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ASIA COMMERCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

MAJOR TRANSACTION - RECEIPT OF FURTHER CONSIDERATION UNDER THE DISPOSAL OF THE LAKEVIEW PROJECT

In August 1999, the Company completed the disposal of the Group's interest in the Lakeview Project for an aggregate consideration of HK\$157 million. Up to Completion, an accumulated aggregate amount of HK\$80.5 million has been received. At the time of Completion, land use rights in respect of certain phases of the Lakeview Project has not been obtained. Pursuant to the terms of the Disposal Agreement, the Group will be entitled to receive the remainder of the consideration from time to time according to the time schedule of the obtaining of the land use rights of the relevant area within the Non-vested Land but not later than 22nd August, 2009.

The Purchaser has notified that the land use rights in respect of Phases 7 to 10 of the Lakeview Project has been obtained and as a result, an aggregate of approximately HK\$47.4 million has been paid by the Purchasers to the Group on 25th August, 2003. In the event that further land use rights are obtained, further amounts will be payable to the Group under the Disposal. As it cannot be ascertained the extent and timing of any further approval presently, further announcement will be made if additional sums are payable to the Group on the Disposal as required by the Listing Rules.

Background of the Disposal

In August 1999, the Group completed the disposal of the interests in the Lakeview Project for a consideration of HK\$157 million. Of the total Consideration of HK\$157 million, an amount of HK\$4 million was received upon the signing of the Disposal Agreement, an amount of HK\$76.5 million was received upon Completion and the remainder amount of HK\$76.5 million was to be received by the Group upon fulfillment of certain conditions. The Lakeview Project, at the time of the Disposal, comprised a residential development site located at Hwang Gang Lake, Dongguan, PRC and a golf course and related club house facilities to be constructed with an aggregate of 3.4 million sq.m..

At the time of the Disposal, land use rights certificates have not been obtained in respect of a portion of the Lakeview Project (Phases 7 to 11) with a total site area of approximately 2.5 million sq.m., representing the Non-vested Land. Pursuant to the Disposal Agreement, the remainder of the consideration of HK\$76.5 million will be payable, at the latest, within 10 days of the expiry of a period of 10 years following Completion, according to, and only to the extent of, the amount of land use rights of that area of the Lakeview Project constituting the Non-vested Land, being obtained. Payment of the balance of the Consideration would be made gradually from time to time according to the time schedule of the obtaining of the land use rights of the relevant area within the Non-vested Land. If no land use rights are granted on the Non-vested Land, the balance of the Consideration will not be payable.

The Disposal constituted a major transaction of the Company under the Listing Rules. Details of the Disposal have been disclosed in announcements of the Company dated, among others, 2nd November, 1998, 4th August, 1999 and 23rd August, 1999 and circulars of the Company dated 14th December, 1998 and 23rd August, 1999. The Disposal was duly disclosed in the aforesaid announcements and circulars and approval of the Disposal was obtained by way of shareholder certificates pursuant to Rule 14.07 of the Listing Rules.

Notice and Payment received from the Purchasers

The Directors announce that the Company has today received from the Purchasers the Payment in the amount of approximately HK\$47.4 million, as part of the Consideration pursuant to the Disposal. As notified by the Purchasers, land use rights has been obtained in respect of 1.3 million sq. m. of land within the Non-vested Land within the Lakeview Project. Accordingly, pursuant to the Disposal Agreement, the Payment has been made. The Purchasers have not notified the Group in respect of the status of obtaining land use rights for the remainder of the Non-vested Land.

Asia Commercial Holdings Limited

26-08-2003

Financial effect on the Group

Pursuant to the Statement of Standard Accounting Practice 28 “Provisions, Contingent Liabilities and Contingent Assets”, governing financial statements relating to periods beginning on or after 1st January, 2001, the amounts receivable as the Consideration pursuant to the Disposal Agreement has not been accounted for in the balance sheet of the Company due to the uncertainty in the granting of land use rights in respect of the Non-vested Land, which is not wholly within the control of the Company. Such Consideration has been treated as contingent asset and disclosed in the financial statements accordingly. As a result of the Payment, the amount of approximately HK\$47.4 million will be accounted for as a gain in the financial statements of the Group for the year ending 31st March, 2004. Amounts received, if any, from the Purchasers regarding further land use rights which are to be obtained up to 22nd August, 2009 will be accounted for as gains as and when appropriate consistently.

Further amounts may be receivable under the Disposal depending on the progress of the Purchasers in obtaining further land use rights certificates for further phases of the Lakeview Project. It cannot be ascertained at the present time the timing and amounts receivable in respect of further phases of the Lakeview Project or whether the further land use rights can be granted. Further announcement will be made if material developments arise relating to the Disposal at the appropriate time as required by the Listing Rules.

TERMS USED IN THE ANNOUNCEMENT

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| “Disposal Agreement” | the sale and purchase agreement dated 27th October, 1998 (as amended) between the Group as the vendor and the Purchasers in relation to the sale and purchase of the interest in the Lakeview Project |
| “Board” | the board of Directors |
| “Company” | Asia Commercial Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange |
| “Completion” | Completion of the Disposal Agreement, which has taken place on 23rd August, 1999 |
| “Consideration” | HK\$157 million, being the consideration for the sale and purchase of the interest of the Group in the Lakeview Project pursuant to the Disposal Agreement |
| “Directors” | directors of the Company |
| “Disposal” | the disposal by the Group of the interest in the Lakeview Project pursuant to the Disposal Agreement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Lakeview Project” | The residential property development project located at Hwang Gang Lake, Dongguan, the PRC |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Non-vested Land” | Portions within the Lakeview Project, comprising phases 7 to 11, the land use right certificates of which were not obtained at the time of Completion |
| “Payment” | Payment of approximately HK\$47.4 million received from the Purchasers as part of the Consideration |
| “PRC” | the People’s Republic of China |
| “Purchasers” | Zealand Limited and Viewsun Company Limited, being companies independent of the Group |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

Hong Kong, 25th August, 2003

Please also refer to the published version of this announcement in The Standard dated on 26-08-2003.