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VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE AND RESUMPTION OF TRADING

The Directors are pleased to announce that on 27 June 2007, the Company (through its indirect 50% owned company, Fit Team, of which the remaining 50% is owned by an Independent Third Party) formed the Joint Venture with Nanyang Industrial (a wholly-owned subsidiary of Nanyang) and Marvel (a company owned as to 65% by CFSG (a non-wholly-owned subsidiary of CASH and as to 35% by an Independent Third Party) in equal shares through the joint venture entity, China Able. The purpose of China Able is to acquire, own and hold the Property through its indirect wholly-owned subsidiary, Changyu. The obligations under the Shareholders' Agreement shall be conditional upon, inter alia, the execution of the MOU.

On 27 June 2007, Changyu entered into a MOU for the purchase of the Property from the Vendor at the price of RMB420 million (approximately HK\$430.9 million).

To fund the Joint Venture, each of the JV Partners agrees to contribute RMB80 million (approximately HK\$82.1 million). The balance of the consideration of the Total Property Costs in the amount of RMB210 million (approximately HK\$215.5 million) will be funded by bank loans with the Property as collateral security. If required by the bank providing the loan, each of the JV Partners will provide guarantees on a several basis in proportion to their respective equity interests in China Able. The Company's share of the total commitment in terms of the initial transaction for the Joint Venture amounts to one-sixth (1/6) of the Total Property Costs.

This announcement is made pursuant to Rule 13.09 of the Listing Rules. As the percentage ratios of the share of the initial total commitment in respect of the Joint Venture exceed 5% but are less than 25%, the formation of the Joint Venture constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Joint Venture will be despatched to the Shareholders as soon as practicable.

The Company has noted the increase in the price and trading volume of the shares of the Company on 25 June 2007 and we wish to state that we are not aware of any reasons of increases save as disclosed in this announcement.

Other than as disclosed in this announcement, the Company confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 12:27 p.m. on 25 June 2007 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 28 June 2007.

THE JOINT VENTURE

1 The Shareholders' Agreement

- (a) Date: 27 June 2007
- (b) Parties: the Company, Fit Team, China Able, Nanyang Industrial and Marvel.
- (c) Purpose: To govern the respective rights and obligations of Fit Team, Nanyang Industrial and Marvel as JV Partners and the governance of the affairs of China Able and its subsidiaries.
- (d) Business: The business of the Joint Venture is to acquire the Property pursuant to the MOU and to own, hold and manage the Property through Changyu, China Able's indirect wholly-owned subsidiary.
- (e) Constitution of the board: A maximum of nine directors and the number of directors to be appointed by each JV Partner shall be determined on a pro-rata basis reflecting the ratio of their then respective shareholding percentage in China Able; initially, based on current shareholding percentages, the board comprises six directors, of which two are appointed by Fit Team, two are appointed by Nanyang Industrial and two are appointed by Marvel.
- The chairman of the board of directors shall be appointed by the directors and shall not have any casting vote.
- (f) Pre-emption rights: The Shareholders' Agreement contains pre-emption rights exercisable by the other JV Partners if any JV Partner wishes to dispose of its shares in China Able.
- (g) Contribution to Investment Amount: The registered capital and total investment amount of Changyu will be increased to US\$30 million (approximately RMB228,500,000) and US\$60 million (approximately RMB457,000,000) respectively.

The JV Partners' total initial contribution to the Joint Venture through China Able in the amount of RMB240 million shall be made in equal proportions, i.e., one-third (1/3) by each of Fit Team, Nanyang Industrial and Marvel and will be paid in the manner as follows:

- (i) as capital contribution, the sum of RMB 84 million (approximately US\$11.0 million) paid on the date of the Shareholders' Agreement;
- (ii) as shareholders' loans, the sum of US\$3.96 million paid on the date of the Shareholders' Agreement;
- (iii) as capital contribution, the sum of RMB 42 million (approximately US\$5.5 million) be paid on or before 30 July 2007;
- (iv) as capital contribution, the sum of RMB 84 million (approximately US\$11.0 million) be paid on or before 30 August 2007.

(h) Condition precedent:

The obligations under the Shareholders' Agreement shall be conditional upon:-

- (i) each of the JV Partners obtaining all necessary approvals from its shareholders for execution of the Shareholders' Agreement in accordance with the requirements under the Listing Rules (if any); and
- (ii) the execution of the MOU.

If such conditions precedent are not fulfilled by 15 July 2007, then the Shareholders' Agreement shall terminate and the JV Partners are relieved from any further obligations hereunder, save for rights and obligations already accrued prior to such termination.

On 27 June 2007, Changyu entered into the MOU for the purchase of the Property from the Vendor at the consideration of RMB420 million (approximately HK\$430.9 million) and the payment schedule for the consideration is as follows:

- (i) 20% thereof (i.e. RMB 84 million (approximately HK\$86.2 million)) to be payable within 5 working days of the completion of the construction of Property;
- (ii) 10% thereof (i.e. RMB 42 million (approximately HK\$43.1 million)) to be payable within 1 month from the receipt of the instalment in (i) above;
- (iii) 20% thereof (i.e. RMB 84 million (approximately HK\$86.2 million)) to be payable upon the Vendor obtaining the building ownership certificate, expected to be between 20 August 2007 to 5 September 2007; and

(iv) the balance thereof (i.e. 50%) (i.e. RMB210 million (approximately HK\$215.5 million)) to be payable within 7 working days of the signing of the formal agreement for sale and purchase 《上海市商品房出售合同》, (Shanghai Municipality Commodity House Sale Contract) expected to take place on around 18 September 2007.

2 The Property

The name of the Property is “靜安陽光企業中心” (Sunshine International Business Center)* located at no. 535-561 Anyuan Road, Jiangan District, Shanghai. The property comprises a 11-storey office tower, which is erected upon single-storey retail podium above single-storey car parking basement. The total gross floor area is approximately 26,924.94 square metres comprising approximately 22,139.64 square metres of office space, approximately 797.28 square metres of retail shop space, approximately 131.63 square metres of public utility room and approximately 3,856.39 square metres of car park basement (comprising 118 car park spaces). The market value of the Property was estimated at RMB 496 million (approximately HK\$508.9 million) by an independent valuer as at 21 May 2007. The term of the land use right of the Property is 50 years from 15 July 2003.

3 Source of Funding/banking facilities

The Company will fund its contribution to the Joint Venture through Fit Team by internal resources and banking loans, the proportion thereof has not been determined yet. As at the date of this Announcement, the Company’s maximum commitment (including both capital contribution and financial support by way of provision of guarantee for the benefit of the Joint Venture) to the Joint Venture is one-sixth (1/6) of the Total Property Costs. The Company will monitor the amount of total commitment from time to time and comply with any requirements under the Listing Rules, where necessary.

4 Accounting Treatment

China Able will be recorded in the financial statements of the Company using the equity method of accounting in accordance with Hong Kong Financial Reporting Standards. The indirect shareholding interest in China Able will be disclosed as “interests in associates” on the balance sheet, and any profit and loss of China Able will be disclosed as “results attributable to associates” in the income statement of the Company.

REASONS FOR THE JOINT VENTURE

As the Company continues to expand its operation and presence in the PRC, there represents a rapid increase in demand on the Company's resources, and one particular area is space. Historically, the Company has been a rental tenant, but now with more than 100 staffs operating in Shanghai, the Company is of the view that it is appropriate and beneficial to have more permanent presence in the PRC to accommodate its operations is deemed to support its growth. As such, the Directors (including the independent non-executive Directors) believe that the formation of the Joint Venture and the terms of the Shareholders Agreement are on normal commercial terms, and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) China Advanced Materials Processing ("CAMP") including manufacturing of industrial products such as processing of rolled flat steel products and manufacturing of enclosure systems and trading of engineering plastic resins, and (ii) Construction Materials Group including trading and stockholding of construction materials such as steel products, sanitary wares and kitchen cabinets. These business remains the Group's core business, especially the CAMP division with the Group's new US partner — Ryerson Inc. which the Company hopes to expand to become the market leader in the PRC.

GENERAL

This announcement is made pursuant to Rule 13.09 of the Listing Rules. As the percentage ratios of the share of the initial total commitment in respect of the Joint Venture under Rule 14.07 of the Listing Rules exceed 5% but are below 25%, the formation of the Joint Venture constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Joint Venture will be despatched to the Shareholders as soon as practicable.

Nanyang is an investment company. The Nanyang Group's principal businesses include textile business, property investment and investment in securities.

The current principal activities of CFSG Group are the provision of (a) online and traditional brokerage of securities, options, futures, and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products; (b) margin financing; (c) corporate finance; and (d) other financial services.

The current principal activities of the CASH Group consist of (a) provision of the above brokerage and financial services via CFSG; (b) retailing of furniture and household items and trendy digital products; (c) provision of online game services, sales of online game auxiliary products and licensing services; and (d) investment holding. CFSG is currently a subsidiary of CASH.

Based on the above information provided by Nanyang Industrial and Marvel and, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Nanyang Industrial, Marvel and its ultimate beneficial owners is an Independent Third Party.

SUSPENSION AND RESUMPTION OF TRADING

The Company has noted the increase in the price and trading volume of the shares of the Company on 25 June 2007 and we wish to state that we are not aware of any reasons of increases save as disclosed in this announcement.

Other than as disclosed in this announcement, the Company confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 12:27 p.m. on 25 June 2007 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 28 June 2007.

DEFINITIONS

“Board”	the board of Directors
“CASH”	Celestial Asia Securities Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange and an Independent Third Party
“CASH Group”	CASH and its subsidiaries
“CFSG”	CASH Financial Services Group Limited, a non-wholly-owned subsidiary of CASH and a company incorporated in Bermuda, whose shares are listed on the Growth Enterprises market of the Stock Exchange and an Independent Third Party
“CFSG” Group”	CFSG and its subsidiaries
“Changyu”	昌裕(上海)房地產經營有限公司 (Changyu (Shanghai) Real Estate Management Company Limited)*, an indirect wholly-owned subsidiary of China Able and a wholly foreign owned enterprise established in the PRC
“China Able”	China Able Limited, a company incorporated in the British Virgin Islands on 23 May 2007, which is owned by Fit Team, Nanyang Industrial and Marvel in equal shares
“Company”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“Fit Team”	Fit Team Holdings Limited, a company incorporated in British Virgin Islands, which is owned as to 50% by the Company and as to 50% by an Independent Third Party
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who and whose ultimate beneficial owner(s) 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
“Joint Venture”	the joint venture formed through China Able for the acquisition, ownership and management of the Property
“JV Partners”	the shareholders from time to time of China Able
“Listing Rules”	The Rules Governing the Listing of Securities of the Stock Exchange in force for the time being
“Marvel”	Marvel Champ Investments Limited, a company incorporated in the British Virgin Islands and owned as to 65% by CFSG and as to 35% by an Independent Third Party
“MOU”	A Memorandum of Understanding dated 27 June 2007 entered into between the Vendor and Changyu for the acquisition of the Property
“Nanyang”	Nanyang Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange and an independent Third Party
“Nanyang Group”	Nanyang and its subsidiaries
“Nanyang Industrial”	Nanyang Industrial (China) Limited, a company incorporated in Hong Kong, an wholly-owned subsidiary of Nanyang
“PRC”	the People’s Republic of China
“Property”	“靜安陽光企業中心” (Sunshine International Business Center)* located at no. 535-561 Anyuan Road, Jiangan district, Shanghai, the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiaries”	has the meaning attributed it under the Listing Rules
“Total Property Costs”	the consideration/price for the Property amounting to RMB420 million (approximately HK\$430.9 million) pursuant to the MOU plus US\$3.96 million (approximately HK\$30.9 million) working capital
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	上海靜安城建投資有限公司 (Shanghai Jingan Construction and Investment Co. Ltd.)*, a state-owned company established in the PRC, and an Independent Third Party, being the owner of the Property

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB 0.9747, amounts in US\$ have been translated into RMB at US\$1.00 = RMB7.6160 and amounts in HK\$ in the announcement have been translated into US\$ at US\$1.00=HK\$7.8134.

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

Hong Kong, 27 June 2007

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

** for reference only*