

# VAN SHUNG CHONG HOLDINGS LIMITED

## (萬順昌集團有限公司)\*

(incorporated in Bermuda with limited liability)

### PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

**Placing Agent**  
**Celestial Capital Limited**

On 17 November 2003, the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place and the Placing Agent has agreed to procure the placing of the Placing Shares, being 33,000,000 existing Shares held by the Vendor, to the Placees at the Placing Price of HK\$1.8 per Placing Share, representing (i) a discount of 6.25% to the closing price of HK\$1.920 per Share as quoted on the Stock Exchange on 14 November 2003, being the last trading date of the Shares on the Stock Exchange prior to the date of the Placing Agreement; and (ii) a discount of approximately 7.98% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten trading days ended on 14 November 2003 of approximately HK\$1.956 per Share. Also on 17 November 2003, the Company and the Vendor entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and the Vendor has conditionally agreed to subscribe for the Subscription Shares, being 33,000,000 Shares which is the same number of the Shares placed by the Placing Agent, at the Subscription Price which is also HK\$1.8 per Subscription Share.

Both the Placing Shares and the Subscription Shares represent approximately 10.33% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.36% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Upon completion of both the Placing and the Subscription, the aggregate shareholding interests of the Vendor, together with its associates, in the share capital of the Company will be reduced from the existing level of approximately 54.28% to 49.20%.

The net proceeds from the Subscription in the amount of approximately HK\$54.7 million will be used by the Company to finance the continuous development of the Group's CAMP operations in the PRC, including but not limited to the expansion and development of customers (in terms of geographical areas and products) as well as the increase of the processing capacity of the CAMP operations.

At the request of the Company, trading in the Shares and warrants of the Company has been suspended with effect from 9:33 a.m. on 17 November 2003 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and warrants of the Company with effect from 9:30 a.m. on 19 November 2003.

#### THE PLACING AGREEMENT DATED 17 NOVEMBER 2003

Vendor	:	Huge Top Industrial Ltd., the controlling shareholder of the Company which currently holds 173,424,000 Shares, representing approximately 54.28% of the existing issued share capital of the Company as at the date of this announcement.
Placing Agent	:	Celestial Capital Limited, which is deemed to be licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Placing Agent is independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.
Placees	:	More than six investors to be procured by the Placing Agent or its sub-placing agent(s). All Placees will be independent investors who are (i) independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates; and (ii) not parties acting in concert with the Vendor. To the best knowledge of the directors of the Company, none of the Placees will become a substantial shareholder (has the meaning ascribed thereto under the Listing Rules) of the Company as a result of the Placing.
Placing Shares	:	33,000,000 existing Shares currently held by the Vendor, representing approximately 10.33% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.36% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.
Placing Price	:	HK\$1.8 per Placing Share, representing: — a discount of 6.25% to the closing price of HK\$1.920 per Share as quoted on the Stock Exchange on 14 November 2003, being the last trading date of the Shares on the Stock Exchange prior to the date of the Placing Agreement; and — a discount of approximately 7.98% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten trading days ended on 14 November 2003 of approximately HK\$1.956 per Share.  The Placing Price was negotiated between the Company and the Placing Agent on an arm's length basis, with reference to the recent market prices of the Shares as quoted on the Stock Exchange.
Rights of the Placing Shares	:	The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances, claims, options or other third party rights and together with all rights attaching thereto at the date of the Placing Agreement, including the right to all dividends or other distributions which may be declared, paid or made after the date of the Placing Agreement.
Condition and completion of the Placing	:	The Placing is unconditional. Completion of the Placing will take place on the second trading day of the Stock Exchange after resumption of trading of Shares on the Stock Exchange on 19 November 2003 or such other date and time as may be agreed between the Vendor and the Placing Agent.

#### THE SUBSCRIPTION AGREEMENT DATED 17 NOVEMBER 2003

Issuer	:	The Company.
Subscriber	:	The Vendor.
Subscription Shares	:	33,000,000 new Shares, representing approximately 10.33% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.36% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The number of Subscription Shares is the same number of the Placing Shares placed by the Placing Agent.
Subscription Price	:	HK\$1.8 per Subscription Share, which is the same price as the Placing Share.
Mandate to issue Subscription Shares	:	The Subscription Shares will be issued under the general mandate granted by the shareholders of the Company to the directors of the Company at the Company's annual general meeting held on 16 July 2003.
Ranking of the Subscription Shares	:	The Subscription Shares, when fully paid, will rank equally in all respects with the Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription, including rights to receive all dividends and other distributions which may be declared, made or paid by the Company at any time after the date of allotment.
Conditions of the Subscription	:	The Subscription is conditional upon: (i) the completion of the Placing pursuant to the Placing Agreement; and (ii) the listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).
Completion of the Subscription	:	Completion of the Subscription shall take place on the second business day following the fulfillment of all the conditions of the Subscription and in any event shall take place within 14 days of the date of the Subscription Agreement (i.e. on or before 1 December 2003) or such later time and/or date as the Company and the Subscriber may agree in writing, otherwise, the Subscription shall terminate. If the Subscription is completed after 1 December 2003, it will be subject to the requirements under Chapter 14 of the Listing Rules.

#### USE OF PROCEEDS OF THE SUBSCRIPTION

The net proceeds from the Subscription in the amount of approximately HK\$54.7 million will be used by the Company to finance the continuous development of the Group's CAMP operations in the PRC, including but not limited to the expansion and development of customers (in terms of geographical areas and products) as well as the increase of the processing capacity of the CAMP operations.

All costs and expenses in relation to the Placing and the Subscription shall be borne by the Company. In addition, any interest accrued on the proceeds from the Placing to be received by the Vendor shall be kept by the Vendor for the benefit of the Company.

#### APPLICATION FOR LISTING

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

#### EFFECTS ON SHAREHOLDINGS OF THE VENDOR IN THE COMPANY

The shareholdings of the Vendor, together with its associates, in the Company before and after the Placing and the Subscription are and will be as follows, respectively:

	<b>Approximate shareholdings of the Vendor in the Company (%)</b>
As at the date of this announcement	54.28
After the Placing but before the Subscription ( <i>Note</i> )	43.95
After the Placing and the Subscription ( <i>Note</i> )	49.20

*Note: Based on the existing shareholding structure of the Company.*

#### BUSINESS OF THE GROUP AND REASONS OF THE PLACING AND THE SUBSCRIPTION

The Company is an investment holding company and its subsidiaries are principally engaged in (i) CAMP including manufacturing of industrial products such as rolled steel flat products and enclosure systems and trading of industrial products such as engineering plastic resins and injection moulding machines, and (ii) construction materials group including trading and stockholding of construction materials such as steel products, sanitary ware and kitchen cabinets and the installation work of kitchen cabinets.

As disclosed in the Company's interim report for the six months ended 30 September 2003, during that six-month period, unaudited turnover and operating profit before unallocated corporate expenses of CAMP as a whole increased by 19% and 9%, respectively, as compared with the corresponding period in 2002. The directors of the Company consider that the CAMP operations continue to be the growth engine for the Group and they intend to apply the net proceeds from the Subscription for the continuous development of the CAMP operations.

#### SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES AND WARRANTS OF THE COMPANY

At the request of the Company, trading in the Shares and warrants of the Company has been suspended with effect from 9:33 a.m. on 17 November 2003 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and warrants of the Company with effect from 9:30 a.m. on 19 November 2003.

#### DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associates”	has the meaning ascribed thereto under the Listing Rules
“CAMP”	China Advanced Materials Processing, the business operations of the Group in the PRC including manufacturing of industrial products such as rolled steel flat products and enclosure systems and trading of industrial products such as engineering plastic resins and injection moulding machines
“Company”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares and warrants of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	more than 6 independent investors who will be independent investors that are (i) independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates; and (ii) not parties acting in concert with the Vendor
“Placing”	the placing of the Placing Shares to the Placees at a price of HK\$1.8 per Placing Share pursuant to the Placing Agreement
“Placing Agent”	Celestial Capital Limited, which is deemed to be licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Placing Agent is independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Placing Agreement”	the placing agreement dated 17 November 2003 entered into between the Vendor and the Placing Agent pursuant to which the Vendor has agreed to place and the Placing Agent has agreed to procure the placing of the Placing Shares to the Placees at the Placing Price
“Placing Price”	HK\$1.8 per Placing Share
“Placing Share(s)”	33,000,000 existing Shares currently held by the Vendor to be placed through the Placing Agent pursuant to the Placing Agreement
“PRC”	the People's Republic of China
“Share(s)”	share(s) of HK\$0.10 each in the Company and are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 17 November 2003 entered into between the Company and the Vendor pursuant to which the Company has conditionally agreed to allot and issue and the Vendor has conditionally agreed to subscribe for the Subscription Shares, which is the same number of the Placing Shares placed by the Placing Agent, at the Subscription Price
“Subscription Price”	HK\$1.8 per Subscription Share, which is the same as the Placing Price
“Subscription Share(s)”	33,000,000 new Shares, which is the same number of the Shares placed pursuant to the Placing Agreement, conditionally agreed to be subscribed by the Vendor under the Subscription Agreement
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Vendor”	Huge Top Industrial Ltd., the controlling shareholder of the Company which currently holds 173,424,000 Shares, representing approximately 54.28% of the existing issued share capital of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars
“%”	per cent

On behalf of the board  
**Andrew Cho Fai Yao**  
Chairman & Chief Executive Officer

Hong Kong, 18 November 2003

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration, and there is no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

\* For identification purpose only