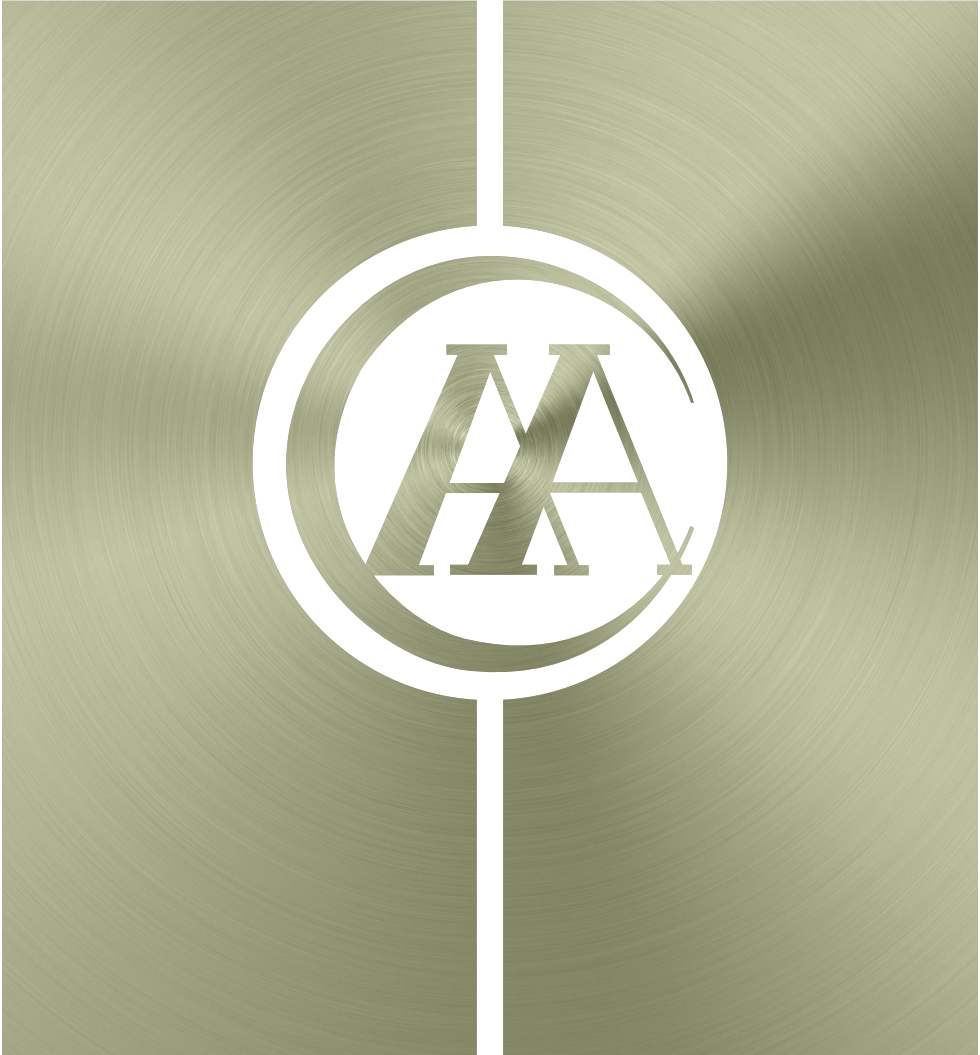




ASIA COMMERCIAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 104)



INTERIM REPORT 2018

FINANCIAL HIGHLIGHTS

	Six months ended		
	30th September		
	2018	2017	Change
	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)	
Operations			
Revenue	411,410	490,775	(16)
Profit attributable to the owners of the Company	27,100	3,689	635
Earnings per share – Basic and diluted	3.46 HK cents	0.47 HK cents	636
	As at	As at	
	30th September	31st March	
	2018	2018	Change
	HK\$'000	HK\$'000	%
	(unaudited)	(audited)	
Financial position			
Total assets	678,000	657,000	3
Equity attributable to the owners of the Company	488,000	503,000	(3)

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 2018 together with the comparative figures of the last corresponding period. The interim financial report have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September 2018

		Six months ended	
		30th September	
		2018	2017
	Note	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	411,410	490,775
Cost of sales		(284,693)	(398,191)
Gross profit		126,717	92,584
Other revenue		14,105	10,445
Distribution costs		(89,176)	(81,393)
Administrative expenses		(19,451)	(14,061)
Other income /(loss), net		63	(2,347)
Finance costs	6(a)	(236)	(1,539)
Profit before taxation	6	32,022	3,689
Income tax	7	(4,922)	–
Profit for the period attributable to the owners of the Company		27,100	3,689
Earnings per share	8		
Basic and diluted (HK cents)		3.46	0.47

The notes on pages 8 to 41 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 2018

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	27,100	3,689
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	684	–
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(9,694)	6,300
Total other comprehensive (loss)/income for the period (net of nil tax)	(9,010)	6,300
Total comprehensive income for the period attributable to the owners of the Company	18,090	9,989

The notes on pages 8 to 41 form part of these unaudited interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2018

	Note	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	20,900	19,997
Prepaid lease payments		15,563	17,272
Investment properties		321,034	290,224
Available-for-sale investments		–	8,657
Rental deposits and prepayments		20,374	20,981
Financial assets at fair value through other comprehensive income		9,063	–
Financial assets at fair value through profit or loss		7,707	–
Deferred tax assets		12,266	17,188
		406,907	374,319
Current assets			
Inventories		127,359	153,433
Prepaid lease payments		455	498
Trade and other receivables	11	39,039	35,653
Trading securities		539	715
Structured deposits		39,881	12,462
Bank deposit with maturity over 3 months		–	12,462
Cash and cash equivalents		64,022	67,163
		271,295	282,386
Current liabilities			
Trade and other payables	12	102,510	100,943
Contract liabilities		2,506	–
Bank loans		26,974	14,352
Dividend payable		20,056	–
Current tax payable		4,764	5,074
		156,810	120,369
Net current assets		114,485	162,017
Total assets less current liabilities		521,392	536,336

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30th September 2018

	Note	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Non-current liabilities			
Rental received in advance		3,101	3,355
Deferred tax liabilities		19,109	19,109
Other liabilities		11,002	11,099
		33,212	33,563
Net assets		488,180	502,773
Capital and reserves			
Share capital	13	156,687	313,373
Reserves		331,493	189,400
Equity attributable to the owners of the Company		488,180	502,773

The notes on pages 8 to 41 form part of these unaudited interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
– UNAUDITED**

For the six months ended 30th September 2018

	Attributable to owners of the Company									Sub-total HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium 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		
At 1st April 2017	313,373	143,310	61,371	34,924	252,381	17,524	14,061	2,358	(409,470)	116,459	429,832
Total comprehensive income for the period	-	-	-	6,300	-	-	-	-	3,689	9,989	9,989
Transfer to accumulated losses upon forfeiture of share options	-	-	-	-	-	-	(249)	-	249	-	-
At 30th September 2017	313,373	143,310	61,371	41,224	252,381	17,524	13,812	2,358	(405,532)	126,446	439,821
At 31st March 2018 and at 1st April 2018	313,373	143,310	61,371	43,770	252,381	17,524	12,818	3,515	(345,289)	169,400	502,773
Impact on initial application of HKFRS 9	-	-	-	-	-	-	-	3,914	3,515	7,429	7,429
Adjusted balance at 1st April 2018	313,373	143,310	61,371	43,770	252,381	17,524	12,818	7,429	(341,774)	196,829	510,202
Total comprehensive income(loss) for the period	-	-	-	(9,694)	-	-	-	684	27,100	18,090	18,090
Transfer of share capital to contributed surplus	(156,686)	-	-	-	-	156,686	-	-	-	156,686	-
Transfer of share premium to contributed surplus	-	(143,310)	-	-	-	143,310	-	-	-	-	-
Transfer of contributed surplus to set-off the accumulated losses	-	-	-	-	-	(249,206)	-	-	249,206	-	-
Final dividend	-	-	-	-	-	(20,056)	-	-	-	(20,056)	(20,056)
Special dividend	-	-	-	-	-	(20,056)	-	-	-	(20,056)	(20,056)
Transfer to accumulated loss upon forfeiture of share options	-	-	-	-	-	-	(533)	-	533	-	-
At 30th September 2018	156,687	-	61,371	34,076	252,381	28,202	12,285	8,113	(64,935)	331,493	488,180

The notes on pages 8 to 41 form part of these unaudited interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2018

	Six months ended 30th September 2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	60,301	89,607
INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(2,541)	(564)
Payment for purchase of investment property	(35,067)	–
Increase in structured deposit	(27,419)	–
Decrease in bank deposit with maturity over three months	12,462	–
Bank interest income received	541	97
Dividend received	7	–
NET CASH USED IN INVESTING ACTIVITIES	(52,017)	(467)
FINANCING ACTIVITIES		
Proceeds from new bank loans	26,974	78,184
Repayment of bank loans	(14,352)	(122,549)
Interest paid on bank loans	(236)	(1,490)
Dividend paid	(20,056)	–
Repayment of loans from a director	–	(8,000)
NET CASH USED IN FINANCING ACTIVITIES	(7,670)	(53,855)
NET INCREASE IN CASH AND CASH EQUIVALENTS	614	35,285
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	67,163	26,229
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(3,755)	393
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	64,022	61,907
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	64,022	61,907

The notes on pages 8 to 41 form part of these unaudited interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

1. GENERAL

The Group is principally engaged in trading of watches (retail and wholesale) 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 23rd November 2018.

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 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as noted below:

- HKFRS 9, *Financial Instruments*
- HKFRS 15, *Revenue from Contracts with Customers and Related Amendments*
- HK(IFRIC) – Int 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to HKFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to HKFRS 4, *Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”*
- Amendments to HKAS 28, *As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle*
- Amendments to HKAS 40, *Transfers of Investment Property*

The Group has been impacted by HKFRS 9 in relation to classification and measurement of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 3.

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 not yet effective.

	Effective for annual periods beginning on or after
HKFRS 16, Leases	1st January 2019
HKFRS 17, Insurance contracts	1st January 2021
HK (IFRIC) – Int 23, Uncertainty over income tax treatments	1st January 2019
Amendments to HKFRS 10 and HKAS 28, Consolidated financial statements and investments in associates	To be determined
Amendments to HKAS 19, Employee benefits	1st January 2019
Amendments to HKAS 28, Investments in associates and joint ventures	1st January 2019

Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the statement of financial position. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the profit or loss. In comparison with operating lease under HKAS17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees.

The Group is a lessee of certain retail shops which are currently classified as operating leases. The Group's current accounting policy for such leases, is to record the rental expenses in the Group's consolidated statement of profit or loss for the current period with the disclosure of related future minimum lease payments as operating lease commitments (Note 16). As at 30th September 2018, the Group's total non-cancellable operating lease commitments amounted to HK\$286,337,000. The new standard will therefore result in the increase in right-of-use assets and increase in lease liabilities in the consolidated statement of financial position. In the consolidated statement of profit or loss, as a result, the annual rental under otherwise identical circumstances will decrease, while depreciation of right-of-use of assets and interest expense arising from the lease liabilities will increase. Given that the total non-cancellable operating lease commitments account is significant as at 30th September 2018, the directors of the Company expect that the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial position. The Group will apply this new standard for the financial year beginning on or after 1st April 2019.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1st April 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

HKFRS 9 *Financial Instruments*

Despite the changes in the entity's accounting policies, the Group's prior year financial statements was not restated. As explained below, HKFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31st March 2018, but are recognised in the opening balance sheet on 1st April 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

	Closing balance at 31st March 2018	HKFRS 9		Opening balance at 1st April 2018
	under HKAS 39 HK\$'000	Reclassification HK\$'000	Remeasurement HK\$'000	under HKFRS 9 HK\$'000
Available-for-sale investments	8,657	(8,657)	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	950	7,429	8,379
Financial assets at fair value through profit or loss (FVPL)	-	7,707	-	7,707
Fair value reserve	3,515	(3,515)	7,429	7,429
Accumulated losses	(345,289)	3,515	-	(341,774)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Impact on the financial statements (Continued)

HKFRS 9 *Financial Instruments* (Continued)

(i) *Classification and measurement*

On 1st April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Notes	FVPL HK\$'000	FVOCI HK\$'000
Closing balance at 31st March 2018 – HKAS 39		-	-
Reclassify investments from available-for-sale investments to FVPL	(a)	7,707	-
Reclassify non-trading equities from available-for-sale investments to FVOCI	(b)	-	950
Remeasurement of unlisted equity securities at fair value	(b)	-	7,429
Opening balance at 1st April 2018 – HKFRS 9		7,707	8,379

The impact of these changes on the Group's equity is as follows:

	Notes	Effect on fair value reserve HK\$'000	Effect on accumulated losses HK\$'000
Closing balance at 31st March 2018 – HKAS 39		3,515	(345,289)
Reclassify investments from available-for-sale to FVPL	(a)	(3,515)	3,515
Reclassify non-trading equities from available-for-sale investment to FVOCI	(b)	7,429	-
Opening balance at 1st April 2018 – HKFRS 9		7,429	(341,774)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Impact on the financial statements (Continued)

HKFRS 9 Financial Instruments (Continued)

(i) *Classification and measurement* (Continued)

(a) *Reclassification from available-for-sale investments to FVPL*

Certain investments with fair value of HK\$7,707,000 as at 1st April 2018 were reclassified from available-for-sale investments to financial assets at FVPL. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

Related fair value gains of HK\$3,515,000 were transferred from the fair value reserve to accumulated losses on 1st April 2018.

(b) *Reclassification from available-for-sale investments to FVOCI and remeasurement*

The Group elected to present in other comprehensive income for the changes in the fair value of all its unlisted equity investments previously classified as available-for-sale investments, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of HK\$8,379,000 (31st March 2018: HK\$950,000 at cost) were reclassified from available-for-sale investments to financial assets at FVOCI on 1st April 2018.

(ii) *Impairment of financial assets*

HKFRS 9 requires an impairment on trades receivables, and deposits and other receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses that were estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables, and deposits and other receivables. The Group performed a detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade receivables and deposits and other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Impact on the financial statements (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1st April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31st March 2018 <i>HK\$'000</i>	Impacts of adopting HKFRS 15 <i>HK\$'000</i>	Carrying amounts under HKFRS 15 at 1st April 2018 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	100,943	(1,740)	99,203
Contract liabilities	–	1,740	1,740
	<u> </u>	<u> </u>	<u> </u>

As at 1st April 2018, deposits from customers of HK\$1,740,000 in respect of sales contracts with customers previously included in trade and other payables were reclassified to contract liabilities.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Accounting policies applied from 1st April 2018

HKFRS 9 *Financial Instruments*

(i) *Investments and other financial assets*

Classification

From 1st April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Accounting policies applied from 1st April 2018 (Continued)

HKFRS 9 Financial Instruments (Continued)

(i) *Investments and other financial assets* (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Accounting policies applied from 1st April 2018 (Continued)

HKFRS 9 Financial Instruments (Continued)

(i) *Investments and other financial assets* (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1st April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1st April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and the related interpretations.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Accounting policies applied from 1st April 2018 (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Accounting policies applied from 1st April 2018 (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers.

The Group recognises revenue from sales of goods when or as the control of the asset is transferred to the customers. The Group recognises revenue at a point in time upon delivery and title of the goods is passed to customers.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4. 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 for the year ended 31st March 2018.

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

(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.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

	30/9/2018				31/3/2018			
	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
Recurring fair value measurements								
Assets								
Structured deposits	-	39,881	-	39,881	-	12,462	-	12,462
Financial assets at fair value through other comprehensive income	-	-	9,063	9,063	-	-	-	-
Financial assets at fair value through profit or loss	-	7,707	-	7,707	-	-	-	-
Available-for-sale investments	-	-	-	-	-	7,707	-	7,707
Trading securities	539	-	-	539	715	-	-	715
Total	539	47,588	9,063	57,190	715	20,169	-	20,884

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 2018 and 31st March 2018 because of the immediate or short term maturity of these financial instruments.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(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.

iii) *Structured deposit*

Fair value is determined by reference to the discounted cash flows which are estimated based on foreign exchange rate observable at the end of reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of the counterparties.

iv) *Financial assets at fair value through other comprehensive income*

Fair value is determined by using the asset-based approach.

v) *Financial assets at fair value through profit or loss*

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

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value		Fair Value hierarchy	Valuation techniques and key inputs
	At 30th September 2018	At 31st March 2018		
	HK\$'000 (Unaudited)	HK\$'000 (Audited)		
Unlisted equity securities	9,063	N/A	Level 3	Asset based approach with key inputs of <ul style="list-style-type: none"> - term yield - minority discount rate

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(ii) Valuation processes

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.

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Term yield: the increase in term yield would result in a decrease in fair value.
- Minority discount rate: the increase in minority discount rate would result in decrease in fair value.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5. 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 2018. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration 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 revenue 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 condensed consolidated statement of profit or loss.

All assets are allocated to reportable segments other than deferred tax assets and other corporate assets.

All liabilities are allocated to reportable segments other than current income tax payables, deferred tax liabilities and borrowings not attributable to individual segments and other corporate liabilities.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5. 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 2018 (unaudited)					
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
External revenue (Note)	406,985	4,425	411,410	-	411,410
Operating profit/(loss)	34,680	630	35,310	(3,656)	31,654
Interest income	541	-	541	-	541
Other income/(loss), net	236	-	236	(173)	63
Finance costs	(236)	-	(236)	-	(236)
Segment results	35,221	630	35,851	(3,829)	32,022
Income tax					(4,922)
Profit for the period					27,100
Depreciation and amortisation	1,263	128	1,391	253	1,644

Note:

There were no inter-segment sales during the six months ended 30th September 2018.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

	As at 30th September 2018 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	<u>317,124</u>	<u>329,523</u>	<u>646,647</u>	<u>2,519</u>	<u>649,166</u>
Financial assets at fair value through other comprehensive income					<u>9,063</u>
Financial assets at fair value through profit or loss					<u>7,707</u>
Deferred tax assets					<u>12,266</u>
Total assets					<u><u>678,202</u></u>
Additions to non-current segment assets during the reporting period	<u>1,642</u>	<u>35,461</u>	<u>37,103</u>	<u>-</u>	<u>37,103</u>
Segment liabilities	<u>134,003</u>	<u>8,950</u>	<u>142,953</u>	<u>23,196</u>	<u>166,149</u>
Current tax payable					<u>4,764</u>
Deferred tax liabilities					<u>19,109</u>
Total liabilities					<u><u>190,022</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

	For the six months ended 30th September 2017 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
External revenue (Note)	486,446	4,329	490,775	-	490,775
Operating profit/(loss)	6,095	4,037	10,132	(2,654)	7,478
Interest income	97	-	97	-	97
Other (loss)/income, net	(2,407)	-	(2,407)	60	(2,347)
Finance costs	(1,539)	-	(1,539)	-	(1,539)
Segment results	2,246	4,037	6,283	(2,594)	3,689
Income tax					-
Profit for the period					3,689
Depreciation and amortisation	1,936	292	2,228	-	2,228

Note:

There were no inter-segment sales during the six months ended 30th September 2017.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

	As at 31st March 2018 (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>303,921</u>	<u>294,689</u>	<u>598,610</u>	<u>32,250</u>	630,860
Available-for-sale investments					8,657
Deferred tax assets					<u>17,188</u>
Total assets					<u>656,705</u>
Additions to non-current segment assets during the reporting period	<u>3,970</u>	<u>71</u>	<u>4,041</u>	<u>–</u>	<u>4,041</u>
Segment liabilities	<u>116,782</u>	<u>9,274</u>	<u>126,056</u>	<u>3,693</u>	129,749
Current tax payable					5,074
Deferred tax liabilities					<u>19,109</u>
Total liabilities					<u>153,932</u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5. 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		September	
	2018	2017	2018	31st
	HK\$'000	HK\$'000	HK\$'000	March
	(unaudited)	(unaudited)	(unaudited)	2018
				HK\$'000
				(audited)
The People's Republic of China, excluding Hong Kong	139,506	187,923	62,552	66,803
Hong Kong (place of domicile)	271,427	302,359	265,727	266,180
United Kingdom	-	-	34,646	-
Switzerland	477	493	14,946	15,491
	411,410	490,775	377,871	348,474

Information about major customers

For the six months ended 30th September 2018, there was no single external customer who contributed more than 10% of total revenue of the Group.

For the six months ended 30th September 2017, revenue of HK\$94,533,000 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.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	236	1,378
Interest on loans from a director	-	161
	<u>236</u>	<u>1,539</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	236	1,539

(b) Other items

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange loss	2,165	662
Amortisation of prepaid lease payments	239	233
Depreciation for property, plant and equipment (Reversal of write-down)/ write down of inventories, net	1,405	1,995
	(9,057)	36,129
Staff costs including directors' fees and emoluments	30,275	27,404
Cost of inventories recognised as expenses	284,693	398,191
	<u>284,693</u>	<u>398,191</u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

	Six months ended 30th September 2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
PRC Corporate Income Tax		
– Charge for the period	–	–
Deferred tax		
Origination and reversal of temporary differences	<u>4,922</u>	–
	<u>4,922</u>	–

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2017: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the periods ended 30th September 2018 and 2017 either because the Hong Kong subsidiaries have accumulated tax losses brought forward which exceeded the estimated assessable profits or the Hong Kong subsidiaries sustained losses for taxation purpose.

The subsidiaries in the PRC are subject to the PRC Enterprise Income Tax at the rate of 25% for the period ended 30th September 2018 (2017: 25%). No PRC income tax has been provided for in the financial statements for the periods ended 30th September 2018 and 2017 either because the PRC subsidiaries have accumulated tax losses brought forward which exceeded the estimated assessable profits or the PRC subsidiaries sustained losses for taxation purpose.

The subsidiaries in Switzerland are subject to Switzerland Profits Tax at the rate of 16% (2017: 16%). No Switzerland Profits Tax has been provided for the periods ended 30th September 2018 and 2017 as the Group has no estimated assessable profits in Switzerland.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$27,100,000 (2017: HK\$3,689,000) and the weighted average number of 783,433,000 ordinary shares (2017 (restated): 783,433,000 ordinary shares) in issue during the period ended 30th September 2018.

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share for the six months ended 30th September 2018 and 2017.

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 2018 and 2017.

The weighted average number of shares for the purpose of calculation of basic and diluted earnings per share for the period ended 30th September 2017 has been restated to reflect a consolidation of shares in July 2018 on the basis of two shares being consolidated into one share.

9. DIVIDENDS

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend in respect of the previous financial year, approved but not paid during the reporting period of HK\$0.0256 (2017: HK\$Nil) per share	20,056	–
Special dividend approved and paid during the reporting period of HK\$0.0256 (2017: HK\$Nil) per share	20,056	–
	40,112	–

The final dividend and special dividend were the cash distributions out of contributed surplus after the capital reorganisation as disclosed in note 13.

The directors do not propose any payment of interim dividend for the period ended 30th September 2018 (2017: HK\$ Nil).

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Other property, plant and equipment	Construction in progress	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Carrying amount at 1st April 2017	15,761	4,374	–	20,135
Translation differences	144	44	–	188
Additions	–	564	–	564
Depreciation charge	(170)	(1,825)	–	(1,995)
Carrying amount at 30th September 2017	<u>15,735</u>	<u>3,157</u>	<u>–</u>	<u>18,892</u>
Carrying amount at 1st April 2018	15,752	2,697	1,548	19,997
Translation differences	(226)	(7)	–	(233)
Additions	–	1,938	603	2,541
Transfers	–	1,548	(1,548)	–
Depreciation charge	(171)	(1,234)	–	(1,405)
Carrying amount at 30th September 2018	<u>15,355</u>	<u>4,942</u>	<u>603</u>	<u>20,900</u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

11. TRADE AND OTHER RECEIVABLES

	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Trade receivables		
– Third parties	19,927	20,487
– Related parties	2,285	2,366
	22,212	22,853
Allowance for doubtful debts	(1,259)	(1,230)
	20,953	21,623
Other receivables		
– Third parties	3,492	2,836
– Related parties	4,534	4,832
	8,026	7,668
Loans and receivables	28,979	29,291
Deposits and prepayments	10,060	6,362
	39,039	35,653

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Aging Analysis

The Group allows credit period of up to 180 days to its customers. The aging analysis of trade receivables of HK\$20,953,000 (31st March 2018: HK\$21,623,000) 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 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Up to 90 days	17,947	18,996
91 to 180 days	343	676
181 to 365 days	1,050	1,010
Over 365 days	1,613	941
	20,953	21,623

12. TRADE AND OTHER PAYABLES

	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Trade payables		
– Third parties	15,340	5,656
– Related parties	–	8
	15,340	5,664
Other payables and accrued charges	31,866	35,016
Accrued interest payable to a director	160	160
Financial liabilities measured at amortised cost	47,366	40,840
Rental received in advance	94	94
Deposits received	2,186	3,913
Other tax payable	52,864	56,096
	102,510	100,943

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

12. TRADE AND OTHER PAYABLES (Continued)

(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 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Up to 90 days	12,035	2,030
91 to 180 days	–	13
181 to 365 days	–	119
Over 365 days	3,305	3,502
	15,340	5,664

13. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares '000 (unaudited)	Amount HK\$'000 (unaudited)
Authorised:			
At 31st March 2018 and 1st April 2018	0.2	2,500,000	500,000
Consolidation of shares		(1,250,000)	–
		<u>1,250,000</u>	<u>500,000</u>
Reduction of share capital	0.4	–	(250,000)
		<u>1,250,000</u>	<u>250,000</u>
Capital increase	0.2	1,250,000	250,000
		<u>1,250,000</u>	<u>250,000</u>
At 30th September 2018	0.2	<u>2,500,000</u>	<u>500,000</u>
Issued and fully paid:			
At 31st March 2018 and 1st April 2018	0.2	1,566,866	313,373
Consolidation of shares		(783,433)	–
		<u>783,433</u>	<u>313,373</u>
Reduction of share capital	0.4	–	(156,686)
		<u>783,433</u>	<u>156,687</u>
At 30th September 2018	0.2	<u>783,433</u>	<u>156,687</u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

13. SHARE CAPITAL (Continued)

Pursuant to the resolutions passed on a special general meeting held on 3rd July 2018, the Company carried out a capital reorganisation (the "Capital Reorganisation") which was completed in July 2018 and the details are as follows:

(a) Share Consolidation

Every two issued and unissued shares of par value HK\$0.20 each in the share capital of the Company were consolidated into one share of par value HK\$0.40 (each a "Consolidated Share") (the "Share Consolidation").

(b) Capital Reduction

Immediately upon the Share Consolidation becoming effective, (i) the issued share capital of the Company was reduced by cancelling the paid up capital of the Company to the extent of HK\$0.20 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share was reduced from HK\$0.40 to HK\$0.20; and (ii) the authorised share capital of the Company was reduced by reducing the par value of all Consolidated Shares from HK\$0.40 each to HK\$0.20 each resulting in the reduction of the authorised share capital of the Company from HK\$500,000,000 divided into 1,250,000,000 Consolidated Shares to HK\$250,000,000 divided into 1,250,000,000 shares of par value of HK\$0.20 each (collectively, the "Capital Reduction").

(c) Capital Increase

Immediately upon the Capital Reduction becoming effective, the authorised share capital of the Company was increased from HK\$250,000,000 divided into 1,250,000,000 shares of par value HK\$0.20 each to HK\$500,000,000 divided into 2,500,000,000 new shares of par value HK\$0.20 each.

(d) Share Premium Account Reduction

The amount standing in the share premium account of the Company of HK\$143,310,000 was reduced to nil.

(e) Transfer of Credit to the Contributed Surplus

The entire amount arising from the Capital Reduction of HK\$156,686,000 and the Share Premium Account Reduction of HK\$143,310,000 was transferred to the Contributed Surplus to enable the application of the necessary amount in the Contributed Surplus to set off against the accumulated losses of the Company and to make a distribution.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. 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:

	Six months ended 30th September 2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term employee benefits	5,158	4,955
Post-employment benefits	18	18
	5,176	4,973

(b) Financing arrangements

	As at 30th September 2018	As at 31st March 2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Accrued interest	160	160

The accrued interest was derived from the loans from a director which was 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. The loans were fully repaid during the year ended 31st March 2018.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

(c) Other transactions

	Notes	Six months ended 30th September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Sales of watch movements to a related company ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin		-	1,688
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)	-	1,140
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)	1,145	1,130
Purchase of products from a related company ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	(iii)	-	37
		<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. 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 2017, the Group participated in the marketing programs and activities for promoting and enhancing the image of branded watches supplied by a related company ultimately controlled by Mr. Eav Yin. In return, the related company subsidised the Group by paying an advertising subsidy to the Group.

(ii) Leasing of offices and warehouses

During the six months ended 30th September 2018 and 2017, the Group leased an office and warehouse space to three related companies ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin.

As at 30th September 2018 and 31st March 2018, 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:

	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Not later than one year	1,214	1,578
Later than one year and not later than five year	-	434
	<u>1,214</u>	<u>2,012</u>

Leases for properties are negotiated for terms ranging from 0.25 to 3 years (31st March 2018: 0.25 to 3 years) and related commitments are included in Note 16.

(iii) Purchase of products

The Group purchased products from a related company during the six months ended 30th September 2017 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)

14. RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related companies

	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Trade and other receivables due from three (31st March 2018: three) related companies ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	6,819	7,198
Trade payables due to one related company as at 31st March 2018 ultimately owned by the wife of Mr. Eav Yin and controlled by Mr. Eav Yin	-	8

15. PLEDGE OF ASSETS

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

	As at 30th September 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Land and buildings	11,795	11,901
Investment properties	227,180	227,180
Inventories	28,838	43,322
	267,813	282,403

16. 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 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Not later than one year	7,398	8,328
Later than one year and not later than five years	11,810	15,034
	19,208	23,362

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. COMMITMENTS (Continued)

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 2018 HK\$'000 (unaudited)	As at 31st March 2018 HK\$'000 (audited)
Not later than one year	87,392	84,568
Later than one year and not later than five years	198,945	224,768
	<u>286,337</u>	<u>309,336</u>

17. 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.

18. 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.

19. EVENTS AFTER THE REPORTING PERIOD

Acquisition of a Property

On 15th October 2018, a subsidiary of the Company (the "Subsidiary") entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party (the "Vendor") pursuant to which the Subsidiary agreed to buy and the Vendor agreed to sell a residential property located in London, the United Kingdom (the "Property") at a cash consideration of £3,600,000 (approximately HK\$36,000,000) for investment purpose. The acquisition was completed on 1st November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Review

For the six months ended 30th September 2018, the Group's consolidated revenue amounted to HK\$411 million, representing a decrease of 16% (2017: increase of 21%) from HK\$491 million in the same period of last year was mainly due to the decrease in watches sales in China. Average same store sales for the reporting period in Hong Kong and China increased by 31% and decrease by 28% respectively as compared with the corresponding period in last year. Gross profit margin increased by 12% to 31% during this period was due to the provision for obsolete inventories in view of the decision to close a shop in China and terminate the business relationship with retailers of a brand owned by the Group in last year.

Distribution costs increased by 10% to HK\$89 million during this period were mainly attributable to the increase in staff costs and entertainment expenses which was slightly offset by the decrease in rental expenses. Administrative expenses increased by 38% to HK\$19 million during this period were mainly attributable to the increase in exchange loss, legal and professional expenses and bank charges. Finance costs dropped to HK\$0.2 million during this period because of the decrease in borrowings.

Liquidity and financial resources

As at 30th September 2018, the Group's total cash balance (including short-term deposits and structured deposits) amounted to HK\$104 million (31st March 2018: HK\$92 million) which was comparable to that as of the year ended 31st March 2018. Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 6% as at 30th September 2018 (31st March 2018: 3%).

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 results and achieved a net profit of HK\$27 million in this period as compared with a profit of HK\$4 million in the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospect (Continued)

The Group operates 8 stores in Hong Kong and China. The Group remained focus on its core stores and has streamlined their operating costs during the period and will continue to do so with a view to further enhance the cost efficiency of each store. The overall sentiment in the luxury retail business was strong in Hong Kong but that in China still remained stagnant due to the slowdown of the economic growth in China and the change of spending pattern of the mainland tourists and the continuation of anticorruption drive in China. Looking ahead, the improving sentiment in Hong Kong as a result of the increase in tourist and local spending will be a positive sign for the Group's business in Hong Kong.

Apart from the "Sale of watches" segment which continues to be the core business of the Group, the Group is also developing its business in the "Properties leasing" segment in which the key investment properties are located in Hong Kong. With a view to enhance and diversify the existing portfolio of this segment, the Group has recently acquired two renowned residential properties in London in June and November 2018 respectively.

The Group is determined to rebuild its financial strength and confidence to improve 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 2018 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.

CORPORATE GOVERNANCE (Continued)

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. The 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.

CORPORATE GOVERNANCE (Continued)

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 2018, 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 Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Nature of interest	Number of ordinary shares and underlying shares (if any) of HK\$0.2 each held	Approximate percentage of aggregate interests to total issued share capital %
Mr. Eav Yin	<i>Note 1</i>	443,461,236	56.60
Ms. Eav Guech Rosanna	<i>Note 2</i>	812,136	0.10
Mr. Duong Ming Chi, Henry	<i>Note 4</i>	2,044,800	0.26
Mr. Lai Si Ming	<i>Note 3</i>	183,312	0.02
Ms. Wong Wing Yue, Rosaline	<i>Note 3</i>	183,312	0.02
Mr. Lee Tat Cheung, Vincent	<i>Note 3</i>	183,312	0.02

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)

Note 1: Among the 443,461,236 shares in which Mr. Eav Yin is deemed to have interests under the SFO (a) 35,344,300 shares are personal interest of Mr. Eav Yin of which 1,466,500 shares are share options, (b) 2,964,600 shares are held by Mdm. Lam Kim Phung (spouse of Mr. Eav Yin), (c) 291,210,668 shares by Century Hero International Limited, (d) 932,400 shares by Debonair Company Limited, (e) 51,133,864 shares by Goodideal Industrial Limited, (f) 1,275,336 shares by Hexham International Limited, (g) 1,423,268 shares by Goodness Management Limited and (h) 59,176,800 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: All the 812,136 shares are personal interest of Ms. Eav Guech Rosanna.

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

Note 4: All the 2,044,800 shares are personal interest of Mr. Duong Ming Chi, Henry.

Save as disclosed herein and in the section "2002 Share Option Scheme", as at 30th September 2018, 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 2018, 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 2018, 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:

Name of shareholder	Notes	Number of ordinary shares and underlying shares (if any) of HK\$0.2 each held	Approximate percentage of issued share capital %
Mdm. Lam Kim Phung	1	443,461,236	56.60
Century Hero International Limited	2	291,210,668	37.17
Chanchhaya Trustee Holding Corporation	3	59,176,800	7.55
Goodideal Industrial Limited	4	51,133,864	6.53
Covenhills Limited	5	64,255,243	8.20

Notes:

1. These shares include 2,964,600 shares held by Mdm. Lam Kim Phung and the remaining 440,496,636 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. Goodideal Industrial Limited is 87% owned by Mr. Eav Yin who is a director of this company.
5. Covenhills 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 2018, 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 2018 (2017: 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 2018.

Employees and Remuneration Policy

There were 149 employees in the Group as at 30th September 2018. 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. After the completion of the further share consolidation in July 2018, both the exercise price and the numbers of the outstanding share options had been adjusted according to the terms of this Share Option Scheme.

OTHER INFORMATION (Continued)

2002 Share Option Scheme (Continued)

During the six months ended 30th September 2018, 659,925 share options were lapsed but no option was granted, exercised or cancelled during the period. There were 7,449,813 share options outstanding at 30th September 2018 (2017: 16,791,425, the number was before the adjustment upon the completion of the share consolidation in July 2018). The share options outstanding at 30th September 2018 had adjusted exercise price of HK\$2.688 after the completion of the share consolidation in July 2018.

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	Adjustment for share options		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
				No. of shares acquired on exercise of share options during the period	No. of shares pursuant to share consolidation during the period					
Directors										
Mr. Eav Yin	2,933,000	-	-	-	(1,466,500)	1,466,500	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
Mr. Lai Si Ming	366,625	-	-	-	(183,313)	183,312	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
Ms. Wong Wing Yue, Rosaline	366,625	-	-	-	(183,313)	183,312	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
Mr. Lee Tai Cheung, Vincent	366,625	-	-	-	(183,313)	183,312	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
	<u>4,032,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,016,439)</u>	<u>2,016,436</u>				
Employees	11,526,690	-	(659,925)	-	(5,433,368)	5,433,377	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
	<u>15,559,565</u>	<u>-</u>	<u>(659,925)</u>	<u>-</u>	<u>(7,449,827)</u>	<u>7,449,813</u>				

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 2018 and as at 30th September 2018, 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, 23rd November 2018