

BNP PARIBAS PEREGRINE

22 November 2006

To the Shareholders and the Optionholders,

Dear Sir or Madam,

**Mandatory Unconditional Cash Offer
by BNP Paribas Peregrine Capital Limited
on behalf of
Century Hero International Limited
to acquire all the outstanding shares and to
cancel all the outstanding share options of
Asia Commercial Holdings Limited (stock code: 104)
not already owned by Century Hero International Limited
and parties acting in concert with it**

1. INTRODUCTION

On 27 October 2006, ACHL and the Offeror jointly announced that the Offeror had acquired 75,000,000 Shares on 25 October 2006, representing 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. The price at which the Shares were acquired from the Vendors was HK\$0.68 per Share.

Immediately prior to the Acquisition, the Offeror Parties were interested in 53,334,558 Shares, representing approximately 15.98% of the issued share capital of ACHL and immediately after the Acquisition, the Offeror Parties were interested in 128,334,558 Shares, representing approximately 38.46% of the issued share capital of ACHL. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional general offer for all Shares (other than those already owned by the Offeror Parties) and to make comparable offers for all Share Options. As disclosed in the Announcement, the Offers would be made conditional upon the Offeror Parties having owned or controlled over 50% of the voting rights of ACHL.

Subsequent to the Acquisition and up to and including the Latest Practicable Date, the Offeror Parties had acquired an additional 59,400,000 Shares on the Stock Exchange (details of which are disclosed in Appendix III to this Composite Document). As at the Latest Practicable Date, the Offeror Parties were interested in 187,734,558 Shares, representing approximately 56.26% of the issued share capital of ACHL. Since the Offeror Parties have already owned or controlled over 50% of the voting rights of ACHL, the Offeror and ACHL jointly announced on 9 November 2006 that the Offers would be made unconditional.

This letter sets out details of the Offers, together with information regarding the Offeror and its intentions in relation to the ACHL Group. The terms of the Offers are set out in this letter, Appendix I to this Composite Document and the Forms of Acceptance.



BNP Paribas Peregrine Capital Limited
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Shareholders and Optionholders are strongly advised to consider carefully the information contained in the letter from the Board of ACHL as set out on pages 6 to 9, the letter from the Independent Board Committee as set out on page 19 and the letter from the Independent Financial Adviser as set out on pages 20 to 35 of this Composite Document of which this letter forms parts.

Terms defined in this Composite Document shall have the same meanings in this letter unless the context requires otherwise.

2. THE OFFERS

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

(1) Consideration of the Offers

BNP Paribas, on behalf of the Offeror, hereby makes the Offers for all Shares (other than those already owned by the Offeror Parties) and all Share Options in cash, 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.

(2) Comparisons of Value

The Share Offer

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

The Share Offer Price also 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 on the Latest Practicable Date; and

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- (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.

During the period commencing six months preceding the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.92 per Share, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 per Share.

The Option Offer

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.

(3) Total Consideration for the Share Offer and the Option Offer

As at the Latest Practicable Date, there were 333,719,516 Shares in issue (of which 187,734,558 Shares were owned or controlled by the Offeror Parties) and 7,200,000 Share Options.

Based on 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 approximately HK\$99.27 million and HK\$72,000, respectively.

(4) Financial Resources Available for 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 financed by the Offeror's own resources and are not conditional on any financing.

(5) Overseas Shareholders

As the making of the Share Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions, Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of each Overseas Shareholder who wishes to accept the Share Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with any other necessary formalities or legal requirements. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Offeror Parties, BNP Paribas, ACHL and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes as such person may be required to pay.

Copies of this Composite Document, the Form(s) of Acceptance and any related documents are not being and must not be mailed or otherwise distributed or sent in or into the United Kingdom, Malaysia or Canada whether by use of the mails or any means or instrumentality of interstate or foreign commerce of, or by any facility of a national securities exchange of the United Kingdom, Malaysia or Canada.

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Persons receiving such documents, including, without limitation, custodians, nominees and trustees, must not distribute or send them in or into the United Kingdom, Malaysia or Canada.

The Offeror reserves the right to notify any matter in relation to the Share Offer to Overseas Shareholders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions in which the Overseas Shareholders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Shareholder to receive or see that notice, if it is displayed at the head office of ACHL in Hong Kong.

Pursuant to Rule 8.1 of the Takeovers Code, information about the Offers must be made equally available to all Shareholders as nearly as possible at the same time and in the same manner. The Offeror has applied for a waiver from strict compliance with Rule 8.1 of the Takeovers Code pursuant to Note 3 to Rule 8 of the Takeovers Code from the SFC so that Shareholders from the United Kingdom, Malaysia or Canada may be excluded from receiving this Composite Document and the Forms of Acceptance on the ground that it would be unduly burdensome to do so in such overseas jurisdictions. Such waiver has been granted by the SFC.

The Shareholders, including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and, or, the Form(s) of Acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in paragraph 7 of Appendix I to this Composite Document before taking any action.

(6) Effect of Acceptance of the Offers

The Offers shall also be subject to the terms that acceptance of the Offers by any person will constitute a warranty by such person or persons to the Offeror that the Share(s) or the Share Option(s), as the case may be, acquired under the Offers is/are 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 the Announcement. The Offers extend to Shares issued and unconditionally allotted while the Offers remain open for acceptances, including any Shares allotted or issued pursuant to the exercise of Share Options. By accepting the Share Offer, Shareholders will sell their Shares and all rights attaching to them as at the date of the Announcement, including the rights to receive all dividends and distributions declared, paid or made on or after the date of Announcement. By accepting the Option Offer, the Optionholders will surrender their Share Options and all rights attaching to them as at the date of the Announcement for cancellation.

3. THE OFFERS ARE MADE UNCONDITIONAL

As disclosed in the Announcement, the Offers would be conditional on valid acceptances being received in respect of the Share Offer which together with the Shares already held by the Offeror Parties, constitute more than 50% of the voting rights of ACHL.

Subsequent to the Announcement and up to and including the Latest Practicable Date, the Offeror had acquired an additional 59,400,000 Shares at HK\$0.68 per Share on the Stock Exchange. As at the Latest Practicable Date, the Offeror Parties were interested in 187,734,558 Shares, representing approximately 56.26% of the issued share capital of ACHL. Thus, the Offers are hereby made unconditional.

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4. COMPULSORY ACQUISITION

The Offeror does not intend to apply any right which may be available to it to acquire compulsorily any Shares outstanding after closing of the Offers, but reserves the right to do so.

5. INTENTIONS IN RELATION TO THE ACHL GROUP

(1) Business

The Offeror intends to continue the ACHL Group's existing principal business of watch trading and luxury products retailing and will conduct a more detailed review of the financial position and the operations of the ACHL Group with a view to developing a corporate strategy upon completion of the Offers. Although it does not have any immediate plan for redeployment of the material fixed assets of ACHL, it may consider restructuring its non-core business including the business of sale and design of contract software programs. The Offeror considers it commercially justifiable to make investment in the ACHL Group, in particular, in the business of trading of watches and retailing of luxury products.

(2) Directors, Management and Employees

The Board of ACHL is currently made up of Mr. Leung 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. Except for Mr. Lai Si Ming who would remain on the Board of ACHL, all of the existing directors of ACHL will resign and their resignations will take effect on the First Closing Date.

To ensure a smooth transition, the Offeror intends to nominate Mr. Eav Yin and Mr. Eav Ming Keong, Kinson as executive directors of ACHL as soon as practicable upon the issuance of this Composite Document. The Offeror also intends to nominate Miss Wong Wing Yue, Rosaline and Mr. Lee Tat Cheung, Vincent as independent non-executive directors, both with effect on or around the First Closing Date and Mr. Au Shiu Leung, Alex as executive director with effect in January 2007.

Personal particulars of the proposed new directors are set out below:

Executive directors

Eav Yin (alias Duong Khai Nhon), aged 67, 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 his establishing of a Hong Kong company in 1968 as an importing agent for watch distribution business in Cambodia, had extensive experience of distributing watches in Cambodia and Vietnam.

Eav Ming Keong, Kinson, aged 31, holds a Bachelor of Arts degree in Interior Design and Technology and a Master of Arts degree in Art, Design and Visual Culture from the London Guildhall University. After graduation, Mr. Kinson Eav has practised in an architecture firm in London for 2 years. Mr. Kinson Eav is the son of Mr. Eav Yin.

Au Shiu Leung, Alex, aged 41, has held positions as chief financial officer and financial controller of certain Hong Kong listed companies. He was previously employed by ACHL from 1995 to 1997 and was its company secretary from 1996 to 1997. Mr. Au is a member of The

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Institute of Chartered Accountants in England and Wales and an associate of The Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Commerce (Accounting) degree with honours from the University of Birmingham.

Independent non-executive directors

Wong Wing Yue, Rosaline, aged 36, graduated with LLB (Hons) at King's College, London University, UK in 1992, and was admitted to both the UK Bar (Middle Temple, UK) and the Hong Kong Bar in 1993. Ms. Wong is a practising barrister in Hong Kong.

Lee Tat Cheung, Vincent, aged 37, has over 16 years experience in accounting and auditing and is the sole proprietor of a firm of Certified Public Accountants practicing in Hong Kong. Mr. Lee is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He holds a Master Degree in Corporate Finance from the Hong Kong Polytechnic University.

The Offeror will conduct a thorough appraisal on the performance of the employees of the ACHL Group upon completion of the Offers. Subject to such performance reviews, the Offeror intends to continue the employment of the employees from the core business of the ACHL Group and would consider appointing certain new directors and senior management to the subsidiaries of ACHL. The Offeror may, however, have to make redundant certain employees from the non-core operation if it has been decided that such non-core business would be discontinued and that the affected employees would not be relocated to other continuing businesses of the ACHL Group.

6. MAINTAINING THE LISTING OF ACHL

It is the intention of the Offeror that the listing of the Shares on the Stock Exchange be maintained. 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 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,

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.

7. INFORMATION ON THE OFFEROR PARTIES

(1) The Offeror

The Offeror is a company newly incorporated in the BVI for the purpose of the Offers and is wholly-owned by Mr. Eav Yin, who is also the sole director of the company.

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As at the Latest Practicable Date, the Offeror was the beneficial owner of 134,400,000 Shares, representing approximately 40.27% of the issued share capital of ACHL.

(2) Concert Parties

Mr. Eav Yin, together with his spouse and close relatives, are the Concert Parties. As at the Latest Practicable Date, the Offeror, together with the Concert Parties, owned or controlled 187,734,558 Shares, representing approximately 56.26% of the issued share capital of ACHL.

8. HONG KONG STAMP DUTY

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.

9. ACCEPTANCE AND SETTLEMENT

(1) Procedures for acceptance of the Offers

The Share Offer

To accept the Share Offer, you should complete the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms and conditions of the Share Offer.

The completed **WHITE** Form of Acceptance should be forwarded, together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Registrar at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in an envelope marked "**ACHL Share Offer**" as soon as practicable after receipt of the **WHITE** Form of Acceptance but in any event so as to reach the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror shall determine and announce with the consent of the Executive. No acknowledgement of receipt of any **WHITE** Form of Acceptance, Share certificate(s), transfer receipt(s) and/or other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given. Your attention is drawn to Appendix I to this Composite Document and the **WHITE** Form of Acceptance which set out further details regarding the procedures for acceptance.

The Option Offer

To accept the Option Offer, you should complete the accompanying **PINK** Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms and conditions of the Option Offer.

The completed **PINK** Form of Acceptance should be forwarded, together with the relevant letter(s) of grant of the Share Option for the number of Share Option(s) in respect of which you intend to accept the Option Offer, by post or by hand to the Registrar at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in an envelope marked "**ACHL Option Offer**" as soon as practicable after receipt of the **PINK** Form of Acceptance but in any event so as to reach

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the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror shall determine and announce with the consent of the Executive. No acknowledgement of receipt of any **PINK** Form of Acceptance and/or the letter(s) of grant of the Share Option (if any) will be given. Your attention is drawn to Appendix I to this Composite Document and the **PINK** Form of Acceptance which set out further details regarding the procedures for acceptance.

(2) Settlement of the Offers

The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each Shareholder less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to the Shareholders by ordinary post at his/her/its own risk within 10 days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant letter(s) of grant of the Share Option are complete and in good order and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each Optionholder in respect of the Share Options surrendered by him/her under the Option Offer will be despatched to the Optionholders by ordinary post at his/her own risk within 10 days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any Shareholder or Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder, as the case may be.

10. GENERAL

In order for beneficial owners of Shares, whose investments are registered in nominee's names, to accept the Share Offer, it is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer. To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately.

All documents and remittances sent by or to the Shareholders and/or the Optionholders through post will be sent by or to them at their own risk. Such documents and remittances will be sent to the Shareholders and/or the Optionholders at their respective addresses as stated on the relevant Form(s) of Acceptance or if no such address is stated, as they appear in the register of members of ACHL or the register of optionholders of ACHL (as the case may be) or in the case of joint Shareholders, to the Shareholder whose name appears

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first in the register of members of ACHL, as applicable. None of ACHL, the Offeror Parties, BNP Paribas or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

11. ADDITIONAL INFORMATION

Your attention is drawn to the Forms of Acceptance and further terms of the Offers and the additional information set out in the appendices, which form part of this Composite Document.

Yours faithfully,
For and on behalf of
BNP Paribas Peregrine Capital Limited
Isadora Li
Head of Investment Banking — North Asia

Isadora Li