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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF INTERESTS IN A SUBSIDIARY

DISPOSAL OF INTERESTS IN RBL GROUP

On 12 August 2021, Eav's Gourmet (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser to dispose of the Group's 70% equity interest in RBL and HK\$12,000,000 of its shareholder's loans outstanding to the Group. The total consideration to the Group is approximately HK\$12,000,000. RBL Group is principally engaged in gourmet business.

IMPLICATIONS UNDER THE LISTING RULES

The Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 12 August 2021, Eav's Gourmet entered into the Sale and Purchase Agreement with the Purchaser, the key terms of which required to be disclosed by the Listing Rules are set out below:

Date: 12 August 2021

Parties: (a) The Vendor – Eav's Gourmet, a direct wholly-owned subsidiary of the Company

- (b) The Purchaser – Mr. Kuoch Chin Hy, the elder brother of Mr. Kuoch Keav Veng who is a substantial shareholder under the Listing Rules holding 10% of the issued shares of RBL. The Purchaser is also a consultant to the Vendor in respect of the gourmet business of RBL Group. Except as disclosed above, to the best of the Director’s knowledge, information and belief having made all reasonable enquiry, the Purchaser is a third party independent of the Company and connected persons of the Company.

Assets to be disposed of:

Under the Sale and Purchase Agreement, Eav’s Gourmet agreed to sell and assign to the Purchaser –

- (a) the Sale Shares, representing 70% equity interest in RBL; and
- (b) the Transfer Loan of HK\$12,000,000.

The Sale Shares represent all of the Group’s equity interest held in RBL Group. The Transfer Loan represents the Group’s loans advanced to RBL, which are unsecured and interest free, and do not have fixed repayment date.

More information about RBL and its subsidiaries is set out in the section headed “INFORMATION OF RBL GROUP”.

Consideration and completion:

The total price for the Sale Shares is HK\$10, which was paid in cash on the date of the Sale and Purchase Agreement. HK\$8,000,000 of the Transfer Loan was also assigned at a price equal to its principal amount on the same date. The remaining balance of the Transfer Loan will be assigned in tranches (of HK\$1,000,000 each) against receipt of the assignment consideration to be paid by the Purchaser over the next four years in accordance with the Sale and Purchase Agreement. The consideration for each tranche is equal to its principal amount plus a notional interest accrued at the prime rate minus 0.5% per annum.

Following the completion of Disposal, RBL has ceased to be a subsidiary of the Company. The Group no longer has any interests in the RBL Group.

INFORMATION OF RBL GROUP

RBL has two subsidiaries, namely, Gourmet (a 51%-owned subsidiary) and Premium (a wholly-owned subsidiary). RBL Group is principally engaged in gourmet business including trading in abalone food products.

RBL Group recorded the following financial information for the last two financial years:

	For the year ended 31 March	
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	8,404	6,835
Loss after taxation	8,404	6,835

The net liabilities of RBL Group as at 31 March 2021 was approximately HK\$13,706,000. The nominal amount of the Transfer Loan is HK\$12,000,000.

Members of RBL Group have ceased to be subsidiaries of the Group following the disposal of the Sale Shares, which was completed on the date of the Sale and Purchase Agreement. The Group no longer has any equity interest in RBL Group.

A gain of approximately HK\$10,473,000 (before expenses) is expected to accrue to the Group on the Disposal. It is estimated based on the carrying amounts of the Sale Shares and the Transfer Loan in the Group's accounts and the amount of the consideration. The amount of the gain on the Disposal is subject to the review and final audit by the Company's auditor.

The Company intends to use the net proceeds from the Disposal, estimated to be approximately HK\$12,000,000, as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group invested in RBL Group in late July 2019. The investment in gourmet business is not part of the principal business of the Group. It was an effort to diversify the Group's investment profile and exploration of other sources of income streams. Shortly after the Group's investment, Hong Kong experienced its civil unrest and together with the rest of the world is still struggling amid the continuing COVID-19 pandemic. As a result, the Company carried out a review of RBL Group's business performance and business prospect from the perspective of the Group, and decided that it is best for the Company to carry out the Disposal and make use of the resources freed up in its principal business and the development of properties.

The terms of the Disposal including in particular the consideration for the Sale Shares and the Transfer Loan were decided after arm's length negotiations between Eav's Gourmet and the Purchaser. In making such decision, the Group's management has considered, among other things, the net deficit of RBL Group, its financial performance and prospects, and, as regards the Transfer Loan, its amount and its deferred payment arrangement set out above.

The Directors believe the terms of the Disposal are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company. It is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Purchaser is an associate of Mr. Kuoch Keav Veng, a substantial shareholder under the Listing Rules holding 10% of the issued shares of RBL which is a subsidiary of the Company. However, RBL was an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. As such, Mr. Kuoch Keav Veng is not treated as a connected person under Rule 14A.07(1)-(3). Therefore, the Purchaser is not a connected person of the Company, and the Disposal is not a connected transaction under Chapter 14A, despite his relationship with Mr. Kuoch Keav Veng.

INFORMATION OF THE PARTIES

The principal activity of the Company is investment holding and the principal activities of the Group are the trading of watches (retail and wholesale) and property leasing.

The Vendor is a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Purchaser is the elder brother of Mr. Kuoch Keav Veng, a substantial shareholder under the Listing Rules holding 10% of the issued shares of RBL. The Purchaser is also a consultant to the Vendor in respect of the gourmet business of RBL Group. Such consultancy service provided by the Purchaser has been terminated as at the date of this announcement. The Purchaser is not, and has not been, a director of any member of the Group.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“the Board”	board of Directors
“the Company”	Asia Commercial Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 104)
“connected person”	has the meaning ascribed to such term in the Listing Rules
“the Director”	a director of the Company
“Disposal”	the disposal by Eav’s Gourmet of the Sale Shares and the Transfer Loan under the Sale and Purchase Agreement
“Eav’s Gourmet” or “the Vendor”	The Eav’s Group (Gourmet) Limited (意富仕集團 (美食) 有限公司), a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Gourmet”	Reign Gourmet Limited, a company incorporated and existing under the laws of Hong Kong and a direct subsidiary of RBL
“the Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“insignificant subsidiary”	has the meaning ascribed to such term in Chapter 14A of the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Premium”	Reign Premium Limited, a company incorporated and existing under the laws of Hong Kong and a direct wholly-owned subsidiary of RBL
“prime rate”	the HSBC’s Current Hong Kong Dollar Best Lending Rate for the time being and from time to time
“the Purchaser”	Mr. Kuoch Chin Hy
“RBL”	Reign Abalone Limited (尚鮑有限公司), a company incorporated in Hong Kong
“RBL Group”	RBL and its two subsidiaries
“Transfer Loan”	HK\$12,000,000 of the loans currently owed to the Group by RBL
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchase on 12 August 2021 in respect of the Disposal
“Sale Shares”	70% of the issued shares of RBL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 12 August 2021

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

* *For identification purpose only*