



VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Proposed conditional voluntary cash offer by Celestial Capital Limited on behalf of Van Shung Chong Holdings Limited to repurchase up to 53,222,263 Shares at an offer price of HK\$0.98 per Share

The Company announces a proposed conditional voluntary cash offer to be made by Celestial Capital on behalf of the Company to repurchase up to 53,222,263 Shares (representing approximately 14.6% of the total issued share capital of the Company as at the Latest Practicable Date) at the Offer Price of HK\$0.98 per Share payable in cash.

The Offer Price of HK\$0.98 represents a premium of approximately 58% over the closing price per Share of HK\$0.62 on 1st November, 2002 (being the last trading day prior to the suspension of trading in the Shares on 4th November, 2002).

Assuming that the Offer is being accepted in full, the total consideration for the Offer will amount to approximately HK\$52.2 million and will be financed by internal resources of the Company.

Huge Top has undertaken to the Company that it will not accept the Offer in respect of any of the Shares owned by it. Accordingly, Qualifying Shareholders are assured of being able, if they so wish, to sell to the Company approximately 33.3% of the Shares they own as at the date of closing of the Offer.

Assuming full acceptance of the Offer, the aggregate percentage shareholding held by Huge Top and its Associates will be increased from approximately 56.15% of the entire existing issued share capital of the Company to approximately 65.75% of the reduced issued share capital of the Company immediately after the Offer closes.

The Offer will be conditional upon the approval thereof by the Shareholders voting by poll at the SGM. All Shareholders are entitled to attend and vote in respect of the ordinary resolution relating to the Offer at the SGM. Huge Top has indicated that it will vote in favour of the said resolution at the SGM. If the resolution to approve the Offer is not passed by the Shareholders, the Offer will not proceed.

At the request of the Company, trading in the Shares and the Warrants was suspended on the Stock Exchange with effect from 9:30 a.m. on 4th November, 2002 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 6th November, 2002.

WARNING: The Offer is subject to the Condition being fulfilled. Accordingly, it may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares and the Warrants.

THE OFFER

Terms of the Offer

The Company announces a proposed conditional voluntary cash offer to be made by Celestial Capital on behalf of the Company to repurchase up to 53,222,263 Shares, representing approximately 14.6% of the total issued share capital of the Company as at the Latest Practicable Date, subject to the Condition, on the following basis:

for every Share to be repurchased under the Offer HK\$0.98 in cash.

Huge Top has undertaken to the Company that it will not accept the Offer in respect of the Shares owned by it. Out of the total issued share capital of 364,450,615 Shares, Huge Top holds a total of 204,624,000 Shares. Accordingly, assuming that the Condition is satisfied and no outstanding Warrants and outstanding Options are exercised during the period from the Latest Practicable Date up to the date of closing of the Offer, Qualifying Shareholders will be assured of being able, if they so wish, to sell to the Company approximately 33.3% of the Shares they own as at the date of closing of the Offer (rounded down to the nearest whole Share). **Thus by way of example, on the basis of the assumptions set out above, a Qualifying Shareholder holding 1,000 Shares will be assured of being able to accept the Offer in respect of 333 Shares.** Qualifying Shareholders will be able to submit acceptances in respect of some or all of their holdings of Shares, but allocation of the number of Shares to be repurchased from each Qualifying Shareholder will be subject to scaling down in the manner described below under the paragraph headed "Assured Entitlements and scaling down".

In the event that all outstanding Warrants and outstanding Options as at the Latest Practicable Date were to be exercised in full before the close of the Offer, there will be an adjustment to the Assured Entitlement and the number of Shares that a Qualifying Shareholder will be assured of being able, if he or she so wishes, to sell to the Company under the Offer will be reduced to 24.5% of the Shares he or she owns as at the date of closing of the Offer (rounded down to the nearest whole Share). The Company will announce such adjustment to the Assured Entitlement after the close of the Offer.

The maximum amount to be paid by the Company under the Offer, assuming full acceptance of the Offer, is approximately HK\$52.2 million. The consideration for the Offer will be paid in cash and will be funded by internal resources of the Company.

The maximum number of Shares which will be repurchased under the Offer is 53,222,263 Shares, representing approximately 14.6% of the total issued share capital of the Company of 364,450,615 Shares as at the Latest Practicable Date. Assuming full acceptance of the Offer, the Company's issued share capital will be reduced from 364,450,615 Shares to 311,228,352 Shares.

All Shares repurchased under the Offer will be cancelled and will not rank for any dividends to be paid by reference to a record date which falls after the date of their cancellation.

The Company has not repurchased any Shares in the six-month period prior to the date of this announcement, and, save for the Offer, will not conduct any repurchase from the date of this announcement up to and including the date on which the Offer closes, lapses or is withdrawn, as the case may be. Other than the issue of Shares upon exercise of the Options, the Company has not dealt in any Shares in the six-month period prior to the date of this announcement.

The Shares are listed on the Stock Exchange and the Offer will be made in compliance with the Repurchase Code.

In compliance with Rule 3 of the Repurchase Code, the Offer will be subject to the approval of the Shareholders.

No offer will be made for the Warrants and the Options.

Assured Entitlements and scaling down

The number of Shares which may be acquired from a particular Qualifying Shareholder who accepts the Offer may exceed his or her Assured Entitlement if any Qualifying Shareholder (not referring to Huge Top which has undertaken not to accept the Offer in respect of the Shares owned by it and such undertaking has been taken into account in determining the Assured Entitlements of other Qualifying Shareholders) either tenders no acceptance in respect of the Offer or accepts the Offer in respect of fewer Shares than is represented by his or her Assured Entitlement.

In the event that the total number of Shares tendered to the Company under the Offer exceeds 53,222,263 Shares and any Qualifying Shareholder (other than Huge Top) either tenders no acceptance in respect of the Offer or accepts the Offer in respect of fewer Shares than is represented by his or her Assured Entitlement, the Company will take up Shares in excess of the Assured Entitlement from each relevant Qualifying Shareholder on a pro rata basis, based on the total number of Shares in respect of which the Offer is validly accepted by the Qualifying Shareholders in excess of their Assured Entitlements provided that the maximum number of Shares to be repurchased by the Company under the Offer will not be more than 53,222,263 Shares. In such circumstances, any valid acceptance of the Offer in excess of a Qualifying Shareholder's Assured Entitlement will be scaled down and calculated in accordance with the following formula (save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Shareholders in odd lots or fractional entitlements):

$$\frac{(53,222,263 - A)}{B} \times C$$

- A = Total number of Shares in respect of which the Offer is validly accepted by all accepting Qualifying Shareholders and which form either all or part of their respective Assured Entitlements (as the case may be)
- B = Total number of Shares in respect of which the Offer is validly accepted by Qualifying Shareholders in excess of their respective Assured Entitlements
- C = Total number of Shares in respect of which the Offer is validly accepted by the relevant Qualifying Shareholder in excess of his or her Assured Entitlement

The decision of the Company as to any scaling down of acceptances of the Offer in excess of Assured Entitlements and as to the treatment of odd lots or fractions will be conclusive and binding on all Qualifying Shareholders.

In the event that the total number of Shares tendered to the Company for acceptance under the Offer is less than or equal to 53,222,263 Shares, acceptances of the Offer in excess of Assured Entitlements will be taken up in full.

Shareholders should note that, subject to the Offer becoming unconditional and the Offer is validly accepted, the maximum number of Shares in respect of which a Qualifying Shareholder is assured, and entitled to be repurchased, is only the Assured Entitlement of such Qualifying Shareholder. Any repurchase by the Company of Shares to the extent in excess of the Qualifying Shareholders' Assured Entitlements would depend upon the acceptance level under the Offer and will not be assured by the Company.

If a Qualifying Shareholder validly accepts the Offer for a number of Shares not exceeding his or her Assured Entitlement, all such Shares will be repurchased by the Company.

Valuation of the Offer

The Offer Price per Share values the entire existing issued share capital of the Company at approximately HK\$357 million. The Offer Price represents:

- a premium of approximately 58% over the closing price per Share of HK\$0.62 on 1st November, 2002 (the last trading day prior to the suspension of trading of the Shares on 4th November, 2002);
- a premium of approximately 58% over the five-day average (ended on 1st November, 2002) closing price per Share of approximately HK\$0.62;
- a premium of approximately 109% over the one-month average (ended on 1st November, 2002) closing price per Share of approximately HK\$0.47;
- a premium of approximately 158% over the three-month average (ended on 1st November, 2002) closing price per Share of approximately HK\$0.38; and
- a discount of approximately 31% to the adjusted consolidated net asset value per Share, prior to the Offer, of approximately HK\$1.428 as set out in Table A of the section headed "Financial effects of the Offer".

Odd lots

Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. Accordingly, a designated broker will be appointed by the Company, who will agree to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the close of the Offer.

Stamp duty

Shares will be repurchased free of commissions and dealing charges, but seller's stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof due on the repurchase of Shares will be deducted from the amount payable to the relevant Qualifying Shareholders. The Company will hold the amount so deducted and will pay the same to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Overseas Shareholders

In order to address concerns regarding the implications under securities laws of overseas jurisdiction(s) in relation to the making of the Offer to Overseas Shareholders (which implications may include illegality, filing and registration requirements or the need for compliance with other requirements), the Company may apply to the Executive (i) for a consent not to make the Offer to any Overseas Shareholder who is located in any jurisdiction the laws of which prohibit the making of the Offer to the relevant Shareholder in that jurisdiction or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Shareholders involved in that jurisdiction and their shareholdings in the Company; and/or (ii) for such exclusion under Note 3 to Rule 8 of the Takeovers Code and/or Rule 5.2 of the Repurchase Code. A further announcement will be made in case any of the said applications are made by the Company to the Executive.

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions, Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements and, where considered necessary, seek legal advice.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consents which may be required or in compliance with other necessary formalities or legal requirements.

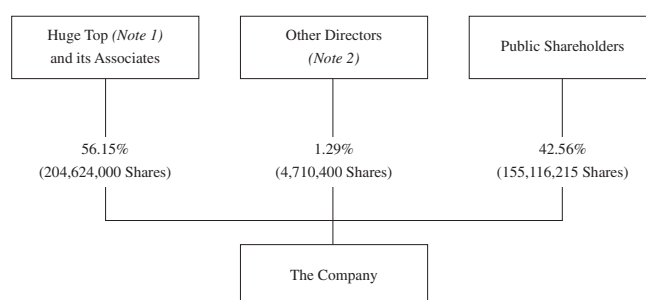
Nominee registration of Shares

To ensure equality of treatment of Shareholders, those Qualifying Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

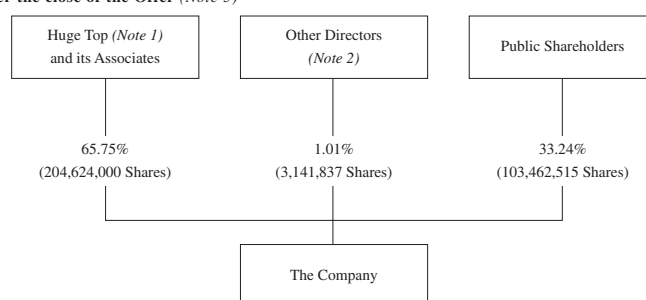
SHAREHOLDING STRUCTURE

Assuming full acceptance of the Offer by the Qualifying Shareholders (other than Huge Top), the shareholding structure of the Company prior to and immediately after the close of the Offer will be as follows:

Existing



Immediately after the close of the Offer (Note 3)



Notes:

- Huge Top is beneficially held as to a total of 79% by Mr. Andrew Yao Cho Fai (an executive Director and the Chairman of the Company), Ms. Miriam Yao Che Li (an executive Director) and their family members, and the remaining 21% by Mr. Dong Sai Ming, Fernando (an executive Director) and his family member. The board of directors of Huge Top comprises Mr. Andrew Yao Cho Fai and Ms. Miriam Yao Che Li.
- Other Directors comprise Mr. Johnso Ho Sai Hou, Mr. Fernando Dong Sai Ming, Mr. Kenneth Ting Woo Shou and Dr. Shao You Bao.
- Assuming the Offer is accepted in full, and that no outstanding Warrants and outstanding Options as at the Latest Practicable Date are exercised during the period from the Latest Practicable Date up to the date of closing of the Offer.
- All percentages are approximate.

Taking into account the undertaking of Huge Top not to accept the Offer, and assuming full acceptance of the Offer and that no outstanding Warrants or outstanding Options are exercised during the period from the Latest Practicable Date up to the date of closing of the Offer, the aggregate percentage shareholding of Huge Top and its Associates will be increased from approximately 56.15% of the entire existing issued share capital of the Company as at the Latest Practicable Date to approximately 65.75% of the reduced issued share capital of the Company immediately after the close of the Offer.

EXPECTED TIMETABLE

The expected timetable is indicative only and is subject to change. Any changes to the expected timetable will be announced separately by the Company. All references to time are Hong Kong time.

| | 2002 |
|--|----------------------------|
| Offer period begins | 6th November |
| Despatch of the Circular | 27th November |
| SGM (see Note 1) and, if the Condition is satisfied, Offer becomes unconditional | 12th December |
| Publication of an announcement in newspapers of the results of the SGM and whether the Offer has become unconditional | 13th December |
| Latest time for lodging acceptances to the Offer (see Note 2) | 4:00 p.m. on 27th December |
| Closing date of the Offer (see Note 2) | 27th December |
| Publication of a teletext announcement of the results of the Offer (see Note 2) | 7:00 p.m. on 27th December |
| Publication of an announcement in newspapers of the results of the Offer (see Note 2) | 30th December |
| | 2003 |
| Latest date for despatch of cheques to accepting Qualifying Shareholders and (if applicable) return of Share certificate(s) and other document(s) for Shares not taken up (see Note 2) | 6th January |

Note 1: There will be no record date for ascertaining entitlements to attend and vote at the SGM.

Note 2: Assuming that the Offer is approved by the Shareholders and the Offer has become unconditional on 12th December, 2002.

The full timetable of the Offer will be set out in the Circular.

CONDITION AND OTHER MAJOR TERMS OF THE OFFER

Completion of the Offer will be conditional upon the passing of an ordinary resolution by way of poll to approve the Offer by the Shareholders, either voting in person or by proxy, at the SGM. All Shareholders are entitled to attend and vote in respect of the said resolution at the SGM. Huge Top, which currently holds a shareholding interest of approximately 56.15% in the Company, has indicated that it will vote in favour of the said resolution at the SGM.

If the Offer is approved by the Shareholders, the Offer will remain open for acceptance for a period of 14 days after the date of the SGM. Although the Company does not intend to extend the time for the acceptance of the Offer, it reserves the right to do so.

Acceptances by Qualifying Shareholders under the Offer will be irrevocable and cannot be withdrawn after the Offer is declared unconditional.

Acceptance of the Offer by any person will be deemed to constitute a warranty by such person to Celestial Capital and to the Company that the Shares are sold by such person free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of this announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of this announcement).

The Offer will not be conditional as to any minimum number of Shares tendered for acceptance.

The detailed terms and conditions of the Offer will be set out in the Circular and the Form of Acceptance.

FINANCIAL EFFECTS OF THE OFFER

The tables below summarise the financial effects of the Offer based on the audited results of the Group for the year ended 31st March, 2002 prior to, and assuming full acceptance of, the Offer.

A. Net asset value ("NAV")

| | Prior to the Offer | Upon full acceptance of the Offer |
|---|---|-----------------------------------|
| Number of Shares in issue (assuming that no outstanding Warrants and outstanding Options are exercised during the period from the Latest Practicable Date up to the date of closing of the Offer) | 364,450,615 <i>(as at the Latest Practicable Date)</i> | 311,228,352 |
| | HK\$'000 | HK\$'000 |
| Audited NAV as at 31st March, 2002 | 523,310 | 523,310 |
| Adjustments: | | |
| Dividends paid | (2,840) | (2,840) |
| Estimated cost of the Offer (Note) | — | (53,158) |
| Adjusted NAV | 520,470 | 467,312 |
| Adjusted NAV per Share | HK\$1.428 | HK\$1.502 |
| An increase of approximately | | 5.18% |

Note: Comprised cost of the Offer, professional, legal and miscellaneous expenses.

B. Pro forma earnings per Share

| | Prior to the Offer | Upon full acceptance of the Offer |
|---|---|-----------------------------------|
| Number of Shares in issue (assuming that no outstanding Warrants and outstanding Options are exercised during the period from the Latest Practicable Date up to the date of closing of the Offer) | 364,450,615 <i>(as at the Latest Practicable Date)</i> | 311,228,352 |
| | HK\$'000 | HK\$'000 |
| Consolidated net profit for the year ended 31st March, 2002 | 10,110 | 10,110 |
| Earnings per Share | 2.77 cents | 3.25 cents |
| An increase of approximately | | 17.3% |

Further details of the financial impacts of the Offer will be set out in the Circular.

REASONS FOR THE OFFER

The Directors have decided, in the best interest of the Company, to put forward the Offer for the reasons set out below.

During the 12-month period ended 1st November, 2002 (the last trading day prior to the suspension of trading in the Shares on 4th November, 2002), the lowest and highest closing prices of the Shares on the Stock Exchange were HK\$0.30 per Share and HK\$1.20 per Share, respectively, and the 12-month average closing price per Share was approximately HK\$0.79. During this period, liquidity in the Shares has been restricted with an average daily turnover of approximately 387,000 Shares. The Offer Price represents a premium of approximately 58% to the closing price per Share on the last trading day prior to the release of this announcement (i.e. HK\$0.62 as recorded on 1st November, 2002) and a premium of approximately 24% to the said 12-month average closing price per Share during the 12-month period ended 1st November, 2002. The Offer accordingly provides an opportunity for Qualifying Shareholders to sell Shares and receive cash at a price substantially above the prevailing market price. In light of the low liquidity in Shares, it also provides Qualifying Shareholders with the opportunity to realise their investments in the Company (subject to scaling down) without the constraints that would apply if it were to be done through the market.

The Shares have been trading for some time at a very significant discount to the net asset value per Share. Based on the adjusted consolidated net asset value per Share, prior to the Offer, of HK\$1.428 as set out in Table A of the section headed "Financial effects of the Offer" and the closing price per Share on 1st November, 2002 (the last trading day prior to the suspension of trading in the Shares on 4th November, 2002), the discount was approximately 57%. Based on the Offer Price, the Offer provides the opportunity for the Company to repurchase Shares at a significant discount of approximately 31% to the said adjusted net asset value per Share. As set out in Table A of the section headed "Financial effects of the Offer", the Company's adjusted net asset value per Share will increase by approximately 5.18% as a result of the Offer.

The earnings per Share should also be increased in future years as a result of the reduction in the number of issued Shares, assuming that the Group's future financial results are not worse than its financial results for the year ended 31st March, 2002. As set out in Table B of the section headed "Financial effects of the Offer", the increase in earnings per Share for the year ended 31st March, 2002 would have been approximately 17.3% if the Offer had been completed on 1st April, 2001.

INTENTIONS OF THE GROUP

It is the intention of the Company to maintain the listing of the Shares and the Warrants on the Stock Exchange. Upon the close of the Offer, the Directors intend to continue with the existing businesses of the Group as stipulated in the Company's 2002 annual report. The Directors do not intend to introduce any significant changes to the existing operations and management structure of the Group.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda with limited liability and the Shares and the Warrants are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and its subsidiaries are principally engaged in (i) trading and stockholding of construction materials including steel products, sanitary ware and kitchen cabinets, and the installation of kitchen cabinets, (ii) manufacturing and trading of industrial products including rolled steel flat products, enclosure systems, engineering plastic resins and injection moulding machines; and (iii) property investment and the provision of finance.

The following table sets out a summary of the audited consolidated results of the Group for each of the two years ended 31st March, 2002:

| | (Audited) | |
|-------------------------------------|-------------------------------------|--------------|
| | For the year ended 31st March, 2002 | 2001 |
| | HK\$ million | HK\$ million |
| Turnover | 2,137.8 | 2,376.5 |
| Profit before taxation | 11.9 | 300.3 |
| Profit attributable to Shareholders | 10.1 | 285.8 |

As at 31st March, 2002, the audited consolidated net asset value of the Group was approximately HK\$523 million or approximately HK\$1.47 per Share.

SPECIAL GENERAL MEETING

The Offer will be conditional upon the approval thereof by the Shareholders voting by way of poll at the SGM. All Shareholders are entitled to attend and vote in respect of the ordinary resolution relating to the Offer at the SGM. Huge Top has indicated that it will vote in favour of the said resolution at the SGM.

A notice convening the SGM will be included in the Circular, which will be despatched to the Shareholders as soon as practicable.

Chateron Corporate Finance Limited has been appointed as the independent financial adviser to advise on whether the terms of the Offer are fair and reasonable.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares and the Warrants was suspended on the Stock Exchange with effect from 9:30 a.m. on 4th November, 2002 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 6th November, 2002.

GENERAL

Celestial Capital has been appointed to advise the Company with regard to the Offer. Celestial Capital is satisfied that sufficient financial resources are available to the Company from internal resources to enable it to satisfy full acceptance of the Offer.

The Circular containing the terms of the Offer, together with the Form of Acceptance, will be despatched to the Shareholders as soon as practicable, in accordance with the Listing Rules and the Repurchase Code.

Shareholders and potential investors should be aware that the Offer is subject to the Condition being fulfilled. Accordingly, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the Warrants.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:

| | |
|---------------------------|--|
| "Associates" | has the meaning as ascribed thereto under the Listing Rules |
| "Assured Entitlement(s)" | 33.3% of the Shares (rounded down to the nearest whole Share) owned by a Qualifying Shareholder (other than Huge Top which has undertaken not to accept the Offer in respect of the Shares owned by it) as at the date of closing of the Offer, being a rounded figure derived from the ratio that, as at the Latest Practicable Date, the number of Shares for which the Offer is being made bears to the total number of Shares (after taking into account the said undertaking of Huge Top not to accept the Offer, and assuming no outstanding Warrants and outstanding Options are exercised during the period from the Latest Practicable Date up to the date of closing of the Offer) |
| "CCASS" | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| "Celestial Capital" | Celestial Capital Limited, an investment adviser and dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) |
| "Circular" | the circular to Shareholders and, for information only, to the holders of outstanding Warrants and outstanding Options (comprising the Offer document, the notice of the SGM and the proxy form for voting at the SGM) to be issued in connection with the Offer |
| "Company" | Van Shung Chong Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares and outstanding warrants of which are listed on the Main Board of the Stock Exchange |
| "Condition" | the condition to which the Offer will be subject, as set out in the section headed "Condition and other major terms of the Offer" |
| "Director(s)" | the director(s) of the Company |
| "Executive" | Executive Director of the Corporate Finance division of the Securities and Futures Commission or any delegate of the Executive Director |
| "Form of Acceptance" | the form of acceptance to be issued together with the Circular to Shareholders for accepting the Offer |
| "Group" | the Company and its subsidiaries |
| "HK\$" and "cents" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Huge Top" | Huge Top Industrial Ltd., a company incorporated in the British Virgin Islands with limited liability and as at the Latest Practicable Date held approximately 56.15% of the issued share capital of the Company |
| "Latest Practicable Date" | 1st November, 2002, being the latest practicable date prior to the release of this announcement for the purpose of ascertaining certain information contained herein |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Offer" | the proposed conditional voluntary cash offer to be made by Celestial Capital, on behalf of the Company, to repurchase up to 53,222,263 Shares from all Qualifying Shareholders at the Offer Price, subject to the terms and conditions to be set out in the Circular and the Form of Acceptance |
| "Offer Price" | HK\$0.98 per Share |
| "Options" | options granted under the old share option scheme of the Company (which was adopted on 22nd January, 1994 and was terminated on 12th November, 2001) and options granted under the new share option scheme (which was adopted by the Company on 12th November, 2001), and all these options entitle the holders thereof to subscribe for Shares at prices ranging from HK\$0.40 per Share to HK\$1.688 per Share |
| "Overseas Shareholders" | Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong |
| "Qualifying Shareholders" | Shareholders whose names appear on the register of members of the Company as at the time of submission of valid acceptances of the Offer by the relevant Shareholders (if the Company applies to the Executive for a consent not to make the Offer to any Overseas Shareholder(s) as set out in the paragraph headed "Overseas Shareholders" and such consent is obtained by the Company, other than such Overseas Shareholder(s)) |
| "Repurchase Code" | the Hong Kong Code on Share Repurchases |
| "SGM" | the special general meeting of the Shareholders to be convened for the purposes of considering, and if thought fit, approving the Offer |
| "Share(s)" | share(s) of HK\$0.10 each in the share capital of the Company |
| "Shareholder(s)" | registered holder(s) of the Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Takeovers Code" | the Hong Kong Code on Takeovers and Mergers |
| "Warrants" | warrants of the Company which have been issued in registered form in units of HK\$11,800.00, each conferring rights to subscribe for 10,000 new Shares at a subscription price of HK\$1.18 per Share at any time from 19th November, 2001 to 18th November, 2004, both dates inclusive |

On behalf of the Board
Van Shung Chong Holdings Limited
Andrew Yao Cho Fai
Chairman

Hong Kong, 5th November, 2002

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration, and there is no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.