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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Commercial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ASIA COMMERCIAL HOLDINGS LIMITED

冠亞商業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

**PROPOSED CAPITAL REORGANISATION
INVOLVING
REDUCTION OF SHARE CAPITAL
AND
AUTHORISED SHARE CAPITAL INCREASE
AND
PROPOSED ADOPTION OF NEW BYE-LAWS**

A notice convening a special general meeting of Asia Commercial Holdings Limited to be held at Flat A-D, 13th Floor, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong on Wednesday, 28 March 2007 at 10:00 a.m. is set out on pages 15 to 17 of this circular. If you are not able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrars of the Company in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof or (in the case of a poll taken otherwise than at or on the same day as the special general meeting or adjourned meeting) for the taking of the poll at which such proxy is to be used (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

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DEFINITIONS

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

“Authorised Share Capital Increase”	proposed increase of the authorised share capital of the Company upon the Capital Reduction taking effect, as referred to in the paragraph headed “Capital Reorganisation – Authorised Share Capital Increase” in the “Letter from the Board” of this circular
“Board”	board of Directors
“Bye-Laws”	bye-laws of the Company
“Capital Reduction”	proposed reduction of the share capital of the Company as referred to in the paragraph headed “Capital Reorganisation – Capital Reduction” in the “Letter from the Board” of this circular
“Capital Reorganisation”	proposed capital reorganisation of the Company comprising the Capital Reduction and Authorised Share Capital Increase, as referred to in the section headed “Capital Reorganisation” in the “Letter from the Board” of this circular
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Company”	Asia Commercial Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Existing Bye-Laws”	existing Bye-Laws
“Group”	Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 February 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Bye-Laws”	new Bye-Laws to be adopted at the SGM in substitution of the Existing Bye-Laws
“New Share(s)”	new ordinary share(s) of HK\$0.10 each in the share capital of the Company to be issued following completion of the Capital Reduction
“SGM”	special general meeting of the Company to be convened for the purpose of approving the Capital Reorganisation and adoption of the New Bye-Laws
“SGM Notice”	notice convening the SGM set out on pages 15 to 17 of this circular
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

2007

Latest time for lodging proxy form for the SGM	10:00 a.m. on 26 March
Date and time of the SGM	10:00 a.m. on 28 March
Effective date of the Capital Reorganisation	29 March
New Shares start to trade on the Stock Exchange	9:30 a.m. on 29 March
First day of free exchange of share certificates for existing Shares for new share certificates for New Shares	29 March
Last day of free exchange of share certificates for existing Shares for new share certificates for New Shares	20 April

Note: All references in this circular to time and dates are references to Hong Kong time and dates.

LETTER FROM THE BOARD



ASIA COMMERCIAL HOLDINGS LIMITED

冠亞商業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

Executive Directors:

Mr. Eav Yin (alias Duong Khai Nhon)
(Chairman)

Mr. Eav Ming Keong, Kinson

Mr. Au Shiu Leung, Alex

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent non-executive Directors:

Mr. Lai Si Ming

Miss Wong Wing Yue, Rosaline

Mr. Lee Tat Cheung, Vincent

*Head office and principal
place of business:*

Flat A-D, 13th Floor
Hong Kong Industrial Building
444-452 Des Voeux Road West
Hong Kong

5 March 2007

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
INVOLVING
REDUCTION OF SHARE CAPITAL
AND
AUTHORISED SHARE CAPITAL INCREASE
AND
PROPOSED ADOPTION OF NEW BYE-LAWS**

The Company announced on 9 February 2007 that it intends to put forward the Capital Reorganisation, comprising the Capital Reduction and Authorised Share Capital Increase, to the Shareholders for consideration and approval at the SGM. The Capital Reduction is conditional upon, among other things, passing by the Shareholders of a special resolution at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares. The Authorised Share Capital Increase is conditional upon the Capital Reduction taking effect and passing by the Shareholders of an ordinary resolution at the SGM.

* *For identification purposes only*

LETTER FROM THE BOARD

The Board also intends to propose to the Shareholders to pass a special resolution at the SGM to adopt New Bye-Laws to replace the Existing Bye-Laws.

The purpose of this circular is to provide you with further information on the Capital Reorganisation and adoption of the New Bye-Laws, and to give you the SGM Notice.

A. CAPITAL REORGANISATION

The Company intends to put forward to the Shareholders the Capital Reorganisation comprising the Capital Reduction and Authorised Share Capital Increase. The details are set out below.

1. Capital Reduction

The issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.90 on each issued Share and reducing the nominal value of all the Shares comprising the authorised share capital of the Company from HK\$1.00 to HK\$0.10 per share such that the authorised share capital of the Company is reduced from HK\$400,000,000.00 to HK\$40,000,000.00.

On the basis of 333,719,516 Shares currently in issue, a credit of HK\$300,347,564.40 will arise from the Capital Reduction and will be transferred to the contributed surplus account of the Company. It will be applied to set off the accumulated losses of the Company, which stood at approximately HK\$110 million as at 31 March 2006. The remaining balance standing to the credit of the contributed surplus account may be utilised in the future in accordance with the Bye-Laws and the Companies Act, including distribution to the Shareholders subject to compliance with the relevant statutory requirements on making distributions in the Companies Act.

2. Authorised Share Capital Increase

As at the date of this circular, the authorised share capital of the Company is HK\$400,000,000.00 divided into 400,000,000 Shares, of which 333,719,516 Shares have been issued and are fully paid up. Upon the Capital Reduction taking effect, it will be reduced to HK\$40,000,000.00 divided into 400,000,000 New Shares of HK\$0.10 each.

Upon the Capital Reorganisation becoming effective and on the basis of the same number of Shares in issue, the nominal value of the shares of the Company will be adjusted from HK\$1.00 to HK\$0.10, and the authorised share capital of the Company will be increased from the reduced amount of HK\$40,000,000.00 to HK\$100,000,000.00 divided into 1,000,000,000 New Shares, of which 333,719,516 New Shares will be in issue then.

LETTER FROM THE BOARD

B. CONDITIONS OF THE CAPITAL REORGANISATION

The Capital Reduction is conditional upon:

- (a) the passing by the Shareholders of the special resolution numbered 1 contained in the SGM Notice;
- (b) the publication of a notice of the Capital Reduction in Bermuda in accordance with the Companies Act;
- (c) that, on the date on which the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they fall due; and
- (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the New Shares to be issued following completion of the Capital Reduction.

The Authorised Share Capital Increase is conditional upon the Capital Reduction becoming effective and the passing by the Shareholders of the ordinary resolution numbered 2 in the SGM Notice.

The Capital Reduction and Authorised Share Capital Increase will both take effect on the business day immediately after the date of the SGM. Further announcement will be made by the Company to inform the Shareholders about the effective date of the Capital Reorganisation.

C. EFFECT OF THE CAPITAL REORGANISATION

The New Shares to be issued after the completion of the Capital Reduction will rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the Bye-Laws. The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and immediately after the implementation of the Capital Reorganisation:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value	HK\$1.00	HK\$0.10
Authorised share capital	HK\$400,000,000.00 divided into 400,000,000 Shares	HK\$100,000,000.00 divided into 1,000,000,000 New Shares
Issued and paid-up share capital	HK\$333,719,516 divided into 333,719,516 Shares	HK\$33,371,951.60 divided into 333,719,516 New Shares

LETTER FROM THE BOARD

Notes:

- (a) The above table is prepared on the assumption that no further Share(s) are issued or repurchased between the Latest Practicable Date and the date of the SGM.
- (b) As at the Latest Practicable Date, there were no outstanding convertible securities or options granted under the 2 share option schemes of the Company adopted on 15 September 1997 (which has been terminated) and 20 September 2002, respectively.

The implementation of the Capital Reorganisation will not, of itself, materially alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders.

D. REASONS FOR THE CAPITAL REORGANISATION

The Company is an investment holding company and its subsidiaries are principally engaged in trading and retailing of watches and property holding.

The main purpose for implementing the Capital Reorganisation is to lower the nominal value of the Company's shares because under the Companies Act, it is not possible for a company to issue shares at a price below the nominal value of the shares. Immediately upon the Capital Reduction becoming effective, the nominal value of the Company's shares will become HK\$0.10 per share. The reduced nominal value will give the Company greater flexibility in pricing any future issue of securities. In addition, the Company can apply the credit arising from the Capital Reduction to offset the accumulated losses of the Company. According to the audited financial statements of the Company for the year ended 31 March 2006, the Company recorded accumulated losses of approximately HK\$110 million as at 31 March 2006. As long as such losses are still carried in the books of the Company, they will present difficulties to the Company in making any dividend payment or distribution in the future under the relevant provisions in the Companies Act. Although such losses may be gradually offset by profits generated from normal business operations of the Group, it is unlikely that it will be achieved within a short period of time.

The Board also considers it desirable to propose the Authorised Share Capital Increase for approval by the Shareholders at the SGM. If approved, such proposal will provide the Company with sufficient share issuance limit under the Bye-Laws for immediate future use without the need to obtain further approval from the Shareholders at general meetings to revise it from time to time. The Board currently, however, does not have any immediate intention to issue New Shares after the Capital Reorganisation.

Therefore, the Directors consider the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

E. TRADING ARRANGEMENTS AND EXCHANGE OF SHARE CERTIFICATES

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares to be issued following the completion of the Capital Reduction.

Subject to the Capital Reorganisation becoming unconditional and effective on or before 9:30 a.m. on 29 March 2007, Shareholders may, during business hours from 29 March 2007 to 20 April 2007, submit their existing pink share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for new grey share certificates for New Shares at the expenses of the Company. Thereafter, share certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for New Shares or each share certificate for existing Shares submitted for cancellation, whichever number of share certificates issued or cancelled is higher. Nevertheless, share certificates for existing Shares will continue to be good evidence of legal title and may be exchanged for share certificates for New Shares at any time.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the New Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

F. ADOPTION OF NEW BYE-LAWS

The Existing Bye-Laws were adopted in 1989. There have been its various substantial amendments made to the Existing Bye-Laws in piecemeal fashion since first adoption, and the last round of amendments were made in 2004 to comply with the corporate governance provisions in the Listing Rules. They resulted in the Existing Bye-Laws becoming very convoluted. Furthermore, the Existing Bye-Laws lack modern provisions such as electronic corporate communications and summary financial statements as provided in the Listing Rules.

Accordingly, the Board also intends to propose to the Shareholders at the SGM to pass a special resolution to adopt the New Bye-Laws, instead of making further piecemeal amendments to the Existing Bye-Laws so as to avoid further confusion and complications. The New Bye-Laws will facilitate and enhance management of the affairs of the Company.

The special resolution to adopt the New Bye-Laws in substitution for and to the exclusion of the Existing Bye-Laws is resolution numbered 3 in the SGM Notice. The New Bye-Laws will reflect current Listing Rules and contain a modernized and coherent set of

LETTER FROM THE BOARD

provisions, as typically adopted by listed issuers in Hong Kong generally. A summary of the provisions of the New Bye-Laws that are in addition to or different from the Existing Bye-Laws is set out in the Appendix to this circular.

G. SGM

The SGM Notice convening the SGM to be held at Flat A-D, 13th Floor, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong on Wednesday, 28 March 2007 at 10:00 a.m. is set out on pages 15 to 17 of this circular.

A form of proxy for use at the SGM is enclosed. If you are not able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrars of the Company in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which such proxy is to be used (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

Pursuant to the Existing Bye-Law 58, a resolution put to the vote of a general meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman of the meeting;
- (ii) at least 3 members present in person or by proxy or representative for the time being entitled to vote at the meeting;
- (iii) any member or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (iv) any member or members present in person or by proxy or representative and holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

In addition, under the Listing Rules, if the chairman of the meeting and/or the Directors individually or collectively hold(s) proxies in respect of Shares representing 5% or more of the total voting rights of the Company at the SGM, and if the votes cast at the SGM on a show of hands are in the opposite manner to that instructed in those proxies, then the chairman shall demand a poll. However, if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, then the chairman shall not be required to demand a poll.

LETTER FROM THE BOARD

H. RECOMMENDATION AND DOCUMENTS FOR INSPECTION

The Directors believe that the Capital Reorganisation and adoption of the New Bye-Laws are in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to vote in favour of all the resolutions set out in the SGM Notice.

Copies of the Existing Bye-Laws and New Bye-Laws are available for inspection at the principal place of business of the Company in Hong Kong at Flat A-D, 13th Floor, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong during normal business hours (from 9:30 a.m. to 5:00 p.m.) on any business day (excluding Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the SGM.

Yours faithfully,
For and on behalf of the Board
Eav Yin
Chairman

The following is a brief summary of the provisions of the New Bye-Laws which are different from the Existing Bye-Laws:

1. New provisions in relation to service of notices by electronic means

The Existing Bye-Laws do not provide for service of notices by electronic means.

New Bye-Law 167 provides, among other things, that any notice or document (including any corporate communication (as this term is defined in the Listing Rules)) shall be in writing or by post or other form of electronic communication and New Bye-Law 169 provides, among other things, that any notice, if sent by electronic communication, shall be deemed to be given on the day following that on which it is transmitted by the Company or its agent.

2. Summary financial reports and despatch thereof by electronic means

The Existing Bye-Laws do not allow Shareholders to elect to receive summary financial reports of the Group in place of the complete annual report and accounts of the Group.

New Bye-Law 162 provides that, subject to compliance with all applicable laws, rules and regulations, including the Listing Rules, the Company may send to a Shareholder summary financial report derived from the Company's annual financial statements and the directors' report provided that such Shareholder may, if he so requires by notice in writing served on the Company, demand that the Company sends him, in addition to the summary financial report, a complete printed copy of the Company's annual financial statements and the directors' report thereon.

New Bye-Law 167 provides for, among other things, despatch of summary financial report by publication thereof on the Company's website or by electronic communication.

The following arrangements will be put in place by the Company in due course when such Bye-Laws are given effect to. For the purpose of ascertaining the wish of the Shareholders, the Company will, as soon as the Directors consider appropriate, send a letter in both English and Chinese to the Shareholders to enable those who prefer to receive the summary financial report in place of the annual report and those who wish to receive corporate communication using electronic means instead of receiving a printed copy to inform the Company of their choices. The Company will then send the corporate communication to those Shareholders who have made a selection in accordance with their choices.

If no reply is received on or before a certain date, the following arrangements will apply, where applicable:

- (i) the English language version of the corporate communication will be sent to all overseas Shareholders and all Hong Kong Shareholders other than natural persons with a Chinese name;
- (ii) the Chinese language version of the corporate communication will be sent to all Hong Kong Shareholders who are natural persons with a Chinese name;
- (iii) all corporate communications will be sent by way of printed copies; and
- (iv) the summary financial reports will be sent in place of the full version of the annual reports and financial statements or interim reports (as the case may be).

When the corporate communication is sent out according to the arrangements set out above, a letter, together with a pre-paid request form in both English and Chinese, will be attached to or printed at some prominent place in the sent out versions of the corporate communication stating that the corporate communication prepared in the other language and in printed form, and the full version of the annual reports and accounts (or of the interim reports) will also be available upon request.

Besides, both the English language version and the Chinese language version of the corporate communication, and the full version of the annual reports and financial statements (or of the interim reports) will also be made available on the Company's website in an accessible format and a copy in electronic format of the corporate communication in both languages and the full version of the annual reports and financial statements (or of the interim reports) will be submitted to the Stock Exchange in accordance with the publication requirements of Rule 2.07C(1)(b)(i) of the Listing Rules.

Further, the Company will provide a dial-up hotline service or other equivalent public communication channel acceptable to the Stock Exchange to enable holders of securities to make enquiry of the Company's proposed arrangements and a public announcement will be made by the Company stating the proposed arrangements at the same time as the first letter is despatched to the holders of securities.

3. New provision in relation to the removal of directors by ordinary resolution

The Existing Bye-Law 91 provides that a director may be removed by a special resolution. New Bye-Law 104 provides that a director may be removed by an ordinary resolution. It would bring the New Bye-Laws in alignment with the current provisions of the Listing Rules.

4. Directors' retirement by rotation

The Existing Bye-Law 85 provides that one-third of the Directors for the time being (or if their number is not three, the number nearest to but not greater than one-third) shall retire from office by rotation, provided that no Director holding office as Chairman or Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. New Bye-Law 99 will provide that at each annual general meeting one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third but not less than one-third, shall retire from office by rotation, provided that (i) no Director holding offices as Chairman or Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire and (ii) save for a Director holding office as Chairman or Managing Director, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years at an annual general meeting.

5. Demand poll as required by Listing Rules

The Existing Bye-Laws do not provide express authority to the Director to directly take poll on voting results required under the Listing Rules. New Bye-Law 70 will provide such option to proceed to voting on matters proposed at general meetings by poll whenever it is so required under the Listing Rules.

6. Subscription right reserve

It is commonplace to include in their constitutions specific provisions for creation and application of subscription right reserve for warrants issued by listed issuers in Hong Kong. Such reserve would be created if the subscription price of warrants are required to be adjusted to below par value of shares. The Existing Bye-Laws do not include such provisions typically found in the constitutions of listed issuers in Hong Kong.

New Bye-Law 184 adopts the usual provisions found in the current market practice to specifically allow creation and application of such reserve, so that the Company will have express authority in its constitution and flexibility to include them if and when it issues warrants or similar derivatives in the future.

7. Scrip dividend scheme for ordinary shares

New Bye-Law 147 expressly authorises the Board to implement scrip dividend scheme for any class of shares, including ordinary shares, of the Company, whereas the Existing Bye-Law 130A do not provide for the same, in respect of dividend declared or paid on ordinary shares of the Company.

8. Calculation of notice period for notices

The New Bye-Laws provide that notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given; whereas the Existing Bye-Laws only exclude the day on which it is served or deemed to be served but include the day on which the meeting is to be held. The New Bye-Laws are in alignment with current market practice.

9. Mandatory provisions in Appendix 3 of the Listing Rules

The housekeeping provisions required by paragraphs 2(2) (procedures for replacement of bearer warrants certificates) of Appendix 3 of the Listing Rules are now included in the New Bye-Laws. Such provisions are absent from the Existing Bye-Laws.



ASIA COMMERCIAL HOLDINGS LIMITED

冠亞商業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

NOTICE IS HEREBY GIVEN that a special general meeting of Asia Commercial Holdings Limited (the “Company”) will be held at Flat A-D, 13th Floor, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong on Wednesday, 28 March 2007 at 10:00a.m. for the purpose of considering and, if thought fit, passing, with or without modification(s), the following resolutions of the Company, of which resolutions numbered 1 and 3 shall be proposed as special resolutions and resolution numbered 2 shall be proposed as an ordinary resolution:

SPECIAL RESOLUTION

1. **“THAT** subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares (as defined below) to be issued following the completion of the Capital Reduction (as defined and further described below), with effect from 9:30 a.m. on the business day (not being a Saturday, Sunday or public holiday in Hong Kong) (“Effective Date”) immediately after the date on which this resolution is passed:
 - (a) the issued share capital of the Company be reduced by cancelling the issued and paid-up capital of the Company to the extent of HK\$0.90 on each of the ordinary shares of HK\$1.00 each (“Shares”) in the share capital of the Company in issue as at the date on which this resolution is passed such that the nominal value of all the issued Shares will be reduced from HK\$1.00 to HK\$0.10 each resulting in the reduction of issued share capital from HK\$333,719,516.00 divided into 333,719,516 Shares of HK\$1.00 each to HK\$33,371,951.60 divided into 333,719,516 new shares of HK\$0.10 each in the share capital of the Company (“New Shares”);
 - (b) the nominal amount of each Share be reduced from HK\$1.00 each to HK\$0.10 each, so that on the Effective Date the authorised share capital of the Company shall then be reduced from HK\$400,000,000.00 to HK\$40,000,000.00 divided into 400,000,000 New Shares (paragraphs 1(a) and (b) collectively referred to as the “Capital Reduction”); and

* For identification purposes only

SGM NOTICE

- (c) a credit of HK\$300,347,564.40 arising in the books of the Company as a result of the Capital Reduction be transferred to the contributed surplus account of the Company to be applied in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the entire accumulated losses of the Company as at the Effective Date,

and the directors of the Company be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this resolution.”

ORDINARY RESOLUTION

2. “**THAT** subject to and upon the Capital Reduction (as defined in resolution numbered 1 (“Resolution No. 1”) set out in the notice convening the general meeting of the Company of which this resolution forms part) taking effect, the authorised share capital of the Company be increased from the reduced amount of HK\$40,000,000.00 to HK\$100,000,000.00 divided into 1,000,000,000 New Shares (as defined in Resolution No. 1) by the creation of an additional 600,000,000 New Shares with effect from the Effective Date (as defined in Resolution No. 1).”

SPECIAL RESOLUTION

3. “**THAT** the bye-laws of the Company submitted to this meeting, and for the purpose of identification signed by a director of the Company, be approved and adopted as the new bye-laws of the Company in substitution for the existing bye-laws of the Company with immediate effect.”

By order of the Board of
Asia Commercial Holdings Limited
Lam Yuen Kuk
Company Secretary

Hong Kong, 5 March 2007

Registered office:
Canon’s Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business:
Flat A-D, 13th Floor
Hong Kong Industrial Building
444-452 Des Voeux Road West
Hong Kong

SGM NOTICE

Notes:

1. A form of proxy to be used at the special general meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the special general meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrars in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the special general meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the special general meeting or adjourned meeting) for the taking of the poll at which such instrument is to be used (as the case may be), and in default, the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the special general meeting or poll concerned.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.