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VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED

Website: <http://www.vschk.com>

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 17 September 2014, Green Success and the Vendor entered into the Sale and Purchase Agreement, pursuant to which Green Success has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 100% of the total number of issued shares of He Tai for the Consideration. The Completion has taken place on 19 September 2014. Upon Completion, He Tai becomes an indirectly wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but none of them exceeds 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement.

INTRODUCTION

On 17 September 2014, Green Success and the Vendor entered into the Sale and Purchase Agreement, pursuant to which Green Success has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 100% of the total number of issued shares of He Tai for the Consideration. The Completion has taken place on 19 September 2014. Upon Completion, He Tai becomes an indirectly wholly-owned subsidiary of the Company.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date : 17 September 2014

Parties : Green Success Global Limited, as the purchaser; and

HT Steel (World) International Trade Holding Co., Limited, as the vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent to the Company and connected persons of the Company.

Assets to be acquired

The Sale Shares represent 100% of the total number of issued shares of He Tai. Upon Completion, He Tai becomes an indirectly wholly-owned subsidiary of the Company.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration of HK\$28 million (subject to adjustments as mentioned below) shall be satisfied in Hong Kong dollars by Green Success to the Vendor as follows:

- (i) the amount of HK\$25.2 million shall be payable by Green Success as a refundable deposit (the "**Refundable Deposit**") on the first Business Day after the date of the Sale and Purchase Agreement and shall become part of the Consideration payable by Green Success to the Vendor on the date of Completion; and
- (ii) the remaining amount of HK\$2.8 million shall be payable by Green Success on the date of Completion.

The Consideration was financed by the internal resources of the Group.

The Consideration was determined after arm's length negotiations between the Company and the Vendor with reference to net asset value of He Tai as extracted from the Pro Forma Completion Accounts.

Adjustments to the Consideration

The Vendor has provided the Pro Forma Completion Accounts to Green Success on the date of the Sale and Purchase Agreement. After Completion, the Vendor shall provide the Completion

Accounts to Green Success within ten days from the date of Completion. Green Success will appoint accountants in Hong Kong (to be chosen by Green Success and agreed by the Vendor who shall not unreasonably object to the appointment) to review the Completion Accounts within seven Business Days from the date receiving the Completion Accounts, and the Vendor shall provide all necessary assistance in this regard.

In case the amount of net asset value of He Tai (the “**He Tai NAV**”) shown in the Completion Accounts reviewed by the accountants mentioned above (the “**Reviewed Completion Accounts**”) is greater than the He Tai NAV shown in the Pro Forma Completion Accounts, Green Success shall pay the amount in excess to the Vendor within five Business Days from the date receiving the Reviewed Completion Accounts. On the other hand, if the He Tai NAV shown in the Reviewed Completion Accounts is less than the He Tai NAV shown in the Pro Forma Completion Accounts, the Vendor shall pay the shortfall amount to Green Success within five Business Days from the date receiving the Reviewed Completion Accounts. No adjustment to the Consideration shall be made if the respective He Tai NAVs shown in the Reviewed Completion Accounts and the Pro Forma Completion Accounts are equal to each other.

Conditions precedent

Pursuant to the Sale and Purchase Agreement, Completion of the Acquisition shall be conditional upon the satisfaction or, where applicable, waiver by Green Success, of the following conditions:

1. the deed of indemnity having been signed by Green Success, the Vendor and He Tai;
2. Green Success having completed the due diligence review on He Tai (including but not limited to the legal, financial, business and other aspects of He Tai) and being satisfied with the results of such due diligence review;
3. if applicable, the passing by the Shareholders (except for the Shareholders who are required to abstain from voting under the Listing Rules, if any) at the general meeting of all resolutions to approve the Acquisition;
4. all warranties of the Vendor having been true, accurate and not misleading, and having remained true, accurate and not misleading in all aspects as at the date of Completion;
5. the Vendor having duly executed and performed all necessary procedures or actions as required by the applicable laws in its place of incorporation of the Vendor for the execution, delivery and performance of the Sale and Purchase Agreement and other documents relevant to the Acquisition;
6. Green Success having duly executed and performed all necessary procedures or actions as required by the applicable laws in its place of incorporation for the execution, delivery and performance of the Sale and Purchase Agreement and other documents relevant to the Acquisition;

7. all necessary consents and approvals from relevant government organizations or relevant parties; all necessary notifications to relevant government organizations or relevant parties; and all necessary filings or registrations with relevant government organizations or relevant parties, in relation to the execution and performance of the Sale and Purchase Agreement and other documents relevant to the Acquisition having been obtained according to the applicable laws as at the date of Completion or the requirements in any contracts binding the Vendor (or any persons directly or indirectly own the Vendor) or He Tai; and
8. there having been no event, change, incident or condition the occurrence of which individually or coincidentally would affect or be reasonably foreseeable to affect the assets, businesses and financial conditions, operations and operating results of He Tai, since the date of the Sale and Purchase Agreement.

Except for the conditions 3 and 5 to 7 above, all of the above conditions precedent can be waived by Green Success at its discretion. If any of the above conditions precedent have not been fulfilled or waived (as the case may be) by 12:00 noon on 30 November 2014 (the “**Long Stop Date**”) or by such later date as the parties may agree in writing (the “**Extended Long Stop Date**”), the Vendor shall repay the Refundable Deposit to Green Success within three Business Days after the Long Stop Date or the Extended Long Stop Date and the Sale and Purchase Agreement shall lapse and have no further effect after the repayment of the Refundable Deposit. Save for any antecedent breaches of the Sale and Purchase Agreement, none of the parties shall have any liability and obligation, except as otherwise stipulated in the Sale and Purchase Agreement.

As at the date of this announcement, all of the above conditions precedent have been fulfilled.

Completion

Pursuant to the Sale and Purchase Agreement, Completion shall take place subject to all conditions precedent to the Sale and Purchase Agreement having been fulfilled or waived (as the case may be). As all conditions precedent have been fulfilled, the Completion has taken place on 19 September 2014.

INFORMATION ON HE TAI

He Tai is a company incorporated in Hong Kong and is directly wholly-owned by the Vendor. It is principally engaged in collection and sale of scrap steel.

The following is the audited financial information of He Tai for the two financial years ended 31 December 2013, extracted from the audited financial statements of He Tai prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities:

	For the year ended 31 December	
	2012	2013
	(audited)	(audited)
	HK\$ million	HK\$ million
Profit before taxation and other extraordinary items	3.03	1.77
Profit after taxation and other extraordinary items	2.44	1.59
	As at 31 December	
	2012	2013
	(audited)	(audited)
	HK\$ million	HK\$ million
Net asset value	61.93	63.52

INFORMATION ON THE GROUP, GREEN SUCCESS AND THE VENDOR

The Group is principally engaged in stockholding and distribution of construction materials such as steel products, sanitary wares, kitchen cabinets, home furniture and engineering plastics, installation work of kitchen cabinets and property investment.

Green Success is a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company. It is principally engaged in investments holding.

The Vendor is a company incorporated in Hong Kong with limited liability. It is an investment holding company and directly holds 100% of the total number of issued shares of He Tai.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent to the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has participated in trading of scrap steel in the PRC. The Acquisition will provide an opportunity to the Group to expand its Hong Kong Steel business to trading of scrap steel and broaden its revenue stream.

Based on the foregoing, the Directors consider that the Acquisition is in the interest of the Company and the Shareholders as a whole, and the terms of the Sale and Purchase Agreement, including the Consideration, are fair and reasonable.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but none of them exceeds 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares from the Vendor by Green Success pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which licensed banks in Hong Kong are generally open for normal business
“Company”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement which shall take place subject to satisfaction (or waiver, as the case may be) of all conditions precedent pursuant to the Sale and Purchase Agreement
“Completion Accounts”	the unaudited management accounts of He Tai prepared in accordance with HKFRSs for the period commencing from 1 January 2014 and ending on the date of Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration for the Acquisition in the amount of HK\$28 million (subject to adjustment pursuant to the Sale and Purchase Agreement as disclosed in the paragraph headed “The Sale and Purchase Agreement – Adjustments to the Consideration” of this announcement)

“Director(s)”	the director(s) of the Company
“Green Success”	Green Success Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“He Tai”	He Tai Steel Co., Limited, a company incorporated in Hong Kong with limited liability and is directly wholly-owned by the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Pro Forma Completion Accounts”	the pro forma accounts of He Tai prepared in accordance with HKFRSs for the period commencing from 1 January 2014 and ending on the date of Completion
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 September 2014 entered into between Green Success and the Vendor in relation to the Acquisition
“Sale Shares”	35,000,000 issued shares of He Tai, representing 100% of the total number of issued shares of He Tai
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” HT Steel (World) International Trade Holding Co., Limited, a company incorporated in Hong Kong with limited liability and holds the Sale Shares

“%” per cent.

On behalf of the Board
Van Shung Chong Holdings Limited
Frank Muñoz
Executive Director and Chief Executive Officer

Hong Kong, 19 September 2014

As at the date of this announcement, the Board comprises Mr. Yao Cho Fai Andrew (chairman) and Mr. Frank Muñoz (being the executive directors), Mr. Dong Sai Ming Fernando (being the non-executive director), Mr. Tam King Ching Kenny, Mr. Xu Lin Bao, Mr. Tse Lung Wa Teddy and Mr. Yeung Wing Sun Mike (being the independent non-executive directors).