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# VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1001)

## DISCLOSEABLE TRANSACTION — DISPOSAL OF PROPERTY

On 7 October 2004, Shun Bao International Enterprise Limited, a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party to dispose of a residential apartment and the related car parking space at The Somerset, No. 67 Repulse Bay Road, Hong Kong at the consideration of HK\$36,800,000.

The disposal constitutes a discloseable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A circular containing details of the disposal will be sent to the shareholders and for information only the holders of outstanding warrants and holders of outstanding options of the Company as soon as practicable.

### THE PROVISIONAL SALE AND PURCHASE AGREEMENT

**Date:** 7 October 2004

**Parties:**

- (i) Vendor : Shun Bao International Enterprise Limited, an indirect wholly-owned subsidiary of Van Shung Chong Holdings Limited (the "Company", and together with its subsidiaries, the "Group"); and
- (ii) Purchaser : a company who is, and whose ultimate beneficial owners are, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, a third party independent of and not connected with the Company or any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

**Property to be sold:**

A residential apartment (with a gross floor area of approximately 3,099 square feet) together with the related car parking space at The Somerset, No. 67 Repulse Bay Road, Hong Kong (the "Property"), held by the Group as a director's residence for the past two financial years ended 31 March 2004 and up to the date of this announcement. The Company currently has no intention to provide similar residence to that director in Hong Kong.

**Formal agreement and completion:**

The Purchaser and the Vendor shall endeavour to enter into the formal sale and purchase agreement on or before 20 October 2004. The Vendor shall deliver vacant possession of the Property to the Purchaser upon completion of the sale and purchase of the Property.

**Consideration:**

The consideration of HK\$36,800,000 was agreed after arm's length negotiations between the Vendor and the Purchaser by reference to the recent market value of comparable properties provided by property agents and no professional valuation has been made by the Vendor for the purpose of the sale.

The consideration shall be payable in cash as follow:

- (i) an initial deposit of HK\$1,800,000 was paid on the signing of the provisional sale and purchase agreement;
- (ii) a further deposit of HK\$1,880,000 will be paid on the signing of the formal sale and purchase agreement on or before 20 October 2004; and
- (iii) the balance of HK\$33,120,000 will be paid on completion of the sale and purchase on or before 30 November 2004.

Based on the unaudited management account of the Group as at 30 September 2004, the carrying value of the Property as at 30 September 2004 was approximately HK\$25,925,000. The carrying value is the original purchase price of the Property less subsequent depreciations and has not made any reference to any valuation. Professional valuations had been conducted and according to the latest valuation report, the open market value of the Property as at 31 March 2004 was HK\$32,000,000. The profit, computed with reference to the carrying value of the Property as at 30 September 2004, expected to accrue to the Group upon the disposal of the Property after deducting all relevant expenses is approximately HK\$10,375,000.

According to the unaudited management account of the Vendor, there was no revenue generated from the Property as the Property was used as a director's residence and the net loss (both before and after taxation and extraordinary items) attributable to the Property for the two financial years ended 31 March 2003 and 31 March 2004 were approximately HK\$972,000 and HK\$974,000, respectively.

**Reasons for the disposal and use of sale proceeds:**

The disposal of the Property is made in view of improved property market conditions in Hong Kong. The sale proceeds from the disposal will be used for working capital of the Group.

**General**

The Group is principally engaged in trading and stockholding of construction materials as well as manufacturing and trading of industrial products.

The directors of the Company are of the view that the disposal of the Property is on normal commercial terms which are fair and reasonable and is in the interest of the Company and its shareholders as a whole.

The disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the disposal will be sent to the shareholders and for information only the holders of outstanding warrants and holders of outstanding options of the Company as soon as practicable.

By order of the Board  
**Andrew Cho Fai Yao**  
Chairman

Hong Kong, 15 October 2004

As at the date of this announcement, the board of directors of the Company comprised Andrew Cho Fai Yao (Chairman), Johnson Sai Hou Ho, Fernando Sai Ming Dong (being the executive Directors), Shao You Bao (being the non-executive Director), Chow Yei Ching, Kenneth Woo Shou Ting, Harold Richard Kahler, Kenny King Ching Tam (being the independent non-executive Directors).