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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 IN RELATION TO RENEWAL OF TENANCY OF THE PROPERTY

THE OFFER LETTER

The Board announces that on 19 October 2023, the Company has entered into the Offer Letter with the Landlord in relation to the renewal of the tenancy of the Property for a term of three (3) years commencing from 1 February 2024 to 31 January 2027 (both days inclusive). The Property is currently used as the office of the Group and the existing tenancy of the Property is due to expire on 31 January 2024.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the entering into of the Offer Letter. Accordingly, the entering into of the Offer Letter will be regarded as an acquisition of asset by the Group pursuant to Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Offer Letter exceeds 5% but all applicable percentage ratios are less than 25%, the transaction contemplated under the Offer Letter constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

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Principal terms of the Offer Letter are set out below:

- Date : 19 October 2023

- Parties : (1) Singway (B.V.I.) Company Limited as the Landlord; and

(2) The Company as the tenant

- Property : Rooms 3901-02 on 39th Floor of “HOPEWELL CENTRE” at No.183 Queen’s Road East Wanchai Hong Kong

- Term : From 1 February 2024 to 31 January 2027 (both days inclusive)

- Use of the Property : For no purpose whatsoever other than an office only

- Aggregate Value of Consideration : Approximately HK\$12.8 million for a fixed term of three years, including rent, management fee, air-conditioning charges and rates which will be satisfied by internal resources of the Company

- Tenancy Agreement : The Landlord and the Company will enter into a tenancy agreement with the terms and conditions set out in the Offer Letter incorporated.

- Option to renew : The Company has the option to renew the tenancy for a further term of three years from 1 February 2027 to 31 January 2030 by giving notice to the Landlord on not earlier than 7 months and not later than 6 months before the expiration of the tenancy term at a revised market rent to be agreed by the Landlord and the Company, or failing which, to be determined by an independent qualified surveyor to be appointed by the Landlord and the Company (or in default of agreement by the President for the time being of the Hong Kong Institute of Surveyors upon request by the Landlord of the Company).

RIGHT-OF-USE ASSET VALUE

The value of right-of-use asset to be recognized by the Group under the Offer Letter amounted to approximately HK\$8.7 million in aggregate for a term of three years, which is the present value of aggregated rentals payable by the Company under the Offer Letter.

INFORMATION ON THE LANDLORD

The Landlord is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Landlord and its ultimate beneficial owner(s) is third party independent of the Company and connected persons of the Company.

REASONS AND BENEFITS OF THE ENTERING INTO THE OFFER LETTER

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

The Company has been leasing the Property as its office since 1 February 2019 and the existing tenancy of the Property is due to expire on 31 January 2024. In evaluating the options of renewal of the existing tenancy or leasing new premises, the Directors consider it beneficial to renew the tenancy for the Property so that the Company can continue its operation without any disruption and also save the relocation costs.

The terms of the Offer Letter have been negotiated between the parties on an arm's length basis taking into account (i) the aggregate value of consideration (including rent, management fee, air-conditioning charges and rates) for a fixed term of two years under the existing tenancy of the Property which is due to expire on 31 January 2024 of approximately HK\$9.8 million; (ii) the prevailing market rate for similar premises in the vicinity; and (iii) the current economic environment. The Directors consider that the transactions contemplated under the Offer Letter and were entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Offer Letter are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Landlord”	Singway (B.V.I.) Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Letter”	the offer letter dated 19 October 2023 and entered into between the Landlord and the Company in relation to the lease of the Property

“Property”	Rooms 3901-02 on 39th Floor of “HOPEWELL CENTRE” at No.183 Queen’s Road East Wanchai Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 19 October 2023

As at the date of this announcement, the Board comprises Ms. Lam Kim Phung, Ms. Eav Guech 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 purposes*