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**VSC**万顺昌

## **VAN SHUNG CHONG HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1001)**

### **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF 50% INTEREST IN FIT TEAM HOLDINGS LIMITED**

The Directors are pleased to announce that on 26 March 2008, the Purchaser (a wholly-owned subsidiary of the Company) entered into the S&P Agreement with the Seller to purchase its 50% interests in Fit Team (which is owned as to 50% by the Purchaser and as to 50% by the Seller) for a consideration of US\$4.7 million (approximately HK\$36,660,000) (“Consideration”). Completion of the Acquisition took place on 26 March 2008.

Reference was made to the Announcement, Fit Team forms a joint venture with two other parties in equal shares through the joint venture entity, China Able. The purpose of China Able is to acquire, own and hold the Property — the Purchaser has injected US\$5.025 million (approximately HK\$39,195,000) (“JV Consideration”) to China Able through Fit Team. As such, the two transactions have been aggregated in calculating the Percentage Ratios and there is no other prior transactions with the Seller and/or its ultimate beneficial owners which would be required to aggregate with the Acquisition under the Listing Rule 14.22. A subsidiary of China Able has obtained certain banking facilities as the partial payment for the purchase price of the Property and there will be no further funding requirement from the shareholders of China Able in relation to the Property.

As the Percentage Ratios of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Acquisition will be despatched to the Shareholders as soon as practicable.

### **THE TRANSACTION**

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## **S&P AGREEMENT**

The principal terms of the S&P Agreement are set out below.

### **Date**

26 March 2008

### **Parties**

- Seller : Jolly Land Investments Limited. Save as being a 50% shareholder of Fit Team, it is, and whose ultimate beneficial owner is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, an Independent Third Party
- Purchaser : VSC China Property Limited, an indirect wholly-owned subsidiary of the Company
- Target company : Fit Team Holdings Limited, a company incorporated in the British Virgin Islands, which is owned as to 50% by the Purchaser and as to 50% by the Seller

### **Assets to be acquired**

50% issued share capital in Fit Team.

### **Consideration**

The total consideration for the Acquisition of US\$4.7 million (approximately HK\$36,660,000) will be payable in cash upon Completion. The said total consideration of US\$4.7 million (approximately HK\$36,660,000) equals to approximate 49.5% of the unaudited net asset value of Fit Team as at 31 December 2007 of approximately US\$9.501 million (approximately HK\$74,104,000) ("Unaudited NAV"). Such consideration was arrived at after arm's length negotiations between the parties thereto with reference to the Unaudited NAV.

Fit Team was incorporation on 18 May 2007. The unaudited net loss (both before and after taxation and extraordinary items) of Fit Team from 18 May 2007 (date of incorporation) to 31 December 2007 was approximately HK\$4,286,000.

## **Accounting Treatment**

Before Completion, Fit Team was recorded in the financial statements of the Company using the equity method of accounting in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). Upon Completion, Fit Team will be consolidated into the financial statements of the Company.

China Able will be recorded in the financial statements of the Company using the equity method of accounting in accordance with HKFRS. 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.

## **Completion**

Completion took place on 26 March 2008.

## **INFORMATION ON THE PURCHASER, THE SELLER AND FIT TEAM**

Fit Team is a company which is owned as to 50% by the Purchaser and as to 50% by the Seller. Each of the Purchaser, the Seller and Fit Team is an investment holding company and its investment is engaged in property investment. The major asset of Fit Team is holding one-third ( $\frac{1}{3}$ ) interests in 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. In order to facilitate the granting of the banking facilities by a bank to a subsidiary of China Able and as requested by the bank, an independent valuer has been appointed by that subsidiary to perform valuations on different stories of the Property at different dates by using direct comparison approach. The market value of levels 4 to 8 of the Property was estimated at RMB226 million (approximately HK\$249.4 million) by that independent valuer as at 23 October 2007. The market value of level 2 and level 3 of the Property was estimated at RMB136 million (approximately HK\$150.1 million) by that independent valuer as at 3 December 2007. The market value of basement 1, level 1 and levels 9 to 12 of the Property was estimated at RMB162 million (approximately HK\$178.8 million) by that independent valuer as at 22 January 2008. The term of the land use right of the Property is 50 years from 15 July 2003.

## **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.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company with more than 100 staffs operating in Shanghai has moved to the Property and are occupying two floors with effect from January 2008. As the VSC Group is experiencing a rise in rental expenses in Shanghai, the PRC before its relocation to the Property, the Company believes that owning additional beneficial interests in the Property will help the VSC Group to hedge against the increasing rental expenses. In light of the Company experiencing in the increase in rent in Shanghai, the PRC, the Company is of the view that it is appropriate and beneficial to enhance the profitability of the VSC Group as a whole with the Acquisition by way of owning a larger beneficial interest in the Property. As such, the Directors (including the independent non-executive Directors) believe that the Acquisition and the terms of the S&P 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.

## GENERAL

As the Percentage Ratios of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Acquisition will be despatched to the Shareholders as soon as practicable.

## DEFINITIONS

“Acquisition”	the acquisition of the entire 50% share capital in Fit Team by the Purchaser from the Seller pursuant to the S&P Agreement
“Announcement”	the announcement of the Company regarding “discloseable transaction — formation of a joint venture and resumption of trading” dated June 27, 2007
“Board”	the board of Directors
“China Able”	China Able Limited, a company incorporated in the British Virgin Islands on 23 May 2007, which is owned by Fit Team and two other parties 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
“Completion”	completion of the Acquisition, which took place on 26 March 2008
“Fit Team”	Fit Team Holdings Limited, a company incorporated in the British Virgin Islands on 15 May 2007, which is owned as to 50% by the Purchaser and as to 50% by the Seller
“Director(s)”	the director(s) of the Company
“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 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
“Listing Rules”	The Rules Governing the Listing of Securities of the Stock Exchange in force for the time being
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the equity capital ratio
“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
“Purchaser”	VSC China Property Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 26 March 2008 between the Purchaser and the Seller in relation to the Acquisition
“Seller”	Jolly Land Investments Limited, a company incorporated in the British Virgin Islands
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“VSC Group”	the Company and its subsidiaries

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.9061 and amounts in US\$ in the announcement have been translated into HK\$ at US\$1.00=HK\$7.8.

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

Hong Kong, 26 March 2008

*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*