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VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

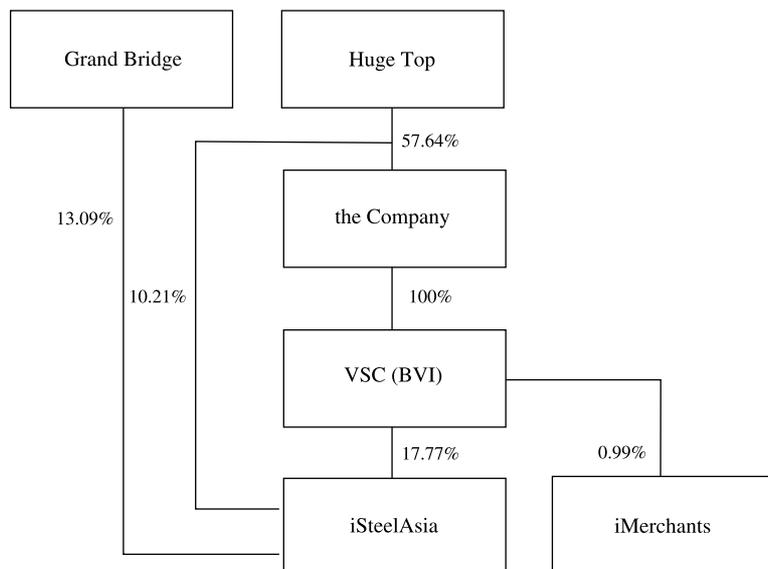
The Directors wish to announce that on 14 May, 2002, the Company entered into a contract to purchase through VSC (BVI) 22,976,000 shares of iSteelAsia, representing approximately 1.47% of the total issued share capital of iSteelAsia, from Grand Bridge for a consideration of HK\$2,297,600. The consideration of the Acquisition will be settled by way of a transfer of 11,488,000 shares of iMerchants, representing approximately 0.99% of the total issued share capital of iMerchants, from VSC (BVI) to iMerchants Group. Following the Transaction, Grand Bridge will directly hold 181,824,000 shares of iSteelAsia, representing approximately 11.62% of the total issued share capital of iSteelAsia.

As at the date of this announcement, Huge Top holds approximately 57.64% of the total issued share capital of the Company and is a controlling shareholder and hence, a connected person, of the Company. Huge Top also holds approximately 10.21% of the total issued share capital of iSteelAsia. Therefore, the Acquisition constitutes a connected transaction for the Company under paragraph 14.23(1)(b) of the Listing Rules. As the Acquisition falls within the de-minimis provision under paragraph 14.25(1) of the Listing Rules, the Acquisition is not subject to shareholders' approval, but details of which will be included in the Company's next annual report for the year ending 31 March, 2003.

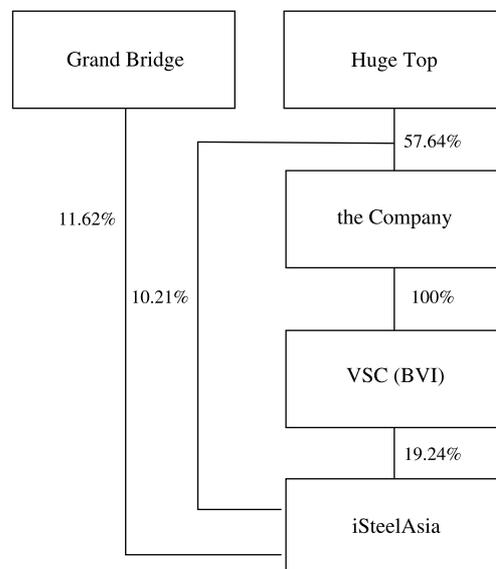
THE ACQUISITION

The Directors wish to announce that on 14 May, 2002, the Company entered into a contract to purchase through its wholly-owned subsidiary, VSC (BVI), 22,976,000 ordinary shares of HK\$0.10 each in the share capital of iSteelAsia, representing approximately 1.47% of the total issued share capital of iSteelAsia, from a subsidiary of iMerchants Group, Grand Bridge, for a total consideration of HK\$2,297,600. The consideration will be settled by way of a transfer of 11,488,000 ordinary shares of HK\$0.10 each in the share capital of iMerchants, representing approximately 0.99% of the total issue share capital of iMerchants, from VSC (BVI) to iMerchants Group, being the controlling shareholder of iMerchants. The aforesaid acquisition of iSteelAsia Shares and the disposal of iMerchants Shares are collectively referred to in this announcement as the "Transaction".

Simplified shareholding structure immediately before the Transaction



Simplified shareholding structure immediately after the Transaction



Following the Transaction, Grand Bridge will directly hold 181,824,000 shares of iSteelAsia, representing approximately 11.62% of the total issued share capital of iSteelAsia. Before the Transaction, VSC (BVI) directly held 278,050,000 shares of iSteelAsia and 11,488,000 shares of iMerchants, representing approximately 17.77% and approximately 0.99% of the total issued share capital of iSteelAsia and iMerchants, respectively. Following the Transaction, VSC (BVI) will directly hold 301,026,000 shares of iSteelAsia, representing approximately 19.24% of the total issued share capital of iSteelAsia and the Group will no longer hold any shares of iMerchants. Shares in iSteelAsia are booked as a long-term investment of the Group.

CONSIDERATION

The Acquisition is for a total consideration of HK\$2,297,600. The consideration will be settled between VSC (BVI) and Grand Bridge by way of a transfer of 11,488,000 ordinary shares of HK\$0.10 each in the share capital of iMerchants from VSC (BVI) to iMerchants Group, being the controlling shareholder of iMerchants.

The consideration was determined after arm's length negotiations and agreed between VSC (BVI) and Grand Bridge to be HK\$0.10 for each share in iSteelAsia and HK\$0.20 for each share in iMerchants. Such consideration is with reference to the recent share performance of iSteelAsia and iMerchants. The closing prices of the shares of iSteelAsia and iMerchants on 13 May, 2002 were HK\$0.103 and HK\$0.174, respectively; while the 10-day average closing prices of the shares of iSteelAsia and iMerchants immediately prior to 13 May, 2002 were HK\$0.0994 and HK\$0.1758, respectively.

BUSINESS OF ISTEELASIA

iSteelAsia is principally engaged in the provision of trading and other value-added services for participants in the supply chain of the steel industry. iSteelAsia focused on serving customers in the steel industry.

CONNECTED PARTY RELATIONSHIP

Huge Top holds approximately 57.64% of the total issued share capital of the Company and is a controlling shareholder and hence, a connected person, of the Company. Huge Top also holds approximately 10.21% of the total issued share capital of iSteelAsia and is a substantial shareholder of iSteelAsia.

As the Acquisition involves an acquisition by the Company of interests in iSteelAsia, a substantial shareholder of which (i.e., Huge Top) is the controlling shareholder of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company pursuant to paragraph 14.23(1)(b) of the Listing Rules.

As the Acquisition falls within the de-minimis provision under paragraph 14.25(1) of the Listing Rules, the Acquisition is not subject to shareholders' approval, but details of which will be included in the Company's next annual report for the year ending 31 March, 2003.

Save and except for the Company's and iMerchants' beneficial shareholdings of the shares of iSteelAsia as disclosed above, there is no connection between the Company on the one hand and iMerchants, its subsidiaries or iMerchants Group on the other hand.

REASONS FOR THE ACQUISITION

In light of the current economic climate, the Directors believe that a more consolidated and focused deployment of resources to areas of its core competence is beneficial to the Company. The Directors believe that the Acquisition will enhance and consolidate the Company's ownership in iSteelAsia and the Company is satisfied with the progress iSteelAsia made in the past two years in the provision of trading and other value-added services for participants in the supply chain of the steel industry, especially in Mainland China. As stated above, it is the strategy of the Company to focus its resources in developing business along its core competence. As such, the Company decides to dispose of its shareholdings in iMerchants to consolidate its investments. The Transaction has no material financial impact to the Group. The Directors, including the independent non-executive Directors, consider that the Acquisition to be fair and reasonable so far as the Company and its shareholders are concerned, and that the Acquisition is in the commercial interests of the Company.

DEFINITIONS

In this announcement, the terms “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings ascribed thereto under the Listing Rules, and unless the context otherwise requires, the following terms shall have the following meanings:

- “Acquisition” means the acquisition by the Company through VSC (BVI) of the iSteelAsia Shares from Grand Bridge for a consideration of HK\$2,297,600;
- “Company” means Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code of the shares: 1001);
- “Directors” means the directors of the Company;
- “GEM” means the Growth Enterprise Market of the Stock Exchange;
- “Grand Bridge” means Grand Bridge Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of iMerchants Group;
- “Group” means the Company and its subsidiaries;
- “HK\$” means Hong Kong dollars, the lawful currency of Hong Kong;
- “Hong Kong” means Hong Kong Special Administrative Region of The People’s Republic of China;
- “Huge Top” means Huge Top Industrial Ltd., a company incorporated in the British Virgin Islands with limited liability and holds approximately 57.64% and approximately 10.21% of the share capital of the Company and iSteelAsia, respectively;
- “iMerchants” means iMerchants Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on GEM (stock code of the shares: 8009);
- “iMerchants Group” means iMerchants Group Limited, a company incorporated in the British Virgins Islands with limited liability and the controlling shareholder of iMerchants;
- “iMerchants Shares” means the 11,488,000 shares in the share capital of iMerchants which is to be transferred from VSC (BVI) to iMerchants Group;

“iSteelAsia”	means iSteelAsia.com Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM (stock code of the shares: 8080);
“iSteelAsia Shares”	means the 22,976,000 shares in the share capital of iSteelAsia which is to be transferred from Grand Bridge to VSC (BVI);
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited; and
“VSC (BVI)”	means Van Shung Chong (B.V.I.) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

By Order of the Board
JOHNSON HO SAI HOU
Company Secretary

Hong Kong, 14th May, 2002