



**冠亞商業集團有限公司**  
**ASIA COMMERCIAL HOLDINGS LIMITED**  
Incorporated in Bermuda

FLAT A-D, 13/F., HONG KONG INDUSTRIAL BUILDING  
444-452 DES VOEUX ROAD WEST, HONG KONG.  
G. P. O. BOX NO. 51, HONG KONG  
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電話 : (852) 2819 6192  
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22 November 2006

*To the Shareholders and the Optionholders*

Dear Sir or Madam,

**Mandatory Unconditional Cash Offer  
to acquire all the outstanding shares  
and to 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**

**INTRODUCTION**

Reference is made to the Announcement dated 27 October 2006 and the announcement jointly issued by ACHL and the Offeror dated 9 November 2006 in respect of the Offers. Details of the Offers and information on the Offeror Parties are set out in the "Letter from BNP Paribas" in the Composite Document. Terms used herein shall have the same meanings as those defined in the Composite Document, unless the context requires otherwise.

The Board of ACHL consists of two executive directors, one non-executive director and three independent non-executive directors. In accordance with Rule 2.8 of the Takeovers Code, members of the Independent Board Committee should comprise all non-executive directors who have no direct or indirect interest in the Offers. Miss Leung Miu King, Marina, the younger sister of Mr. Leung and a non-executive director of ACHL, is the managing director of Kee Shing (Holdings) Limited which is the ultimate holding company of Pacific Apex (being one of the Vendors). Hence, Miss Leung Miu King, Marina is not independent and cannot be a member of the Independent Board Committee. As such, the Independent Board Committee comprising, Mr. Sit Kien Ping, Peter, Mr. Lai Si Ming and Mr. Frank H. Miu, all being independent non-executive directors of ACHL, has been established to advise the Independent Shareholders and the Optionholders in relation to the Offers. AMS Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

The purpose of the Composite Document is to provide you with, among other matters, information regarding the Offers, the ACHL Group and the Offeror Parties, as well as recommendation from the Independent Board Committee and advice of the Independent Financial Adviser (i) as to whether the Offers are, or are not, fair and reasonable; and (ii) as to acceptance of the Offers.

**THE OFFERS**

BNP Paribas is making the Offers for and on behalf of the Offeror, subject to the terms set out in the Composite Document (including, without limitation, those in Appendix I thereto) and in the Forms of Acceptance, to acquire all the Shares not already owned by the Offeror Parties and to cancel all the Share Options. Further details of the Offers are set out in the "Letter from BNP Paribas" in the Composite Document.



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**Principal terms of the Offers**

For each Share . . . . . HK\$0.68 in cash

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

**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;
- (v) a discount of approximately 18.1% to the closing price of HK\$0.83 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (vi) a premium of approximately 33.3% compared to the ACHL Group's audited consolidated net assets of approximately HK\$0.51 per Share calculated based on the 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 Latest Practicable Date.

**INFORMATION ON THE ACHL GROUP**

The 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 the ACHL Group was approximately HK\$169.66 million and HK\$169.97 million as at 31 March 2005 and 31 March 2006, respectively. The 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. Further financial information on the ACHL Group is set out in Appendix II to the Composite Document. As at the Latest Practicable Date, approximately 32.50% of the Shares are held by the public.

**INTENTIONS OF THE OFFEROR REGARDING THE ACHL GROUP**

Your attention is drawn to the "Letter from BNP Paribas" in the Composite Document for the intentions of the Offeror with respect to the ACHL Group.



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#### STAMP DUTY AND TAXATION

An ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each Shareholder accepting the Share Offer at the rate of HK\$1.00 for every HK\$1,000 (or part of HK\$1,000) of the greater of (i) the consideration for acceptance of the Share Offer; and (ii) the value of the Shares, and will be deducted from the amount payable to the Shareholders who accept the Share Offer.

You are recommended to consult your own professional advisers if you are in any doubt as to the taxation implications of your acceptance of the Offers, in particular, if you are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings. None of ACHL, Somerley Limited, the Independent Financial Adviser and any of their respective directors or any other persons involved in the Offers accepts responsibility for any taxation effects or liabilities of, any person or persons as a result of their acceptance of the Offers.

#### RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" to the Independent Shareholders and the Optionholders on page 19 of the Composite Document which sets out the Independent Board Committee's recommendation relating to the Offers; and (ii) the "Letter from the Independent Financial Adviser" to the Independent Board Committee on pages 20 to 35 of the Composite Document which contains, among other things, its advice in this regard.

#### ADDITIONAL INFORMATION

You are recommended to read the "Letter from BNP Paribas" on pages 10 to 18 of the Composite Document and the Forms of Acceptance which set out, among other things, details of the Offers, the Offeror Parties, the Offeror's intentions in relation to the ACHL Group, and the procedures for acceptance of the Offers. Your attention is also drawn to the appendices to the Composite Document for further information on the ACHL Group and the Offeror Parties.

Optionholders are also reminded that if they do not intend to accept the Option Offer, pursuant to the terms of the relevant Share Option Scheme, the Optionholders will be entitled to exercise their Share Options within one month from the date on which the Share Offer becomes or is declared unconditional (i.e. within one month from the date of the despatch of the Composite Document as and when the Offers are being made unconditionally), and the Share Options (to the extent not already exercised) will lapse immediately upon the expiry of such one-month period.



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By Order of the Board  
Asia Commercial Holdings Limited

**Sum Pui Ying, Adrian**  
*Managing Director*