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## **VAN SHUNG CHONG HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1001)**

### **CONNECTED TRANSACTION**

The Directors are pleased to announce that on 11 March 2008, CAMP Kunshan, the Existing Shareholder and VSC-Ryerson entered into the Agreement with the Subscriber, pursuant to which the Subscriber conditionally agrees to subscribe for the Subscription Shares at the Subscription Fund.

As at the date of this announcement, the Subscriber is a substantial shareholder of VSC Shinsho, an indirect non-wholly owned subsidiary of the Company, and thus a connected person of the Company within the meaning of the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company under the Listing Rules. Given that each of the Percentage Ratios of the transaction is less than 25% and the total consideration is less than HK\$10,000,000, the Subscription is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Hence, the Company is required to publish this announcement and include the details of the Agreement in the next published annual report and accounts of the Company.

The Company do not have any prior transactions with the Subscriber and/or its ultimate beneficial owners which would be required to aggregate with the Subscription under the Listing Rules 14A.25.

Although the allotment of the Subscription Shares is considered to be a deemed disposal within the meaning of the Listing Rules, given that each of the Percentage Ratios of the transaction is less than 5%, the Subscription will not be subjected to any disclosure requirement as a notifiable transaction under the Listing Rules.

The Directors are pleased to announce that on 11 March 2008, CAMP Kunshan, the Existing Shareholder and VSC-Ryerson entered into the Agreement with the Subscriber, pursuant to which the Subscriber conditionally agrees to subscribe for the Subscription Shares at the Subscription Fund. The Subscription Shares will rank pari passu in all respects with the Shares then in issue on the Completion Date.

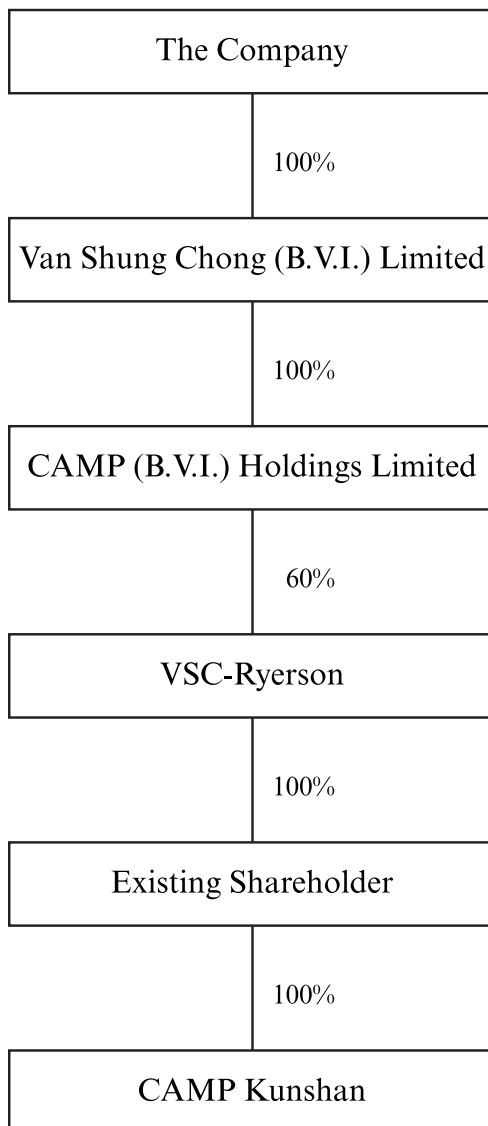
The particulars of the Agreement are set out as follows:

## THE AGREEMENT

**Date** 11 March 2008

- Parties**
1. the Existing Shareholder, a company which is an indirect 60% owned subsidiary of the Company and is the sole shareholder of CAMP Kunshan as at the date of the Agreement.
  2. the Subscriber.
  3. CAMP Kunshan, a company which is an indirect 60% owned subsidiary of the Company and wholly-owned by the Existing Shareholder as at the date of the Agreement.
  4. VSC-Ryerson, a company which is an indirect 60% owned subsidiary of the Company and is the sole shareholder of the Existing Shareholder.

### Existing simplified group chart



## **Assets to be subscribed**

As at the date of this announcement, CAMP Kunshan has issued 22,500 Shares. The Subscription Shares, representing approximately 11.11% of the existing issued share capital of CAMP Kunshan and 10% of the enlarged issued share capital of CAMP Kunshan immediately after Completion.

## **Consideration**

The total consideration for the issue of the Subscription Shares US\$1,170,000 (approximately HK\$9,126,000), which shall be satisfied in full by cash upon Completion. The deemed disposed net asset value of CAMP Kunshan and its subsidiaries is approximately HK\$2,434,000, which represents approximately 6% of the unaudited consolidated net asset value of CAMP Kunshan and its subsidiaries as at 31 January 2008 of approximately HK\$40,572,000 (“Unaudited NAV”).

CAMP Kunshan was incorporated on 25 January 2006. The net loss (both before and after taxation and extraordinary items) of CAMP Kunshan and its subsidiaries for the 3 months ended 31 March 2006 and the year ended 31 March 2007 was approximately HK\$34,000 and HK\$576,000 respectively. CAMP Kunshan and its subsidiaries commenced manufacturing in September 2006. The operating loss for the year ended 31 March 2007 was attributable to absorption of preliminary expenses and high fixed and depreciation expenses in relation to under utilization of designed capacity.

The consideration was arrived at after arm’s length negotiations between the parties thereto with reference to Unaudited NAV and taking into consideration the current business performance of CAMP Kunshan and its subsidiaries and their future prospect as they mature.

The Company intends to use the proceeds from the Subscription to finance its investment in VSC Advanced Materials (Kunshan) Co. Ltd. (萬順昌高新材料(昆山)有限公司), which is a subsidiary of CAMP Kunshan, and the working capital of CAMP Kunshan and its subsidiaries and any new subsidiary of CAMP Kunshan from time to time. As at the date of this announcement, the proportion of the proceeds to be allocated for the said uses are yet to be determined.

## **Completion**

Completion shall be conditional upon the obtaining of all the necessary approvals and clearance from the Stock Exchange (i.e. clearance of this announcement) and the relevant government authorities in respect of the execution and performance of the Agreement and the Shareholders Agreement and the allotment and issue of the Subscription Shares.

In the event that the condition is not fulfilled on or before 31 March 2008, the Agreement shall lapse.

Completion shall take place on the Completion Date, which is the tenth Business Day after the above condition has been fulfilled or such other date as CAMP Kunshan and the Subscriber may agree.

Upon Completion, CAMP Kunshan will become a 54% owned subsidiary of the Company and its results will continue to be consolidated into the results of the VSC Group.

## **INFORMATION ON THE COMPANY**

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing of industrial products such as processing of rolled flat steel products and manufacturing of enclosure systems and trading of engineering plastic resins, and trading and stockholding of construction materials such as steel products, sanitary wares and kitchen cabinets.

## **INFORMATION ON CAMP KUNSHAN**

CAMP Kunshan is an investment holding company and its subsidiaries are principally engaged in the processing of rolled flat steel products and sheet metal fabrication (“Kunshan service centre operations”).

## **INFORMATION OF VSC-RYERSON AND ITS SUBSIDIARIES**

The Existing Shareholder is a wholly-owned subsidiary of VSC-Ryerson. Each of VSC-Ryerson and the Existing Shareholder is an investment holding company. VSC-Ryerson and its subsidiaries (the “VSC-Ryerson China Group”) mainly operates four coil operation centers located in Dongguan, Guangzhou, Tianjin and Kunshan, the PRC and distribution of stainless steel and carbon flat roll steel sheet in Hong Kong and PRC. These coil centers provides sheet 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 a coil center located in Nansha, the PRC.

## **INFORMATION OF THE SUBSCRIBER**

The Subscriber is a Japanese public company, the issued shares of which are listed on the Tokyo Stock Exchange and Osaka Securities Exchange, and is a group company and trading arm of Kobe Steel. Kobe Steel is a large steel manufacturer in Japan.

## **MANAGEMENT OF CAMP KUNSHAN**

At Completion, the parties to the Agreement will enter into the Shareholders Agreement to regulate the affairs relating to the management and the rights of the shareholders of CAMP Kunshan after the Completion.

Pursuant to the Shareholders Agreement, the Subscriber will have the right to nominate a director to the board of directors of CAMP Kunshan. Thus, immediately after the Completion, the board of directors of CAMP Kunshan shall comprise three directors, with two directors nominated by VSC-Ryerson and one director nominated by the Subscriber.

## **REASONS FOR THE SUBSCRIPTION**

The Board believes that in addition to gaining additional working capital to finance its growing business, the consummation of the transactions contemplated under the Agreement will allow Kunshan service centre operations to strengthen the opportunities of accessing the steel resources offered by the Subscriber, to secure a stable supply of high quality steel products and to minimize certain sourcing expenses. The Directors including the independent non-executive Directors consider that the Subscription is on normal commercial terms and in the ordinary and usual course of business of the VSC Group and the terms of the Agreement are fair and reasonable and in the interest of the Company and the Company’s shareholders as a whole.

## GENERAL

As at the date of this announcement, the Subscriber is a substantial shareholder of VSC Shinsho, an indirect non-wholly owned subsidiary of the Company, and thus a connected person of the Company within the meaning of the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company under the Listing Rules. Given that each of the Percentage Ratios of the transaction is less than 25% and the total consideration is less than HK\$10,000,000, the Subscription is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Hence, the Company is required to publish this announcement and include the details of the Agreement in the next published annual report and accounts of the Company.

The Company do not have any prior transactions with the Subscriber and/or its ultimate beneficial owners which would be required to aggregate with the Subscription under the Listing Rules 14A.25.

Although the allotment of the Subscription Shares is considered to be a deemed disposal within the meaning of the Listing Rules, given that each of the Percentage Ratios of the transaction is less than 5%, the Subscription will not be subjected to any disclosure requirement as a notifiable transaction and the Listing Rules.

## DEFINITIONS

“Agreement”	the subscription agreement in relation to the Subscription entered into between the Existing Shareholder, the Subscriber, VSC-Ryerson and CAMP Kunshan
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
“CAMP Kunshan”	CAMP (Kunshan) Limited, a company incorporated in the British Virgin Islands
“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”	the completion of the Subscription
“Completion Date”	a Business Day which is the tenth Business Day after the date of the satisfaction of the condition of the Agreement, or such other day as CAMP Kunshan and the Subscriber may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Shareholder”	China Advanced Materials Processing Limited, a company incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kobe Steel”	Kobe Steel Group, a large steel manufacturer in Japan

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the equity capital ratio
“PRC”	People’s Republic of China
“Share(s)”	share(s) of US\$200 each in the share capital of CAMP Kunshan
“Shareholders Agreement”	the shareholders agreement proposed to be entered into by the parties to the Agreement at Completion, which regulates the affairs relating to the management of CAMP Kunshan and the respective rights of the Existing Shareholder and the Subscriber, as holder of the Shares, following the Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Shinsho Corporation, a Japanese public company the issued shares of which are listed on the Tokyo Stock Exchange and Osaka Securities Exchange, and is a group company and trading arm of Kobe Steel
“Subscription”	subscription of the Subscription Shares by the Subscriber under the Agreement
“Subscription Fund”	US\$1,170,000 (approximately HK\$9,126,000) being the consideration for the issue of the Subscription Shares
“Subscription Shares”	2,500 Shares to be allotted and issued to the Subscriber under the Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“VSC Group”	the Company and its subsidiaries
“VSC-Ryerson”	VSC-Ryerson China Limited, a company incorporated in the British Virgin Islands
“VSC Shinsho”	VSC Shinsho Company Limited, a company which is an indirect subsidiary of the Company

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

11 March 2008, Hong Kong

*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 the purpose of this announcement, the translation of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 = HK\$7.80.*