

INTERIM REPORT
2020



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

FINANCIAL HIGHLIGHTS

	Six months ended		
	30th September		
	2020	2019	Change
	HK\$'000	<i>HK\$'000</i>	%
	(unaudited)	<i>(unaudited)</i>	
Operations			
Revenue	476,513	482,213	(1)
Profit attributable to the owners of the Company	40,109	21,303	88
Earnings per share – Basic and diluted	5.37 HK cents	2.85 HK cents	88
	As at	As at	
	30th September	31st March	
	2020	2020	Change
	HK\$ million	<i>HK\$ million</i>	%
	(unaudited)	<i>(audited)</i>	
Financial position			
Total assets	825	807	2
Equity attributable to the owners of the Company	391	343	14

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 2020 together with the comparative figures of the last corresponding period. The interim financial report has been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September 2020

	Note	Six months ended 30th September 2020	2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	476,513	482,213
Cost of sales		(375,111)	(354,869)
Gross profit		101,402	127,344
Other revenue		4,279	10,272
Distribution costs		(54,928)	(85,039)
Administrative expenses		(18,567)	(26,910)
Other income, net		25,474	6,058
Finance costs	6(a)	(5,242)	(7,188)
Profit before taxation	6	52,418	24,537
Income tax	7	(13,136)	(3,800)
Profit for the period		39,282	20,737
Attributable to:			
Owners of the Company		40,109	21,303
Non-controlling interests		(827)	(566)
		39,282	20,737
Earnings per share	8		
Basic and diluted (HK cents)		5.37	2.85

The notes on pages 8 to 29 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 2020

	Six months ended 30th September 2020	
	HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period	39,282	20,737
Other comprehensive income for the period		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	7,213	(6,315)
Total other comprehensive profit/(loss) for the period (net of nil tax)	7,213	(6,315)
Total comprehensive income for the period	46,495	14,422
Attributable to:		
Owners of the Company	47,322	14,988
Non-controlling interests	(827)	(566)
Total comprehensive income for the period	46,495	14,422

The notes on pages 8 to 29 form part of these unaudited interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

	Note	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	10,930	12,492
Right-of-use assets		84,120	93,827
Investment properties		344,080	343,772
Financial assets at fair value through profit or loss		14,133	14,133
Deferred tax assets		2,418	2,418
Deposits and prepayments	11	18,435	18,410
Intangible asset		348	276
Goodwill		–	–
		474,464	485,328
Current assets			
Inventories		167,879	195,992
Trade and other receivables	11	86,124	46,942
Trading securities		396	382
Income tax recoverable		12,021	9,016
Cash and cash equivalents		84,045	69,121
		350,465	321,453
Current liabilities			
Trade and other payables	12	109,082	98,587
Contract liabilities		1,746	1,224
Bank loans		163,171	161,403
Lease liabilities		69,970	77,425
Current income tax payable		16,752	4,875
		360,721	343,514
Net current liabilities		(10,256)	(22,061)
Total assets less current liabilities		464,208	463,267

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30th September 2020

	Note	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Non-current liabilities			
Rental deposits received and receipt in advance		2,459	2,355
Deferred tax liabilities		23,657	23,657
Lease liabilities		50,188	95,846
		<u>76,304</u>	<u>121,858</u>
Net assets		<u>387,904</u>	<u>341,409</u>
Capital and reserves			
Share capital	13	149,424	149,424
Reserves		241,382	194,060
Total equity attributable to the owners of the Company		<u>390,806</u>	<u>343,484</u>
Non-controlling interests		<u>(2,902)</u>	<u>(2,075)</u>
Total equity		<u>387,904</u>	<u>341,409</u>

The notes on pages 8 to 29 form part of these unaudited interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30th September 2020

	Attributable to owners of the Company									Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Fair value reserve (non- recycling) HK\$'000	Accumulated losses HK\$'000			
At 1st April 2019	149,424	61,371	35,709	252,381	7,263	10,734	11,930	8,113	(13,828)	373,673	-	523,097
Total comprehensive income for the period	-	-	(6,315)	-	-	-	-	-	21,303	14,988	(566)	14,422
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	(34)	(34)	429	395
Release of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(8,113)	-	(8,113)	-	(8,113)
Final dividend	-	-	-	-	-	-	-	-	(19,126)	(19,126)	-	(19,126)
Transfer to accumulated loss upon forfeiture of share options	-	-	-	-	-	-	(1,704)	-	1,704	-	-	-
At 30th September 2019	149,424	61,371	29,394	252,381	7,263	10,734	10,226	-	(9,981)	361,388	(137)	510,675
At 1st April 2020	149,424	61,371	29,509	252,381	7,263	10,734	9,906	-	(177,104)	194,060	(2,075)	341,409
Total comprehensive income for the period	-	-	7,213	-	-	-	-	-	40,109	47,322	(827)	46,495
At 30th September 2020	149,424	61,371	36,722	252,381	7,263	10,734	9,906	-	(136,995)	241,382	(2,902)	387,904

The notes on pages 8 to 29 form part of these unaudited interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2020

	Six months ended 30th September 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited) (Note)
NET CASH GENERATED FROM OPERATING ACTIVITIES	52,116	26,509
INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(2,161)	(5,448)
Decrease in structured deposit	–	1,410
Payment for purchase of intangible assets	(72)	–
Bank interest income received	180	582
Proceeds from disposal of investment property	1,500	–
Proceeds from disposal of equity instruments at fair value through other comprehensive income	–	7,000
Net cash outflow on acquisition of subsidiaries	–	(12,644)
NET CASH USED IN INVESTING ACTIVITIES	(553)	(9,100)
FINANCING ACTIVITIES		
Proceeds from new bank loans	24,712	130,213
Repayment of bank loans	(22,938)	(115,101)
Interest paid on bank loans	(2,638)	(2,194)
Capital element of lease rentals paid	(34,566)	(39,119)
Interest element of lease rentals paid	(3,260)	(4,994)
NET CASH USED IN FINANCING ACTIVITIES	(38,690)	(31,195)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,873	(13,786)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,121	69,990
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	2,051	(3,066)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	84,045	53,138
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	84,045	53,138

The notes on pages 8 to 29 form part of these unaudited interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. GENERAL

The Group is principally engaged in trading of watches (retail and wholesale), property leasing and gourmet business.

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 addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda and Room 3901, 39th Floor, The Hopewell Centre, 183 Queen's Road East, Wanchai, 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 25th November 2020.

2. BASIS OF PREPARATION

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"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements which are set out in note 3.

Going concern basis

As 30th September 2020, the Group had net current liabilities of approximately HK\$10,256,000 (31st March 2020: HK\$22,061,000).

This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. To sustain the Group as a going concern and to monitor the Group's liquidity and cash flows, the Group is implementing the following measures:

- negotiating with banks for renewal and obtaining new banking facilities;
- the directors of the Company have been taking various cost control measures to tighten the costs of operations; and
- the Group has been implementing various strategies to enhance the Group's turnover.

The validity of the going concern assumption on which the condensed consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors as described above.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1st April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material".

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole. The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31st March 2021.

The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

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 2020.

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 UNAUDITED INTERIM FINANCIAL REPORT (Continued)

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

	30th September 2020				31st March 2020			
	Quoted	Significant	Significant	Total	Quoted	Significant	Significant	Total
	prices	observable	unobservable		prices	observable	unobservable	
	in active	inputs	inputs	in active	inputs	inputs		
markets	(Level 2)	(Level 3)	(Level 1)	(Level 2)	(Level 3)			
	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements								
Assets								
Financial assets at fair value through profit or loss	-	14,133	-	14,133	-	14,133	-	14,133
Trading securities	396	-	-	396	382	-	-	382
Total	396	14,133	-	14,529	382	14,133	-	14,515

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 2020 and 31st March 2020 because of the immediate or short term maturity of these financial instruments.

NOTES TO THE UNAUDITED 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) *Equity instruments*

Fair value is determined by reference to the bid price quoted in the second hand market or closing bid price quoted in an active market at the end of the reporting period without any deduction for transaction costs.

NOTES TO THE UNAUDITED 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 2020. 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 payable, deferred tax liabilities and borrowings not attributable to individual segments and other corporate liabilities.

NOTES TO THE UNAUDITED 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 2020 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Disaggregated by time of revenue recognition					
Point in time	467,038	-	467,038	-	467,038
Over time	-	6,329	6,329	3,146	9,475
External revenue (Note)	<u>467,038</u>	<u>6,329</u>	<u>473,367</u>	<u>3,146</u>	<u>476,513</u>
Operating profit/(loss)	41,138	246	41,384	(9,378)	32,006
Interest income	180	-	180	-	180
Other income, net	23,288	-	23,288	2,186	25,474
Finance costs	(5,198)	-	(5,198)	(44)	(5,242)
Segment results	<u>59,408</u>	<u>246</u>	<u>59,654</u>	<u>(7,236)</u>	<u>52,418</u>
Income tax expense					<u>(13,136)</u>
Profit for the period					<u>39,282</u>
Depreciation and amortisation	<u>17,651</u>	<u>383</u>	<u>18,034</u>	<u>1,132</u>	<u>19,166</u>

Note:

There were no inter-segment sales during the six months ended 30th September 2020.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

	As at 30th September 2020 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	<u>447,628</u>	<u>348,225</u>	<u>795,853</u>	<u>12,525</u>	<u>808,378</u>
Financial assets at fair value through profit or loss					14,133
Deferred tax assets					<u>2,418</u>
Total assets					<u>824,929</u>
Additions to non-current segment assets during the reporting period	<u>1,693</u>	<u>398</u>	<u>2,091</u>	<u>258</u>	<u>2,349</u>
Segment liabilities	<u>370,624</u>	<u>9,032</u>	<u>379,656</u>	<u>16,960</u>	<u>396,616</u>
Current income tax payable					16,752
Deferred tax liabilities					<u>23,657</u>
Total liabilities					<u>437,025</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

	For the six months ended 30th September 2019 (unaudited)				
	Sale of watches HK\$'000	Properties leasing HK\$'000	Segmental total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Disaggregated by time of revenue recognition					
Point in time	476,930	-	476,930	-	476,930
Over time	-	4,234	4,234	1,049	5,283
External revenue (Note)	<u>476,930</u>	<u>4,234</u>	<u>481,164</u>	<u>1,049</u>	<u>482,213</u>
Operating profit/(loss)	36,116	(4,057)	32,059	(6,974)	25,085
Interest income	582	-	582	-	582
Other income, net	145	-	145	5,913	6,058
Finance costs	(7,188)	-	(7,188)	-	(7,188)
Segment results	<u>29,655</u>	<u>(4,057)</u>	<u>25,598</u>	<u>(1,061)</u>	<u>24,537</u>
Income tax expense					(3,800)
Profit for the period					<u>20,737</u>
Depreciation and amortisation	<u>2,809</u>	<u>381</u>	<u>3,190</u>	<u>120</u>	<u>3,310</u>

Note:

There were no inter-segment sales during the six months ended 30th September 2019.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

	As at 31st March 2020 (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>428,738</u>	<u>327,136</u>	<u>755,874</u>	<u>34,356</u>	790,230
Financial assets at fair value through profit or loss					14,133
Deferred tax assets					<u>2,418</u>
Total assets					<u>806,781</u>
Additions to non-current segment assets during the reporting period	<u>247,631</u>	<u>209</u>	<u>247,840</u>	<u>26,489</u>	<u>274,329</u>
Segment liabilities	<u>415,111</u>	<u>8,822</u>	<u>423,933</u>	<u>12,907</u>	436,840
Current income tax payable					4,875
Deferred tax liabilities					<u>23,657</u>
Total liabilities					<u>465,372</u>

NOTES TO THE UNAUDITED 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 property, plant and equipment, intangible assets, right-of-use assets, investment properties and deposits and prepayments. The geographical location of customers is referred to the location at which the services were provided or the goods delivered. The geographical locations of non-current assets are based on the physical location of the assets.

	Revenues from external customers Six months ended 30th September 2020 HK\$'000 (unaudited)		Non-current assets 30th September 2020 HK\$'000 (unaudited)		31st March 2020 HK\$'000 (audited)
	2019 HK\$'000 (unaudited)				
The People's Republic of China, excluding Hong Kong	158,380	423,956	100,974		107,864
Hong Kong (place of domicile)	323,362	51,900	272,557		278,516
United Kingdom	–	–	65,945		65,988
Switzerland	471	657	18,437		16,409
		476,513	457,913		468,777

Information about major customers

For the six months ended 30th September 2020, revenue of approximately HK\$120,449,000 (the six months ended 30th September 2019: approximately HK\$49,636,000) was derived from a single external customer who contributed more than 10% of total of the Group. This revenue was attributable to the sale of watches segment.

NOTES TO THE UNAUDITED 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	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	1,982	2,194
Interest on lease liabilities	3,260	4,994
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	5,242	7,188
	<hr/> <hr/>	<hr/> <hr/>

(b) Other items

	Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange (gain)/loss	(374)	4,742
Depreciation charge		
– property, plant and equipment	4,109	3,310
– right-of-use assets	15,057	35,053
Reversal of write-down of inventories, net	(2,204)	(1,281)
Reversal of impairment loss of other receivables	(75)	–
Staff costs including directors' fees and emoluments	28,555	30,463
Cost of inventories recognised as expenses	375,111	354,869
Interest income on bank deposits	(180)	(582)
Gain on disposal of equity instruments at fair value through other comprehensive income	–	(6,050)
Loss on disposal of an investment property	100	–
Gain on lease modification	(23,177)	(1,256)
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

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

	Six months ended 30th September 2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
PRC Corporate Income Tax		
– Charge for the period	13,136	–
Deferred tax		
Origination and reversal of temporary differences	–	3,800
	13,136	3,800

The subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2019: 16.5%). No Hong Kong Profits Tax has been provided for in the financial statements for the six months ended 30th September 2020 and 2019 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 six months ended 30th September 2020 (2019: 25%). No PRC Enterprise Income Tax has been provided for in the financial statements for the six months ended 30th September 2019 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% (2019: 16%). No Switzerland Profits Tax has been provided for the six months ended 30th September 2020 and 2019 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 UNAUDITED 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\$40,109,000 (2019: HK\$21,303,000) and the weighted average number of 747,123,000 ordinary shares (2019: 747,123,000 ordinary shares) in issue during the six months ended 30th September 2020.

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share for the six months ended 30th September 2020 and 2019.

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 2020 and 2019.

9. DIVIDENDS

	Six months ended 30th September 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Final dividend in respect of the previous financial year, approved but not paid during the reporting period of HK\$Nil (2019: HK\$0.0256) per share	—	19,126
	—	19,126

The directors do not propose any payment of interim dividend for the six months ended 30th September 2020 (2019: HK\$ Nil).

NOTES TO THE UNAUDITED 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 2019	16,354	7,136	2,049	25,539
Translation differences	(104)	199	(120)	(25)
Additions	-	4,436	3,782	8,218
Acquisitions through business combination	-	525	-	525
Transfers	-	5,128	(5,128)	-
Disposal	-	(10)	-	(10)
Depreciation charge	(180)	(3,130)	-	(3,310)
Carrying amount at 30th September 2019	<u>16,070</u>	<u>14,284</u>	<u>583</u>	<u>30,937</u>
Carrying amount at 1st April 2020	-	12,492	-	12,492
Translation differences	-	270	-	270
Additions	-	2,277	-	2,277
Depreciation charge	-	(4,109)	-	(4,109)
Carrying amount at 30th September 2020	<u>-</u>	<u>10,930</u>	<u>-</u>	<u>10,930</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

11. TRADE AND OTHER RECEIVABLES

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Trade receivables, net of loss allowance		
– Third parties	56,213	24,519
– Related parties	7,141	6,705
	63,354	31,224
Other receivables		
– Third parties	7,063	4,533
– Related parties	1,146	1,037
	8,209	5,570
Financial assets measured at amortised cost	71,563	36,794
Deposits and prepayments	32,996	28,558
	104,559	65,352
Analysed as:		
Non-current	18,435	18,410
Current	86,124	46,942
	104,559	65,352

(a) Aging Analysis

The Group allows credit period of up to 180 days to its customers. The aging analysis of trade receivables at the end of the reporting period based on invoice date and net of loss allowance is as follows:

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Up to 90 days	54,204	13,561
91 to 180 days	346	8,214
181 to 365 days	2,068	1,987
Over 365 days	6,736	7,462
	63,354	31,224

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

12. TRADE AND OTHER PAYABLES

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Trade payables		
– Third parties	7,638	8,672
– Related parties	46	–
	7,684	8,672
Other payables and accrued charges	42,215	36,274
Financial liabilities measured at amortised cost	49,899	44,946
Rental received in advance	93	94
Deposits received	4,090	3,344
Other tax payable	55,000	50,203
	109,082	98,587

(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 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Up to 90 days	4,191	5,321
91 to 180 days	62	127
181 to 365 days	86	–
Over 365 days	3,345	3,224
	7,684	8,672

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

13. SHARE CAPITAL

	Nominal value per share <i>HK\$</i>	Number of shares <i>'000</i> (unaudited)	Amount <i>HK\$'000</i> (unaudited)
Authorised:			
At 1st April 2019, 31st March 2020, 1st April 2020 and 30th September 2020	0.2	2,500,000	500,000
Issued and fully paid:			
At 1st April 2019, 31st March 2020, 1st April 2020 and 30th September 2020	0.2	747,123	149,424

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	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Short-term employee benefits	6,204	7,947
Post-employment benefits	18	18
	6,222	7,965

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions

	Notes	Six months ended 30th September 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Leasing of offices and warehouses to four (2019: three) related companies ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin	(i)	3,085	1,096
Purchase of products from a related company ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin	(ii)	2	4
Leasing of office and warehouse from one (2019: nil) related company ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin		457	–
Sales of watch movement to one (2019: nil) related company ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin		410	–
Sales of gourmet products to three (2019: nil) related company ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin		27	–
		1,000	–
Present value of lease liabilities by Leasing of office and warehouse from one (2019: nil) related company ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin		256	–
– Not later than one year			–
– Later than one year and not later than five years			–
		1,256	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions (Continued)

Notes:

- (i) Leasing of offices and warehouses

During the six months ended 30th September 2020 and 2019, the Group leased an office and warehouse space to four (2019: three) related companies ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin.

As at 30th September 2020 and 31st March 2020, commitments under operating leases receivable from the companies over which ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin were as follows:

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Not later than one year	5,394	5,807
Later than one year and not later than five years	1,769	4,295
	7,163	10,102

Leases for properties are negotiated for terms ranging from 0.25 to 1.42 years (31st March 2020: 0.25 to 2.42 years) and related commitments are included in Note 16.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions (Continued)

Notes: (Continued)

(ii) Purchase of products

The Group purchased products from a related company during the six months ended 30th September 2020 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.

(c) Balances with related companies

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Trade and other receivables due from four (31st March 2020: three) related companies ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin	8,287	7,742
Trade and other payables due to one (31st March 2020: nil) related company ultimately owned by the wife of the late Mr. Eav Yin and controlled by the late Mr. Eav Yin	46	–

15. PLEDGE OF ASSETS

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

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Land and buildings	11,372	11,478
Investment properties	249,368	222,080
Inventories	55,100	62,135
	315,840	295,693

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

16. COMMITMENTS

At the reporting date, the Group had the following outstanding commitments.

(a) Capital commitments

Signification capital expenditure contracted for at the end of the reporting period but not recognised as liabilities as follows:

	As at 30th September 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Contracted for:		
Construction work for properties	9,093	–

(b) 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 2020 HK\$'000 (unaudited)	As at 31st March 2020 HK\$'000 (audited)
Not later than one year	13,311	12,618
Later than one year and not later than five years	26,679	30,758
Over five years	2,303	4,259
	42,293	47,635

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Review

For the six months ended 30th September 2020, the Group's consolidated revenue amounted to HK\$476 million, representing a minor drop of 1% (2019: increase of 17%) from HK\$482 million in the same period of last year was mainly due to the substantial drop in watches sales in Hong Kong which was mostly offset by the remarkable increase in watches sales in China. Sales for the reporting period in Hong Kong and China amounted to HK\$52 million and HK\$424 million, representing a decrease of 84% and an increase of 168% respectively as compared with the corresponding period in last year. Gross profit margin decreased by 5% to 21% during this period was due to the decrease in the proportion of the sales in Hong Kong which had a higher gross profit margin.

Distribution costs decreased by 35% to HK\$55 million during this period were mainly attributable to the substantial decrease in amortization charges for right-of-use assets as a core right-of-use asset had been fully impaired in the second half of last year. In addition, there was a minor decrease in entertainment expenses as well. Administrative expenses decreased by 31% to HK\$19 million during this period were mainly attributable to the decrease in exchange loss. Finance costs decreased to HK\$5 million during this period because of the decrease in interest on lease liabilities.

Other income amounting to HK\$25 million during this period as compared with that from the same period of last year of HK\$6 million. The amount this year mainly comprised an one-off gain of HK\$23 million due to the reassessment of the lease liability upon rental reduction for some stores. The amount in last year represented the gain from the disposal of the unlisted equity investment.

The Group achieved a net profit of HK\$40 million in this period as compared with a net profit of HK\$21 million in the same period of last year. Excluding the one-off gain of HK\$23 million due to the reassessment of the lease liability upon rental reduction for some stores, the net profit for this period was HK\$17 million which was a little worse than the one of last period at HK\$21 million as explained above.

Liquidity and financial resources

As at 30th September 2020, the Group's total cash balance amounted to HK\$84 million (31st March 2020: HK\$69 million). The increase was mainly due to the increase in operating cashflow during the period. Gearing ratio of the Group, expressed as a ratio of total borrowings over total equity, was 42% as at 30th September 2020 (31st March 2020: 47%).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Interim Review (Continued)

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 currently operates 8 stores in Hong Kong and China. The Group remained focus on its core stores and has streamlined their operating costs in particular some short-term and long-term rental reductions in view of the COVID-19 pandemic during the period. The Group will continue to do so with a view to further enhance the cost efficiency of each store. While the business in China has rebounded from the pandemic, the business in Hong Kong remained stagnant as it is mainly driven by tourist. Further to the annual results announcement for the year ended 31st March 2020 dated 29th June 2020, the Group was informed by a major supplier to its retail store in Hong Kong that the supply will be terminated after the extension to 28th February 2021. Looking ahead, the Group will continue to monitor the situation and believes that it is still a big challenge for the Group in the near term.

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 and acquired two renowned residential properties in London in previous year.

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 2020 except for the deviation from the code provisions A.2.1, A.4.1, D.1.4 and those discussed below:

In respect of Code Provision A.2.1 of the Code, since the deceased of Mr. Eav Yin as the Chairman on 7th September 2020, the position of the Chairman has been vacant and has not been filled up as at the date of this report while the function of the chief executive officer is divided between the remaining executive directors. The Board of the Company as a whole and the executive directors have discharged the duties of the Chairman. The Board and the Nomination Committee of the Company will continuously review and discuss the adjustment to the composition of the Board.

The Company was incorporated in Bermuda and enacted by private act, the Asia Commercial Holdings Limited Company Act, 1989 of Bermuda (the “1989 Act”). Pursuant to section 3(e) of the 1989 Act, director holding office as executive chairman or managing director shall not be subject to retirement by rotation at each annual general meeting as provided in the Bye-Laws.

As the Company is bound by the provision of the 1989 Act, at this time, the Bye-Laws cannot be amended to fully reflect the requirements of the Code. As such, a special resolution was passed at the special general meeting held on 28th March 2007 to amend the Bye-Laws of the Company so that, inter alia, (i) every director (save for a director holding office as Chairman or Managing Director) of the Company shall be subject to retirement by rotation at least once every three years; (ii) a director may be removed by an ordinary resolution in general meeting instead of a special resolution; (iii) any director appointed by the Board to fill a casual vacancy or as an additional director shall hold office until the next following general meeting, instead of the next annual general meeting.

CORPORATE GOVERNANCE (Continued)

To enhance good corporate governance practices, the Chairman of the Board 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.

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.

Except for the newly appointment of Mr. Kee Wah Sze as independent non-executive director of the Company in August 2020, the Company has not entered into any written letters of appointment with its Directors. However, the Board recognises that (i) the Directors have already been subject to the laws and regulations applicable to directors of a company listed on The Stock Exchange of Hong Kong Limited, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its shareholders; (ii) all of them are well established in their professions and (iii) the current arrangement has been adopted by the Company for several years and has proven to be effective. Therefore, the Board considers that the Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Compliance of the Model Code for Securities Transaction by Directors of Listed Issuers

The Company has adopted a code for securities transactions by Directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

All Directors have confirmed that they complied with the required standards set out in the Code of Conduct throughout the period under review.

DISCLOSURE OF INTERESTS

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

As at 30th September 2020, 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 %
Ms. Eav Xin Qi Rosanna	Note 2	812,136	0.11
Mr. Eav Feng Ming, Jonathan	Note 4	1,807,275	0.24
Mr. Lai Si Ming	Note 3	183,312	0.02
Mr. Lee Tat Cheung, Vincent	Note 3	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: Mr. Eav Yin (deceased), formerly a director of the Company, had interests in the shares of the Company. Please refer to the paragraph "Substantial Shareholders' Interests".

Note 2: All the 812,136 shares are personal interest of Ms. Eav Xin Qi Rosanna.

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

Note 4: All the 1,807,275 shares are personal interest of Mr. Eav Feng Ming, Jonathan of which 1,099,875 shares are share options.

Save as disclosed herein and in the section "2002 Share Option Scheme", as at 30th September 2020, 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 2020, 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 2020, 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	Capacity (Notes)	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	6	1	444,201,236	59.45
Century Hero International Limited	7	2	291,210,668	38.98
Chanchhaya Trustee Holding Corporation	7	3	59,176,800	7.92
Goodideal Industrial Limited	7	4	51,133,864	6.84
Covenhills Limited	7	5	64,255,243	8.60

Notes:

- 7,379,600 shares are held by Mdm. Lam Kim Phung and 436,821,636 shares represent the interest held by Mr. Eav Yin, spouse of Mdm. Lam Kim Phung. Mdm. Lam Kim Phung is the administrator/executor of the estate of Mr. Eav Yin. Among the 444,201,236 shares in which Mr. Eav Yin is deemed to have interests under the SFO (a) 31,669,300 shares are personal interest of Mr. Eav Yin of which 1,466,500 shares are share options, (b) 7,379,600 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.
- Century Hero International Limited is wholly owned by Mr. Eav Yin who is a director of this company.

DISCLOSURE OF INTERESTS (Continued)

Substantial Shareholders' Interests (Continued)

Notes: (Continued)

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.
6. Beneficial owner; Administrator/Executor.
7. Beneficial owner.

All the interests disclosed above represent long positions in shares and underlying shares of the Company. Save as disclosed above, as at 30th September 2020, 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 2020 (2019: 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 2020.

Employees and Remuneration Policy

There were 152 employees in the Group as at 30th September 2020. 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 2020, no share options were lapsed but no option was granted, exercised or cancelled during the period. There were 5,975,983 share options outstanding at 30th September 2020 (2019: 6,173,960). The exercise price of the outstanding share options as at 30th September 2020 is HK\$2.688.

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

Grantees	No. of share options outstanding at the beginning of the period	No. of share options granted during the period	No. of share options lapsed during the period	No. of shares acquired on exercise of share options during the period	No. of share options 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
Directors									
Mr. Eav Feng Ming, Jonathan	1,099,875	-	-	-	1,099,875	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
Mr. Lai Si Ming	183,312	-	-	-	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	183,312	-	-	-	183,312	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
	<u>1,466,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,466,499</u>				
Employees	2,859,672	-	-	-	2,859,672	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
Mdm. Lam Kim Phung (administrator/executor of the estate of Mr. Eav Yin)	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
Ms. Wong Wing Yue, Rosaline (former director)	183,312	-	-	-	183,312	31st March 2011	30th March 2012 to 30th March 2016	30th March 2012 to 30th March 2021	HK\$2.688
	<u>5,975,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,975,983</u>				
Total	<u>5,975,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,975,983</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 2020 and as at 30th September 2020, 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, 25th November 2020