

# VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

## DISCLOSEABLE TRANSACTION DISPOSAL OF SENIOR RICH DEVELOPMENT LIMITED

On 16 September 2005, Capital Full, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Company (acted as Capital Full's guarantor) and the Purchaser that the Purchaser agree to purchase and Capital Full agreed to sell to the Purchaser of the Sale Shares at a cash consideration of HK\$34,468,455 (subject to adjustment(s)).

The Sale Shares represent the entire issued share capital of Senior Rich, being the Group's entire interest therein immediately prior to Completion. Senior Rich ceased to be accounted for as a subsidiary of the Company immediately upon Completion.

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 options of the Company as soon as practicable.

### THE AGREEMENT

Date : 16 September 2005

### Parties of the Agreement

- (i) Vendor: Capital Full, an indirect wholly-owned subsidiary of the Company;
- (ii) Vendor's guarantor: the Company; and
- (iii) Purchaser: Media Group International Limited, a wholly-owned subsidiary of Hanison Construction Holdings Limited, which is, and whose substantial shareholders are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Independent Third Parties.

### Subject matter of the Disposal

The entire issued share capital of Senior Rich which was beneficially owned by Capital Full as at the date of the Agreement, representing its entire interest in the capital of Senior Rich. The major asset held by Senior Rich is the Property, held by the Group as an investment property. The Property are for storage usage now except an area of approximately 120,000 sq. ft. of the Property is subject to the Tenancy. The Property is sold subject to and with the benefit of the Tenancy.

### Completion

Vacant possession of those parts of the Property that are not subject to the Tenancy will be delivered on Completion. Completion will be held on or before 9 November 2005.

### Consideration

The Consideration of HK\$34,468,455 (subject to adjustment(s)) was agreed after arm's length negotiations between Capital Full and the Purchaser by reference to the recent market value of comparable properties provided by independent valuers and no professional valuation of the Property has been made by Capital Full for the purpose of the Disposal.

The Consideration shall be payable in cash as follows:

- (i) an initial deposit of HK\$2 million was paid on the signing of the Agreement;
- (ii) a further deposit of HK\$1,450,621.7 and a part payment of HK\$3,406,978.3 will be paid on or before 6 October 2005; and
- (iii) the balance of HK\$27,610,855 will be paid on Completion on or before 9 November 2005.

### Reasons for the Disposal and use of sale proceeds

The principal activity of Senior Rich is property holding and the Disposal 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.

### Financial Effect of the Disposal

Based on the audited management account of Senior Rich as at 31 March 2005, the net asset value was approximately HK\$33,361,000. Upon Disposal, the profit, computed with reference to the net asset value as at 31 March 2005, expected to accrue to the Group after deducting all relevant expenses is approximately HK\$750,000 to be included in the profit and loss account of the Company for the financial year ending 31 March 2006. The investment properties of the Group will decrease by HK\$33,000,000 and the change in the Group's current assets and current liabilities will be immaterial.

According to the audited account of Senior Rich, for the two financial years ended 31 March 2004 and 31 March 2005, net profit before taxation and extraordinary items were approximately HK\$164,000 and HK\$42,000, respectively and net profit after taxation and extraordinary items were approximately HK\$101,000 and HK\$35,000, respectively. After the Disposal, the Group gives up monthly rental income of HK\$60,000.

### GENERAL

The Sale Shares represent the entire issued share capital of Senior Rich, being the Group's entire interest therein immediately prior to Completion. Senior Rich ceased to be accounted for as a subsidiary of the Company immediately upon Completion. The Company is an investment holding company and its subsidiaries are principally engaged in (i) China advanced materials processing including manufacturing of industrial products such as rolled flat steel products and enclosure systems and trading of industrial products such as engineering plastic resins, 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. The geographical segments of the abovementioned businesses are mainly located in Hong Kong and the PRC.

The Purchaser is an investment holding company and Hanison Construction Holdings Limited and its subsidiaries are engaged in building construction, interior and renovation works, supply and installation of building materials, trading of health products and properties investment and development.

The Directors are of the view that the Disposal is on normal commercial terms which are fair and reasonable and is in the interest of the Company and the 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 options of the Company as soon as practicable.

### DEFINITIONS

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

- "Agreement" an agreement for sale and purchase entered into among Capital Full, the Company and the Purchaser on 16 September 2005 in connection with the Disposal
- "Capital Full" Capital Full Investment Limited, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
- "Company" Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
- "Completion" completion of the sale and purchase on or before 9 November 2005
- "Consideration" HK\$34,468,455 (subject to adjustment(s)) for the Disposal under the Agreement
- "Director(s)" the director(s) of the Company
- "Disposal" the sale of Sale Shares by Capital Full to the Purchaser pursuant to the terms and conditions of the Agreement
- "Group" the Company and its subsidiaries
- "HK\$" Hong Kong dollars, the lawful currency of Hong Kong
- "Hong Kong" Hong Kong Special Administrative Region of the PRC
- "Independent Third Party(ies)" party(ies) who is/are independent of and not connected with the Company, the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (have the same meaning ascribed thereto under the Listing Rules)
- "Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange
- "PRC" People's Republic of China
- "Property" the investment property held by Senior Rich of approximately 211,266 sq. ft. registered in the Land Registry as Lots No.163A, 163B, 164, 165B, 165RP, 166RP, 167RP, 168, 169, 170 and 171 in D.D. No.128, Yuen Long, New Territories
- "Purchaser" Media Group International Limited, a wholly-owned subsidiary of Hanison Construction Holdings Limited, which is, and whose substantial shareholders are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Independent Third Parties
- "Sale Shares" the aggregate of 380 voting class "A" shares of HK\$1 each and 10,000 non-voting deferred class "B" shares of HK\$1 each in the issued share capital of Senior Rich
- "Senior Rich" Senior Rich Development Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Capital Full immediately prior to Completion
- "Shareholders" shareholders of the Company
- "Stock Exchange" The Stock Exchange of Hong Kong Limited
- "Tenancy" an area of approximately 120,000 sq. ft. of the Property subject to existing letting and tenancy which is currently leased to an Independent Third Party at a rent of HK\$60,000 per month and will expire on 14 November 2006

By order of the board of Directors  
**Andrew Cho Fai Yao**  
Chairman

Hong Kong, 20 September 2005

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