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Century Hero International Limited

(a company incorporated in the British Virgin Islands with limited liability)

Asia Commercial Holdings Limited

(a company incorporated in Bermuda with limited liability)

(Stock code: 104)

JOINT ANNOUNCEMENT

**Mandatory Conditional Cash Offer
by BNP Paribas Peregrine Capital Limited
on behalf of Century Hero International Limited
to acquire all the outstanding shares and cancel all the outstanding share options of
Asia Commercial Holdings Limited
not already owned by Century Hero International Limited
and parties acting in concert with it
and
Resumption of Trading in the Shares of
Asia Commercial Holdings Limited**

Financial adviser to Century Hero International Limited Financial adviser to Asia Commercial Holdings Limited



SUMMARY

(1) Introduction

On 25 October 2006, ACHL received a notification from the Offeror stating that the Offeror has acquired 75,000,000 Shares. Such Shares represent approximately 22.47% of the issued share capital of ACHL, of which 55,000,000 Shares were acquired from Pacific Apex and 20,000,000 Shares from Mr. Leung. Immediately after the Acquisition, the Offeror and parties acting in concert with it are interested in 128,334,558 Shares, representing approximately 38.46% of the issued share capital of ACHL. Accordingly, the Offeror and parties acting in concert with it are required to make a mandatory conditional general offer for all issued Shares (other than those already owned by the Offeror or parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and to make comparable offers for all Share Options.

The Offeror is a company incorporated in the BVI, wholly owned by Mr. Eav Yin. Immediately prior to the Acquisition, the Offeror and parties acting in concert with it were already interested in 53,334,558 Shares, representing approximately 15.98% of the issued share capital of ACHL.

(2) Consideration for the Offers

The consideration in respect of the Offers is as follows:

For each Share HK\$0.68 in cash

For cancellation of each Share Option HK\$0.01 in cash

The Offeror does not intend to revise the Share Offer Price and the Option Offer Price.

(3) Condition to the Offers

The Offers will be conditional on valid acceptances for the Share Offer being received (and not, where permitted, withdrawn) by not later than 4:00 p.m. on the first closing date of the Offers (or such later time(s) and/or dates as the Offeror may, subject to the rules of the Takeovers Code, decide), which together with the Shares already held by the Offeror and parties acting in concert with it, constitute more than 50% of the voting rights of ACHL.

(4) Trading

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 26 October 2006 at the request of ACHL pending release of this Announcement and an application has been made to the Stock Exchange to allow dealings in the Shares to resume with effect from 9:30 a.m. on 31 October 2006.

WARNING: Shareholders and potential investors should note that the Offers are subject to the Offer Condition and may lapse if the Offers do not become unconditional. Shareholders and investors generally should exercise caution when dealing in the securities of ACHL.

1. INTRODUCTION

On 25 October 2006, ACHL received a notification from the Offeror stating that the Offeror has acquired 75,000,000 Shares. Such Shares represent approximately 22.47% of the issued share capital of ACHL, of which 55,000,000 Shares were acquired from Pacific Apex and 20,000,000 Shares from Mr. Leung. Immediately after the Acquisition, the Offeror and parties acting in concert with it are interested in 128,334,558 Shares, representing approximately 38.46% of the issued share capital of ACHL. Accordingly, the Offeror and parties acting in concert with it are required to make a mandatory conditional general offer for all issued Shares (other than those already owned by the Offeror or parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and to make comparable offers for all Share Options. The price at which the Shares were acquired from the Vendors was HK\$0.68 per Share, which is equal to the Share Offer Price.

The Offeror is a company incorporated in the BVI, wholly owned by Mr. Eav Yin. Immediately prior to the Acquisition, the Offeror and parties acting in concert with it were already interested in 53,334,558 Shares, representing approximately 15.98% of the issued share capital of ACHL.

2. THE OFFERS

The Offers will be made in compliance with the Takeovers Code, which is administered by the Executive.

3. INFORMATION ON THE OFFERS

(1) Consideration for the Offers

The Offers will be made by BNP Paribas, on behalf of the Offeror, on the following basis:

For each Share HK\$0.68 in cash

For cancellation of each Share Option HK\$0.01 in cash

The Offeror does not intend to revise the Share Offer Price and the Option Offer Price.

Comparisons of Value

The Share Offer Price represents:

- (i) a discount of approximately 25.3% to the closing price of HK\$0.91 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 3.0% over the closing price of HK\$0.66 per Share, as quoted on the Stock Exchange on the trading day immediately prior to the Last Trading Day;
- (iii) a discount of approximately 9.3% to the average closing price of HK\$0.75 per Share, being the average closing price of the Shares for the 30 trading days immediately prior to and including the Last Trading Day;
- (iv) an equivalent amount to the average closing price of HK\$0.68 per Share for the 90 trading days immediately prior to and including the Last Trading Day; and
- (v) a premium of approximately 33.3% compared to ACHL Group's audited consolidated net assets of approximately HK\$0.51 per Share calculated based on ACHL Group's audited consolidated net assets as at 31 March 2006 of approximately HK\$169.97 million and 333,719,516 Shares in issue as at the date of this Announcement.

The Share Offer Price is equal to the price paid by the Offeror in the Acquisition.

The Option Offer Price is determined by reference to the exercise price of the Share Options of HK\$1.00 per Share and the fact that all Share Options are currently out-of-the-money.

Highest and Lowest Prices

During the six-month period preceding the date of this Announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.91 per Share, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 per Share.

Consideration for the Shares and Share Options

As at the date of this Announcement, there are 333,719,516 Shares in issue (of which the Offeror and parties acting in concert with it own or control 128,334,558) and 7,200,000 Share Options granted by ACHL pursuant to the Share Option Schemes. On the basis of the Share Offer Price and the Option Offer Price, the total consideration payable by the Offeror under the Share Offer and the Option Offer amounts to HK\$139.66 million and HK\$72,000 respectively.

(2) Financial Resources Available for the Offers

BNP Paribas has been appointed as the financial adviser to the Offeror in respect of the Offers. BNP Paribas is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Offers. The Offers are not conditional on financing.

(3) Settlement of Consideration for Shares and Share Options

Settlement of the consideration for the Offers will be made within ten days of the later of the date on which the Offers become (or are declared) unconditional in all respects and the date on which the Shares and the Share Options are tendered for acceptance of the Offers.

4. CONDITION TO THE OFFERS

The Offers will be conditional on valid acceptances being received in respect of the Share Offer (and not, where permitted, withdrawn) by not later than 4:00 p.m. on the first closing date of the Offers (or such later time(s) and/or dates as the Offeror may, subject to the rules of the Takeovers Code, decide) which together with the Shares already held by the Offeror and parties acting in concert with it, constitute more than 50% of the voting rights of ACHL.

5. INTENTIONS IN RELATION TO ACHL

The Offeror intends to continue ACHL Group's principal business of watch trading and luxury products retailing and will conduct a more detailed review of the operations of ACHL Group with a view to developing a corporate strategy upon completion of the Offers. The Offeror considers it commercially justifiable to make investment in ACHL Group. The Offeror intends to nominate certain new directors to the Board of ACHL upon completion of the Offers, details of which would be disclosed in the Offer Document.

6. INFORMATION ON THE OFFEROR

The Offeror is a company newly incorporated in the BVI for the purposes of the Offers and is wholly-owned by Mr. Eav Yin. Mr. Eav Yin is the founder of ACHL and a member of Chaozhou Committee of Guangdong Province of the Chinese People's Political Consultative Conference (廣東省潮州市政協委員). Mr. Eav is a Cambodian Chinese and prior to moving to Hong Kong in 1968, had extensive experience of distributing watches in Cambodia and Vietnam.

The Offeror and parties acting in concert with it were interested in approximately 15.98% of the issued share capital of ACHL prior to the Acquisition.

7. INFORMATION ON ACHL GROUP

ACHL Group is mainly engaged in watch trading and luxury products retailing. It has been listed on the Stock Exchange since 1987.

The audited consolidated net asset value of ACHL Group was HK\$169.66 million and HK\$169.97 million for the years ended 31 March 2005 and 31 March 2006, respectively.

ACHL Group recorded an audited consolidated net profit attributable to shareholders of approximately HK\$4.39 million and HK\$5.41 million for the years ended 31 March 2005 and 31 March 2006, respectively.

As at the date of this Announcement, approximately 50.31% of the Shares are held by the public.

Share Option Schemes

ACHL has two share option schemes — 1997 Share Option Scheme and 2002 Share Option Scheme. As at the date of this Announcement, there are 7,200,000 Share Options granted pursuant to the Share Option Schemes. The total number of Shares that may be issued upon exercise of the Share Options is 7,200,000 Shares.

Other than the Shares and the Share Options, ACHL does not have any other outstanding equity securities (including equity related convertible securities, or warrants, options or subscription rights or derivatives in respect of any equity share capital of ACHL (including non-transferable options)).

Further information in relation to ACHL Group will be included in the Offer Document.

Independent Board Committee

An independent board committee will be appointed to advise the Shareholders in respect of the Offers. The independent board committee of ACHL will approve the appointment of an independent financial adviser to advise it and the Shareholders in respect of the Offers. A further announcement will be made by ACHL in relation to the appointment of such independent financial adviser.

Further information in relation to ACHL will be sent to the Shareholders in due course.

8. FURTHER TERMS OF THE SHARE OFFER

(1) The Shares

The Share Offer shall also be subject to the terms that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Share Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this Announcement.

The Offers extend to Shares issued and unconditionally allotted while the Offers remain open for acceptance, including any Shares allotted or issued pursuant to the exercise of the Share Options.

(2) Hong Kong Stamp Duty

Hong Kong stamp duty at a rate of HK\$1.00 for every HK\$1,000 (or part of HK\$1,000) of the consideration payable will be deducted from the amount payable to the Shareholders who accept the Offers.

9. GENERAL MATTERS RELATING TO THE OFFERS

(1) Availability of the Offer Document

It is expected that the Offer Document, setting out the terms of the Offers, and other details, together with the acceptance and transfer/ cancellation forms in respect of the Offers, will be despatched to the Shareholders and holders of the Share Options within 21 days of the date of this Announcement or such other date as may be permitted by the Takeovers Code or agreed by the Executive.

It is the responsibility of any overseas persons wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

The attention of the Shareholders or holders of the Share Options not resident in Hong Kong is drawn to the relevant provisions of the Offer Document which will be despatched in due course.

The Offeror reserves the right, subject to the consent of the Executive, to make arrangements in respect of the despatch of the Offer Document and any related documents to Shareholders or holders of the Share Options not resident in Hong Kong. The Offeror reserves the right to notify any matter, including the making of the Offers, to the Shareholders or holders of the Share Options not resident in Hong Kong by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions of which such Shareholders or holders of the Share Options are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders or holders of the Share Options to receive or see that notice.

The arrangements for overseas Shareholders or holders of the Share Options to collect the Offer Document will be set out in a further announcement.

(2) Further agreements or arrangements

ACHL confirms that there are no other arrangements to which it is a party (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Offers.

The Offeror confirms that there are no agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke a pre-condition or a condition to the Offers.

As at the date of this Announcement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offers.

(3) Completion of the Offers

If the Offer Condition is not satisfied on or before the first closing date in accordance with the Takeovers Code, the Offers will lapse unless extended by the Offeror. In that case, the Offeror will issue an announcement in accordance with the Takeovers Code on the first closing date. The latest time and date at which the Offeror can declare the Offers unconditional is the Long Stop Date.

If the Offer Condition is satisfied on or before the Long Stop Date, the Shareholders will be notified by an announcement in accordance with the Takeovers Code and the Listing Rules, as soon as practicable thereafter.

(4) Interests in the Shares

As at the date of this Announcement, the Offeror and persons acting in concert with it own or control in aggregate 128,334,558 Shares, representing approximately 38.46% of the entire issued share capital of ACHL.

Save as disclosed above, neither the Offeror nor persons acting in concert with the Offeror owns or controls any Shares or has options to acquire (or other outstanding derivatives in respect of) any Shares, Share Options, warrants, or convertible securities.

Except for the Acquisition, there have been no dealings in Shares or Share Options by the Offeror or parties acting in concert with it in the six-month period ended on the date of this Announcement.

(5) Maintaining the Listing

The Offeror will use its reasonable endeavors to maintain the listing of ACHL on the Stock Exchange and to ensure that minimum public float is maintained in accordance with the Listing Rules as soon as possible following the closing of the Offers in compliance with the Listing Rules.

The Stock Exchange has stated that if, at the closing of the Offers, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

(6) Disclosure of Dealings

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in

any relevant security undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

10. TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 26 October 2006 at the request of ACHL pending release of this Announcement and an application has been made by ACHL to the Stock Exchange to allow dealings in Shares to resume with effect from 9:30 a.m. on 31 October 2006.

WARNING: Shareholders and potential investors should note that the Offers are subject to the Offer Condition and may lapse if the Offers do not become unconditional. Shareholders and investors generally should exercise caution when dealing in the securities of ACHL.

DEFINITIONS

The following definitions apply throughout this Announcement, unless the context requires otherwise:

“1997 Share Option Scheme”	the share option scheme adopted by ACHL pursuant to a shareholders’ resolution passed on 15 September 1997;
“2002 Share Option Scheme”	the share option scheme adopted by ACHL pursuant to a shareholders’ resolution passed on 20 September 2002;
“ACHL”	Asia Commercial Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“ACHL Group”	ACHL, its subsidiaries and/or each person in which ACHL or any of its subsidiaries holds an interest from time to time;
“acting in concert”	has the meaning given to it in the Takeovers Code;
“Acquisition”	the acquisition of an aggregate of 75,000,000 Shares by the Offeror from the Vendors on the Stock Exchange on 25 October 2006, representing approximately 22.47% of the issued share capital of ACHL;
“Announcement”	this announcement dated 27 October 2006;
“Board”	the board of directors of the Offeror or ACHL, as applicable;
“BNP Paribas”	BNP Paribas Peregrine Capital Limited, a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Offers;
“BVI”	British Virgin Islands;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Executive”	the Executive Director of the Corporate Finance Division of the SFC;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Last Trading Day”	25 October 2006, the last trading day for the Shares prior to the date of this Announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the 60th day after the date of the posting of the Offer Document (or such later date to which the Executive may consent);
“Mr. Leung”	Mr. Leung Chung Ping, Owen, a director of ACHL, who has disposed 20,000,000 Shares to the Offeror on 25 October 2006;
“Offers”	the Share Offer and the Option Offer;
“Offer Condition”	the condition of the Offers, as set out under the paragraph headed “Condition to the Offers” of this Announcement;
“Offer Document”	the offer and response document (in either composite or separate form) to be issued to all Shareholders and holders of the Share Options in accordance with the Takeovers Code containing, among other things, details of the Offers and the forms of acceptance and transfer/ cancellation;
“Offeror”	Century Hero International Limited, a company incorporated in the BVI with limited liability;
“Option Offer”	the mandatory conditional cash offer for cancellation of the Share Options at the Option Offer Price;
“Option Offer Price”	the cash amount of HK\$0.01 payable by the Offeror for cancellation of each Share Option accepted under the Option Offer;
“Pacific Apex”	Pacific Apex International Limited, a wholly-owned subsidiary of Kee Shing (Holdings) Limited (the shares of which are listed on the Stock Exchange), which has disposed 55,000,000 Shares to the Offeror on 25 October 2006. As disclosed in the latest interim report of Kee Shing (Holdings) Limited, Mr. Leung Shu Wing and Mr. Yuen Tin Fan, Francis are the substantial shareholders of Kee Shing (Holdings) Limited;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Offer”	the mandatory conditional cash offer by BNP Paribas on behalf of the Offeror to acquire the Shares not already owned by the Offeror and parties acting in concert with it;
“Share Offer Price”	the cash amount of HK\$0.68 payable by the Offeror for each Share accepted under the Share Offer;

“Share Options”	the outstanding options granted pursuant to the Share Option Schemes which are not yet exercised as at the date of this Announcement;
“Share Option Schemes”	the 1997 Share Option Scheme and the 2002 Share Option Scheme;
“Shareholders”	holders of Shares;
“Shares”	the existing issued shares of HK\$1.00 each in ACHL as at the date hereof and any such further shares which are unconditionally allotted or issued after the date hereof and before the date on which the Offers close (or such earlier date or dates as the Offeror may decide) pursuant to the exercise of options under the Share Option Schemes or otherwise;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning given to it in section 2 of the Companies Ordinance;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers as in force from time to time;
“Vendors”	Mr. Leung and Pacific Apex; and
“%”	per cent.

By order of the Board
Century Hero International Limited
Eav Yin
Director
Hong Kong, 27 October 2006

By order of the Board
Asia Commercial Holdings Limited
Sum Pui Ying, Adrian
Managing Director
Hong Kong, 27 October 2006

As at the date of this Announcement, the Board of ACHL comprises Mr. Leung Chun Ping, Owen and Mr. Sum Pui Ying, Adrian as executive directors, Miss Leung Miu King, Marina as non-executive director and Mr. Sit Kien Ping, Peter, Mr. Lai Si Ming and Mr. Frank H. Miu as independent non-executive directors.

Mr. Eav Yin, the sole director of the Offeror accepts full responsibility for the accuracy of the information (other than in respect of the ACHL Group) in this Announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Announcement (other than in respect of the ACHL Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the ACHL Group) not contained in this Announcement the omission of which would make any of the statements in this Announcement misleading.

The directors of ACHL jointly and severally accept full responsibility for the accuracy of the information (other than in respect of the Offeror) in this Announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than in respect of the Offeror) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Offeror) not contained in this Announcement the omission of which would make any of the statements in this Announcement misleading.

*Please also refer to the published version of this announcement in **The Standard**.*