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VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

CONNECTED TRANSACTION

DISPOSAL OF PROPERTY

The Board is pleased to announce that on 7 June 2010, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at a consideration of HK\$15,000,000.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the professional valuation as at 31 March 2010 conducted by an independent professional valuer, namely RHL Appraisal Ltd., in respect of the Property. According to such valuation report, the valuation of the Property is HK\$15,000,000.

The ultimate owner of the Purchaser is a connected person of the Company as he is the brother-in-law of Mr. Yao, the executive director of the Company and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Sale and Purchase Agreement are less than 5%, the Disposal is only subject to the reporting and announcement requirements set out under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

7 June 2010

Parties

Vendor : Van Shung Chong Hong Limited

Purchaser : Tent Need Holdings Limited

Subject matter

The Vendor has agreed to sell and the Purchaser has agreed to purchase the Property subject to the terms and conditions of the Sale and Purchase Agreement.

The Property is sold subject to a tenancy. The book value and net profits before and after taxation attributable to the Property for the two financial years immediately preceding the Disposal are set out below:

	Year ended 31 March	
	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Book value	15,000	15,000
Net profits before taxation	557	557
Net profits after taxation	465	465

Consideration

The Consideration is HK\$15,000,000, which will be satisfied in the following manner:

- (i) an initial deposit of HK\$1,500,000 shall be paid by the Purchaser to the Vendor upon signing of the Sale and Purchase Agreement (“**Deposit**”); and
- (ii) the remaining balance of HK\$13,500,000 shall be paid upon Completion.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to the professional valuation as at 31 March 2010 conducted by an independent professional valuer, namely RHL Appraisal Ltd., in respect of the Property. According to such valuation report, the valuation of the Property is HK\$15,000,000.

Completion

Completion shall take place on or before 9 August 2010 or such other date as may be mutually agreed by the parties to the Sale and Purchase Agreement.

In the event that the Purchaser fails to complete the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement, the Vendor may terminate the Sale and Purchase Agreement by giving notice in writing to the Purchaser and it shall have the right to forfeit the Deposit. In the event that the Vendor fails to complete the Disposal, the Vendor shall return the Deposit to the Purchaser with interest calculated at the rate of 1% per annum above the prime rate specified by The Hongkong and Shanghai Banking Corporation Limited from time to time.

FINANCIAL EFFECT OF THE DISPOSAL

The Consideration is equal to the carrying value of the Property (subject to audit). A loss of approximately HK\$100,000, representing the amount of the related expenses, will be recognized by the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property has been held to earn rental income for the Group. The Directors consider that the Disposal represents a favourable opportunity for the Group to capitalise on recent market conditions to enhance the working capital of the Group. The Directors consider that the Disposal, if completed, will provide the Group with additional financial resources without any adverse impact on the business operation of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Disposal is on normal commercial terms and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The aggregate net proceeds from the Disposal, after deducting any related expenses, are estimated to be approximately HK\$14,900,000. Presently, the Group intends to use such net proceeds to increase its working capital.

INFORMATION OF THE GROUP AND THE PURCHASER

The Company is an investment holding company and its subsidiaries are principally engaged in the stockholding and trading of construction materials such as steel products, sanitary wares, kitchen cabinets, home furniture, plastic resins and installation work of kitchen cabinets.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. The Purchaser is indirectly wholly-owned by Mr. Hwa.

LISTING RULES IMPLICATIONS

The Purchaser is indirectly wholly-owned by Mr. Hwa, who is the brother-in-law of Mr. Yao, an executive Director of the Company. Accordingly, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Sale and Purchase Agreement are less than 5%, the Disposal is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements set out under Chapter 14A of the Listing Rules.

GENERAL

Mr. Yao, being the brother-in-law of Mr. Hwa, has a material interest in the Disposal, who, by virtue of such interests, abstained from voting on the resolution to approve the Sale and Purchase Agreement. No other Director had a material interest in the Disposal.

DEFINITION

“Board”	the board of Directors
“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 Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning given to it by the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Disposal

“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Property by the Vendor to the Purchaser as provided in the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hwa”	Mr. Granger Guo Chiang Hwa, the brother-in-law of Mr. Yao
“Mr. Yao”	Mr. Andrew Cho Fai Yao, an executive Director
“Property”	all 611 equal undivided 100,000th parts or shares of and in a piece of land registered in the Hong Kong Land Registry as The Remaining Portion of Marine Lot No. 705 and The Extension Thereto and of and in the messuages erections and the buildings thereon together with the sole and exclusive right and privilege to hold use occupy and enjoy the Workshop No.10 on the Ninth Floor of Kodak House II situated at No.39 Healthy Street East, Hong Kong, which is currently owned by the Vendor
“Purchaser”	Tent Need Holdings Limited, a company incorporated in the British Virgin Islands
“Sale and Purchase Agreement”	the agreement for sale and purchase dated 7 June 2010 entered into between the Vendor and the Purchaser in relation to the Disposal
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Van Shung Chong Hong Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company

By Order of the Board
Van Shung Chong Holdings Limited
Fernando Sai Ming Dong
Executive Director

Hong Kong, 7 June 2010

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