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VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

VERY SUBSTANTIAL DISPOSAL

Deemed Disposal of Interest in a Wholly-Owned Subsidiary and Resumption of trading in Shares of the Company

Financial Adviser



CELESTIAL CAPITAL LIMITED

Pursuant to the Subscription Agreement, CAMP BVI has conditionally agreed to dispose of a 40% equity interest of the enlarged issued share capital of VSC-Ryerson China as enlarged by the Subscription Shares to Ryerson LLC by way of procuring VSC-Ryerson China to issue to Ryerson LLC the Subscription Shares at the Subscription Price, which is expected to be at a level of approximately US\$28.5 million (equivalent to approximately HK\$222,300,000). The said issue of the Subscription Shares will give rise to a deemed disposal of interest in a wholly-owned subsidiary of the Company.

Ryerson LLC is a wholly-owned subsidiary of Ryerson, whose common stocks are listed on the New York Stock Exchange and is one of the North America's leading distributors and processors of metals. Ryerson and Ryerson LLC are, to the best of the Directors' knowledge, information and belief, after making all reasonable enquiries, third parties independent of the Company and connected persons of the Company.

VSC-Ryerson China intends to use the proceeds to reduce its level of indebtedness, expand its business and as general working capital.

The Transaction is a deemed disposal in respect of a wholly-owned subsidiary of the Company and constitutes a very substantial disposal for the Company under the Listing Rules. The Transaction is thus conditional upon the approval by the Shareholders at the SGM. A circular containing further information on the Transaction, together with a notice of the SGM will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules. No Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Transaction at the SGM.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 6 September 2006 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of the trading in the shares of the Company with effect from 9:30 a.m. on 12 September 2006.

SUBSCRIPTION AGREEMENT

Date

5 September 2006

Parties

- (i) The Company;
- (ii) CAMP BVI;
- (iii) Ryerson;
- (iv) Ryerson LLC; and
- (v) VSC-Ryerson China.

As at the date of this announcement, CAMP BVI and VSC-Ryerson China are wholly-owned subsidiaries of the Company, and CAMP BVI is the sole shareholder of VSC-Ryerson China. The principal activity of each of CAMP BVI and VSC-Ryerson China is investment holding.

Ryerson is one of the North America's leading distributors and processors of metals. According to the annual report of Ryerson of 2005, its audited net sales for the year ended 31 December 2005 was approximately US\$5.8 billion. Ryerson services customers through a network of service centers across the United States and in Canada, Mexico and India. Ryerson LLC is a company incorporated in the United States and a wholly-owned subsidiary of Ryerson. The principal activity of Ryerson LLC is investment holding.

Ryerson and Ryerson LLC are, to the best of the Directors' knowledge, information and belief, and after making all reasonable enquires, third parties independent of the Company and connected persons of the Company. Except for the Transaction, none of Ryerson and Ryerson LLC has any business relationships or entered into any transactions with the Group previously.

Shares to be issued

CAMP BVI has conditionally agreed to dispose of a 40% equity interest of the enlarged issued share capital of VSC-Ryerson China as enlarged by the Subscription Shares to Ryerson LLC by way of procuring VSC-Ryerson China to issue to Ryerson LLC the Subscription Shares.

Consideration

The Subscription Price shall be determined based on the following formula, which is currently expected to be at a level of approximately US\$28,500,000 (equivalent to approximately HK\$222,300,000).

$$(\text{US\$75,200,000} - \text{Pre-Money Valuation Adjustment}) \times \frac{40\%}{60\%}$$

Subject to satisfaction of the Conditions, Ryerson LLC will pay the Subscription Price in cash to VSC-Ryerson China at Completion.

Furthermore, if the Final Earnings Valuation is greater than US\$75,200,000 (equivalent to approximately HK\$586,560,000), which is the enterprise value of the VSC-Ryerson China Group and determined based on the average historical normalized EBITDA for the three years ended 31 March 2005 multiplied by the agreed EBITDA multiple (8), Ryerson LLC shall pay CAMP BVI the Earn-out Payment, which shall be determined based on the following formula subject to a cap of US\$4,640,000 (equivalent to approximately HK\$36,192,000):

$$(\text{Final Earnings Valuation} - \text{US\$75.2million}) \times 40\%$$

If the Final Earnings Valuation is less than US\$75,200,000 (equivalent to approximately HK\$586,560,000), no Earn-out Payment will be paid to CAMP BVI but Ryerson LLC shall earn the Earn-out Credit to reduce the price payable by it for the exercise of the Ryerson Call Option in accordance with the terms of the Investors' Rights Agreement. Details of the Ryerson Call Option is set out in the paragraph headed "Ryerson Call Option" in this announcement.

Ryerson LLC shall pay the Earn-out Payment (if any) to CAMP BVI in cash within one month from the delivery by CAMP BVI of the audited consolidated financial statements of the VSC-Ryerson China Group for FY2007 to Ryerson LLC.

The terms of the Subscription Agreement, including the Subscription Price and the basis of determination of the EBITDA multiple, Earn-out Payment and Earn-out Credit, are determined after arm's length negotiation between the parties thereto by making reference to enterprise values of publicly-traded comparable companies in the United States, who were engaged in provision of metals distributions and processing services and processors of metals, and valuation multiples in comparable merger and acquisition transactions taken place in the United States for the period from January 2005 to January 2006. The information of which were provided by Morgan Joseph & Co. Inc., an independent financial adviser of the Company in the United States with reference to publicly available sources, including company press releases, research reports and corporate filings to the Securities and Exchange Commission of the United States. The Directors, including the independent non-executive Directors, consider that the consideration and terms of the Subscription Agreement are on normal commercial terms, fair and reasonable and are in the best interest of the Group and the Shareholders as a whole.

After the disposal of a 40% equity interest in VSC-Ryerson China to Ryerson LLC, VSC-Ryerson China will become a 60% owned subsidiary of the Company and its assets and results will continue to be consolidated into the Group's financial statements.

Conditions

Completion of the Subscription Agreement shall be conditional upon:

- (1) CAMP BVI obtaining all necessary corporate approvals and all approvals, consents and releases from the Authority for the transactions contemplated under the Subscription Agreement and the Investors' Rights Agreement;

- (2) the Company obtaining all the necessary corporate approvals and the approval of the Shareholders for the transactions contemplated under the Subscription Agreement and the Investors' Rights Agreement in accordance with the requirements under the Listing Rules or of the Stock Exchange;
- (3) the representations, warranties and undertakings made by the Company and CAMP BVI in the Subscription Agreement being true and correct in all material respects when made and as of the Completion Date;
- (4) the Company and CAMP BVI shall have performed and complied in all aspects with all agreements, obligations and conditions contained in the Subscription Agreement that are required to be performed or complied with by any of them at or before the Completion;
- (5) Ryerson having completed its due diligence review of all aspects of the CAMP Business and the business, accounting, tax and legal affairs of each member of the VSC-Ryerson China Group to its reasonable satisfaction;
- (6) a certificate of good standing in respect of VSC-Ryerson China issued by the relevant Authority in the BVI dated no earlier than 15 Business Days prior to Completion shall have been delivered to Ryerson;
- (7) the allotment and the issue of the Subscription Shares by VSC-Ryerson China having been approved by CAMP BVI;
- (8) Ryerson obtaining all necessary approvals, consents and releases from the Authority for the transactions contemplated under the Subscription Agreement and the Investors' Rights Agreement;
- (9) Ryerson receiving confirmation from its legal counsel that regulatory reporting requirements under applicable laws and regulations of the United States in respect of the transaction contemplated under the Subscription Agreement can be addressed and resolved to its satisfaction; and
- (10) Ryerson receiving the approval of its board of directors for the transactions contemplated under the Subscription Agreement and the Investors' Rights Agreement.

In the event that any of the Conditions shall not have been fulfilled, or waived by the Company and CAMP BVI (in respect of Condition (1) above) or by Ryerson and Ryerson LLC (in respect of Conditions (3) to (7) and (9) above) (as the case may be) prior to 30 November 2006 or such later date as agreed by Ryerson and the Company, the parties to the Subscription Agreement shall not be bound to proceed with the Completion.

Completion

Subject to the fulfillment or waiver (as the case may be) of all the Conditions, the Completion will take place on the Completion Date, which shall be (i) the third Business Day after all of the Conditions (other than the Conditions (3) and (4) above provided that these two Conditions shall have been fulfilled or waived pursuant to the Subscription Agreement at or before Completion) have been fulfilled or waived; or (ii) such later date as the parties may agree in writing.

INVESTORS' RIGHTS AGREEMENT

At Completion, the parties to the Subscription Agreement will enter into the Investors' Rights Agreement to regulate the affairs relating to the management and the rights of the shareholders of VSC-Ryerson China after the Completion, which is expected to include the following principal terms.

Ryerson Call Option

CAMP BVI will grant the Ryerson Call Option to Ryerson LLC to purchase 20% equity interest in VSC-Ryerson China, which shall be exercisable, at the discretion of Ryerson LLC, on one occasion only for such 20% equity interest in VSC-Ryerson China at any time during a 180-day period commencing on the third anniversary from the Completion Date.

The purchase price for the VSC-Ryerson China Shares subject to the Ryerson Call Option shall be an amount equals to 20% of the Final Pre-Money Valuation provided that the purchase price shall not be less than US\$4,291,000 (equivalent to approximately HK\$33,469,800) or greater than US\$7,971,000 (equivalent to approximately HK\$62,173,800). Ryerson LLC may apply the Earn-out Credit, if any, as partial consideration to the purchase price for the VSC-Ryerson China Shares upon exercise of the Ryerson Call Option.

VSC Put Option

Ryerson LLC will grant the VSC Put Option to CAMP BVI to require Ryerson LLC to purchase up to 20% equity interest in VSC-Ryerson China, which shall only be exercisable, at the discretion of CAMP BVI, on one occasion at any time during a 180-day period commencing after completion of the transfer of the VSC-Ryerson China Shares as a result of the exercise of the Ryerson Call Option, if any.

The purchase price for the VSC-Ryerson China Shares subject to the VSC Put Option shall be determined by the percentage of the equity interest proposed to be transferred upon the exercise of the VSC Put Option multiplied by the VSC Put Valuation.

The Directors, including the independent non-executive Directors, consider that the grant of both the Ryerson Call Option and the VSC Put option is on normal commercial terms, fair and reasonable and is in the best interest of the Group and the Shareholders as a whole. The Directors confirm that the Company will comply with the requirements of the relevant Listing Rules upon the exercise of the Ryerson Call Option and the VSC Put Option.

Due to VSC Debt

After the disposal of the additional 20% interest in VSC-Ryerson China by CAMP BVI to Ryerson LLC pursuant to the exercise of the Ryerson Call Option, any long term shareholders' financing from time to time owed by the VSC-Ryerson China Group shall be provided by the Company and/or its subsidiaries and Ryerson in proportion to their then shareholding interest in VSC-Ryerson China.

Transfer restrictions on VSC-Ryerson China Shares

1. Transfer of VSC-Ryerson China Shares

At any time after the Completion, no shareholder of VSC-Ryerson China may transfer any of its VSC-Ryerson China Shares, unless the transferee is its wholly-owned subsidiaries. If any shareholder wishes to sell all or any of its VSC-Ryerson China Shares, all other shareholders of VSC-Ryerson China shall have a pre-emptive right to acquire such VSC-Ryerson China Shares on the same terms as those offered by a bona fide third party buyer.

2. Tag along right

At any time after the Completion, if any shareholder of VSC-Ryerson China proposes to sell more than 5% of the equity interest in VSC-Ryerson China to any third party buyer, the other shareholders of VSC-Ryerson China shall be entitled to sell to such buyer the VSC-Ryerson China Shares on a pro rata basis on the same terms and conditions offered by the buyer.

3. Drag along right

At any time after the Completion, if any shareholder of VSC-Ryerson China wishes to accept an offer by any third party buyer who wishes to acquire more than 5% of the equity interest in VSC-Ryerson China, such shareholder shall have the right to require other shareholders of VSC-Ryerson China to sell to such buyer the VSC-Ryerson China Shares on a pro rata basis on the same terms and conditions offered by the buyer.

PROCEEDS FROM THE TRANSACTION

VSC-Ryerson China intends to use the proceeds from the Transaction of approximately US\$10,000,000 (equivalent to approximately HK\$78,000,000) to reduce its level of indebtedness, which was incurred for the purpose to repay the trade finance from its suppliers and vendors from time to time under normal course of business, repayable from 90 to 120 days and bear interest at LIBOR plus 100 to 200 basic points per annum. The balance of the Subscription Price, after deduction of expenses, is currently estimated to be approximately US\$18,500,000 (equivalent to approximately HK\$144,300,000) and will be used for the expansion of the three coil centers located in Dongguan, Guangzhou and Tianjin, the PRC respectively; funding the establishment of an eastern China coil center in Kunshan, the PRC; the future business expansion of VSC-Ryerson China; and as general working capital of the VSC-Ryerson China Group.

As the amount of the Earn-out Payment (if any) as well as the proceeds to be received by the Group upon exercise of the Ryerson Call Option and VSC Put Option (if any) are yet to be determined, the Directors intend to apply proceeds therefrom (if any) as general working capital.

INFORMATION OF THE VSC-RYERSON CHINA GROUP

The VSC-Ryerson China Group mainly operates three coil operation centers located in Dongguan, Guangzhou and Tianjin, the PRC respectively while it also has a coil center located in Kunshan, the PRC which is currently under construction. These coil centers render metal processing services including cutting, slitting, leveling and just in time delivery to customers. The VSC-Ryerson China Group also has a 14% investment in the Nansha Plant, the PRC.

The following table shows the audited combined financial information of the VSC-Ryerson China Group for the two years ended 31 March 2006, which has been prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 March 2005	For the year ended 31 March 2006
	HK\$'000	HK\$'000
Turnover	905,034	1,101,285
Net profit/(loss) before taxation and minority interests	32,211	(15,865)
Net profit/(loss) after taxation and minority interests	26,945	(12,816)
	As at 31 March 2005	As at 31 March 2006
	HK\$'000	HK\$'000
Total assets	708,807	666,696
Total liabilities	641,122	584,319
Net asset value	67,685	82,377

MANAGEMENT OF VSC-RYERSON CHINA

Pursuant to the Investors' Rights Agreement, each of CAMP BVI and Ryerson LLC shall have a right to nominate a director to the board of directors of VSC-Ryerson China for each 20% interest in VSC-Ryerson China owned by it. Thus, immediately after the Completion, the board of directors of VSC-Ryerson China shall comprise five directors, with three directors nominated by CAMP BVI and two directors nominated by Ryerson LLC. If there is any subsequent change in the shareholding structure of VSC-Ryerson China, following the exercise of the Ryerson Call Option, the composition of the board and the number of directors of VSC-Ryerson China to be nominated by CAMP BVI and Ryerson LLC shall be adjusted to two and three directors respectively. If there is any further change in the shareholding structure of VSC-Ryerson China, following the exercise of the VSC Put Option, its composition of the board and number of directors to be nominated by CAMP BVI and Ryerson LLC shall be further adjusted to one and four directors respectively.

REASONS FOR THE TRANSACTION

Ryerson is one of the North America's leading distributors and processors of metals. Ryerson services customers through a network of service centers across

the United States and in Canada, Mexico and India. The Directors consider that as a result of the Transaction, (i) VSC-Ryerson China is able to capitalize on the expertise, customer base and technology and know how of Ryerson to improve its competitive position in the vast PRC market; (ii) the Subscription Price will provide VSC-Ryerson China with additional funds for its future development; and (iii) the Group will be allowed to realize its investment in the VSC-Ryerson China Group. The Directors, including the independent non-executive Directors, consider that the Transaction is on normal commercial terms, fair and reasonable and is in the best interest of the Group and the Shareholders as a whole.

With the Ryerson Call Option, Ryerson is highly motivated to mobilize efforts, resources and experts for the future growth of the VSC-Ryerson China Group and the proceeds from the exercise of the Ryerson Call Option will provide the Group with additional funds for its own future development. Upon the exercise of the Ryerson Call Option, the Group will hold only 40% interest in VSC-Ryerson China, therefore, with the VSC Put Option, the Company will have the flexibility and chance for exit, if necessary, so as to realize its investment in the VSC-Ryerson China Group. The Directors, including the independent non-executive Directors, consider that the grant of both the Ryerson Call Option and the VSC Put option is on normal commercial terms, fair and reasonable and is in the best interest of the Group and the Shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSACTION

Based on the currently expected Subscription Price of approximately US\$28,500,000 (equivalent to approximately HK\$222,300,000) and the audited combined net asset value of the VSC-Ryerson China Group of approximately HK\$82,377,000 as at 31 March 2006, it is estimated that upon the Completion, the Group will record a gain from the Transaction for the year ending 31 March 2007 after deducting the value of the Ryerson Call Option and the estimated related fees and expenses for the Transaction. As the value for the Ryerson Call Option will be mutually agreed upon by both the Group and Ryerson, the estimated gain from the Transaction is not available as at the date of this announcement. However, the Directors believe that there will be a gain from the Transaction. Ryerson believes that the PRC is the largest metals consuming market in the world with a healthy growth potential as evidenced by the increasing transplant activities of multinational companies. The VSC-Ryerson China Group already has established its operations with an experienced management team in the PRC, thus, the Transaction allows Ryerson to participate directly and efficiently in the rapidly growing Chinese market and provides a platform to serve the growing needs of its multinational customers who have presences in the PRC. In addition, as the Company is a company listed on the Main Board of the Stock Exchange, Ryerson believes that it is an assurance on the professionalism, integrity, corporate governance and control environment of the Group. Hence the Subscription Price, with reference to the above factors, includes the premium (i.e. the gain from the Transaction). Such estimated gain will be included in the circular to be issued by the Company which shall contain, inter alia, further information on the Transaction.

Since the values of the Earn-out Payment and the Earn-out Credit (if any) as well as the proceeds to be received by the Company upon the exercise of the Ryerson Call Option and the VSC Put Option (if any) are yet to be ascertained, as at the date of this announcement, the Company cannot estimate the relevant gain or loss or provide accurate figures on the proceeds from such transactions. The Company estimates that (i) if the Earn-out Payment will be received by the Group, the Group will have additional funds and record a dilution gain; (ii) if the Ryerson Call Option will be exercised by Ryerson LLC, the Group will receive additional funds and its shareholdings in VSC-Ryerson China will reduce from 60% to 40%; (iii) if the Ryerson Call Option will be exercised by Ryerson LLC and the exercise price will be deducted with the Earn-out Credit, the Group will also receive additional funds but such amount will be less than (ii) above; and (iv) if the VSC Put Option will be exercised by CAMP BVI, the Group will receive additional funds and its shareholdings in VSC-Ryerson China will further reduce from 40% to 20%.

Upon completion of the Transaction, the VSC-Ryerson China Group will remain subsidiary of the Company and will consolidate into the Group's financial statements. Upon exercise of the Ryerson Call Option and/or VSC Put Option, the VSC-Ryerson China Group will become an associate of the Group, and the investment in the VSC-Ryerson China Group will then be reclassified to investment in associate and will be accounted for under the equity method whereby the Group will only take up its share of profit or loss of the VSC-Ryerson China Group.

INFORMATION ABOUT THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in (i) the processing of advanced materials in the PRC including the processing of steel products such as rolled flat steel products and manufacturing of enclosure systems and the trading of industrial products such as engineering plastic resins, and (ii) the trading and stockholding of construction materials such as steel products, sanitary ware, 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.

GENERAL

The Transaction is a deemed disposal in respect of a wholly-owned subsidiary of the Company and constitutes a very substantial disposal transaction for the Company under Chapter 14 of the Listing Rules. According to Rule 14.49 of the Listing Rules, the Transaction is conditional upon the approval by the Shareholders at an SGM to be convened. To the best of the Directors' knowledge, information and belief, after making all reasonable enquiries, Ryerson and Ryerson LLC are third parties independent of the Company and connected persons of the Company and none of the Shareholders has any material interest in the Transaction other than through their interest in the Company. No Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Transaction at the SGM.

A circular containing further information on the Transaction, together with a notice of the SGM will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30 a.m. on 6 September 2006 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of the trading in the shares of the Company with effect from 9:30 a.m. on 12 September 2006.

DEFINITIONS

"Authority" any national, supranational, regional or local government or governmental, administrative, fiscal, judicial or government-owned body, department, commission, authority, tribunal, agency, or regulator (or any other person, corporation, company, partnership, firm, unincorporated organization, whether or not government owned and howsoever constituted or called), that exercises the functions of a regulator

"Board" the board of Directors

"Business Day" a day on which banks are generally open for business in Hong Kong, other than Saturday, Sunday and public holidays in Hong Kong

"BVI" British Virgin Islands

"CAMP Business" steel processing business currently engaged by the Group in the PRC, all of which is conducted through the subsidiaries of VSC-Ryerson China and ultimately held by VSC-Ryerson China

"CAMP BVI" CAMP (B.V.I.) Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company

"China" or "PRC" the People's Republic of China but excluding, for the purposes of the Subscription Agreement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Company" Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

"Completion" completion of the Transaction

"Completion Date" the day on which Completion will take place, details of which is set out in the paragraph headed "Completion" in this announcement

"Conditions" conditions precedent to the Subscription Agreement, details of which are set out in the paragraph headed "Conditions" in this announcement

"Director(s)" the directors, including independent non-executive director(s), of the Company

"Due to VSC Debt" the total indebtedness of VSC-Ryerson China Group owed to the Group (other than the members of the VSC-Ryerson China Group) which will be classified as long term liability after the Completion and be determined on the basis the following formula based on the amounts in question as at the Month-end Day before Completion:

= Total indebtedness owed by the VSC-Ryerson China Group to the Group (other than the members of the VSC-Ryerson China Group)

+ Total accounts payable owed by the VSC-Ryerson China Group

- 50% x material portion of total cost of goods sold of the VSC-Ryerson China Group in the three months ended on the Month-end Day before Completion

"Earn-out Credit" the lower of i) US\$4,640,000; and ii) 40% of the excess of US\$75,200,000 over the Final Earnings Valuation; save for the reduction of the price payable for the exercise of the Ryerson Call Option, the Earn-out Credit shall not create any obligation or liability on CAMP BVI or the Company to make any payment to any Person or confer any right on any Person to set-off any payment payable to CAMP BVI or the Company

"Earn-out Payment" the sum that Ryerson LLC shall pay CAMP BVI for procuring VSC-Ryerson China to issue the Subscription Shares to Ryerson LLC, details of which are set out in the paragraph headed "Consideration" in this announcement

"EBITDA" an amount equals to net income before minority share interests, plus (a) income tax expense; (b) interest expense (including any other Persons for any other debt and other financial instruments); (c) depreciation expense; and (d) amortization expense associated with goodwill, intangible assets and land use rights, and minus interest income with respect to any debt or other financial instruments due to VSC-Ryerson China, and adjusted by other items as mutually agreed upon by Ryerson and the Company

"Final Earnings Valuation" an amount equal to eight times of the Group EBITDA for FY2007 provided that:

(a) if the Group EBITDA for FY2007 is less than US\$7,950,000 (equivalent to approximately HK\$62,010,000), the Final Earnings Valuation shall be deemed to be equal to US\$7,950,000 (equivalent to approximately HK\$62,010,000) times eight; or

(b) if the Group EBITDA for FY2007 is more than US\$10,850,000 (equivalent to approximately HK\$84,630,000), the Final Earnings Valuation shall be deemed to be equal to US\$10,850,000 (equivalent to approximately HK\$84,630,000) times eight

"Final Pre-Money Valuation" the Final Earnings Valuation minus Pre-Money Valuation Adjustment minus the PRC Minority Adjustment

"FY2007" the financial year of VSC-Ryerson China commencing from 1 April 2006 and ending on 31 March 2007

"Group" the Company and its subsidiaries

"Group EBITDA" an amount equals to the US\$ equivalent of EBITDA of the VSC-Ryerson China Group for any period as determined using the annual audited consolidated financial statements of the VSC-Ryerson China Group prepared in accordance with the Hong Kong Financial Reporting Standards, minus (a) EBITDA of VSC Group Investments Company Ltd. and, if any, its subsidiaries, plus (b) one-time expense items specifically incurred for compliance with the Sarbanes-Oxley Act, a United States federal law passed in response to a number major corporate and accounting scandals, as mutually agreed upon by Ryerson and the Company, provided that such add-back shall not include any of those ongoing expenses (including staffing expenses) in connection with the modification in the controls, policies and procedures in relation to accounting, tax, credit and general financial control in accordance with the operational plan or such other plans as may be from time to time agreed by Ryerson LLC and CAMP BVI

"Hong Kong" the Hong Kong Special Administrative Region of the PRC

"Hong Kong Financial Reporting Standards" the financial reporting standards promulgated by the Hong Kong Institute of Certified Public Accountants and includes all Statements of Standard Accounting Practice and interpretation of such standards approved by it from time to time

"Investors' Rights Agreement" the investors' rights agreement proposed to be entered into by the parties to the Subscription Agreement at Completion, which regulates the affairs relating to the management of VSC-Ryerson China and the respective rights of CAMP BVI and Ryerson LLC, as holder of the VSC-Ryerson China Shares, following the Completion

"LIBOR" London Inter-Bank Offer Rate

"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto

"Minority Interest Buyouts" at any time after execution of the Subscription Agreement, but not later than 31 December 2007, Ryerson will give CAMP BVI notice of its determination regarding the removal by CAMP BVI of PRC Minority Shareholder Ownership. In the event Ryerson requests the removal from the ownership structure of the VSC-Ryerson China ("Buyout") of either or both of the PRC Minority Shareholder Ownership in Dongguan or PRC Minority Shareholder Ownership in Guangzhou such that Van Shung Chong International Steel Products Company Limited and VSC Shinsho Company Limited then owns 100% of each of the plants located in Dongguan and Guangzhou, respectively, it may also indicate a reasonable timeframe, not to exceed 180 days, for the completion of such Buyouts. All costs and expenses related to any such Buyout, including the cost to purchase the minority shares, shall be borne solely by CAMP BVI or the Company

"Month-end Day before Completion" the last day of the calendar month immediately before Completion

"Nansha Plant" 廣州寶鋼井昌鋼材配送有限公司 (Guangzhou Baosteel Jingchang Steel Processing Co., Ltd.), a joint venture company set up in the PRC, in which VSC-Ryerson China has 14% interest

"Person" any natural person, corporation, company, partnership, firm, unincorporated organization

"PRC Minority Shareholder Ownership" PRC party's (ies)' interest in the subsidiaries of VSC-Ryerson China established in Guangzhou and Dongguan which are 95% owned by VSC Shinsho Company Limited and 93.85% owned by Van Shung Chong International Steel Products Company Limited respectively

"PRC Minority Adjustment" the sum of the minority adjustment in Guangzhou which is either (X) zero if either (a) Ryerson does not request the Buyout of the PRC Minority Shareholder Ownership in Guangzhou (b) if the PRC Minority Shareholder Ownership in Guangzhou has been bought out as request by Ryerson as set forth in the Minority Interest Buyouts, or (Y) the amount determined by (c) upon Ryerson exercise its call option, equals to the EBITDA of the plant located in Guangzhou for the FY 2007 multiplied by eight (8), further multiplied by the percentage of PRC Minority Shareholder Ownership in Guangzhou, further multiplied by 60%, and (d) upon CAMP BVI exercises its put option, equals to the simple average of the EBITDA of the plant located in Guangzhou for the financial years 2007, 2008,

2009 multiplied by eight (8), further multiplied by the percentage of PRC Minority Shareholder Ownership in Guangzhou, further multiplied by 20% (or the percentage share of VSC-Ryerson China that CAMP BVI determines to put); and the minority adjustment in Dongguan which is either (X) zero if either (a) Ryerson does not request the Buyout of the PRC Minority Shareholder Ownership in Dongguan (b) if the PRC Minority Shareholder Ownership in Dongguan has been bought out as request by Ryerson as set forth in the Minority Interest Buyouts, or (Y) the amount determined by (c) upon Ryerson exercise its call option, equals to the EBITDA of the plant located in Dongguan for the FY 2007 multiplied by eight (8), further multiplied by the percentage of PRC Minority Shareholder Ownership in Dongguan, further multiplied by 60%, and (d) upon CAMP BVI exercises its put option, equals to the simple average of the EBITDA of the plant located in Dongguan for the financial years 2007, 2008, 2009 multiplied by eight (8), further multiplied by the percentage of PRC Minority Shareholder Ownership in Dongguan, further multiplied by 20% (or the percentage share of VSC-Ryerson China that CAMP BVI determines to put)

"Pre-Money Valuation Adjustment" an amount equal to the Due to VSC Debt plus:

i) all outstanding loans as at the Month-end Day before Completion owed by the VSC-Ryerson China Group to banks;

ii) all outstanding loans as at the Month-end Day before Completion owed by the VSC-Ryerson China Group to the minority shareholders of its members which are not included in the Due to VSC Debt;

iii) all outstanding loans (excluding accounts and bills payable) as at the Month-end Day before Completion owed by the VSC-Ryerson China Group to independent third parties; and

iv) US\$7,920,000 (equivalent to approximately HK\$61,776,000) which is the aggregate value of the minority interest in VSC Shinsho Company Limited and Centre View Holding Limited already agreed upon by CAMP BVI and Ryerson LLC;

minus

i) US\$1,030,000 (equivalent to approximately HK\$8,034,000) which is the present value of the dividend income of the Nansha Plant to the Group already agreed upon by CAMP BVI and Ryerson LLC; and

ii) all cash held by the VSC-Ryerson China Group as at the Month-end Day before Completion

"Put Reference Day" the last day of the calendar month prior to the three year anniversary of the Completion

"Ryerson" Ryerson Inc., a company incorporated in the State of Delaware, the United States, whose common stock are listed on the New York Stock Exchange

"Ryerson Call Option" the right to be granted by CAMP BVI to Ryerson LLC pursuant to the Investors' Rights Agreement to purchase 20% equity interest in VSC-Ryerson China from CAMP BVI on one occasion only at any time during a 180-day period commencing on the third anniversary from the Completion Date

"Ryerson LLC" Ryerson Pan-Pacific LLC, a company incorporated in the State of Delaware, the United States and a wholly-owned subsidiary of Ryerson

"SGM" the special general meeting of the Company to be held for the purpose of approving, confirming and ratifying, inter alia, the Transaction

"Shareholder(s)" the shareholder(s) of the Company

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"Subscription Agreement" the subscription agreement dated 5 September 2006 and entered into between the Company, CAMP BVI, Ryerson, Ryerson LLC and VSC-Ryerson China

"Subscription Price" the amount to be payable by Ryerson LLC for the subscription of the Subscription Shares upon the terms and conditions set forth in the Subscription Agreement to be determined based on the formula set out in the section headed "Consideration" in this announcement, which is currently expected to be at a level of approximately US\$28,500,000 (equivalent to approximately HK\$222,300,000)

"Subscription Shares" such number of new VSC-Ryerson China Shares agreed to be subscribed for by Ryerson LLC pursuant to the Subscription Agreement which will represent 40% of the enlarged issued share capital of VSC-Ryerson China as enlarged by the issue thereof

"Transaction" the conditional subscription of the Subscription Shares by Ryerson LLC pursuant to the Subscription Agreement, together with the proposed execution of the Investors' Rights Agreement

"United States" the United States of America

"VSC Put Option" the right to be granted by Ryerson LLC to CAMP BVI pursuant to the Investors' Rights Agreement to require Ryerson LLC to purchase up to 20% equity interest in VSC-Ryerson China on one occasion by CAMP BVI at any time during a 180-day period commencing after completion of the transfer of the VSC-Ryerson China Shares as a result of the exercise of the Ryerson Call Option

"VSC Put Valuation" the amount determined by (i) the average of the Group EBITDA for the financial years 2007, 2008 and 2009 times eight minus (a) the amount of the Due to VSC Debt as at the Put Reference Day minus (b) all third-party debt then owed by the VSC-Ryerson China Group as at the Put Reference Day minus (c) the agreed upon minority share valuation of the coil centers in Guangzhou and Tianjin, being the summation of 8 times simple average of EBITDA of VSC Shinsho Company Limited multiplied by its minority shareholder ownership percentage and 8 times simple average of EBITDA of Centre View Holding Limited multiplied by its minority shareholder ownership percentage for the financial years 2007, 2008 and 2009 plus (d) any cash balance held by members of the VSC-Ryerson China Group as at the Put Reference Day, plus (e) to be agreed upon valuation of the VSC-Ryerson China Group's minority interest in the Nansha Plant and minus (f) the PRC Minority Adjustment (if any)

"VSC-Ryerson China" VSC-Ryerson China Limited, a company incorporated in the BVI with limited liabilities and a wholly-owned subsidiary of the Company

"VSC-Ryerson China Group" VSC-Ryerson China and its subsidiaries

"VSC-Ryerson China Shares" the ordinary shares of US\$10.0 each in the capital of VSC-Ryerson China

"HK\$" Hong Kong dollars, the lawful currency of Hong Kong

"US\$" US dollars, the lawful currency of United States

In this announcement, conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.80.

By Order of the Board
Van Shung Chong Holdings Limited
Andrew Cho Fai Yao
 Chairman

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

Hong Kong, 11 September 2006