
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold 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 to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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ASIA COMMERCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

**PROPOSALS INVOLVING
GENERAL MANDATES TO ISSUE SECURITIES
AND REPURCHASE SHARES**

A notice convening a special general meeting of ASIA COMMERCIAL HOLDINGS LIMITED to be held at Cypress Room, 2nd Floor, Novotel Century Harbourview Hotel, 508 Queen's Road West, Western District, Hong Kong on Friday, 19th September, 2003 at 10:45 a.m. (or so soon thereafter as the annual general meeting convened for the same date and place at 10:30 a.m. shall have been concluded or adjourned) is set out on pages 9 to 12 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at Units 1701-2 & 8-10, 17th Floor, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the special general meeting if you so desire.

30th July, 2003

DEFINITIONS

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

“Code on Share Repurchase”	the Hong Kong Code on Share Repurchases
“Company”	ASIA COMMERCIAL HOLDINGS LIMITED, an exempted company duly incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of the laws of Bermuda (as amended)
“Directors”	the board of directors of the Company
“General Mandates”	the Repurchase Mandate and the New Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24th July, 2003, the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issue Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue, and otherwise deal with new Shares and other securities with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolutions
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution

DEFINITIONS

“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 1 of the notice of the Special General Meeting to approve the Repurchase Mandate
“Special General Meeting”	the special general meeting of the Company to be convened at which resolutions will be proposed to consider and, if thought fit, to approve the General Mandates
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase of securities by companies with primary listing on the Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong

LETTER FROM THE BOARD



ASIA COMMERCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Leung Chung Ping, Owen (*Chairman*)
Sum Pui Ying, Adrian (*Managing Director*)
Wong Wang Chan

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Non-executive Director:

Leung Miu King, Marina

*Head office and principal
place of business:*

Units 1701-2 & 8-10
17th Floor, Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

Independent Non-executive Directors:

Sit Kien Ping, Peter
Lai Si Ming, Simon

30th July, 2003

To the Shareholders

Dear Sir or Madam,

PROPOSALS INVOLVING GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES

1. GENERAL MANDATE TO REPURCHASE SHARES

At the special general meeting of the Company held on 20th September, 2002, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming annual general meeting of the Company to be held on 19th September, 2003. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Special General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information on the Repurchase Mandate is set out in the appendix hereto.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Special General Meeting, two ordinary resolutions respectively granting to the Directors (i) a general mandate to allot, issue and deal with new Shares and other securities with an aggregate nominal amount not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant resolution; and (ii) adding to such general mandate so granted to the Directors any Shares and other securities representing the aggregate nominal amount of Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution.

3. SPECIAL GENERAL MEETING

Set out on pages 9 to 12 of this circular is a notice convening the Special General Meeting which will be held at 10:45 a.m. on Friday, 19th September, 2003 (or so soon thereafter as the annual general meeting convened for the same date and place at 10:30 a.m. shall have been concluded or adjourned) at Cypress Room, 2nd Floor, Novotel Century Harbourview Hotel, 508 Queen's Road West, Western District, Hong Kong, at which resolutions will be proposed to consider and if thought fit, to approve the General Mandates.

4. ACTION TO BE TAKEN

A proxy form for use at the Special General Meeting is enclosed herein. Whether or not you intend to attend the Special General Meeting, you are requested to complete the proxy form and return it to the head office and principal place of business of the Company in Hong Kong at Units 1701-2 & 8-10, 17th Floor, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of a proxy form will not preclude you from attending and voting at the Special General Meeting if you so wish.

5. RECOMMENDATIONS

The Directors believe that all the above-mentioned resolutions to be proposed at the Special General Meeting are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders should vote in favour of the resolutions to be proposed at the Special General Meeting.

By Order of the Board
Sum Pui Ying, Adrian
Company Secretary

This Appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide the requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution. For the purpose of this appendix, the term “Shares” shall be as defined in the Code on Share Repurchase and the Listing Rules to mean shares and securities of all classes which carry right to subscribe for or purchase shares.

1. THE LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange or on another stock exchange on which the shares of the companies may be listed and recognized for this purpose by the Securities and Futures Commission and the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all on-market repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate to the directors of the company to make such repurchases or by way of specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 333,719,516 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Special General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase, a maximum of 33,371,951 Shares representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or loss per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the Companies Act. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st March, 2003 in the event that the power to repurchase Shares pursuant to the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such extent that would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.27	0.245
August	0.255	0.23
September	0.238	0.235
October	0.237	0.235
November	0.235	0.235
December	0.235	0.235
2003		
January	0.237	0.225
February	0.21	0.18
March	0.19	0.188
April	0.188	0.188
May	0.19	0.188
June	0.19	0.165

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

7. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance discloses the following persons, inter alia, as having an interest of 5% or more in the issued share capital of the Company as at the Latest Practicable Date:

Name	Number of Shares	% of The existing Issued share Capital	% of issued Share capital if Repurchase Mandate is Exercised in full
Leung Shu Wing	55,000,000 (<i>Note 1</i>)	16.48	18.31
Kee Shing (Holdings) Limited	55,000,000 (<i>Note 1</i>)	16.48	18.31
Pacific Apex International Limited	55,000,000	16.48	18.31
Leong Lou Teck	37,550,540 (<i>Note 2</i>)	11.25	12.5
Yap Han Hoe	37,508,000 (<i>Note 2</i>)	11.24	12.49
Galmare Investment Limited	37,500,000	11.24	12.49
Leung Chung Ping	20,000,000 (<i>note 3</i>)	5.99	6.65

Notes:

1. These shares refer to the same holding of 55,000,000 shares held by Pacific Apex International Limited. Pacific Apex International Limited is a wholly-owned subsidiary of Kee Shing (Holdings) Limited and Mr. Leung Shu Wing is the chairman and controlling shareholder of Kee Shing (Holdings) Limited.
2. These shares include 37,500,000 shares held through Galmare Investment Limited. Galmare Investment Limited is equally owned by Mr. Leong Lou Teck and Mr. Yap Han Hoe.
3. The interest disclosed excluded 3,000,000 share options held by Mr. Leung Chung Ping, Owen who is the Chairman of the Company

Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung Chung Ping (who/which in aggregate hold 112,500,000 Shares, representing 33.7% of the issued share capital of the Company as at the Latest Practicable Date) have been deemed, pursuant to a ruling by the Securities and Futures Commission dated 21st November, 1996, as parties acting in concert, and on this basis if the Directors exercise the power to repurchase Shares under the Repurchase Mandate (except from Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung Chung Ping) so as to result in the aggregate shareholding interests of Kee Shing (Holdings) Limited, Galmare Investment Limited and Leung Chung Ping to increase by 2% or more, they would become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. If the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate (except from Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung Chung Ping) the aggregate shareholding interests of Kee Shing (Holdings) Limited, Galmare Investment Limited and Leung Chung Ping would increase to 37.5% and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. However, the Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such an extent as would result in such takeover obligation being incurred on the part of Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung Chung Ping. In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

Save for the above and based on the above shareholdings but subject to the ruling by the Securities and Futures Commission above, the Directors are not aware of any Shareholder, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate in full.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

NOTICE OF SPECIAL GENERAL MEETING



ASIA COMMERCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a Special General Meeting of ASIA COMMERCIAL HOLDINGS LIMITED will be held at Cypress Room, 2nd Floor, Novotel Century Harbourview Hotel, 508 Queen's Road West, Western District, Hong Kong on Friday, 19th September, 2003 at 10:45 a.m. (or so soon thereafter as the annual general meeting convened for the same date and place at 10:30 a.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**
 - (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares of the Company which the directors of the Company is authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF SPECIAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

2. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividend pursuant to the bye-laws of the Company from time to time; (iii) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into shares of the Company; or (iv) an issue of shares of the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF SPECIAL GENERAL MEETING

(d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to the holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

3. “**THAT** subject to the passing of Resolutions No. 1 and No. 2 set out in the notice convening the special general meeting of the Company of which this resolution forms part (“**Notice**”), the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution No. 2 set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 1 set out in the Notice, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

By Order of the Board
Sum Pui Ying, Adrian
Company Secretary

Hong Kong, dated 30th July, 2003

NOTICE OF SPECIAL GENERAL MEETING

Head Office and

Principal place of business in Hong Kong:

Units 1701-2 & 8-10

17th Floor, Dominion Centre

43-59 Queen's Road East

Wanchai

Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the head office and principal place of business of the Company in Hong Kong at Units 1701-2 & 8-10, 17th Floor, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. A form of proxy for use at the meeting is enclosed herewith.