b>		<b>427,344</b>	411,236

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30th September 2015

	Note	As at 30th September 2015 HK\$'000 (unaudited)	As at 31st March 2015 HK\$'000 (audited)
<b>Capital and reserves</b>			
Share capital	11	<b>313,373</b>	313,373
Reserves		<b>113,971</b>	97,863
<b>Equity attributable to owners of the Company</b>		<b>427,344</b>	411,236
Non-controlling interests		-	-
<b>Total equity</b>		<b>427,344</b>	411,236

The notes on pages 8 to 25 form part of these unaudited interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30th September 2015

	Attributable to owners of the Company										Non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Shares to be issued (note) HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	interests HK\$'000	
At 1st April 2014	273,373	133,610	-	28,389	51,878	252,381	17,524	21,577	2,385	(384,438)	123,306	9,801	406,480
Total comprehensive loss for the period	-	-	-	-	(4,797)	-	-	-	-	(39,380)	(44,177)	(4,086)	(48,263)
Shares to be issued upon share placing	-	-	49,797	-	-	-	-	-	-	-	49,797	-	49,797
Recognition of equity-settled share based payment expenses	-	-	-	-	-	-	-	1,536	-	-	1,536	-	1,536
Transfer to accumulated loss upon forfeiture of share options	-	-	-	-	-	-	-	(485)	-	485	-	-	-
At 30th September 2014	<u>273,373</u>	<u>133,610</u>	<u>49,797</u>	<u>28,389</u>	<u>47,081</u>	<u>252,381</u>	<u>17,524</u>	<u>22,628</u>	<u>2,385</u>	<u>(423,333)</u>	<u>130,462</u>	<u>5,715</u>	<u>408,550</u>
At 1st April 2015	<u>313,373</u>	<u>143,310</u>	<u>-</u>	<u>28,389</u>	<u>45,088</u>	<u>252,381</u>	<u>17,524</u>	<u>16,786</u>	<u>2,575</u>	<u>(408,190)</u>	<u>97,863</u>	<u>-</u>	<u>411,236</u>
Total comprehensive income/(loss) for the period	-	-	-	34,955	(4,206)	-	-	-	-	(15,003)	15,746	-	15,746
Recognition of equity-settled share based payment expenses	-	-	-	-	-	-	-	362	-	-	362	-	362
Transfer to accumulated losses upon forfeiture of share options	-	-	-	-	-	-	-	(250)	-	250	-	-	-
At 30th September 2015	<u>313,373</u>	<u>143,310</u>	<u>-</u>	<u>63,344</u>	<u>40,882</u>	<u>252,381</u>	<u>17,524</u>	<u>16,898</u>	<u>2,575</u>	<u>(422,943)</u>	<u>113,971</u>	<u>-</u>	<u>427,344</u>

Note: As at 30th September 2014, the Company had 200,000,000 ordinary shares to be issued upon the share placing. The shares will be issued at HK\$0.255 per share. As at 30th September 2014, the proceeds from the share placing approximately HK\$49,797,000 after deducting the share issuance expenses of HK\$1,203,000 had been received by the Company.

The notes on pages 8 to 25 form part of these unaudited interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2015

	<b>Six months ended 30th September 2015 HK\$'000 (unaudited)</b>	2014 HK\$'000 (unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>28,371</b>	53,039
<b>INVESTING ACTIVITIES</b>		
Payment for purchase of property, plant and equipment	<b>(1,259)</b>	(2,686)
Payments for purchase of trading securities	<b>(1,982)</b>	–
Proceeds on disposal of trading securities	<b>15,793</b>	–
Proceeds on disposal of property, plant and equipment	<b>46</b>	–
Increase in pledged bank deposits	<b>(3,648)</b>	(14)
Bank interest income received	<b>33</b>	36
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>8,983</b>	(2,664)
<b>FINANCING ACTIVITIES</b>		
Net proceeds from share placing	–	49,797
Proceeds from new bank loans	<b>6,088</b>	36,277
Repayment of bank loans	<b>(49,524)</b>	(79,876)
Interest paid on bank loans	<b>(1,251)</b>	(2,856)
Proceeds from loans from a director	<b>5,000</b>	8,000
Repayment of loans from a director	<b>(5,000)</b>	(5,000)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(44,687)</b>	6,342
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,333)</b>	56,717
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>21,554</b>	36,879
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET</b>	<b>(238)</b>	186
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>13,983</b>	93,782
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	<b>13,983</b>	93,782

The notes on pages 8 to 25 form part of these unaudited interim financial statements.



## NOTES TO THE INTERIM FINANCIAL REPORT

### 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.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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

<sup>1</sup> Effective for annual periods beginning on or after 1st January 2016

<sup>2</sup> 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. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2015.

There have been no changes in the risk management policies since year end.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### (a) Fair value measurements recognised in the statement of financial position

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including available-for-sale investments and trading securities which are categorised into Level 2 and Level 1 of the fair value hierarchy, respectively. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	30/9/2015				31/3/2015			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
<b>Recurring fair value measurements</b>								
<b>Assets</b>								
Available-for-sale investments	-	6,767	-	6,767	-	6,767	-	6,767
Trading securities	916	-	-	916	8,239	-	-	8,239
<b>Total</b>	<b>916</b>	<b>6,767</b>	<b>-</b>	<b>7,683</b>	<b>8,239</b>	<b>6,767</b>	<b>-</b>	<b>15,006</b>

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### (a) Fair value measurements recognised in the statement of financial position (Continued)

There were no transfers between in Level 1 and Level 2, or transfers into or out of Level 3 during the period. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

There were no other changes in valuation techniques during the period.

The carrying amount of the Group's financial instruments carried at cost or amortised cost such as cash and cash equivalents, trade and other receivables, trade and other payables and bank and other borrowings are not materially different from their fair values as at 30th September 2015 and 31st March 2015 because of the immediate or short term maturity of these financial instruments.

#### (b) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values financial instruments.

##### i) *Trading securities*

Fair value is based on closing bid price quoted in an active market at the end of the reporting period without any deduction for transaction costs.

##### ii) *Available-for-sale investments*

Fair value is determined by reference to the bid price quoted in the second hand market without any deduction for transaction costs.

### 4. 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.

## **NOTES TO THE INTERIM FINANCIAL REPORT** (Continued)

### **4. REVENUE AND SEGMENT INFORMATION** (Continued)

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.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

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	427,883	3,325	431,208	-	431,208
Revenue (Note)	<u>427,883</u>	<u>3,325</u>	<u>431,208</u>	-	<u>431,208</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	(2,555)	-	(2,555)	-	(2,555)
Segment results	<u>(18,868)</u>	<u>2,367</u>	<u>(16,501)</u>	<u>1,525</u>	<u>(14,976)</u>
Income tax					(27)
Loss for the period					<u>(15,003)</u>
Depreciation and amortisation	<u>3,438</u>	<u>146</u>	<u>3,584</u>	-	<u>3,584</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 HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
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>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					3,519
Deferred tax liabilities					6,790
Total liabilities					<u>282,040</u>

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

	For the six months ended 30th September 2014 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
External revenue	386,765	2,444	389,209	–	389,209
Revenue (Note)	<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>	<u>(43,466)</u>
Income tax					–
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 HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
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>

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### 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	
	30th September	2014	September	31st March
	2015	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The People's Republic of China, excluding Hong Kong	<b>198,345</b>	194,583	<b>55,808</b>	59,129
Hong Kong (place of domicile)	<b>232,078</b>	194,236	<b>243,733</b>	208,912
Switzerland	<b>785</b>	390	<b>13,309</b>	13,798
	<b><u>431,208</u></b>	<u>389,209</u>	<b><u>312,850</u></b>	<u>281,839</u>

#### Information about major customers

For the six months ended 30th 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.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 5. LOSS BEFORE TAXATION

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

#### (a) Finance costs

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

#### (b) Other items

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

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

	<b>Six months ended 30th September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Current:		
Outside Hong Kong	<b>27</b>	-
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 6. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

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.

### 7. 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.

### 8. DIVIDENDS

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

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 9. TRADE AND OTHER RECEIVABLES

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Trade receivables		
– Third parties	<b>8,857</b>	14,564
– Related parties	<b>5,201</b>	4,213
	<b>14,058</b>	18,777
Allowance for doubtful debts	<b>(2,515)</b>	(2,552)
	<b>11,543</b>	16,225
Other receivables		
– Third parties	<b>2,691</b>	1,159
– Related parties	<b>5,822</b>	3,914
	<b>8,513</b>	5,073
Loans and receivables	<b>20,056</b>	21,298
Deposits and prepayments	<b>13,209</b>	17,177
	<b>33,265</b>	38,475

#### (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:

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Up to 90 days	<b>6,275</b>	11,678
91 to 180 days	<b>391</b>	415
181 to 365 days	<b>1,583</b>	1,515
Over 365 days	<b>3,294</b>	2,617
	<b>11,543</b>	16,225

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 10. TRADE AND OTHER PAYABLES

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

#### (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:

	<b>As at 30th September 2015 HK\$'000</b>	As at 31st March 2015 HK\$'000
Up to 90 days	<b>30,315</b>	32,508
91 to 180 days	<b>839</b>	1,085
181 to 365 days	<b>1,128</b>	502
Over 365 days	<b>4,903</b>	4,665
	<b>37,185</b>	38,760

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 11. SHARE CAPITAL

	<b>Number of shares</b> <i>'000</i> (unaudited)	<b>Amount</b> <i>HK\$'000</i> (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

### 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

	<b>Land and buildings</b> <i>HK\$'000</i> (unaudited)	<b>Other property, plant and equipment</b> <i>HK\$'000</i> (unaudited)	<b>Total</b> <i>HK\$'000</i> (unaudited)
Carrying amount at 1st April 2014	7,764	11,461	19,225
Translation differences	(285)	(123)	(408)
Additions	–	2,686	2,686
Depreciation charge	(140)	(5,392)	(5,532)
Write-off	–	(173)	(173)
Carrying amount at 30th September 2014	<u>7,339</u>	<u>8,459</u>	<u>15,798</u>
Carrying amount at 1st April 2015	<b>7,101</b>	<b>8,149</b>	<b>15,250</b>
Translation differences	<b>(73)</b>	<b>(90)</b>	<b>(163)</b>
Additions	–	<b>1,259</b>	<b>1,259</b>
Depreciation charge	<b>(197)</b>	<b>(3,098)</b>	<b>(3,295)</b>
Transfer from investment properties (note b)	<b>610</b>	–	<b>610</b>
Surplus on revaluation of land and building upon transfer to investment properties	<b>1,194</b>	–	<b>1,194</b>
Transfer to investments properties (note a)	<b>(1,820)</b>	–	<b>(1,820)</b>
Carrying amount at 30th September 2015	<u><b>6,815</b></u>	<u><b>6,220</b></u>	<u><b>13,035</b></u>

Notes:

- (a) The land and buildings with carrying amount of HK\$626,000 transferred to investment properties, during the period were revalued at HK\$1,820,000, the revaluation surplus of HK\$1,194,000 in respect of the land and buildings upon the transfer were recognised in other comprehensive income.
- (b) The investment property with carrying amount of HK\$610,000 was transfer to the land and buildings during the period.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 13. RELATED PARTY TRANSACTIONS

#### (a) Key management personnel remuneration

Remuneration of key management personnel of the Group, including amounts paid to the Company's directors and certain of highest paid employees are as follows:

	<b>Six months ended 30th September 2015 HK\$'000 (unaudited)</b>	2014 HK\$'000 (unaudited)
Short-term employee benefits	<b>5,317</b>	6,212
Post-employment benefits	<b>27</b>	32
Share-based payment expenses	<b>138</b>	849
	<b>5,482</b>	7,093

#### (b) Financing arrangements

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Loans from a director	<b>47,000</b>	47,000
Accrued interest	<b>6,655</b>	5,220
	<b>53,655</b>	52,220

The loans are unsecured, bearing interest at the Hong Kong dollar prime rate as quoted by Hong Kong and Shanghai Banking Corporation Limited plus 1% per annum and repayable on demand.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 13. RELATED PARTY TRANSACTIONS (Continued)

#### (c) Other transactions

		<b>Six months ended</b>	
		<b>30th September</b>	
	<i>Notes</i>	<b>2015</b>	2014
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	(Unaudited)
Sales of watch movements to a related company ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin		<b>570</b>	1,167
Provision of subsidised advertising and marketing support to a related company ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	(i)	<b>1,268</b>	208
Leasing of offices and warehouses to three related companies ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	(ii)	<b>971</b>	990
Purchase of products from two (2014: four) related companies ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	(iii)	<b>125</b>	416

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 13. RELATED PARTY TRANSACTIONS (Continued)

#### (c) Other transactions (Continued)

Notes:

#### (i) Provision of subsidised advertising and marketing support services

During the six months ended 30th September 2015 and 2014, the Group participated in the marketing programs and activities for promoting and enhancing the image of branded watches supplied by Lucky Linker Limited. In return, Lucky Linker Limited and a related company subsidised the Group by paying an advertising subsidy to the Group.

#### (ii) Leasing of offices and warehouses

The Group leased an office space to Lucky Linker Limited, being one of the three related companies, ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin, during the six months ended 30th September 2015 and 2014. Lucky Linker Limited is a long-term tenant of the Group and taken into the fact that Lucky Linker Limited is responsible for the decoration of the office, the Group offered a discount on the rental charge for compensating the costs incurred by Lucky Linker Limited in decoration of the office.

As at 30th September 2015 and 31st March 2015, commitments under operating leases receivable from the companies over which ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin were as follows:

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Not later than one year	<b>960</b>	1,720
Later than one year and not later than five year	–	346
	<b><u>960</u></b>	<b><u>2,066</u></b>

Leases for properties are negotiated for terms ranging from 1 to 5 years (31st March 2015: 1 to 5 years) and related commitments are included in Note 15.

#### (iii) Purchase of products

The Group purchased products from the above related companies during the six months ended 30th September 2015 and 2014 which represented watches, watch spare parts and components (including watch movements), watch accessories and packaging. The Group also outsourced watch assembly, processing and after-sales services such as maintenance and repairs to the above related parties. The purchase of products includes the fees and charges for these services.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 13. RELATED PARTY TRANSACTIONS (Continued)

#### (d) Balances with related companies

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Trade and other receivables due from two related companies ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	<b>11,023</b>	8,127
Trade payables due to two related companies ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	<b>2,760</b>	2,589

### 14. PLEDGE OF ASSETS

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

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Land and buildings	<b>580</b>	642
Prepaid lease payments	<b>11,849</b>	519
Investment properties	<b>199,500</b>	175,900
Inventories	<b>102,561</b>	120,901
Pledged bank deposits	<b>5,131</b>	1,483
	<b>319,621</b>	299,445

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 15. 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:

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Not later than one year	<b>6,613</b>	4,056
Later than one year and not later than five years	<b>17,925</b>	2,858
More than five years	<b>2,510</b>	–
	<b><u>27,048</u></b>	<b><u>6,914</u></b>

#### **Operating lease commitments – as lessee**

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

	<b>As at 30th September 2015 HK\$'000 (unaudited)</b>	As at 31st March 2015 HK\$'000 (audited)
Not later than one year	<b>110,019</b>	104,958
Later than one year and not later than five years	<b>268,293</b>	322,334
	<b><u>378,312</u></b>	<b><u>427,292</u></b>

### 16. 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.

### 17. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Prospect (Continued)

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.

## **CORPORATE GOVERNANCE** (Continued)

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.

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 30th September 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 of the Listing Rules ("Listing Rules") were as follows:

*Long positions in shares and underlying shares of the Company*

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of ordinary shares and underlying shares (if any) of HK\$0.2 each held</b>	<b>Approximate percentage of aggregate interests to total issued share capital</b>
			<b>%</b>
Mr. Eav Yin	<i>Note 1</i>	804,007,473	51.31
Ms. Eav Guech Rosanna	<i>Note 2</i>	1,624,272	0.10
Mr. Duong Ming Chi, Henry	<i>Note 4</i>	4,089,600	0.26
Mr. Lai Si Ming	<i>Note 3</i>	366,625	0.02
Ms. Wong Wing Yue, Rosaline	<i>Note 3</i>	366,625	0.02
Mr. Lee Tat Cheung, Vincent	<i>Note 3</i>	366,625	0.02

*Note 1:* Among the 804,007,473 shares in which Mr. Eav Yin is deemed to have interests under the SFO (a) 70,688,600 shares are personal interest of Mr. Eav Yin of which 2,933,000 shares are share options, (b) 5,309,200 shares are held by Mdm. Lam Kim Phung (spouse of Mr. Eav Yin), (c) 582,421,337 shares by Century Hero International Limited, (d) 1,864,800 shares by Debonair Company Limited, (e) 19,972,728 shares by Goodideal Industrial Limited, (f) 2,550,672 shares by Hexham International Limited, (g) 2,846,536 shares by Goodness Management Limited and (h) 118,353,600 shares by Chanchhaya Trustee Holding Corporation (as a trustee of Eav An Unit Trust). Century Hero International Limited, Debonair Company Limited, Hexham International Limited, and Goodness Management Limited are wholly owned and Goodideal Industrial Limited is 87% owned by Mr. Eav Yin. Eav An Unit Trust is a discretionary trust of which Mr. Eav Yin is the founder, the beneficiaries include Mr. Eav Yin, his wife and their children.

*Note 2:* Ms. Eav Guech Rosanna was appointed as a Director of the Company on 21st August 2015 and all the 1,624,272 shares are personal interest of Ms. Eav.

*Note 3:* These shares are personal interests relating to the share options held by the respective Directors.

*Note 4:* All the 4,089,600 shares are personal interest of Mr. Duong Ming Chi, Henry.

## **DISCLOSURE OF INTERESTS** (Continued)

### **Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures** (Continued)

*Long positions in shares and underlying shares of the Company (Continued)*

Save as disclosed herein and in the section "2002 Share Option Scheme", as at 30th September 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code. In addition, save as disclosed above, none of the Directors or chief executive of the Company nor their spouses or children under 18 years of age had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

#### **Director's Rights to Acquire Shares or Debentures**

Save as disclosed herein, at no time during the six months ended 30th September 2015, was the Company or any of its associated corporations a party to any arrangement to enable the Directors or chief executive to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or executive or their spouses or children under 18 years of age was granted any right to subscribe for any shares in, or debentures of, the Company or any of its associated corporations.

## DISCLOSURE OF INTERESTS (Continued)

### Substantial Shareholders' Interests

As at 30th September 2015, so far as is known to any Directors and chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO, or which were recorded in the register kept by the Company or required to be notified under Section 336 of the SFO:

<b>Name of shareholder</b>	<i>Notes</i>	<b>Number of ordinary shares and underlying shares (if any) of HK\$0.2 each held</b>	<b>Approximate percentage of issued share capital</b> %
Mdm. Lam Kim Phung	1	804,007,473	51.31
Century Hero International Limited	2	582,421,337	37.17
Chanchhaya Trustee Holding Corporation	3	118,353,600	7.55
Convenhills Limited	4	128,510,486	8.20

*Notes:*

1. These shares include 5,309,200 shares held by Mdm. Lam Kim Phung and the remaining 798,698,273 shares representing the interest held by Mr. Eav Yin, spouse of Mdm. Lam Kim Phung, whose interests are disclosed in the above section headed "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures".
2. Century Hero International Limited is wholly owned by Mr. Eav Yin who is a director of this company.
3. Chanchhaya Trustee Holding Corporation is the trustee of Eav An Unit Trust, a discretionary trust, the beneficiaries of which include Mr. Eav Yin, his wife and their children.
4. Convenhills Limited is owned equally by the estate beneficiary of late Mr. Leong Lou Teck, Mr. Leong Lum Thye, Miss Leong Yoke Kheng and Mr. Leong Siew Khuen.

All the interests disclosed above represent long positions in shares and underlying shares of the Company. Save as disclosed above, as at 30th September 2015, there was no other person (other than the Directors or chief executive of the Company) who was recorded in the register of the Company as having an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## **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.

### **2002 Share Option Scheme**

On 20th September 2002, the shareholders of the Company approved the adoption of a new share option scheme (the "2002 Share Option Scheme"). The purpose of the 2002 Share Option Scheme was to encourage qualifying grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Qualifying grantees of the 2002 Share Option Scheme mean (i) any employee or any business-related consultant, agent, representative or advisor of the Company or any subsidiary or any affiliate; or (ii) any supplier, agent or consultant who provide goods or services to the Company or any subsidiary or any affiliate; or (iii) any customer of the Company or any subsidiary or any affiliate; or (iv) any business ally or joint venture partner of the Company or any subsidiary or any affiliate.

Refreshment of 2002 Share Option Scheme mandate limit (the "Refreshment") and amendment of rules of 2002 Share Option Scheme (the "Amendment") had been approved at the annual general meeting of the Company held on 26th August 2008.

The Company had issued 146,800,000 and 34,170,000 share options to the qualifying grantees to subscribe for ordinary shares of HK\$0.02 each in the share capital of the Company under the 2002 Share Option Scheme on 31st March 2011 and 26th October 2011 of which the exercise prices were HK\$0.394 per share and HK\$0.263 per share respectively. Upon the completion of the share consolidation and rights issue in January 2013 and February 2013 respectively, both the exercise prices and the numbers of share options had been adjusted according to the 2002 Share Option Scheme.

## OTHER INFORMATION (Continued)

### 2002 Share Option Scheme (Continued)

During the six months ended 30th September 2015, 395,955 share options were lapsed but no option was granted, exercised or cancelled during the period. There were 21,014,945 share options outstanding at 30th September 2015 (2014: 33,016,781). The share options outstanding at 30th September 2015 had an exercise price of HK\$1.344.

The 2002 Share Option Scheme was expired on 20th September 2012. No share option could be granted thereafter.

Grantees	No. of share options outstanding at the beginning of the period	No. of share options granted during the period	No. of share options lapsed during the period	No. of shares acquired on exercise of share options during the period	No. of share options re-classified during the period (note)	No. of share options outstanding at period end	Date of grant	Period during which share options are vested	Period during which share options are exercisable	Exercise price per share
<b>Directors</b>										
Mr. Eav Yin	2,933,000	-	-	-	-	2,933,000	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$1.344
Mr. Lai Si Ming	366,625	-	-	-	-	366,625	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$1.344
Ms. Wong Wing Yue, Rosaline	366,625	-	-	-	-	366,625	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$1.344
Mr. Lee Tat Cheung, Vincent	366,625	-	-	-	-	366,625	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$1.344
Mr. Eav Ming Keung, Kinson (resigned on 21st August 2015)	2,199,750	-	-	-	(2,199,750)	-	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$1.344
	<u>6,232,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,199,750)</u>	<u>4,032,875</u>				
Employees	15,178,275	-	(395,955)	-	2,199,750	16,982,070	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$1.344
<b>Total</b>	<b><u>21,410,900</u></b>	<b><u>-</u></b>	<b><u>(395,955)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>21,014,945</u></b>				

#### Note:

The share options were re-classified to employees due to the resignation of director.

**OTHER INFORMATION** (Continued)

**Share Award Plan 2010**

On 13th September 2010, the shareholders of the Company approved the adoption of a share award plan (the “Share Award Plan 2010”).

The Share Award Plan 2010 is a ten-year discretionary share award and ownership plan. It is primarily for encouraging or facilitating the holding of shares by those selected employees of the Group who, as determined by the Board, are eligible to participate in the plan and to whom new shares are or will be awarded. The Directors will make use of the plan to award new shares to those selected employees of the Group on suitable terms as incentives and rewards for their contribution to the Group.

No award was granted, exercised, cancelled or lapsed during the six months ended 30th September 2015 and as at 30th September 2015, there were no outstanding award granted under the Share Award Plan 2010.

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

Hong Kong, 27th November 2015