



VSC 万顺昌

Van Shung Chong Holdings Limited

萬 順 昌 集 團 有 限 公 司

Stock Code 股票代號 : 1001

Annual Report 2012 年報



MISSION STATEMENT

VSC is committed to providing sustainable profits to shareholders, a desirable working environment for employees, and quality products and value-added services for our customers and suppliers globally.

Building on our existing business and expertise, we will achieve market leadership in the steel, construction material, scrap and raw material markets globally by leveraging our strength in competitive sourcing, supply chain management and value-added services.



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Andrew Cho Fai YAO (*Chairman*)
 Mr. Fernando Sai Ming DONG
 Mr. Kern LIM

Non-Executive Director

Mr. Frank MUÑOZ

Independent Non-Executive Directors

Mr. Harold Richard KAHLER
 Mr. Kenny King Ching TAM
 Mr. XU Lin Bao

COMPANY SECRETARY

Ms. TSE Sau Wai, FCS FCIS

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

SOLICITORS

Pinsent Masons (on Hong Kong Laws)
 Conyers Dill & Pearman (on Bermuda Laws)

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
 Bank of China (Hong Kong) Limited
 Bank of Communications Co. Ltd. Hong Kong Branch
 BNP Paribas Hong Kong Branch
 China Minsheng Banking Corp. Ltd. Hong Kong Branch
 Chong Hing Bank Limited
 CITIC Bank International Limited
 DBS Bank (Hong Kong) Limited
 Industrial and Commercial Bank of China (Asia) Limited
 KBC Bank N. V.
 Oversea-Chinese Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Butterfield Fund Services (Bermuda) Limited
 Rosebank Centre
 11 Bermudiana Road
 Pembroke HM08
 Bermuda

Hong Kong Registrar

Computershare Hong Kong Investor Services Limited
 Shops 1712-1716, 17th Floor
 Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM11
 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

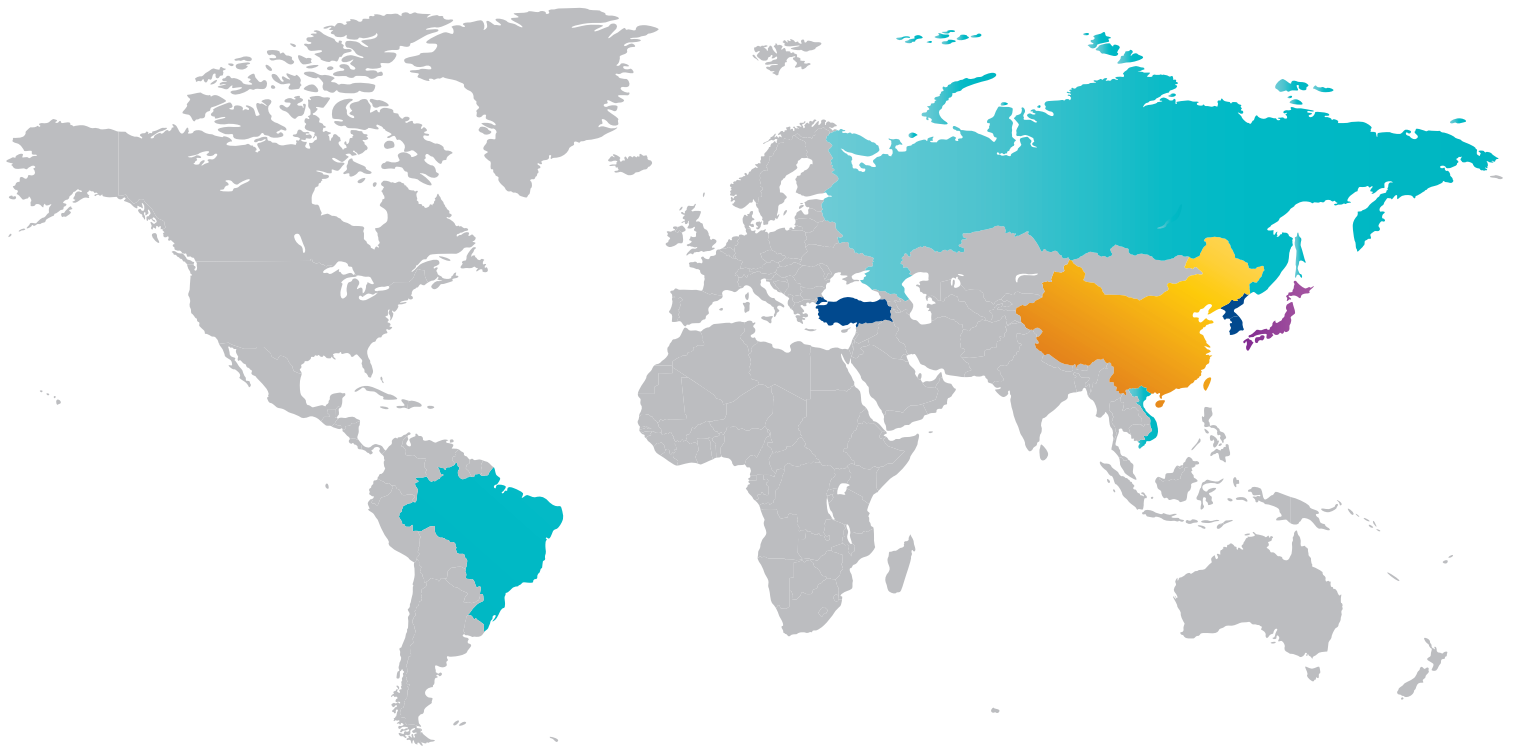
Rooms 4903-7, Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

Website : <http://www.vschk.com>
 E-mail Address : vschk@vschk.com

LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Stock Code : 1001

Our Selected Mills



China

Anshan Iron & Steel
Anshan Zizhu Group
Baosteel Corp.
Benxi Iron & Steel
Guangzhou Iron & Steel
Laiwu Steel
Maanshan Iron & Steel
Shenzhen Sinomaster Steel
Shougang
Tianjin Iron & Steel
Tianjin Tiantie
Wuhan Iron & Steel

Taiwan

China Steel Corporation
Dragon Steel
Feng Hsin Iron & Steel
Hai Kwang
Tung Ho
Wei Chih

Japan

Chiyoda Steel
JFE
Kyohei
NSC
Tokyo Steel

Korea

Dongbu
Dongkuk
Hyundai

Turkey

ICDAS
IDC
Diler
Kaptan

Russia

Zapsib

Brazil

Gerdau SA

Vietnam

Shengli (Vietnam) Special Steel

Five-Year Financial Summary

The following is a summary of these audited consolidated financial statements of Van Shung Chong Holdings Limited (the “Company”) and its subsidiaries (the “VSC Group”) for the respective years as hereunder stated.

CONSOLIDATED INCOME STATEMENT

	Year ended 31st March 2008 HK\$'000	Year ended 31st March 2009 HK\$'000	Year ended 31st March 2010 HK\$'000	Year ended 31st March 2011 HK\$'000	Year ended 31st March 2012 HK\$'000
Revenue	5,677,792	4,659,507	3,251,836	4,207,768	4,432,081
Operating profit/(loss)	73,601	(182,535)	136,326	69,564	21,311
Net finance costs	(51,790)	(47,697)	(18,668)	(23,268)	(23,716)
Profit/(loss) before income tax	47,047	(256,740)	104,762	52,904	6,060
Income tax credit/(expense)	(1,876)	6,546	(22,279)	(14,010)	4,787
Profit/(loss) for the year	45,171	(250,194)	82,483	38,894	10,847
Attributable to:					
Equity holders of the Company	31,317	(278,252)	75,221	31,032	6,283
Non-controlling interest	13,854	28,058	7,262	7,862	4,564
	45,171	(250,194)	82,483	38,894	10,847
Dividends	9,101	–	22,361	7,869	7,454

Note:

1. Certain prior years' figures have been reclassified to conform with the current year's presentation.

Five-Year Financial Summary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31st March 2008 HK\$'000	As at 31st March 2009 HK\$'000	As at 31st March 2010 HK\$'000	As at 31st March 2011 HK\$'000	As at 31st March 2012 HK\$'000
Non-current assets	427,866	357,977	313,942	238,979	261,030
Current assets	2,425,056	901,342	1,130,253	1,598,956	1,528,920
Current liabilities	(1,652,470)	(682,959)	(789,146)	(1,158,642)	(1,097,100)
Non-current liabilities	(122,548)	(14,824)	(4,063)	(1,501)	(1,127)
Net assets	1,077,904	561,536	650,986	677,792	691,723
Equity:					
Share capital	38,043	38,143	41,413	41,413	41,413
Reserves	797,688	500,184	579,744	603,243	617,494
Capital and reserves attributable to equity holders	835,731	538,327	621,157	644,656	658,907
Non-controlling interest	242,173	23,209	29,829	33,136	32,816
Total equity	1,077,904	561,536	650,986	677,792	691,723

Chairman's Statement



Dear Shareholders,

2011 was a difficult and disappointing year. Volatility in the steel market led to huge price fluctuations for the commodity during this fiscal year, resulting in unexpected losses for the VSC Group in the first six months of the period under review.

Despite these challenging circumstances, however, we were able to implement a number of recovery measures, including the use of a proprietary analytical methodology, to mitigate further losses and rebalance our overall financial position. Consequently, the VSC Group recovered the losses incurred in the first half of the year and returned to profitability by the year end.

Overall, the VSC Group recorded a profit attributable to equity holders of approximately HK\$6 million for the period. The Board of Directors has recommended a dividend of HK1.8 cents per share to shareholders.

During the year, the VSC Group leveraged on the vast opportunities emerging out of Hong Kong's booming construction sector to earn several government funded projects, which helped to improve both profit margins and market share. In 2011, the VSC Group won a tender to supply steel to the West Kowloon Terminus

Station for the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the largest government contract ever awarded in the city. We were also the exclusive steel distributor for the passenger cruise terminal being built at the former Kai Tak airport runway on the East Kowloon waterfront. To commence operation in mid 2013, the cruise terminal will be able to accommodate the concurrent berthing of two mega cruise vessels and is expected to elevate cruise tourism to a new level.

We remain active in the China market though have chosen to focus our energies on a new joint venture, formed in April 2012, to build and operate our first ever steel scrap recycling plant in Changsha, capital city of Hunan province. The plant will be operational by the summer of 2012. This is a notable milestone for the VSC Group as steel scrap is an essential raw material in the production of new steel, and participation in this venture allows us to bridge the gap between the needs of our suppliers, who are scrap users, and our customers, who are scrap producers. It also places us at the heart of the market, enabling us to better gauge its pulse, and respond more effectively and efficiently to the demands of the industry.

Meanwhile, our building products distribution business in Wuhan, Hubei province, formed in March 2011, is yielding good returns, meeting the needs of the market by delivering quality products and superior services at competitive prices.

All in all, our position remains strong and we are well positioned to capture the opportunities ahead, particularly those coming out of Southern China, in Hong Kong and Macau.

In Hong Kong, the construction sector continues to generate exciting opportunities following the government's commitment towards a series of large-scale transport and infrastructure projects. These include the West Kowloon Redevelopment project, the Hong Kong-Zhuhai-Macau Bridge, the high-speed railway to Beijing, and new stations and routes for the new Mass Transit Railway. Separately, the recent election of Mr. Leung Chun Ying, Hong Kong's new Chief Executive, is expected to give fresh impetus to the government's public housing policies, which could generate new and exciting housing development projects in the future.

Chairman's Statement



Opportunities in Macau are equally abundant. Three more integrated resort/casino projects are to be built over the next 12-24 months. We will maximize our resources to better equip ourselves in taking full advantage of these favourable market conditions.

While the outlook for China remains positive, the anticipated slowdown of the country's economic growth, tightening of its monetary and fiscal policies, and its increasing steel capacity, is expected to pose some challenges in the year ahead. In line with the Chinese government's plan to further develop the country's recycling programme, as mapped out under its 12th 5 years plan, we plan to concentrate on further developing our steel scrap recycling business, though we generally remain cautious about the country's near term outlook.

Throughout the year, our people have remained front and center in everything we do. Following the launch of a new mission statement and a revised set of core values last year, we have continued to build on a strong performance driven culture. This is an environment that recognizes hard work and excellence, and encourages all employees to work closely together to solidify our reputation as a leading distributor and processor of quality construction and industrial materials in Hong Kong and Southern China.

In fostering a culture of Integrity and Honesty, Accountability, Embracing Change, Teamwork, and Excellence, we hope not only to help each employee fulfill their highest potential, but also to ensure the organization can consistently generate the best returns to shareholders.

The last twelve months have been tough indeed, but it has also made us a stronger and more resilient organization. I believe we are now better prepared than ever to respond to market volatility, global and regional economic challenges, ongoing market consolidation, the rising cost of labour, financial pressures, and the rapidly changing needs of our customers.

Last but not least, I wish to take this opportunity to sincerely thank all our shareholders, partners, customers and staff, for their hard work, support and commitment. I look forward to a bright new year ahead.

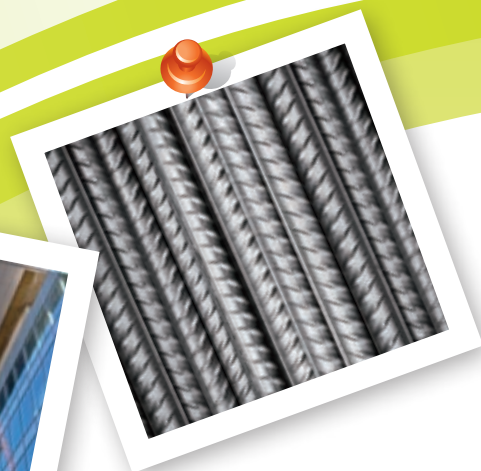
Andrew Cho Fai Yao
Chairman & Chief Executive Officer

22nd June 2012



Management Discussion and Analysis





Financial year ended 31st March 2012 (“FY2012”) has proven to be a challenging and turn-around year for the VSC Group. Revenue has continued to grow, highlighting the strong market demand for our products. The first half of the year has been challenging for the Company due to huge fluctuations in steel prices. The second half of FY2012 has witnessed significant improvement in the profitability of the VSC Group of over HK\$43 million in net profit which helped the VSC Group to turn from loss to profit.

The revenue has grown to HK\$4.4 billion representing a growth of 5% over last year. This revenue growth was mainly contributed by our Hong Kong Steel and our Mainland China Building Products Businesses.

The overall gross profit margin of the VSC Group has decreased from 4.5% for the financial year ended 31st March 2011 (“FY2011”) to this year’s 3.9%. This decrease is mainly contributed by our Hong Kong Steel Business as the volatile steel prices fluctuation gets reflected in our Steel Business’ performance. The profit attributable to equity holders amounted to HK\$6 million.

About HK\$169 million and HK\$47 million were used in operating activities and financing activities respectively, while our year-end cash balance settled to HK\$267 million. This represents a decrease in our

cash position of HK\$218 million over the same date in 2011, a large part of this went towards an increase in our pledged bank deposits as our performance bonds with strategic customers grew. Another reason is that our hedged position for steel contracts outstanding is increased to over 65% in line with our corporate risk management strategy. On operating efficiency of assets, the Days Sales Outstanding (average trade and bill receivables divided by revenue X 365 days) had increased from about 39 days to about 44 days. Days of Supplies (average inventories divided by cost of sales X 365 days) (“DOS”) also increased from about 29 days to about 34 days.

The VSC Group’s gearing ratio (net debt, which is total borrowings minus pledged bank deposits and cash and cash equivalents, divided by capital and reserves attributable to equity holders plus net debt) increased from the last year’s 10% to 28% at book close.

In the financial year ending 31st March 2013 (“FY2013”), we will continue our focus and emphasis on internal controls within the VSC Group, as well as leverage best practices to minimize our risk exposure.

Steel Distribution



STEEL DISTRIBUTION

Steel distribution operations comprise stockholding business of rebar, structural steel and engineering products in Hong Kong and steel distribution in Mainland China. The VSC Group has a 66.7% owned subsidiary – Shanghai Bao Shun Chang (“BSC”), which engages in the distribution of domestic steel products in Eastern China.

In the recent years, the market conditions have made the recycling of the steel value chain, within China, an attractive opportunity for the VSC Group to explore. While entering into the recycling industry and generating renewable resources to support a cleaner, more sustainable environment, this strategic move

would also enhance our core business rebars steel position by creating a natural hedging synergy between the two businesses. Overall from the VSC Group standpoint, we could also extend our participation in the steel value chain and create better synergies.

As this is an attractive strategic direction for us, we have started a 51% owned subsidiary in Changsha, Hunan, as a first step and are exploring other opportunities within China and internationally as well.

Hong Kong Steel Distribution (“HK Steel Department”)

HK Steel Department generated HK\$2,121 million in revenue for the whole financial year, representing an increase of 23% over last year. Although the gross profit margin was negative for the first half of FY2012, gross profit margin for the whole year remains positive thanks to the completion of loss contracts and major improvements implemented in our risk management process.

Management Discussion and Analysis

The market demand remains strong in Hong Kong and Macau. In FY2012, the Hong Kong government launched 10 major infrastructure projects to boost up the economy and thus also positively affected the demand of steel for the coming years. These major projects are: the Express Rail Link Terminus station in Tsimshatsui; MTR Shatin-Central Link and the Hong Kong-Zhuhai-Macau Bridge. In addition, the new Chief Executive of Hong Kong has made a number of proclamations in favor of the development of new public housing policies aimed at increasing the supply of public housing, we are hopeful that these policies will be quickly implemented once he assumes the post.

The strong demand for steel in Macau is also supported by the multitude of casino extension projects and additional public housing estates under construction. The major casino extension projects include: MGM Macau casino project phase 2; Wynn development project phase 2 and Galaxy Mega Resort Complex phase 2. Those projects are targeted for completion by 2015. The Macau government is also speeding up the supply of public housing and has at present approved several large new residential developments. This includes development of parts of the relatively underdeveloped Coloane Island.

At a global level however, the steel market is weak due to the continuing Euro Zones Debt Crisis, in addition, the recent policy in Mainland China aimed at preventing the overheating of the private property market has also served to lessen the demand for steel in the Mainland China market.

VSC Group's steel leadership team will continue to place major emphasis on and enhance its focus on risk management by leveraging various disciplined hedging instruments and mechanisms to minimize the exposure to price fluctuation in the commodity markets. The corporate treasury function will work closely with the Steel Business leadership team to ensure minimal risk exposure; ensuring stable and profitable earnings and optimizing shareholders' value.

Mainland China Steel Distribution ("Mainland Steel Department")

Mainland Steel Department's strategy has proven to be successful by going direct to the "end-users" of steel infrastructure in Mainland China as well as moving towards international projects. This dual approach has successfully increased the profitability of the Mainland Steel business in FY2012. In FY2013, the Mainland Steel Department will also start to cooperate with fabrication factories in Mainland China to provide the technical service and fabrication service to end users of international projects.

BSC, our joint venture with Baosteel, faced a challenging macro economics environment, yet managed to finish the year with a strong revenue of HK\$1,442 million and a respectable profit. With the good relationship with Baosteel, BSC continues to have a robust and profitable operation.

Metals Recycling Business

In addition to our Metals Recycling trading business in China and internationally, we have also started a joint venture in Metals Recycling in Changsha, Hunan. The facility is currently being fitted out and should begin limited operation by the second quarter of FY2013. We expect this site to be fully operational by the third quarter of FY2013.

With continued efforts in the business development and a strong merger and acquisition project pipeline, management expects to form more joint ventures both within China and internationally in FY2013.



Building Products Distribution



BUILDING PRODUCTS DISTRIBUTION

The business unit of Building Products Distribution mainly engages in distributing sanitary wares in China, namely Shanghai, Shenzhen, Wuhan, Hubei, Hong Kong and Macau.

Mainland China Leisure Plus (Shanghai, Shenzhen and Wuhan, etc)

In FY2012, Mainland China Leisure Plus with a revenue of HK\$325 million, again recorded a growth of over 30% in revenues and generated a profit of HK\$10.5 million. This gross profit margin of over 15.3% has improved significantly over last year's 11.3%. By leveraging its strong sales team, and its extensive and increasing retail networks, the team has managed to increase its profitability as mentioned.

Looking back at FY2012, the Mainland China Leisure Plus leadership team has executed well on a number of its strategic growth initiatives. The successful acquisition and integration of Wuhan and the entire Hubei Province operations has been the main contribution for the Mainland China Leisure Plus growth in both revenue and profits.

As this strategy has proven successful and most beneficial to our shareholders, we will continue to explore further opportunities for acquisitions in Mainland China.

We also continue to explore more potential strategic alliances. Besides the alliance with LIXIL (formerly known as TOSTEM) in Mainland China, we are also pleased to include NIFCO into our alliance network as well. The strength of our strong distribution channels

Management Discussion and Analysis

across the entirety of Mainland China has been recognized as a competitive strength and as a benefit to our current alliance partners and this will continue to allow us to attract new partners.

Strong management discipline has also helped us achieve a lower working capital requirements especially in the inventory area of 35 days of DOS – This is something the team can be proud of. We continue to be optimistic on the future of the building products operation in Mainland China as the leadership team has a strong track record in prior years.

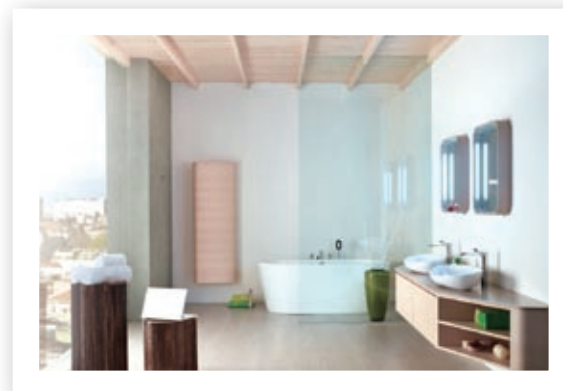
Hong Kong Building Products Department

Hong Kong Building Products Department operates a retail showroom “Leisure Plus” in Wanchai and acts as a one-stop solution provider who carried all round-home products with style for customers.

Celebrating its 10th anniversary, Leisure Plus is dedicated to introducing the best quality brands; TOTO sanitary wares & fittings from Japan and Novamobili furniture from Italy. Leisure Plus aims to impress its valued customers with great product design, practicability, and environmental friendliness in the Hong Kong market.

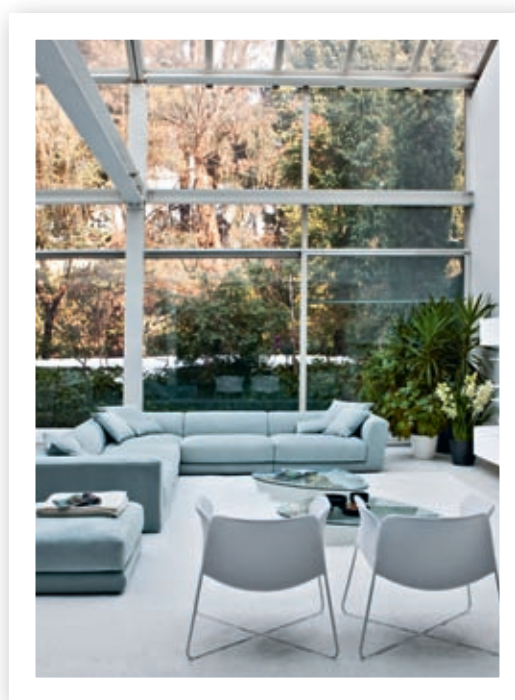
In FY2012, the team of Hong Kong Building Products Department had a record-breaking year by supplying the superlative TOTO Neorest series to Marinella 9, the most prestige residential development in Hong Kong.

As the Hong Kong market becomes more price competitive, we expect the gross profit margin to continue to erode. In response to this, the Hong Kong Building Products leadership team will explore and implement a number of sales and pricing strategies to mitigate the pricing pressure in FY2013.



This would include focusing on reinforcing the strength of project team and adding to the existing strong pipeline and backlog orders, increasing the operations efficiency and locating additional business opportunities by identifying more potential new brands and products for future co-operation.

The department currently has backlog orders for the following major projects: Marinella 9, Hong Kong International Airport Renovation, Hotel Nikko Renovation, Hong Kong Exchange Square Renovation, Prince’s Building Renovation.



Plastic Resins

Distribution



PLASTIC RESINS DISTRIBUTION (“PLASTICS DEPARTMENT”)

The Plastics Department mainly distributes general and engineering plastics in Hong Kong and Mainland China. It currently has business presence in Hong Kong, Shenzhen, Guangzhou, Shanghai, Ningbo, Xiamen, Chongqing and Wuhan.

In FY2012, with the combined European and American economic crisis, global export demand was very weak, and this in turn dramatically reduced the export business of our key customers, what made the situation more challenging was over-supply of material from our suppliers, thus the Plastics team were faced with major price pressure from both our suppliers as well as our competitors. Although we managed to maintain our sales volume close to the previous year, our gross profit margin decreased from 6.4% to 4.3%, resulting in a net profit drop of over 70%.

Looking forward into FY2013, we expect the situation to be similar to FY2012, with a tough global economic environment and weak demand. Our strategy for growth and to generate favorable returns to our

shareholders would be to focus on the expansion of our customer base. We will develop more domestic customers in Mainland China as this a good growth market for our customers, we are optimistic in our domestic market expansion in Mainland China.

We also plan to expand our supplier network and form stronger strategic alliances with our suppliers. We will find more suppliers to enlarge our products lines, so as to better meet our customers' needs.

As mentioned earlier we will continue to grow our presence into new regions within Mainland China. The management looks forward to our new business growth in Chongqing, Wuhan, Ningbo and Xiamen.

Finally, to enhance the channel profitability, we look toward to better partnerships and synergistic situations. We will develop new partnerships to increase the sales quantity, speed up the sales turnover and also generate better returns from our supply-chain.

Management Discussion and Analysis

Property Investment



PROPERTY INVESTMENT

The VSC Group holds a 33.33% stake in an 11-storey office building in Jing An District, Shanghai, where the VSC Group's Mainland China headquarter is located. Currently, the property has an occupancy rate of about 93%. The tenants consist of various international companies whom provide a stable income stream for the property business. Our property management team will also explore the opportunities in providing property management and agent services to other projects. In addition, the capital appreciation of the asset in Shanghai has benefited the shareholders.

In the new year ahead, with major cooling down in the Mainland China real estate market, we will closely monitor the situation and look for good value investments to benefit our shareholders. We will also continue to explore real estate investments beyond the first tier Mainland China cities as there continues to be potential growth and expansion in Mainland China real estate market in those areas (namely the third tier cities in Mainland China).



OTHER INVESTMENT

The VSC Group owns a 44% interest in a budgeted hotel chain operating in Mainland China, namely a8 Hotel (“a8”), which currently operates 3 hotels in Shanghai and 2 hotels in Guangzhou, with one more hotel in Shanghai joined a8 as a franchisee. In addition to monitoring the expansion of this business, the VSC Group will also continue to review strategic options including new potential cooperation or divestiture opportunities to enhance the Company’s shareholders’ value.

BUSINESS DEVELOPMENT, MERGERS AND ACQUISITIONS

In FY2012, the VSC leadership developed a dedicated, strong and efficient business development team that was responsible for the successful acquisition and integration of the Wuhan and Hubei Building Products distribution business. This has contributed to the

profitable growth in Mainland China Building Products business. The same team is also responsible for setting up the Metals Recycling Processing plant in Changsha, Hunan. The contribution to revenue and gross profit is expected in FY2013.

Currently the business development pipeline remains active and we anticipate delivering more deals in FY2013 in the Metals Recycling and Building Products businesses both within China and also internationally.

HUMAN CAPITAL

Human Resources (“HR”) are the most valuable assets of the VSC Group, which are reflected in every aspect of our operations. Our HR strategy is to continue to develop the management teams in all business units and headquarters to reinforce and enhance change management, compliance and risk management skills.

Management Discussion and Analysis

Alignment – Corporate Culture

With the great dedication from the leadership team, we have all contributed to the formulation of our Mission and Core Values and department strategies that will serve as our direction and guidelines for the VSC Group. The coming focus will be getting all the VSC Group's members aligned. We see employee engagement is a key driver of organizational performance for getting better business results in terms of quality, cost saving and customer services, passion and profit mix. We also believe developing a culture that creates competitive advantage is a strategy for business success. We cannot have one without the other, and it is crucial we work on both.

Development – Building a Successful Team

With our core value – Integrity & Honesty, Accountability, Embracing Change, Teamwork and Excellence, we are also building up our core competency model for all our staff and this will be present in aspects of recruitment, performance evaluation, reward management as well as training and development. Development will be our focus: our staff are always encouraged to be equipped with skills and expertise for the challenges and the new era. Various in-house training programs as well as management best practise training both through our in-house experts as well as external consultants were organised. The VSC Group also provides training subsidies to its employees to attend seminars and



courses to enrich and update their knowledge. The management has committed to building our talents through the leadership development program and smart talent development program.

Rewards and Compensation

To balance with the various cost saving plans and remain competitive in the talent market to ensure we recruit and retain our talent, a benchmarking exercise of our pay structure was performed. Linking reward with performance, tailor-made incentive schemes for bonuses and commission with measurable targets in achieving key success are further re-designed for respective business units and supporting functions.

Caring for Our People

To promote work-life balance to our people asset, a Recreation Club is formed for organizing a wide range of social and recreational programmes. The VSC Group has participated actively in a variety of charity and recreation activities, includes the "World Sight Day 2011", the "Corporate Challenge – Outward Bound", the "Elder Amusement Day", firework sightseeing boat trip, Christmas & Annual Dinner parties. Staff family members, friends, also our shareholders have been invited to participate in the activities. In recognition of our combined efforts in giving back to the community and in fostering a caring environment, VSC has been awarded accreditation Caring Company for 5 consecutive years and the Heart To Heart Company for 2 consecutive years.





Staffing

In March 2012, the VSC Group employed 443 staff. The Company is focusing on building an elite team to help lead the Company to future success. During the year under review, options to subscribe for 3,815,000 ordinary shares have been offered and granted to our employee under the share option scheme adopted on 12th November 2001 and no options has been offered and/or granted to any employee under the new share option scheme adopted since 11th August 2011.

FINANCIAL RESOURCES AND LIQUIDITY

1) Liquidity and Financing

The VSC Group's cash and cash equivalents were approximately HK\$267 million as at 31st March 2012 (2011: HK\$486 million) of which about 14.3% were in US dollar, about 14.2% were in Chinese Renminbi ("RMB"), about 71.5% were in HK dollar. Net cash flow used in operating activities for the year was approximately HK\$169 million.

As at 31st March 2012, the VSC Group's total borrowings amounted to approximately HK\$654 million of which 100% were interest bearing borrowings (2011: HK\$600 million). Net interest bearing borrowings, after deducting pledged bank deposits of approximately HK\$134 million (2011: HK\$42 million) and cash and bank deposits of approximately HK\$267 million (2011: HK\$486 million), amounted to approximately HK\$253 million (2011: HK\$72 million). Gearing ratio as at 31st March 2012, calculated on the basis of net interest-bearing borrowings to total capital which is capital and reserves attributable to equity holders plus net interest bearing borrowings increased from 10% to 28% and current ratio was slightly increased from 1.38 times to 1.39 times as compared to 31st March 2011. The VSC Group takes effort to maintain these financial ratios at current level, after taking into consideration of the current market situation and risk assessment on overall exposure against industry norm. The VSC Group's business operations were generally financed by cash generated from its business activities and bank facilities provided by its banks.

Management Discussion and Analysis

2) Treasury Policies

All of the VSC Group's financing and treasury activities are centrally managed and be controlled at the corporate level. The VSC Group's overall treasury and funding policies focus on managing financial risks, including interest rate and foreign exchange risks, and on cost efficient funding of the VSC Group and its group companies. The VSC Group has always adhered to prudent financial management principles. The VSC Group's businesses are primarily transacted in HK dollar, US dollar and RMB. As exchange rate between HK dollar and the US dollar is pegged, the VSC Group believes its exposure to exchange rate risk arising from US dollar is not material.

Facing the appreciation of RMB, the VSC Group will continue to match RMB payments with RMB receipts to minimise the exchange exposure. As at 31st March 2012, about 86.1% of the VSC Group's interest-bearing borrowings were denominated in HK dollar and about 13.9% in RMB. Forward foreign exchange contracts would be entered into when suitable opportunities arise and when the management of the VSC Group consider appropriate, to hedge against major non-HK dollar currency exposures. As at 31st

March 2012, the VSC Group had forward foreign exchange contracts to hedge principal repayment of future US dollar debts under letters of credit in the amount of approximately HK\$54 million and RMB176 million. All of the VSC Group's borrowings as at 31st March 2012 were on floating rate basis. The use of derivative financial instruments is strictly controlled and mainly used to hedge against the foreign currency exchange rate exposures in connection with the borrowings. It is the VSC Group's policy not to enter into derivative transactions for speculative purposes.

3) Contingent Liabilities

As at 31st March 2012, the VSC Group had no material contingent liability.

4) Charges on Assets

As at 31st March 2012, the VSC Group had certain charges on assets which included (i) bank deposits of approximately HK\$28 million which were pledged as collateral for the VSC Group's banking facilities and approximately HK\$106 million were pledged for performance bonds, and (ii) an investment property of approximately HK\$22 million was pledged as collaterals for certain of the VSC Group's bank borrowings.



Corporate Governance Report

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of Van Shung Chong Holdings Limited (the “Company”) is committed to maintaining high standards of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (the “VSC Group”) to manage business risks, enhance transparency, maintain high standards of accountability and protect shareholders’ interest in general. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the year ended 31st March 2012, save for the deviations discussed below. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct (“Company’s Model Code”) regarding securities transactions by the directors of the Company (the “Directors”) on 31st March 2004. Various amendments have been made to the Company’s Model Code in order to conform with the amendments made to Appendix 10 of the Listing Rules effective 1st January 2009 and 1st April 2009. Having made specific enquiry of all Directors, they all confirmed that they have complied with the required standard set out in the Company’s Model Code during the year ended 31st March 2012. The Company’s Model Code also applies to other specified relevant employees of the VSC Group in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

Currently, the Board consists of three executive Directors, one non-executive Director and three independent non-executive Directors. One of the independent non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The Board members have no financial, business, family or other material relevant relationships with each other. The Company has arranged appropriate insurance cover in respect of legal actions against the directors within the VSC Group.

The executive Directors are responsible for managing the overall business. They are mainly involve in the formulation and execution of the corporate strategies. The independent non-executive Directors consist of eminent business executives from Hong Kong, Mainland China and the United States, who provide independent advices to the management through their wide range of skills and experiences. The executive Directors have regular meetings with general managers of respective business units and key staff of support units to discuss major business plans and review operational and financial performance. Independent non-executive Directors are also invited to participate in special review meetings.

The Board members have access to appropriate business documents and information about the VSC Group on a timely basis. The Directors are free to have access to the management for enquiries and to obtain further information when required. The Directors are encouraged to update their skills and knowledge, and familiarity with the VSC Group through ongoing participation at board and committee meetings. All Directors also have access to external legal counsel and other professionals for independent advice at the Company’s expense if they require it.

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Four Board committees, namely the Executive Committee, the Remuneration Committee, the Nomination Committee and the Audit Committee, have been established to oversee various aspects of the VSC Group's affairs. The Board has delegated the execution and daily operations of the VSC Group's business to general managers of respective business units, Chief Operating Officer, Chief Financial Officer and Human Resource Director under the leadership of the Chief Executive Officer.

Minutes of Board meetings are taken by the Company Secretary and these minutes, together with any supporting board papers, are freely accessed by all board members for inspection.

The number of Board meetings, Remuneration Committee meeting and Audit Committee meetings attended by each Director during the year under review is as follows:

Directors	Board meetings	Remuneration Committee meeting	Audit Committee meetings
<i>Executive Directors:</i>			
Mr. Andrew Cho Fai Yao (<i>Chairman</i>)	4/4	1/1	N/A
Mr. Fernando Sai Ming Dong	4/4	N/A	N/A
Mr. Kern Lim	4/4	N/A	N/A
<i>Non-Executive Director:</i>			
Mr. Frank Muñoz (<i>appointed on 17th June 2011</i>)	4/4	N/A	N/A
<i>Independent Non-Executive Directors:</i>			
Mr. Harold Richard Kahler	4/4	1/1	2/2
Mr. Kenny King Ching Tam	4/4	1/1	2/2
Mr. Xu Lin Bao	4/4	N/A	2/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code provision A.2.1 stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. The Company has both the positions of chairman and chief executive officer held by Mr. Andrew Cho Fai Yao. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the VSC Group with strong and consistent leadership, efficiency usage of resources and allows for effective planning, formulation and implementation of the Company's business strategies which will enable the VSC Group to sustain the development of the VSC Group's business efficiently.

SPECIFIC TERMS OF NON-EXECUTIVE DIRECTORS

The CG Code provision A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election. The Company's non-executive Directors (except for Mr. Harold Richard Kahler) are not appointed for a specific term. They are (including all other Directors) however, subject to retirement by rotation and re-election at least once every three years according to the Company's Bye-Laws.

EXECUTIVE COMMITTEE

Executive Committee has been in place since March 2006 and now consists of all executive Directors with Mr. Andrew Cho Fai Yao as chairman and Mr. Fernando Sai Ming Dong and Mr. Kern Lim as members.

When the Board is not in session, the Executive Committee can discharge the specific power and administrative functions authorised by the Board. The Executive Committee is mainly responsible for monitoring the daily operations of the VSC Group.

Minutes of committee meetings are taken by the Company Secretary and, together with any supporting committee papers, are available to all Board members.

The Company adopted a new terms of reference of the Executive Committee on 16th March 2012 in order to conform with the amendments made to the CG Code in relation to corporate governance functions.

REMUNERATION COMMITTEE

The Remuneration Committee has been in place since July 2005. Effective from 16th March 2012, Mr. Andrew Cho Fai Yao has ceased to be the chairman of the remuneration committee but remains a member of the committee. Mr. Xu Lin Bao, an existing independent non-executive Director of the Company, has been appointed as the member and chairman of the Remuneration Committee with effect from 16th March 2012. After this change, the Remuneration Committee comprises the independent non-executive Director Mr. Xu Lin Bao as chairman, the executive Director Mr. Andrew Cho Fai Yao and two independent non-executive Directors, Mr. Harold Richard Kahler and Mr. Kenny King Ching Tam as members. The Remuneration Committee's role is to make recommendation to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the VSC Group's overall performance, having regard to the interests of shareholders. The principal duties of the Remuneration Committee include determining the specific remuneration

packages of all executive Directors and senior management as well as reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. No Director or any of his associates may be involved in any decisions as to his own remuneration. The Company adopted a new terms of reference of the Remuneration Committee on 16th March 2012 in order to conform with the amendments made to the CG Code and was posted to the Company's website at <http://www.vsck.com> and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Minutes of committee meetings are taken by the Company Secretary and, together with any supporting committee papers, are available to all Board members.

The attendance record of the Remuneration Committee meeting is stated in the table under "Board of Directors".

AUDIT COMMITTEE

The Audit Committee has been in place since December 1998 and now consists of three independent non-executive Directors with Mr. Kenny King Ching Tam as chairman and Mr. Harold Richard Kahler and Mr. Xu Lin Bao as members. Mr. Kenny King Ching Tam is an independent non-executive Director with appropriate professional accounting expertise as required under Rule 3.10 of the Listing Rules.

The VSC Group's consolidated financial statements for the year ended 31st March 2012 now reported on have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

The Audit Committee meetings are held not less than twice a year to review and discuss the various audit issues as reported by the external auditor. It also reviews the interim and final financial statements. The Audit Committee reviewed the remuneration of the external auditor. There was no disagreement between the Board and the Audit Committee on the selection or appointment of the external auditor. Additional

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meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues, which the members consider necessary.

Scope of the work of the Audit Committee is defined and approved by the Board in relation to various internal control and audit issues with a view to further improve our corporate governance. The Company adopted a new terms of reference of the Audit Committee on 16th March 2012 in order to conform with the amendments made to the CG Code and was posted to the Company's website at <http://www.vschk.com> and the Stock Exchange's website.

Minutes of committee meetings are taken by the Company Secretary and, together with any supporting committee papers, are available to all board members.

The attendance record of the Audit Committee meetings is stated in the table under "Board of Directors".

NOMINATION COMMITTEE

The Nomination Committee has been in place since March 2012 and includes the executive Director Mr. Andrew Cho Fai Yao as chairman and two independent non-executive Directors, Mr. Xu Lin Bao and Mr. Kenny King Ching Tam as members. The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession. The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement VSC's corporate strategy and accessing the independence of independent non-executive Director. The Nomination Committee has adopted its terms of reference, which is in line with the CG Code, was posted to the Company's website at <http://www.vschk.com> and the Stock Exchange's website.

Minutes of committee meetings will be taken by the Company Secretary and, together with any supporting committee papers, are available to all board members.

According to the Company's Bye-laws, a newly-appointed Director must retire and be re-elected at the first annual general meeting or any special general meeting after his/her appointment. At each annual general meeting, one-third of the directors (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election.

INTERNAL CONTROL & RISK MANAGEMENT

The Board and the Audit Committee are responsible for developing and maintaining the system of internal controls of the VSC Group to protect shareholders' interest and to safeguard the VSC Group's assets by setting appropriate policies and reviewing the effectiveness of major control procedures for financial, operational, compliance and risk management areas. The Board and the Audit Committee have reviewed the effectiveness of the VSC Group's system of internal controls on all major operations, including financial, operational and compliance controls and risk management functions, and have considered the adequacy of resources, qualifications and experience of staff of the VSC Group's accounting and financial function, and their training programs and budget, by reviewing the internal control reports prepared by the Internal Audit Department and management letters submitted by external auditors. Also, the Board and the Audit Committee met with the internal and external auditors and management to discuss findings from their works and resolution. The Board and the Audit Committee considered that the system of internal controls was operating effectively for the year ended 31st March 2012 ("FY 2012").

A strong internal audit team has also been established in FY2012 led by a number of well qualified Certified Internal Auditors. The Company's internal control has been greatly enhanced and strengthened as a result.

AUDITOR'S REMUNERATION

During the year ended 31st March 2012, PricewaterhouseCoopers, the external auditor of the Company, provided the following services to the VSC Group and their respective fees charges are set out below:

Types of services	HK\$'000
Audit fee for the VSC Group	1,880
Taxation services	56
Total	1,936

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditor about its reporting responsibilities is set out in the independent auditor's report included in this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INVESTOR RELATIONS AND COMMUNICATION

The VSC Group is committed to promoting transparency and maintaining effective communication with shareholders, investors, analysts and the press. The management periodically meets with existing and potential investors to make corporate presentations. The VSC Group also promotes communications with non-institutional shareholders through public announcements of key developments of the Company as prescribed under the Listing Rules, annual general meeting and other general meetings of the Company. Such general meetings are presided over and led by the Chairman, supported by other Directors. Our user-friendly website, <http://www.vschk.com>, provides investors with the latest news, corporate profile, business information and financial information including announcements and annual and interim reports. The VSC Group continues to maintain a high level of transparency in information disclosures. A shareholders' communication policy has been established on 16th March 2012.

COMPANY SECRETARY

Ms. Tse Sau Wai, the Company Secretary of the Company has taken more than 15 hours of relevant professional training during FY 2012.

Report of the Directors

The Board of Directors (the “Board”) of Van Shung Chong Holdings Limited (the “Company”) are pleased to present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the “VSC Group”) for the year ended 31st March 2012.

PRINCIPAL ACTIVITIES

The VSC Group is principally engaged in stockholding and trading of construction materials such as steel products, sanitary wares, kitchen cabinets, home furniture and plastic resins, installation work of kitchen cabinets and property investment.

Details of the VSC Group’s revenue and segment information by business segment and geographical market are set out in Note 5 to the accompanying consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2012, the five largest customers of the VSC Group accounted for less than 30% of the VSC Group’s total revenue, while the five largest suppliers of the VSC Group accounted for approximately 35% of the VSC Group’s total purchases. In addition, the largest supplier of the VSC Group accounted for approximately 14% of the VSC Group’s total purchases.

None of the directors, their associates, or any shareholders (which to the knowledge of the Company’s directors owned more than 5% of the Company’s share capital) had a beneficial interest in the five largest suppliers of the VSC Group.

RESULTS AND APPROPRIATIONS

Details of the VSC Group’s results for the year ended 31st March 2012 are set out in the consolidated income statement on page 39 of this annual report.

No interim cash dividend was paid to the shareholders during the year and the Board has resolved to recommend the payment of a final cash dividend of HK1.8 cents per ordinary share. Total cash dividend payable for the year ended 31st March 2012 will amount to HK1.8 cents per ordinary share or approximately HK\$7,454,000 (2011: HK\$7,869,000).

SHARE CAPITAL AND SHARE OPTIONS

Details of share capital and share options of the Company are set out in Notes 31 and 32 respectively, to the accompanying consolidated financial statements.

RESERVES AND RETAINED EARNINGS

Movements in reserves and retained earnings of the VSC Group and the Company during the year are set out in Note 33 to the accompanying consolidated financial statements.

As at 31st March 2012, approximately HK\$53,986,000 (2011: HK\$53,986,000) of the Company’s reserves and approximately HK\$20,053,000 (2011: HK\$10,699,000) of the Company’s retained earnings were available for distribution to its equity holders.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year ended 31st March 2012.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and the laws of Bermuda.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND LAND USE RIGHTS

Details of movements of property, plant and equipment, investment property and land use rights during the year are set out in Notes 15, 16 and 17, respectively, to the accompanying consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and associates are set out in Notes 19 and 20, respectively, to the accompanying consolidated financial statements.

BORROWINGS

Particulars of borrowings as at 31st March 2012 are set out in Note 30 to the accompanying consolidated financial statements.

PENSION SCHEMES

Details of the pension schemes are set out in Note 8 to the accompanying consolidated financial statements.

CHARITABLE DONATIONS

During the year, the VSC Group made charitable donations of approximately HK\$631,000 (2011: HK\$762,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company ("Directors") who held office during the year and up to the date of this annual report were:

Executive Directors

Mr. Andrew Cho Fai Yao, *Chairman*
Mr. Fernando Sai Ming Dong
Mr. Kern Lim

Non-executive Director

Mr. Frank Muñoz

Independent Non-executive Directors

Mr. Harold Richard Kahler
Mr. Kenny King Ching Tam
Mr. Xu Lin Bao

In accordance with the Company's Bye-law 87(1), Mr. Andrew Cho Fai Yao ("Mr. Yao"), Mr. Fernando Sai Ming Dong ("Mr. Dong") and Mr. Harold Richard Kahler ("Mr. Kahler") will retire from office by rotation at the forthcoming annual general meeting. Mr. Yao and Mr. Dong, being eligible, will offer themselves for re-election at such meeting whereas Mr. Kahler, although being eligible, will not offer himself for re-election at such meeting.

Mr. Kahler has entered into an employment contract with the Company for a term of 3 years until 31st December 2012. After Mr. Kahler's retirement at the forthcoming annual general meeting, he will act as a consultant of the Company until 31st December 2012.

Saved as disclosed above, none of the Directors has a service contract with the VSC Group which is not determinable by the VSC Group within one year without payment of compensation other than statutory compensation.

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2012, the interests and short positions of the Directors and chief executives of the Company in the shares of HK\$0.10 each in the capital of the Company (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the

Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in Shares and options of the Company

Name of Directors	Capacity	Attributable interest to the Directors	Number of Shares	Approximate percentage	Number of share options (Note b)	Aggregate interest
Mr. Andrew Cho Fai Yao ("Mr. Yao")	Interest of controlled corporation, Huge Top (Note a)	deemed interest (indirectly)	173,424,000	41.88%	–	173,424,000
	Beneficial owner	100% (directly)	2,512,000	0.61%	1,500,000	4,012,000
			175,936,000	42.49%	1,500,000	177,436,000
Mr. Fernando Sai Ming Dong	Beneficial owner	100% (directly)	142,000	0.03%	500,000	642,000
Mr. Harold Richard Kahler	Beneficial owner	100% (directly)	66,000	0.02%	1,000,000	1,066,000
Mr. Kern Lim	Beneficial owner	100% (directly)	–	–	7,630,000	7,630,000
Mr. Kenny King Ching Tam	Beneficial owner	100% (directly)	–	–	1,000,000	1,000,000
Mr. Xu Lin Bao	Beneficial owner	100% (directly)	–	–	1,000,000	1,000,000

Notes:

a. As at 31st March 2012, Huge Top Industrial Ltd. ("Huge Top") held 173,424,000 Shares. Mr. Yao was one of the two directors of Huge Top while the remaining director of Huge Top was Ms. Miriam Che Li Yao who is the sister of Mr. Yao. Mr. Yao directly held approximately 11.90% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owned approximately 42.86% of the issued shares of Huge Top and was entitled to exercise more than one-third of

the voting power at general meetings of Huge Top. Mr. Yao owned the entire issued share capital of Perfect Capital. These interests of the aforesaid Director in the Shares were corporate interests.

b. The interests of the Directors in the share options of the Company are separately disclosed in the section headed "Share Option Scheme" below.

(ii) Long positions in associated corporation – Huge Top

Name of Directors	Capacity	Attributable interest to the Directors	Number of shares	Approximate percentage
Mr. Yao (Refer to Note a in (i) above)	Interest of controlled corporation, Perfect Capital	deemed interest (indirectly)	36	42.86%
		Beneficial owner	10	11.90%
			46	54.76%
Mr. Fernando Sai Ming Dong	Beneficial owner	100% (directly)	13	15.48%

Save as disclosed above, as at 31st March 2012, none of the Directors, chief executives of the Company and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (include interests and short positions which they are taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under the 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and no Directors or chief executives or their respective spouses or children under 18 years of age had been granted any right to subscribe for equity or debt securities of the Company nor exercised any such right.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in Note 9 to the accompanying accounts, no contracts of significance in relation to the VSC Group's business to which the Company or any of its subsidiaries was a party and in which any of its Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

Other than interests disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 31st March 2012, according to the register of interests kept by the Company under section 336 of the SFO, the following entities have interests or short positions in the Shares and underlying Shares which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Report of the Directors

Name	Capacity	Number of Shares	Approximate percentage	Number of share options	Aggregate interest
Huge Top	Beneficial owner	173,424,000	41.88%	–	173,424,000
Perfect Capital	Interest of controlled corporation	173,424,000 <i>(Note a)</i>	41.88%	–	173,424,000
Ms. Miriam Che Li Yao	Interest of controlled corporation	173,424,000 <i>(Note b)</i>	41.88%	–	173,424,000
	Beneficial owner	2,000,000	0.48%	1,000,000	3,000,000
		175,424,000	42.36%	1,000,000	176,424,000

Notes:

- (a) As at 31st March 2012, Huge Top held 173,424,000 Shares. Perfect Capital owned approximately 42.86% of the issued shares of Huge Top and was entitled to exercise more than one-third of the voting power at general meetings of Huge Top and therefore was deemed to be interested in these Shares through Huge Top.
- (b) As at 31st March 2012, Huge Top held 173,424,000 Shares. Ms. Miriam Che Li Yao was one of the two directors of Huge Top while the remaining director of Huge Top was Mr. Yao who is the brother of Ms. Miriam Che Li Yao and therefore was deemed to be interested in these Shares through Huge Top.

Save as disclosed above, as at 31st March 2012, the Directors were not aware of any other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The expiry date of the share option scheme adopted on 12th November 2001 (the “2001 Share Option Scheme”) was 11th November 2011 and at the annual general meeting held on 11th August 2011 (the “2011 AGM”) ordinary resolutions were proposed to approve the adoption of a new share option scheme (the “2011 Share Option Scheme”) and termination of the operation of the 2001 Share Option Scheme. The resolutions were approved by the shareholders of the Company and the 2011 Share Option Scheme became effective for a period of 10 years commencing on 11th August 2011. Options granted during the life of the 2001 Share Option Scheme and remain unexpired prior to the termination of the 2001 Share Option Scheme shall continue to be exercisable in accordance with their terms of the issue after the termination of the 2001 Share Option Scheme. The terms of the 2011 Share Option Scheme are contained in a circular sent to shareholders of the Company in July 2011. Summary of the 2011 Share Option Scheme was as follows:

1. Purpose of the 2011 Share Option Scheme

To provide incentives to participants to contribute to the VSC Group and/or to enable the VSC Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the VSC Group.

2. Participants of the 2011 Share Option Scheme

Employee, agent, consultant or representative, including any executive or non-executive Director, of any member of the VSC Group or any other person who satisfies the selection criteria as set out in the 2011 Share Option Scheme.

3. Total Number of Shares Available for Issue under the 2011 Share Option Scheme and Percentage of Issued Share Capital as at the Date of the Annual Report

After the adoption of 2011 Share Option Scheme mandate limit has been approved at the 2011 AGM, the Company may initially grant options representing 41,412,825 Shares under the 2011 Share Option Scheme (i.e. approximately 10% of the issued share capital of the Company as at 11th August 2011 (the date of the 2011 AGM) and approximately 10% of the issued share capital of the Company as at the date of this annual report).

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries must not exceed 30% of the Shares in issue from time to time. No options shall be granted under any share option scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

4. Maximum Entitlement of each Participant under the 2011 Share Option Scheme

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) within any twelve-month period under the 2011 Share Option Scheme and any other share option scheme(s) of the Company and/or any of its subsidiaries must not exceed 1% of the number of Shares in issue.

5. The Period within which the Shares must be Taken Up under an Option

Must not be more than ten years from the date of offer of grant of the option.

6. The Minimum Period for which an Option must be Held before It can be Exercised

No such minimum period specified and an option may be exercised in accordance with the terms of the 2011 Share Option Scheme at any time during a period to be notified by the Board to each grantee.

7. The Amount Payable on Application or Acceptance of the Option and the Period within which Payments or Calls must or may be Made or Loans for such Purposes must be Paid

The acceptance of an option, if accepted, must be made within 28 days from the date on which the offer is made with a non-refundable payment of HK\$10 from the grantee to the Company.

8. The Basis of Determining the Exercise Price

The exercise price of an option will be at least the highest of:

- a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of the option, which must be a business day;
- b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the grant of the option; and
- c. the nominal value of the Shares.

9. The Remaining Life of the 2011 Share Option Scheme

The 2011 Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 11th August 2011.

The 2011 Share Option Scheme will expire on 10th August 2021.

Report of the Directors

The share options outstanding under the 2001 Share Option Scheme during the year were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per Share	Number of share options				End of the year '000
				Beginning of the year '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	
Directors:								
Mr. Yao	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	1,500	-	-	-	1,500
Mr. Fernando Sai Ming Dong	19th September 2003	19th September 2005 to 18th September 2013	HK\$1.418	300	-	-	-	300
	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	200	-	-	-	200
Mr. Kenny King Ching Tam	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	-	-	-	1,000
Mr. Harold Richard Kahler	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	-	-	-	1,000
Mr. Xu Lin Bao	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	-	-	-	1,000
Mr. Kern Lim	19th July 2010	1st June 2012 to 18th July 2020	HK\$0.828	3,815	-	-	-	3,815
	1st August 2011	1st August 2013 to 31st July 2021	HK\$0.692	-	3,815	-	-	3,815
Sub-total				8,815	3,815	-	-	12,630
Employees:								
In aggregate	7th May 2003	7th May 2005 to 6th May 2013 (Note 2)	HK\$0.97	700	-	-	-	700
In aggregate	19th September 2003	19th September 2005 to 18th September 2013	HK\$1.418	1,000	-	-	-	1,000
In aggregate	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	700	-	-	(100)	600
In aggregate	18th September 2009	18th September 2011 to 17th September 2019 (Note 3)	HK\$0.586	4,600	-	-	(350)	4,250
In aggregate	13th October 2009	13th October 2009 to 12th October 2019	HK\$0.504	10,500	-	-	-	10,500
Sub-total				17,500	-	-	(450)	17,050
Others:								
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	1,000	-	-	-	1,000
In aggregate	13th October 2009	13th October 2009 to 12th October 2019	HK\$0.504	6,000	-	-	-	6,000
Sub-total				7,000	-	-	-	7,000
Total of 2001 Share Option Scheme				33,315	3,815	-	(450)	36,680

Report of the Directors

Notes:

1. For the 2001 Share Option Scheme, the vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. The options to subscribe for Shares at a price of HK\$0.97 per Share are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 7th May 2005 to 6th May 2006, the option may be exercised up to 30% of such Shares.
 - (ii) During the period starting from 7th May 2006 to 6th May 2007, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 70% of such Shares.
 - (iii) During the period starting from 7th May 2007 to 6th May 2013, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised in full.
3. The options to subscribe for Shares at a price of HK\$0.586 per Share are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 18th September 2011 to 17th September 2012, the option may be exercised up to 33.33% of such Shares.
 - (ii) During the period starting from 18th September 2012 to 17th September 2013, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 66.66% of such Shares.
 - (iii) During the period starting from 18th September 2013 to 17th September 2019, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised in full.

No options has been offered and/or granted under the 2011 Share Option Scheme during the year. Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the year.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in Note 37 to the accompanying consolidated financial statements.

COMPETING INTERESTS

For the year ended 31st March 2012, none of the Directors or the controlling shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete directly or indirectly with the businesses of the VSC Group or has any other conflict of interests with the VSC Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The accompanying consolidated financial statements were audited by PricewaterhouseCoopers. A resolution for their re-appointment as the Company's auditor for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Andrew Cho Fai Yao
Chairman

Hong Kong, 22nd June 2012

Directors' Profile



1. Mr. Andrew Cho Fai Yao
2. Mr. Fernando Sai Ming Dong
3. Mr. Kern Lim
4. Mr. Frank Muñoz
5. Mr. Harold Richard Kahler
6. Mr. Kenny King Ching Tam
7. Mr. Xu Lin Bao

EXECUTIVE DIRECTORS

Mr. Andrew Cho Fai Yao

aged 46, is the chairman and chief executive officer of the Company. Mr. Yao graduated from the University of California, Berkeley and Harvard Graduate School of Business. He serves as a Standing Committee Member of the Shanghai China People's Political Consultative Conference, the Standing Committee Member of All-China Youth Federation, the Vice Chairman of Youth Federation of State-owned Enterprises and Shanghai Youth Federation, the Former Chairman of Hong Kong United Youth Association, the Former Court Member of The University of Hong Kong, the Board Member of Fudan University in Shanghai and the Member of the Barristers Disciplinary Tribunal Panel. He was awarded "Young Industrialist Award of Hong Kong" in 2004. He was awarded Justice of Peace by HKSAR in 2008. Mr. Yao is an independent non-executive director of Kader Holdings Company Limited which is a company listed on main board of The Stock Exchange of Hong Kong Limited. Mr. Yao is also a director of most of the subsidiaries of the Company.

Directors' Profile

Mr. Fernando Sai Ming Dong

aged 50, is an executive director of the Company responsible for general administration. He has over nineteen years' experience in international trading. Mr. Dong is extensively involved in warehouse management, property investment and the China operations of the VSC Group. He has also been assisting the VSC Group to establish new manufacturing facilities in both Hong Kong and Mainland China. Mr. Dong is also a member of the Chinese People's Political Consultative Conference Guangzhou Huangpu District Committee. Mr. Dong joined the VSC Group in 1987. He is also a director of some of the subsidiaries of the Company.

Mr. Kern Lim

aged 42, joined the Company on 1st June 2010 as the chief financial officer and chief operating officer and further be appointed as the executive director on 9th July 2010. He has over 18 years of experience in the finance sector, particularly in the field of mergers and acquisitions. From 2008 to 2009, Mr. Lim was vice president of finance of the Venetian Macao-Resort-Hotel and from 2006 to 2008, he was the global chief financial officer of Asimco Technologies Limited, a Cayman Islands company with operations in China. From 2003 to 2006, Mr. Lim was the chief financial officer of Eastman Kodak Company for the Asia Pacific region. Mr. Lim is the independent director, audit committee, chairman of remuneration and nomination committee of Mindray Medical International Limited, a company listed on the New York Stock Exchange and the independent director and audit committee of RDA Microelectronics, Inc., a company listed on the NASDAQ Global Market. Mr. Lim received his bachelor's degree in financial and management accounting from the Nanyang Technological University in Singapore and went on to attend various executive programs at prestigious business schools such as the Stanford Graduate School of Business and the Graduate School of Business in Harvard University. Mr. Lim is a certified public accountant and the member of Institute of Certified Public Accountants Singapore. Mr. Lim is also the Fellow Member of the Hong Kong Institute of Directors and the Full Member of Singapore Institute of Directors. Mr. Lim retired as the independent director and audit committee of Dapai International Holdings Co. Ltd. (formerly named as "China Zaino International Ltd."), a company listed on the Singapore Stock Exchange with effect from 27th April 2012. Mr. Lim is also a director of one of the subsidiaries of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Frank Muñoz

aged 43, holds a bachelor's degree in electrical engineering. He is the president and chief executive officer of Ryerson China Limited and president of Ryerson Asia Limited. He is also the chairman of the operating committee of the joint venture of Ryerson China Group and Shinsho Corporation, and the board director of Guangzhou Baosteel Jing Chang Steel Processing Company Limited (a joint venture of Ryerson China Group, Shanghai Baosteel Corporation and Japan Mitsui & Co., Ltd.) in Nansha, China. Mr. Muñoz joined Ryerson Inc. in 1989 and has held various sales and operating positions. In 1994, he was part of the leadership team of Ryerson de Mexico SA de CV. From 1998 to 2006, he was the president and the chief operating officer of Ryerson de Mexico SA de CV. In 2006, he moved to China as the vice president of international of Ryerson Inc. and the board director of VSC-Ryerson China Limited (*Name changed to "Ryerson China Limited"*). Mr. Muñoz was a member of the executive and remuneration committees and the board director from April 2006 to June 2009, and the chairman of the board from October 2007 to June 2009 of Tata Ryerson India Limited (a joint venture of Ryerson Inc. and Tata Steel Ltd.). Mr. Muñoz is a member of American Chamber of Commerce in Shanghai. He is also the chairman of all the subsidiaries of Ryerson China Limited.

Directors' Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Harold Richard Kahler

aged 65, is an experienced international business executive, advising companies that are expanding their presence in the Greater China region. Mr. Kahler graduated from George Washington University with a Masters Degree in Economics and received his Juris Doctor from Georgetown University. Mr. Kahler has extensive Asia experience. From 1990 to mid-2002, he served Caterpillar Inc., in Asia – first as managing director of P.T. Natra Raya, a manufacturing and assembly operation in Indonesia; then as president of Caterpillar China, where he was responsible for establishing a new business subsidiary to manage Caterpillar's growing interests and investments in the region. Other assignments with Caterpillar and the US Government have provided Mr. Kahler experience with Japan, Vietnam and other Asian economies. In 2002, Mr. Kahler served as chairman of the American Chamber of Commerce in Hong Kong. Mr. Kahler was elected on 3rd May 2012 as a class I director and serves on the board's compensation and leadership and development committee of Reynolds American Inc., a company listed on the New York Stock Exchange. Mr. Kahler also serves on the Board of Director of Galloway Ridge, an adult residential and health care facility in North Carolina on 25th April 2012. Mr. Kahler is also a director of one of the subsidiaries of the Company.

Mr. Kenny King Ching Tam

aged 63, he joined the VSC Group in September 2004. He is a practising Certified Public Accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Tam is serving as a member of the Small and Medium Practitioners Leadership Panel and Practice Review Committee in the Hong Kong Institute of Certified Public Accountants. He is also a Past President of The Society of Chinese Accountants and Auditors.

Mr. Tam also serves as an independent non-executive director of five other listed companies on the main board of The Stock Exchange of Hong Kong Limited, namely, CCT Telecom Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited and West China Cement Limited and a company listed on the GEM board of The Stock Exchange of Hong Kong Limited, namely, North Asia Strategic Holdings Limited.

Mr. Xu Lin Bao

aged 63, holds an EMBA degree from Fudan University, Shanghai. He is a senior qualified economist. Mr. Xu has been an administrative director of China Real Estate Association from 1999 to May 2006, the chairman of directors of the Committee of Management of China Real Estate Association from 1999 to June 2005, and currently the vice chairman of Real Estate Research Center of Shanghai Academy of Social Sciences and the chairman of directors of Yi-ju China Real Estate Research Center. Mr. Xu served as the vice chairman in Shanghai Real Estate Trade Association from 1999 to January 2006 and the chairman of directors in Shanghai Housing and Land Group from 1996 to December 2005.



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Independent Auditor's Report 獨立核數師報告

TO THE SHAREHOLDERS OF VAN SHUNG CHONG HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Van Shung Chong Holdings Limited (the "Company") and its subsidiaries (together, the "VSC Group") set out on pages 39 to 152, which comprise the consolidated and company statement of financial position as at 31st March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致萬順昌集團有限公司 股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第39至152頁萬順昌集團有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零一二年三月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合損益表、綜合全面損益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》編製綜合財務報表,以令綜合財務報表作出真實而公平的反映,及落實其認為編製綜合財務報表所必要的內部控制,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見,並按照百慕達一九八一年《公司法》第90條僅向整體股東報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及執行審核,以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

Independent Auditor's Report 獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the VSC Group as at 31st March 2012, and of the VSC Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22nd June 2012

審核涉及執程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零一二年三月三十一日的事務狀況及 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一二年六月二十二日

Consolidated Income Statement

綜合損益表

For the year ended 31st March 2012 截至二零一二年三月三十一日止年度

		二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
	附註 Note			
Revenue	5	4,432,081	4,207,768	收入
Cost of sales	7	(4,260,894)	(4,018,827)	銷售成本
Gross profit		171,187	188,941	毛利
Other gains – net	6	47,463	44,426	其他收益 – 淨額
Selling and distribution expenses	7	(34,040)	(27,657)	銷售及分銷支出
General and administrative expenses	7	(163,299)	(136,164)	一般及行政支出
Operating profit		21,311	69,546	經營溢利
Finance income	10	1,584	858	財務收入
Finance costs	10	(25,300)	(24,126)	財務費用
Share of profits of associates – net	20	8,465	6,626	應佔聯營公司溢利 – 淨額
Profit before income tax		6,060	52,904	除稅前溢利
Income tax credit/(expense)	11	4,787	(14,010)	所得稅計入/(支出)
Profit for the year		10,847	38,894	年度溢利
Attributable to:				應佔：
Equity holders of the Company	14	6,283	31,032	本公司股權持有人
Non-controlling interest		4,564	7,862	非控制性權益
		10,847	38,894	
Earnings per ordinary share for profit attributable to the equity holders of the Company during the year				本年度本公司股權持有人應佔溢利計算之每股普通股盈利
– Basic	14	HK1.52 cents 港仙	HK7.49 cents港仙	– 基本
– Diluted	14	HK1.51 cents 港仙	HK7.34 cents港仙	– 攤薄
Dividends	13	7,454	7,869	股息

The notes are an integral part of these consolidated financial statements.

附註為綜合財務報表整體之一部分。

Consolidated Statement of Comprehensive Income

綜合全面損益表

For the year ended 31st March 2012 截至二零一二年三月三十一日止年度

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Profit for the year	10,847	38,894	年度溢利
Other comprehensive income:			其他全面收入：
Change in fair value of available-for-sale financial asset	147	–	可供出售之財務資產之 公平價值變動
Currency translation differences	10,325	10,883	貨幣匯兌差額
Other comprehensive income for the year	10,472	10,883	年度其他全面收入
Total comprehensive income for the year	21,319	49,777	年度全面收入總額
Total comprehensive income attributable to:			應佔全面收入總額：
– Equity holders of the Company	15,570	40,383	– 本公司股權持有人
– Non-controlling interest	5,749	9,394	– 非控制性權益
	21,319	49,777	

The notes are an integral part of these consolidated financial statements.

附註為綜合財務報表整體之一部分。

Statement of Financial Position

財務狀況表

As at 31st March 2012 於二零一二年三月三十一日

	附註 Note	綜合 Consolidated		本公司 Company		
		二零一二年 2012	二零一一年 2011	二零一二年 2012	二零一一年 2011	
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Non-current assets						非流動資產
Property, plant and equipment	15	15,355	16,130	–	–	物業、廠房及設備
Investment property	16	22,000	20,000	–	–	投資物業
Land use rights	17	10,526	10,728	–	–	土地使用權
Intangible assets	18	10,659	10,692	–	–	無形資產
Investments in subsidiaries	19	–	–	523,935	517,273	於附屬公司之投資
Investments in associates	20	169,552	156,184	–	–	於聯營公司之投資
Deferred income tax assets	21	32,493	22,951	–	–	遞延所得稅資產
Available-for-sale financial asset	22	445	–	–	–	可供出售之財務資產
Derivative financial instruments	23	–	2,294	–	–	衍生金融工具
Total non-current assets		261,030	238,979	523,935	517,273	非流動資產總額
Current assets						流動資產
Inventories	24	396,858	389,864	–	–	存貨
Trade and bill receivables	25	563,976	497,362	–	–	應收賬款及票據
Loan receivable	25	19,000	19,000	–	–	應收貸款
Prepayments, deposits and other receivables	26	122,862	142,032	68	61	預付款項、按金及其他應收賬款
Derivative financial instruments	23	629	103	–	–	衍生金融工具
Amounts due from associates	20	24,081	23,103	–	–	應收聯營公司
Pledged bank deposits	27	134,066	41,624	–	12,287	已抵押銀行存款
Cash and cash equivalents	27	267,448	485,868	12,588	438	現金及現金等值
Total current assets		1,528,920	1,598,956	12,656	12,786	流動資產總額
Current liabilities						流動負債
Trade and bill payables	28	340,013	313,935	–	–	應付賬款及票據
Receipts in advance		62,642	145,621	–	–	預收款項
Accrued liabilities and other payables	29	38,558	90,997	44	125	應計負債及其他應付賬款
Derivative financial instruments	23	–	13	–	13	衍生金融工具
Current income tax liabilities		2,099	7,932	–	–	流動所得稅負債
Borrowings	30	653,788	600,144	–	3,876	借貸
Total current liabilities		1,097,100	1,158,642	44	4,014	流動負債總額
Net current assets		431,820	440,314	12,612	8,772	流動資產淨額
Total assets less current liabilities		692,850	679,293	536,547	526,045	總資產減流動負債
Non-current liabilities						非流動負債
Derivative financial instruments	23	–	128	–	–	衍生金融工具
Deferred income tax liabilities	21	1,127	1,373	–	–	遞延所得稅負債
Total non-current liabilities		1,127	1,501	–	–	非流動負債總額
Net assets		691,723	677,792	536,547	526,045	資產淨額

Statement of Financial Position

財務狀況表

As at 31st March 2012 於二零一二年三月三十一日

	附註 Note	綜合 Consolidated		本公司 Company		
		二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Equity						權益
Capital and reserves attributable to equity holders of the Company						本公司股權持有人應佔股本及儲備
Share capital	31	41,413	41,413	41,413	41,413	股本
Reserves	33					儲備
– Proposed final dividend	13	7,454	2,485	7,454	2,485	– 建議末期股息
– Others		610,040	600,758	487,680	482,147	– 其他
		658,907	644,656	536,547	526,045	
Non-controlling interest		32,816	33,136	–	–	非控制性權益
Total equity		691,723	677,792	536,547	526,045	權益總額

姚祖輝
Yao Cho Fai, Andrew
主席
Chairman

林耿
Lim Kern
執行董事
Executive Director

The notes are an integral part of these consolidated financial statements.

附註為綜合財務報表整體之一部分。

Consolidated Statement of Changes in Equity 綜合權益變動表

For the year ended 31st March 2012 截至二零一二年三月三十一日止年度

	本公司股權持有人應佔 Attributable to equity holders of the Company					權益總額 Total equity 千港元 HK\$'000 (附註31) (Note 31)	
	股本 Share capital 千港元 HK\$'000 (附註31) (Note 31)	其他儲備 Other reserves 千港元 HK\$'000 (附註33) (Note 33)	保留盈利 Retained earnings 千港元 HK\$'000 (附註33) (Note 33)	總額 Total 千港元 HK\$'000	非控制性權益 Non-controlling interest 千港元 HK\$'000		
As at 1st April 2010	41,413	511,562	68,182	621,157	29,829	650,986	於二零一零年 四月一日
Profit for the year	-	-	31,032	31,032	7,862	38,894	年度溢利
Other comprehensive income							其他全面收入
- Currency translation differences	-	9,351	-	9,351	1,532	10,883	- 貨幣匯兌 差額
Total comprehensive income	-	9,351	31,032	40,383	9,394	49,777	全面收入總額
Transfer from retained earnings	-	430	(430)	-	-	-	轉撥自保留盈利
Lapse of share options	-	(7)	7	-	-	-	失效之購股權
Share option scheme							購股權計劃
- value of services	-	793	-	793	-	793	- 服務價值
Dividends paid to equity holders of the Company	-	-	(15,323)	(15,323)	-	(15,323)	已付本公司股權 持有人之股息
Disposal of interest in an associate	-	(2,354)	-	(2,354)	-	(2,354)	出售一間聯營公司之 權益
Dividends paid to a non-controlling shareholder of a subsidiary	-	-	-	-	(6,431)	(6,431)	已付一間附屬公司之 一位非控制性 股東之股息
Capital contribution by a non-controlling shareholder of a subsidiary	-	-	-	-	344	344	一間附屬公司之 一位非控制性 股東之資本投入
As at 31st March 2011	41,413	519,775	83,468	644,656	33,136	677,792	於二零一一年 三月三十一日
As at 1st April 2011	41,413	519,775	83,468	644,656	33,136	677,792	於二零一一年 四月一日
Profit for the year	-	-	6,283	6,283	4,564	10,847	年度溢利
Other comprehensive income							其他全面收入
- Currency translation differences	-	9,140	-	9,140	1,185	10,325	- 貨幣匯兌 差額
- Change in fair value of available-for-sale financial asset	-	147	-	147	-	147	- 可供出售之 財務資產之 公平價值變動
Total comprehensive income	-	9,287	6,283	15,570	5,749	21,319	全面收入總額
Transfer from retained earnings	-	269	(269)	-	-	-	轉撥自保留盈利
Lapse of share options	-	(19)	19	-	-	-	失效之購股權
Share option scheme							購股權計劃
- value of services	-	1,166	-	1,166	-	1,166	- 服務價值
Dividends paid to equity holders of the Company	-	-	(2,485)	(2,485)	-	(2,485)	已付本公司股權 持有人之股息
Dividends paid to a non-controlling shareholder of a subsidiary	-	-	-	-	(6,069)	(6,069)	已付一間附屬公司之 一位非控制性 股東之股息
As at 31st March 2012	41,413	530,478	87,016	658,907	32,816	691,723	於二零一二年 三月三十一日

The notes are an integral part of these consolidated financial statements.

附註為綜合財務報表整體之一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31st March 2012 截至二零一二年三月三十一日止年度

		二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
	附註 Note			
Cash flows from operating activities				經營活動之現金流
Cash (used in)/generated from operations	34(a)	(134,366)	39,254	經營(所用)/產生之現金
Interest received		1,584	858	已收利息
Interest paid		(25,300)	(16,057)	已付利息
Hong Kong profits tax paid		(4,001)	(2,042)	已付香港利得稅
China corporate income tax paid		(6,639)	(7,332)	已付中國企業所得稅
Net cash (used in)/generated from operating activities		(168,722)	14,681	經營活動(所用)/產生之現金淨額
Cash flows from investing activities				投資活動之現金流
Purchase of property, plant and equipment		(6,128)	(1,620)	購置物業、廠房及設備
Proceeds from disposals of property, plant and equipment	34(b)	410	226	出售物業、廠房及設備之所得款項
Acquisition of an intangible asset		–	(5,940)	收購一項無形資產
Proceeds from disposal of interest in an associate	34(c)	–	136,290	出售一間聯營公司之權益之所得款項
Proceeds from disposal of a club debenture		–	2,038	出售一項會籍之所得款項
Purchase of an investment property		–	(20,273)	購置一項投資物業
Purchase of an available-for-sale financial asset		(298)	–	購置一項可供出售之財務資產
Proceeds from disposal of an investment property		–	15,000	出售一項投資物業之所得款項
Dividend received from an associate		1,078	–	已收一間聯營公司之股息
Amount recovered from a fully impaired available-for-sale financial asset		–	388	收回一項已全數減值之可供出售之財務資產
Net cash (outflow)/inflow from investing activities		(4,938)	126,109	投資活動(流出)/流入之現金淨額

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31st March 2012 截至二零一二年三月三十一日止年度

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
附註 Note			
Cash flows from financing activities			融資活動之現金流
New bank loans	11,097	35,970	新增銀行貸款
Repayment of bank loans	(80,397)	(18,409)	償還銀行貸款
Net increase in trust receipt bank loans	122,944	168,395	信託收據銀行貸款之 淨增加
(Increase)/decrease in pledged bank deposits	(92,442)	15,558	已抵押銀行存款 (增加)/減少
Dividends paid to equity holders of the Company	(2,485)	(15,323)	已付本公司股權持有人 之股息
Dividends paid to a non-controlling shareholder of a subsidiary	(6,069)	(6,431)	已付一間附屬公司之一位 非控制性股東之股息
Capital contribution by a non-controlling shareholder of a subsidiary	-	344	一間附屬公司之一位非 控制性股東之資本投入
Net cash (outflow)/inflow from financing activities	(47,352)	180,104	融資活動(流出)/流入 之現金淨額
(Decrease)/increase in cash and cash equivalents	(221,012)	320,894	現金及現金等值之 (減少)/增加
Cash and cash equivalents, beginning of the year	485,868	160,935	年初之現金及 現金等值
Translation adjustments	2,592	4,039	匯兌調整
Cash and cash equivalents, end of the year	267,448	485,868	年終之現金及現金等值

The notes are an integral part of these consolidated financial statements.

附註為綜合財務報表整體之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 GENERAL INFORMATION

Van Shung Chong Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda on 12th January 1994 as an exempted company under the Companies Act 1981 of Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 18th February 1994. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company and its subsidiaries (the “VSC Group”) are principally engaged in stockholding and trading of construction materials such as steel products, sanitary wares, kitchen cabinets, home furniture and plastic resins, installation work of kitchen cabinets and property investment.

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22nd June 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment property, which are carried at fair value.

1 一般資料

萬順昌集團有限公司(「本公司」)於一九九四年一月十二日於百慕達註冊成立為有限公司，並根據百慕達公司法1981，成為一間豁免公司。自一九九四年二月十八日起，本公司於香港聯合交易所有限公司主板上市。其註冊辦事處地址為 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司及其附屬公司(「萬順昌集團」)主要從事存銷及買賣建築材料，例如鋼材產品、潔具、廚櫃、家具及塑膠樹脂，安裝廚櫃及房地產投資。

除另有指明外，本綜合財務報表以港元(「港元」)列示。本綜合財務報表已於二零一二年六月二十二日經董事會核准刊發。

2 主要會計政策概要

編製本綜合財務報表採用之主要會計政策載列如下。除另有說明外，該等政策於所呈列之所有年度一直貫徹應用。

2.1 編製基準

本綜合財務報表依照香港財務報告準則(「香港財務報告準則」)編製。且按歷史成本慣例編製，並已就財務資產及財務負債之重估(包括衍生工具)按公平價值計入損益及投資物業按公平價值列賬。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.1 Basis of preparation (Continued)

The VSC Group is engaged in the trading of steel products and exposes to the commodity price risk. At the date of approving these consolidated financial statements, the VSC Group's committed sale orders exceed the aggregate amount of on hand inventories and committed purchase orders and fluctuations of steel price could affect the VSC Group's financial performance significantly. Further details of financial risk factors are set out in Note 3 of these consolidated financial statements.

Although the risk cannot be completely guarded against, the VSC Group has plans to minimise the potential impacts. These plans, including adjusting the level of inventory on hand, committing to supply contracts with suppliers and/or entering into commodity futures on steel price, are primarily aimed at reducing the potential exposure to steel price fluctuation.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the VSC Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 主要會計政策概要
(續)

2.1 編製基準 (續)

萬順昌集團從事鋼材產品買賣並面對商品價格風險。於審批本綜合財務報表當日，萬順昌集團手頭上已確定之銷售訂單超過手頭上之存貨和已確定之購貨訂單總額，而鋼材價格波動可能對萬順昌集團之財務表現有重大影響。更多財務風險因素之詳情載於本綜合財務報表附註3。

雖然無法完全防避有關風險，然而萬順昌集團計劃盡量減少蒙受的潛在影響。此等計劃，包括調整手頭上之存貨水平、與供應商訂定供貨合約及／或就鋼材價格訂立商品期貨合約，主要旨在減少鋼材價格波動造成之潛在風險。

編製符合香港財務準則之綜合財務報表需要使用若干關鍵性會計推算。這亦需要管理層在應用萬順昌集團之會計政策過程中行使其判斷。涉及高度之判斷或高度複雜性之範疇，或涉及對綜合財務報表屬重大假設及推算之範疇已在附註4中披露。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (a) The following new standards, amendments and interpretations to existing standards are mandatory for the annual period beginning on or after 1st April 2011, but are currently not relevant to the VSC Group:

HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-Time Adopters
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguish Financial Liabilities with Equity Instruments

- (b) The following new standards, amendments and interpretations to existing standards have been issued, but are not effective and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Financial Statements on Other Comprehensive Income (effective for annual period beginning on or after 1st July 2012)
HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets (effective for annual period beginning on or after 1st January 2012)
HKAS 19 (Revised 2011)	Employee Benefits (effective for annual period beginning on or after 1st January 2013)

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (a) 以下對現有準則之新訂準則、修訂及詮釋為始於二零一一年四月一日起之年度必須採納，但現時與萬順昌集團無關：

香港會計準則第24號 (經修訂)	關連人士披露
香港財務報告準則第1號 (修訂)	首次採納有關香港財務報告準則第7號比較披露資料的有限豁免
香港 (國際財務報告詮釋委員會) – 詮釋第14號 (修訂)	預付最低撥款規定
香港 (國際財務報告詮釋委員會) – 詮釋第19號	以股本工具抵銷財務負債

- (b) 已頒佈以下對現有準則之新訂準則、修訂及詮釋，但並未生效及無提前採納：

香港會計準則第1號 (修訂)	其他全面收益於財務報表的呈報 (於二零一二年七月一日或之後開始之年度期間生效)
香港會計準則第12號 (修訂)	遞延稅項 – 相關資產的收回 (於二零一二年一月一日或之後開始之年度期間生效)
香港會計準則第19號 (二零一一年經修訂)	職工福利 (於二零一三年一月一日或之後開始之年度期間生效)

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 主要會計政策概要 (續)

2.1 Basis of preparation (Continued)

2.1 編製基準 (續)

(b) The following new standards, amendments and interpretations to existing standards have been issued, but are not effective and have not been early adopted: (Continued)

(b) 已頒佈以下對現有準則之新訂準則、修訂及詮釋，但並未生效及無提前採納：(續)

HKAS 27 (Revised 2011) Separate Financial Statements (effective for annual period beginning on or after 1st January 2013)

香港會計準則第27號 (二零一一年經修訂) 獨立財務報表 (於二零一三年一月一日或之後開始之年度期間生效)

HKAS 28 (Revised 2011) Associates and Joint Ventures (effective for annual period beginning on or after 1st January 2013)

香港會計準則第28號 (二零一一年經修訂) 於聯營公司和合營公司之投資 (於二零一三年一月一日或之後開始之年度期間生效)

HKAS 32 (Amendment) Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual period beginning on or after 1st January 2014)

香港會計準則第32號 (修訂) 金融工具：列報一抵銷財務資產及財務負債 (於二零一四年一月一日或之後開始之年度期間生效)

HKFRS 1 (Amendment) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual period beginning on or after 1st July 2011)

香港財務報告準則第1號 (修訂) 嚴重惡性通貨膨脹和就首次採納者刪除固定日期 (於二零一一年七月一日或之後開始之年度期間生效)

HKFRS 7 (Amendment) Disclosures – Transfer of Financial Assets (effective for annual period beginning on or after 1st July 2011)

香港財務報告準則第7號 (修訂) 披露 – 財務資產的轉讓 (於二零一一年七月一日或之後開始之年度期間生效)

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (b) The following new standards, amendments and interpretations to existing standards have been issued, but are not effective and have not been early adopted: (Continued)

HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual period beginning on or after 1st July 2013)
HKFRS 7 and HKFRS 9	Mandatory Effective Date and Transition Disclosures (Amendments) (effective for annual period beginning on or after 1st January 2015)
HKFRS 9	Financial Instruments (effective for annual period beginning on or after 1st January 2015)
HKFRS 10	Consolidated Financial Statements (effective for annual period beginning on or after 1st January 2013)
HKFRS 11	Joint Arrangements (effective for annual period beginning on or after 1st January 2013)
HKFRS 12	Disclosure of Interests in Other Entities (effective for annual period beginning on or after 1st January 2013)

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (b) 已頒佈以下對現有準則之新訂準則、修訂及詮釋，但並未生效及無提前採納：(續)

香港財務報告準則第7號(修訂)	金融工具：披露—抵銷財務資產及財務負債(於二零一三年七月一日或之後開始之年度期間生效)
香港財務報告準則第7號及香港財務報告準則第9號	強制性生效日期及過渡性披露(修訂)(於二零一五年一月一日或之後開始之年度期間生效)
香港財務報告準則第9號	金融工具(於二零一五年一月一日或之後開始之年度期間生效)
香港財務報告準則第10號	綜合財務報表(於二零一三年一月一日或之後開始之年度期間生效)
香港財務報告準則第11號	合營安排(於二零一三年一月一日或之後開始之年度期間生效)
香港財務報告準則第12號	在其他實體權益的披露(於二零一三年一月一日或之後開始之年度期間生效)

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (b) The following new standards, amendments and interpretations to existing standards have been issued, but are not effective and have not been early adopted: (Continued)

HKFRS 13	Fair Value Measurement (effective for annual period beginning on or after 1st January 2013)
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine (effective for annual period beginning on or after 1st January 2013)

The VSC Group has not early adopted these new standards, amendments and interpretations to existing standards in the consolidated financial statements for the year ended 31st March 2012. The adoption of the above new standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the VSC Group's accounting policies.

In addition, the Hong Kong Institute of Certified Public Accountants also published a number of amendments to existing standards under its annual improvement project. These amendments are not expected to have a significant financial impact on the results of operations and financial position of the VSC Group.

The VSC Group will adopt the above new standards, amendments and interpretations when they become effective.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (b) 已頒佈以下對現有準則之新訂準則、修訂及詮釋，但並未生效及無提前採納：(續)

香港財務報告準則第13號	公平價值計量 (於二零一三年一月一日或之後開始之年度期間生效)
香港(國際財務報告詮釋委員會) – 詮釋第20號	露天礦生產階段的剝採成本 (於二零一三年一月一日或之後開始之年度期間生效)

萬順昌集團就截至二零一二年三月三十一日止年度之綜合財務報表中，無提前採納此等對現有準則之新訂準則、修訂及詮釋。不期望往後採納以上對現有準則之新訂準則、修訂及詮釋，會對萬順昌集團之會計政策有重大轉變。

另外，香港會計師公會就年度改進項目對現有準則已頒佈數項修訂。不期望此等修訂會對萬順昌集團之營運業績及財務狀況有重大財務影響。

當生效時，萬順昌集團會採納以上新訂準則、修訂及詮釋。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the VSC Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the VSC Group controls another entity. The VSC Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the VSC Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the VSC Group.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 主要會計政策概要 (續)

2.2 附屬公司

(a) 綜合賬目

附屬公司指萬順昌集團有權管控其財政及經營政策之所有實體(包括特殊目的實體)，一般附帶超過半數投票權之股權。在評定萬順昌集團是否控制另一實體時，目前可行使或可兌換之潛在投票權之存在及影響均予考慮。如萬順昌集團不持有超過50%投票權，但基於實質控制權而有能力管控財務和經營政策，也會評估是否存在控制權。實質控制權可能來自例如增加少數股東權益之數目或股東之間的合約條款等情況。

附屬公司在控制權轉移至萬順昌集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

集團內公司之間之交易、交易結餘及收支予以抵銷。確認於資產內來自集團內公司間之溢利和虧損亦予以抵銷。附屬公司之會計政策於已按需要作出改變，以確保與萬順昌集團採用之政策符合一致。

(b) 獨立財務報表

於附屬公司之投資按成本扣除減值列賬。成本包括投資之直接歸屬成本。附屬公司之業績由本公司按已收及應收股息入賬。

如股息超過宣派股息期內附屬公司之應佔全面收入總額，或如在獨立財務報表之投資賬面金額超過綜合財務報表中被投資公司淨資產(包括商譽)之賬面金額，則必須對於附屬公司之投資作減值測試。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.3 Associates

Associates are all entities over which the VSC Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The VSC Group's investment in associates includes goodwill identified on acquisition.

The VSC Group's share of post-acquisition profits or losses is recognised in the consolidation income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the VSC Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the VSC Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The VSC Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the VSC Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of associates – net" in the consolidated income statement.

2 主要會計政策概要
(續)

2.3 聯營公司

聯營公司是指凡萬順昌集團對其有重大影響力而無控制權的實體，一般附帶有20%至50%投票權之股權。於聯營公司之投資以權益會計法入賬。根據權益法，投資初始以成本確認，於收購日期後，其賬面金額增加或減少，確認投資者於被投資方之應佔溢利或虧損。萬順昌集團於聯營公司之投資包括收購時已識別之商譽。

萬順昌集團應佔收購後聯營公司的溢利或虧損於綜合損益表中確認，而應佔收購後儲備之變動則於其他全面收入中確認，並相應調整投資之賬面金額。當萬順昌集團應佔一間聯營公司之虧損等於或超過其在該聯營公司之權益時，包括任何其他無抵押之應收賬款，萬順昌集團不會進一步確認虧損，除非已產生法律或推定債務或已代其作出付款。

萬順昌集團在每個報告日釐定是否有客觀證據證明於聯營公司之投資已減值。如投資已減值，萬順昌集團計算減值金額應為聯營公司可收回金額與其賬面金額之差異，並於綜合損益表中之「應佔聯營公司溢利－淨額」內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the VSC Group and its associate are recognised in the VSC Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the VSC Group.

Dilution gains and losses in investments in associates are recognised in the consolidated income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the VSC Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the VSC Group's presentation currency.

2 主要會計政策概要 (續)

2.3 聯營公司 (續)

萬順昌集團與其聯營公司之間之上游和下游交易之溢利及虧損，在萬順昌集團之綜合財務報表中確認，但僅限於無關連投資者於聯營公司之權益之數額。除非該交易提供證據顯示所轉讓資產有所減值，否則未實現虧損亦予以抵銷。聯營公司之會計政策已按需要作出改變，以確保與萬順昌集團採用之政策符合一致。

於聯營公司之投資之攤薄收益或虧損已於綜合損益表中確認。

2.4 分部報告

營運分部以向主要營運決策者（「主要營運決策者」）提供內部呈報之呈報方法一致，其被視為制定策略性決定之執行董事及負責營運分部之資源分配及評估表現。

2.5 外幣換算

(a) *功能和呈列貨幣*

萬順昌集團每個實體之財務報表所列項目均以該實體營運所在的主要經濟環境的貨幣計量（「功能貨幣」）。本綜合財務報表以港元呈報，港元為本公司之功能及萬順昌集團之呈列貨幣。

Notes to the Consolidated Financial Statements
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2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.5 Foreign currency translation (Continued)

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. All foreign exchange gains and losses are presented in the consolidated income statement with “other gains – net”.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the other comprehensive income.

(c) *Group companies*

The results and financial position of all the VSC Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2 主要會計政策概要
(續)

2.5 外幣換算 (續)

(b) *交易及結餘*

外幣交易採用交易日之匯率，或當項目經重新計量，換算為功能貨幣。結算此等交易產生的匯兌收益或虧損以及將外幣計值之貨幣資產及負債以年終匯率換算而產生之匯兌收益或虧損於綜合損益表中確認。所有匯兌收益或虧損呈列於綜合損益表中之「其他收益 – 淨額」內。

非貨幣性財務資產及負債之換算差額如以公平價值計入之權益通過損益確認為公平價值收益或虧損之一部分。非貨幣性財務資產（例如分類為可供出售之權益）之換算差額包括在其他全面收入內。

(c) *集團公司*

所有萬順昌集團實體（當中沒有惡性通脹貨幣）之業績及財務狀況內功能貨幣不同於呈列貨幣，均按以下方法換算為列賬貨幣：

- (i) 各財務狀況表呈列之資產及負債均以該財務狀況表結算日之收市匯率換算；

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange difference is recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the VSC Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial year in which they are incurred.

2 主要會計政策概要 (續)

2.5 外幣換算 (續)

(c) 集團公司 (續)

- (ii) 各損益表之收入及支出均按平均匯率換算 (除非該平均價值並非於交易日主要匯率累計影響之合理近似值, 在此情況下, 收入及支出乃按交易日之匯率換算); 及
- (iii) 所有由此產生之匯兌差額確認為其他全面收入之獨立組成部分。

收購境外實體時產生之商譽及公平價值調整乃作為該境外實體之資產及負債處理, 並以收市匯率換算。匯兌差額於其他全面收入中確認。

2.6 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購該項目直接應佔之開支。

其後成本僅在與該項目有關的未來經濟利益有可能流入萬順昌集團之下, 而該項目的成本能可靠計量時, 才包括在資產之賬面金額或確認為獨立資產 (如適用)。已更換零件之賬面金額已被剔除入賬。所有其他維修及保養於其產生之財政年度期間內於綜合損益表內支銷。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Buildings	2% to 5%
– Leasehold improvements	20% to 33%
– Furniture and equipment	15% to 33%
– Machinery	10% to 25%
– Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains – net" in the consolidated income statement.

2 主要會計政策概要 (續)

2.6 物業、廠房及設備 (續)

物業、廠房及設備之折舊根據估計可使用年期採用直線法將成本分攤至剩餘價值計算，如下：

– 樓宇	2%至5%
– 租賃物業裝修	20%至33%
– 傢俬及設備	15%至33%
– 機器	10%至25%
– 汽車	20%

資產之剩餘價值及可使用年期在每個報告期末進行檢討，及在適當時調整。

若資產之賬面金額高於其估計可收回金額，其賬面金額即時撇減至可收回金額（附註2.10）。

出售之收益及虧損乃按所得款與其賬面金額之差額釐定，並已確認於綜合損益表之「其他收益－淨額」中。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over acquiree's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Distribution rights

Distribution rights acquired in a business combination are recognised at fair value at the acquisition date. Distribution rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of distribution right over their estimated useful lives of 10 years.

2 主要會計政策概要 (續)

2.7 無形資產

(a) 商譽

商譽自收購附屬公司及聯營公司時產生，指轉讓代價超過被收購方所轉讓之可辨認淨資產、負債和或有負債之淨公平價值及在收購方中非控制性權益之公平價值。

就減值測試而言，在業務合併中收購之商譽會分配至每個現金產生單位（「現金產生單位」）或現金產生單位群組（即預期可從合併中獲取協同利益）。商譽被分配至每個單位或群組單位，指在實體內商譽被監控作內部管理用途之最底層次。商譽會在營運分部層面上被監控。

對商譽之減值檢討每年進行，或如有事件或情況轉變顯示存在潛在減值，則需更頻密地檢討。商譽之賬面金額比較可收回金額以使用價值與公平價值減出售成本之較高者。任何減值須即時確認為支出及不得在之後期間撥回。

(b) 分銷權

在業務合併中購入之分銷權按收購日之公平價值確認。分銷權有限定之可使用年期及按成本減累計攤銷列賬。攤銷利用直線法按估計可使用年期十年分攤分銷權之成本計算。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Land use rights

The up-front prepayments made for land use rights are accounted for as operating leases. They are recognised in the consolidated income statement on a straight-line basis over the periods of the land use rights, or when there is impairment, the impairment is recognised in the consolidated income statement.

2.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the VSC Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external valuers at least annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the external valuers use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the consolidated income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the VSC Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the period in which they are incurred.

2 主要會計政策概要 (續)

2.8 土地使用權

土地使用權之前期預付款項以營業租約列賬。期間內按土地使用期通過直線法於綜合損益表內支銷，或當出現減值時，於綜合損益表中確認其減值。

2.9 投資物業

持作長期租金收益或作資本增值或兩者兼備之物業，且並非由萬順昌集團內之公司佔用之物業均分類為投資物業。

投資物業包括以營業租約持有的土地及以融資租賃持有的樓宇。以營業租約持有的土地，如符合投資物業其餘定義，按投資物業分類及記賬。營業租約猶如其為融資租賃而記賬。

投資物業最初按其成本計量，包括相關的交易成本。在初步確認後，投資物業按公平價值列賬，即最少每年由外部估值師釐定之公開市值。公平價值根據活躍市場價格，如有需要就個別資產的性質、地點或狀況的任何差異作出調整。如沒有此項資料，外部估值師須利用其他估值方法，例如較不活躍市場的近期價格或貼現現金流量預測法。公平價值之變動於綜合損益表中確認。

其後開支僅在與該項目有關的未來經濟利益有可能流入萬順昌集團，而該項目的成本能可靠衡量時，才計入在資產的賬面金額中。所有其他維修及保養成本在產生的期間內於綜合損益表內支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life – for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

(a) Classification

The VSC Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2 主要會計政策概要 (續)

2.10 非財務資產之減值

無特定使用期限之資產，如商譽，毋須攤銷，但每年均接受減值評估。當有任何事件或情況有所改變並顯示其賬面金額未能收回，須作攤銷之資產會被進行減值檢查。資產賬面金額超越其可收回價值之數額確認為減值虧損。可收回價值為資產之公平價值減出售成本後之價值與其使用價值之間之較高者。為了評估資產減值，資產於最低水平分類以該資產所屬之現金產生獨立確認單位釐定。除商譽以外而出現減值之非財務資產可於每個報告日就可能撥回之減值進行審閱。

2.11 財務資產

(a) 分類

萬順昌集團將其財務資產作以下分類：按公平價值計入損益、貸款及應收款及可供出售。其分類乃取決於收購財務資產之目的。管理層會於初次確認時釐定其財務資產之分類。

(i) **按公平價值計入損益之財務資產**

按公平價值計入損益之財務資產為持作買賣之財務資產。如所收購之財務資產主要是為了在短期內出售，則劃分為此類別。衍生工具亦會被劃分為持作買賣，惟被指定為對沖項目者則除外。在此類別的資產假若預期在十二個月內結算，分類為流動資產；否則分類為非流動資產。

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2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.11 Financial assets (Continued)

(a) Classification (Continued)

(ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The VSC Group's loans and receivables comprise "trade and bill receivables", "prepayments, deposits and other receivables", "loan receivable", "amounts due from associates", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position (Note 2.15 and 2.16).

(iii) **Available-for-sale financial asset**

Available-for-sale financial asset is non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 主要會計政策概要
(續)

2.11 財務資產 (續)

(a) 分類 (續)

(ii) **貸款及應收款**

貸款及應收款具固定或可釐定付款，以及沒有在活躍市場報價之非衍生財務資產。此等項目包括在流動資產內，除已償付或預期於報告期末起計十二個月後方償付之項目，則劃分為非流動資產。萬順昌集團之貸款及應收款包括於綜合財務狀況表中之「應收賬款及票據」、「預付款項、按金及其他應收賬款」、「應收貸款」、「應收聯營公司」、「已抵押銀行存款」及「現金及現金等值」。(附註2.15及2.16)。

(iii) **可供出售之財務資產**

可供出售之財務資產為被指定作此類別或並無分類為任何其他類別之非衍生工具。除非該投資到期或管理層擬於報告期末後十二個月內處置該投資，否則此等資產列在非流動資產內。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the VSC Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the VSC Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial asset and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are recognised in the consolidated income statement, within “other gains – net” in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of “other gains – net” when the VSC Group’s right to receive payments is established.

2 主要會計政策概要 (續)

2.11 財務資產 (續)

(b) 確認及計量

買賣經常性財務資產在交易當日（即萬順昌集團承諾購買及出售資產之日期）確認。投資初步以公平價值加所有非按公平價值計入損益記賬之財務資產交易成本入賬。按公平價值計入損益之財務資產初步按公平價值確認，及交易成本於綜合損益表支銷。若從投資收取現金流量之權利已過期或已轉移及萬順昌集團已實際上轉移所有權之所有風險及回報，財務資產將被剔除入賬。可供出售之財務資產及按公平價值計入損益記賬之財務資產其後以公平價值列賬。貸款及應收款項採用實際利息方法，以攤銷成本列賬。

「按公平價值計入損益之財務資產」類別之公平價值變動所產生之收益或虧損在產生期間於綜合損益表內中「其他收益－淨額」確認。

被分類為可供出售之貨幣性證券及非貨幣性證券之公平價值變動，亦已於其他全面收入中確認。可供出售股本工具之股息將於萬順昌集團收取款項之權利已確立時於綜合損益表中「其他收益－淨額」之一部分上確認。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.12 Impairment of financial assets

(a) *Assets carried at amortised cost*

The VSC Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loan and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the VSC Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 主要會計政策概要
(續)

2.12 財務資產之減值

(a) 以攤銷成本列賬之資產

萬順昌集團於每個報告期末評估是否存在客觀證據某一財務資產或某一財務資產組合出現減值。只有當存在客觀證據於首次確認資產後發生一宗或多宗事件導致出現減值（「虧損事項」），而該宗（或該等）虧損事項對該項或該組合之財務資產的估計未來現金流量構成之影響能可靠地估計，則有關之財務資產或財務資產組合被減值及產生減值虧損。

減值虧損的證據可包括債務人或一組債務人遇上嚴重財政困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流有可計量減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

對於貸款及應收款類別，虧損金額乃根據資產賬面金額與按財務資產原實際利率貼現而估計未來現金流量（不包括仍未產生的未來信用虧損）之現值兩者之差額計量。資產賬面金額予以削減，而虧損金額則在綜合損益表中確認。如貸款或持至到期之投資為浮動利率，計量任何減值虧損之貼現率為按合同釐定之現時實際利率。在實際應用中，萬順昌集團可利用可予觀察的市場價格，按工具之公平價值計量減值。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets (Continued)

(a) *Assets carried at amortised cost (Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) *Assets classified as available-for-sale*

The VSC Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2 主要會計政策概要 (續)

2.12 財務資產之減值 (續)

(a) *以攤銷成本列賬之資產 (續)*

如在隨後期間，減值虧損之金額減少，而此減少可客觀地聯繫至確認減值後發生之事件（例如債務人之信用評級有所改善），則之前已確認的減值虧損可在綜合損益表中確認撥回。

(b) *被劃分為可供出售之資產*

萬順昌集團在每個報告期末評估是否有客觀證據證明有關之財務資產或財務資產組合被減值。至於分類為可供出售之權益投資，凡證券之公平價值大幅度或持續跌至低於其成本，可視為證券已經減值之證據。若可供出售之財務資產存在此等證據，累計虧損－按收購成本與當時公平價值之差額，減該財務資產之前在損益確認之任何減值虧損計算－自權益中剔除並在損益中記賬。在綜合損益表確認之權益工具之減值虧損不會透過綜合損益表撥回。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Since the derivative instruments entered into by the VSC Group do not qualify for hedge accounting, changes in the fair value of these derivative instruments are recognised immediately in the consolidated income statement within “other gains – net”.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 主要會計政策概要 (續)

2.13 衍生金融工具

衍生工具最初於訂立衍生工具合約之日按公平價值確認，其後按公平價值重新計量。由此產生之收益或虧損之確認方法，視乎該衍生工具是否被指定為對沖工具，若被指定為對沖工具，亦視乎受對沖項目之性質而定。由於萬順昌集團有關之衍生工具不合乎採用對沖會計法處理，衍生工具公平價值之變動會即時於綜合損益表之「其他收益－淨額」中確認。

2.14 存貨

存貨按成本及與可變現淨價值兩者中之較低者入賬。成本以先入先出法計算。製成品及半製成品之成本，包括原材料、直接勞工工資，其他直接成本及有關之生產費用（根據正常操作能力），但不包括借貸成本。可變現淨價值根據於正常業務運作下之估計銷售價格減去可適用之可變銷售支出。

2.15 應收及其他應收賬款

應收賬款為在日常運作中就商品銷售或提供服務而應收客戶之款項。如預期於一年或以內（或仍在正常經營週期中，若較長）收回應收及其他應收賬款，則分類為流動資產。否則，該等賬款呈列為非流動資產。

應收及其他應收賬款最初按公平價值確認，其後則採用實際利率法按已攤銷成本減減值撥備計量。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the VSC Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 主要會計政策概要 (續)

2.16 現金及現金等值

於綜合現金流量表中，現金及現金等值包括手頭現金及於三個月內到期存於銀行之通知存款。

2.17 股本

普通股界定為權益。發行新股或購股權直接應佔之增量成本於權益內列作所得款項（扣除稅項）中扣減。

2.18 應付賬款

應付賬款為在正常業務運作中購買之貨品及服務而應支付之責任。如付款於在一年或以內（或仍在正常經營週期中，若較長）到期，則應付賬款分類為流動負債；否則，該等賬款呈列為非流動負債。

應付賬款最初按公平價值確認，及其後則採用實際利率法計量攤銷成本。

2.19 借貸

借貸最初按公平價值，扣除已產生之交易成本確認。借貸其後按已攤銷成本列賬；所得款項（扣除交易成本）與贖回價值間之任何差額於借貸期使用實際利率法於綜合損益表中確認。

除非萬順昌集團擁有無條件權利延遲償還負債直至報告日後最少十二個月，否則借貸界定為流動負債。

Notes to the Consolidated Financial Statements
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2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisitions, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to item recognised directly in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 主要會計政策概要
(續)

2.20 借貸成本

直接歸屬於收購、建造或需要相當長時間準備作擬定用途或出售資產之生產之一般及特定借貸成本撥作為該資產成本的一部份。所有其他借貸成本乃於產生之期間於綜合損益表扣除。

2.21 當期及遞延所得稅

期內稅項開支包括當期及遞延所得稅。稅項於綜合損益表中確認，惟若稅項與直接計入其他全面收入或權益之項目有關。在該情況下，稅項亦分別在其他全面收入或直接在權益中確認。

(a) *當期所得稅*

當期所得稅支出根據本公司之附屬公司及聯營公司營運及產生應課稅收入之國家於報告日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限之情況定期評估報稅表之狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax (Continued)

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the VSC Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 主要會計政策概要 (續)

2.21 當期及遞延所得稅 (續)

(b) *遞延所得稅*

內在差異

遞延所得稅乃利用負債法就資產與負債之稅基與其於綜合財務報表之賬面金額兩者之短暫差異作全數確認。然而，若遞延所得稅負債來自對商譽之初始確認，則不予確認。若遞延所得稅來自在交易（不包括企業合併）中對資產或負債之初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用在報告日已頒佈或實質採用，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用之稅率（及法例）而釐定。

遞延所得稅資產乃就大有可能將未來應課稅溢利與可動用之短暫差異抵銷而確認。

外在差異

遞延所得稅就於附屬公司及聯營公司之投資所產生之短暫差異而作撥備，但假若萬順昌集團可以控制短暫差異撥回之時間，及大有可能在可預見未來不會撥回該短暫差異之遞延所得稅負債除外。

Notes to the Consolidated Financial Statements
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2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.21 Current and deferred income tax (Continued)

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) *Pension obligation*

The VSC Group operates defined contribution plan. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a pension plan under which the VSC Group pays fixed contributions into a separate entity. The VSC Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The VSC Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The VSC Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 主要會計政策概要
(續)

2.21 當期及遞延所得稅 (續)

(c) *抵銷*

倘有合法執行權利以當期稅項資產抵銷當期稅項負債，以及當遞延所得稅資產和負債涉及由同一稅務機關就應課稅實體或有意以淨額基準結算結餘之不同應課稅實體徵收所得稅，遞延所得稅資產與負債則互相抵銷。

2.22 員工福利

(a) *退休金債務*

萬順昌集團參與界定供款計劃。此等計劃一般透過向保險公司或受託管理基金付款而注資，並定期精算計算其數額。

界定退休金為萬順昌集團支付固定供款予一獨立實體之退休福利計劃。倘基金不具備足夠資產，無法就本期及過往期間之僱員服務向所有僱員支付福利，則萬順昌集團並無法律或推定責任作進一步供款。

萬順昌集團以強制、合約或自願方式向公開或私人管理之退休保險計劃支付供款。萬順昌集團作出供款後，即無進一步付款債務。供款於應付時確認為僱員成本。預付供款按照現金退款或未來款項減少計算確認為資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (Continued)

(b) Termination benefits

Termination benefits are payable when employment is terminated by the VSC Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The VSC Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Bonus plans

The VSC Group recognises a liability and an expense for bonus. The VSC Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 主要會計政策概要 (續)

2.22 員工福利 (續)

(b) 辭退福利

辭退福利為在萬順昌集團正常退休日期前終止僱用職工，或當僱員接受自願遣散以換取此等福利時支付。萬順昌集團在能證明以下承諾時確認辭退福利：根據一項詳細之正式計劃終止現有僱員之僱用而沒有撤回的可能。若提出一項方案以鼓勵自願遣散，辭退福利將按預期接受方案之僱員數目計算。在報告期末後超過十二個月支付之福利應折現為現值。

(c) 花紅計劃

萬順昌集團就花紅確認負債及支出。當於合約規定或由過往慣例產生推定責任時，萬順昌集團則會確認撥備。

(d) 僱員應享假期

僱員之應享年假乃於應計予僱員時確認。僱員因提供服務產生之應享年假乃按截至報告日之年假估計負債計算撥備。僱員應享病假及分娩假期僅於支取時才確認。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share-based payments

The VSC Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the VSC Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the VSC Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

2 主要會計政策概要 (續)

2.23 以股份為基礎之支付

萬順昌集團設有多項以權益償付、以股份為基礎之補償計劃，據此，實體以萬順昌集團之股本工具（購股權）作為獲取僱員服務之代價。僱員為獲取授予購股權而提供之服務之公平價值確認為支出。將予支銷之總金額參考授予之購股權之公平價值釐定：

- 包括任何市場業績條件（例如實體之股價）；
- 不包括任何非市場服務及表現既定條件（例如盈利能力、銷售增長目標及實體於特定期間餘下之僱員）之影響；及
- 包括任何非可行權條件（例如規定僱員儲蓄）之影響。

非市場表現及服務條件包括關於預期歸屬之購股權數目之假設。所有支出總額於歸屬期間（即所有特定既定條件獲滿足之期間）內確認。此外，在某些情況下，僱員可能在授出日期之前提供服務，因此授出日期之公平價值就確認服務開始期與授出日期之期間內之開支作出估計。在每個報告期末，萬順昌集團會根據非市場既定條件修訂其預期歸屬之購股權數目之估計。萬順昌集團在綜合損益表內確認原估算修訂（如有）之影響，並對權益作出相應調整。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share-based payments (Continued)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.24 Provision

Provisions for environment restoration, restructuring costs and legal claims are recognised when: the VSC Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 主要會計政策概要 (續)

2.23 以股份為基礎之支付 (續)

當購股權獲行使時本公司將發行新股。所收取之所得款項淨額（扣除直接應佔之交易成本）乃計入股本（面值）及股份溢價中。

2.24 撥備

當萬順昌集團因已發生之事件而產生現有之法律或推定責任，或較可能有資源流出以償付責任，且金額已可靠估計，則會確認就環境復原、重組費用和法律索償之撥備。重組撥備包括租賃終止罰款及僱員離職付款。未來經營虧損則不作撥備。

如有多項類似責任，其需要在償付中流出資產的可能性，根據責任的類別整體考慮。即使在同一責任類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備採用稅前率按照預期需償付有關責任之開支之現值計量，該利率反映當時市場對金錢時間價值和有關責任固有風險的評估。隨著時間過去而增加之撥備確認為利息支出。

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2 SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The VSC Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the VSC Group's activities as described below. The VSC Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(a) *Sales of goods*

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with sales contract, the acceptance provisions have lapsed, or the VSC Group has objective evidence that all criteria for acceptance have been satisfied.

(b) *Service income*

For sales of services, revenue is recognised in accounting period in which the services are rendered by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

2 主要會計政策概要
(續)

2.25 收入確認

收入按已收或應收代價之公平價值計算，並相當於供應貨品之應收金額，扣除折扣及增值稅後列賬。當收入數額能夠可靠計量、未來經濟利益有可能流入有關實體，而萬順昌集團每項活動均符合具體條件時（如下文所述），萬順昌集團便會確認收入。萬順昌集團根據其往績並考慮客戶類別、交易種類和每項安排之特點作出估計。

收入確認如下：

(a) *銷售貨品*

當集團實體已將貨品交付予客戶，客戶對銷售產品的渠道和價格擁有完全決定權，且沒有未履行的責任可能影響客戶接受產品時，貨品銷售即確認入賬。當產品已付運予至指定地點，陳舊及虧損之風險已轉讓予客戶，而客戶已根據銷售合約接收產品、或接收條款已作廢，或萬順昌集團有客觀證據顯示所有接收條款已經履行後，貨品交付才算產生。

(b) *服務收入*

對於服務之銷售，收入在服務提供之會計期內確認，並參考特定交易之完成階段及按已提供實際服務佔將予提供之總服務的比例確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition (Continued)

(c) Rental income

Rental income is recognised on a straight-line basis over the period of the relevant leases.

2.26 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the VSC Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.27 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.28 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the leases.

2.29 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the VSC Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2 主要會計政策概要 (續)

2.25 收入確認 (續)

(c) 租金收入

租金收入於有關租約期內以直線法予以確認。

2.26 利息收入

利息收入按實際利率法確認。倘貸款及應收款出現減值，萬順昌集團將賬面金額減至可收回金額，即估計之未來現金流量按該工具之原實際利率折現值，及繼續將折現計算並確認為利息收入。已減值貸款及應收款之利息收入按原實際利率確認。

2.27 股息收入

股息收入於確定有權收取股息支付時予以確認。

2.28 營業租約

租約的重大部分風險和擁有權回報由出租人保留，租約分類為營業租約。在營業租約內支付的款項（扣除自出租人收取之任何獎勵金後），於租賃期內以直線法在綜合損益表中扣除。

2.29 股息分派

向本公司股權持有人分派之股息在股息獲本公司股東或董事（按適當）批准之期間內於萬順昌集團及本公司之財務報表中列為負債。

Notes to the Consolidated Financial Statements
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The VSC Group's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, and liquidity risk. The VSC Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the VSC Group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. The VSC Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) *Market risk*

(i) **Price risk**

The VSC Group is subject to commodity price risk because certain subsidiaries of the VSC Group are engaged in the trading of steel products. As at 31st March 2012, the VSC Group's had committed sales orders of approximately 170,000 metric tonnes (2011: 201,000 metric tonnes) of steel products for which the selling price is fixed, which exceeded the aggregate amount of on-hand inventories and committed purchase orders. Over the coming year, the VSC Group will be required to purchase steel products to fulfil these committed sales orders not covered by inventories and committed purchase orders. As the prices of steel products can fluctuate materially, the VSC Group's results may be affected significantly by future fluctuations in steel prices (Note 4 (a)).

3 財務風險管理

3.1 財務風險因素

萬順昌集團之經營活動面對各種財務風險：市場風險（包括價格風險、外匯風險及現金流量及公平價值利率風險），信貸風險及流動資金風險。萬順昌集團之整體風險管理計劃專注於財務市場之難預測性及尋求減低對萬順昌集團財務表現之潛在不利影響。

風險管理由中央司庫部（集團司庫）按照董事會批准之政策執行。萬順昌集團司庫透過與集團經營單位之緊密合作，負責確定、評估和對沖財務風險。董事會為整體風險管理訂定書面原則，及書面政策，包括外匯風險、利率風險及信貸風險。

(a) *市場風險*

(i) **價格風險**

由於萬順昌集團之若干附屬公司從事鋼材產品貿易，故此萬順昌集團面對商品價格風險。於二零一二年三月三十一日，萬順昌集團確定其銷售價格固定不變之銷售訂單約170,000公噸（二零一一年：201,000公噸）之鋼材已超過手頭存貨及已確定之購貨訂單。來年，萬順昌集團將會為此沒有存貨及已確定之購貨訂單之鋼材產品之銷售訂單進行採購以履行合約。由於鋼材產品之價格波動甚大，萬順昌集團之業績將可能面對重大未來鋼材價格波動之影響（附註4(a)）。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) *Market risk (Continued)*

(i) **Price risk (Continued)**

The VSC Group is subject to price risk from its investment in listed shares. Management does not consider the risk significant since the carrying value of the listed shares is immaterial.

(ii) **Foreign exchange risk**

The VSC Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (“US\$”) and the Chinese Renminbi (“RMB”). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The VSC Group companies are required to hedge their entire foreign exchange risk exposure with the VSC Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the VSC Group use forward contracts, transacted with group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) *市場風險 (續)*

(i) **價格風險 (續)**

萬順昌集團承受其投資於上市股份之價格風險。但由於上市股份之賬面金額無足輕重，因此管理層認為沒有風險問題。

(ii) **外匯風險**

萬順昌集團業務跨越多國，因此面對源於各種貨幣之外匯風險，主要涉及美元（「美元」）及人民幣（「人民幣」）。外匯風險源於對於未來商業貿易，並已確認資產及負債及外國業務淨投資。

管理層已訂立政策，要求集團公司管理對其功能貨幣有關之外匯風險。萬順昌集團公司需要透過萬順昌集團司庫對沖它們的全部外匯風險。為了管理來自未來商業交易及已確認資產和負債之外匯風險，萬順昌集團實體利用遠期合約，透過集團司庫進行交易。當未來商業交易，或已確認資產和負債以非該實體之功能貨幣之外幣計價，外匯風險便會產生。

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Foreign exchange risk (Continued)

The VSC Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the VSC Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31st March 2012, if HK\$ had weakened/strengthened by 5% against the RMB with all other variables held constant, profit before income tax would have been approximately HK\$4,406,000 (2011: HK\$4,255,000) higher/lower, mainly as a result of foreign exchange gains on translation of RMB – denominated monetary assets and liabilities.

The fair values of certain forward foreign exchange contracts are determined using the quoted US\$/HK\$ forward exchange rates. If US\$ appreciated against HK\$ by 1% with all other variables held constant, profit before income tax for the year would have been higher by approximately HK\$70,000 (2011: HK\$855,000). If US\$ depreciated against HK\$ by 1% with all other variables held constant, profit before income tax for the year would have been lower by approximately HK\$308,000 (2011: HK\$1,367,000).

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(ii) 外匯風險 (續)

萬順昌集團持有若干境外經營投資，其淨資產承受外幣匯兌風險。來自萬順昌集團境外經營淨資產所產生之匯率風險，主要透過以相關外幣計值之借貸來管理。

於二零一二年三月三十一日，假若港元兌人民幣下跌/上升5%，而所有其他因素維持不變，則本年度除稅前溢利應增加/減少約4,406,000港元(二零一一年：4,255,000港元)。主要由於兌換以人民幣計值之貨幣資產及負債之匯兌收益所致。

若干遠期外匯合約之公平價值按掛牌港元兌美元遠期外匯匯率計算。假若美元兌港元升值1%，而所有其他因素維持不變，則本年度除稅前溢利應增加約70,000港元(二零一一年：855,000港元)。假若美元兌港元貶值1%，而所有其他因素維持不變，則本年度除稅前溢利應減少約308,000港元(二零一一年：1,367,000港元)。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) *Market risk (Continued)*

(ii) **Foreign exchange risk (Continued)**

The fair values of certain forward foreign exchange contracts are determined using the quoted RMB/US\$ forward exchange rates. If RMB appreciated against US\$ by 3% with all other variables held constant, profit before income tax for the year would have been higher by approximately HK\$7,000 (2011: HK\$1,850,000). If RMB depreciated against US\$ by 3% with all other variables held constant, profit before income tax for the year would have been lower by approximately HK\$6,000 (2011: HK\$5,817,000).

(iii) **Cash flow and fair value interest rate risk**

The VSC Group's interest rate risk arises mainly from borrowings. Borrowings issued at variable rates expose the VSC Group to cash flow interest rate risk.

The VSC Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the VSC Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) *市場風險 (續)*

(ii) **外匯風險 (續)**

若干遠期外匯合約之公平價值按美元兌人民幣掛牌遠期外匯匯率計算。假若人民幣兌美元升值3%，而所有其他因素維持不變，則本年度除稅前溢利應增加約7,000港元(二零一一年：1,850,000港元)。假若人民幣兌美元貶值3%，而所有其他因素維持不變，則本年度除稅前溢利應減少約6,000港元(二零一一年：5,817,000港元)。

(iii) **現金流量及公平價值利率風險**

萬順昌集團之利率風險主要來自借貸。浮息借貸使萬順昌集團面對現金流量利率風險。

萬順昌集團以動態基礎分析其利率風險。利用多個模擬方案，以計入再融資、現有持倉之續訂、其他可採用之融資和對沖，模擬不同情況。根據此等情況，萬順昌集團計算界定利率轉移對溢利及虧損之影響。就每個模擬方案，所有貨幣均採用同一利率轉移。此等模擬只運用於主要持息之負債上。

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (Continued)

At 31st March 2012, if interest rates on floating rate borrowings had been 100 basis points higher/lower with all other variables held constant, profit before income tax for the year would have been approximately HK\$2,525,000 lower/higher (2011: HK\$730,000), mainly as a result of higher/lower interest expenses on floating rate borrowings.

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a high credit rating are accepted.

The VSC Group has policies in place to ensure that sales are made to customers with an appropriate financial strength and appropriate percentage of down payment. It also has other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the VSC Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 現金流量及公平價值利率風險 (續)

於二零一二年三月三十一日，倘浮息借貸之利率增加／減少100個基點，而所有其他可變因素維持不變，年度除稅前溢利將減少／增加約2,525,000港元（二零一一年：730,000港元），主要由於浮息借貸的利息支出增加／減少所致。

(b) 信貸風險

信貸風險是按照組合方式管理，相對於未償還應收賬款餘額之信貸風險除外。在提供每個新客戶之信貸期、送貨條款及條件前，每一間地方實體應負責管理及分析其新客戶之信貸風險。信貸風險來自現金及現金等值、衍生金融工具及於銀行及財務機構之存款，以及面對客戶之信貸風險，包括未償還之應收賬款及已確定之交易。對於銀行及財務機構，只有獲較高獨立評級才會被接納。

萬順昌集團訂有政策以確保只銷售予具備適當財政實力及押付恰當比例之訂金之客戶。亦訂有其他監測程序，確保執行跟進工作以索回逾期賬款。此外，萬順昌集團定期檢查每筆應收賬款之可收回金額，藉此保證為不能收回之金額計提適當減值虧損。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

As at 31st March 2012, the VSC Group has a concentration of credit risk given that the top 10 customers account for 42% (2011: 48%) of the VSC Group's total year end trade and bill receivables balance. Management considers that the credit risk in respect of these customers is currently low after considering the financial position and past experience with these customers. The VSC Group's historical experience in collection of trade and bill receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade and bill receivable has been made.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the VSC Group and aggregated by group finance. The VSC Group finance monitors rolling forecasts of the VSC Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 30) at all times so that the VSC Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the VSC Group's debt financing plans, covenant compliance and compliance with internal ratio of consolidated statement of financial position targets.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

於二零一二年三月三十一日，萬順昌集團截至年終應收賬款及票據之結餘總額中，頭十名客戶佔當中之42%（二零一一年：48%），故此，萬順昌集團有集中信貸風險。管理層經考慮該等客戶之財務狀況及交易往績後，認為有關該等客戶之信貸風險目前為低。根據過往經驗，萬順昌集團在收回應收賬款及票據方面所收回之金額，均在記錄撥備之範疇內，而董事認為，已就不可能收回的應收賬款及票據作足夠之撥備。

(c) 流動資金風險

現金流量預測是在萬順昌集團之各經營實體執行，並由集團財務總計。萬順昌集團財務監控萬順昌集團流動資金需求之滾動預測，確保有足夠現金應付經營需要，亦同時經常維持充足之未提取承諾借貸融資（附註30），以使萬順昌集團不違反任何借貸限額或銀行融資之條款。此等預測考慮到萬順昌集團債務融資計劃、條款遵守及符合內部綜合財務狀況表比率目標。

Notes to the Consolidated Financial Statements
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3 FINANCIAL RISK
MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk (Continued)*

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the VSC Group treasury. VSC Group treasury invests surplus cash in time deposits, marketable securities, and choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the VSC Group held cash and cash equivalents of approximately HK\$267,448,000 (2011: HK\$485,868,000) (Note 27) and trade receivables of approximately HK\$563,976,000 (2011: HK\$497,362,000) (Note 25) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the VSC Group's and the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) *流動資金風險 (續)*

當經營實體持有之剩餘現金超過營運資本管理所需的餘額時，會轉撥至萬順昌集團司庫。萬順昌集團司庫將剩餘現金投資在定期存款、貨幣市場存款及選擇通過上述測試決定的工具有適當到期日或足夠流動性，為上述預測提供充足的空間。於報告日，萬順昌集團持有現金及現金等值約267,448,000港元(二零一一年：485,868,000港元)(附註27)及應收賬款約563,976,000港元(二零一一年：497,362,000港元)(附註25)，預期可即時產生現金流入以管理流動性風險。

下表載列萬順昌集團及其實體之財務負債，按有關到期組別，根據於報告日至合約屆滿日之餘下期間進行分析。下表披露之金額為合約未貼現現金流。

Notes to the Consolidated Financial Statements
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	即時還款 Repayment on demand 千港元 HK\$'000	少於1年 Less than 1 year 千港元 HK\$'000	1至2年 Between 1 and 2 years 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Consolidated					綜合
At 31st March 2012					於二零一二年三月三十一日
Trade and bill payables	–	340,013	–	340,013	應付賬款及票據
Receipts in advance	–	62,642	–	62,642	預收款項
Accrued liabilities and other payables	–	38,558	–	38,558	應計負債及其他應付賬款
Borrowings	8,442	645,346	–	653,788	借貸
Interest payable	203	20,592	–	20,795	應付利息
	8,645	1,107,151	–	1,115,796	
At 31st March 2011					於二零一一年三月三十一日
Trade and bill payables	–	313,935	–	313,935	應付賬款及票據
Receipts in advance	–	145,621	–	145,621	預收款項
Derivative financial instruments	–	13	128	141	衍生金融工具
Accrued liabilities and other payables	–	90,997	–	90,997	應計負債及其他應付賬款
Borrowings	10,746	589,398	–	600,144	借貸
Interest payable	601	18,648	–	19,249	應付利息
	11,347	1,158,612	128	1,170,087	

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

Notes to the Consolidated Financial Statements
綜合財務報表附註

3 FINANCIAL RISK
MANAGEMENT (CONTINUED)

3 財務風險管理 (續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素 (續)

(c) Liquidity risk (Continued)

(c) 流動資金風險 (續)

	即時還款 Repayment on demand 千港元 HK\$'000	少於1年 Less than 1 year 千港元 HK\$'000	1至2年 Between 1 and 2 years 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Company					本公司
At 31st March 2012					於二零一二年三月三十一日
Accrued liabilities and other payables	-	44	-	44	應計負債及其他應付賬款
At 31st March 2011					於二零一一年三月三十一日
Accrued liabilities and other payables	-	125	-	125	應計負債及其他應付賬款
Derivative financial instruments	-	13	-	13	衍生金融工具
Borrowings	-	3,876	-	3,876	借貸
	-	4,014	-	4,014	

The table that follows summarises the maturity analysis of loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the VSC Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

下表簡要按貸款協議協定之還款時間表中，付有即時償還條款之貸款到期分析。包括按合約利率計算之利息支出。董事經考慮萬順昌集團之財務狀況，認為銀行不會行使其權利要求即時償還款項，並相信將根據載列於貸款協議中之還款時間表償還此等定期貸款。

Notes to the Consolidated Financial Statements
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	少於1年 Less than 1 year 千港元 HK\$'000	1至2年 Between 1 and 2 years 千港元 HK\$'000	2至5年 Between 2 and 5 years 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Consolidated					綜合
At 31st March 2012					於二零一二年三月三十一日
Term loans subject to repayment on demand clause	2,324	2,324	3,794	8,442	附有即時償還條款之定期貸款
Interest payable	89	65	49	203	應付利息
	2,413	2,389	3,843	8,645	
At 31st March 2011					於二零一一年三月三十一日
Term loans subject to repayment on demand clause	2,304	2,304	6,138	10,746	附有即時償還條款之定期貸款
Interest payable	215	169	217	601	應付利息
	2,519	2,473	6,355	11,347	

3.2 Capital risk management

The VSC Group's objectives when managing capital are to safeguard the VSC Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the VSC Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

3.2 資金風險管理

萬順昌集團管理資金的目標為保障萬順昌集團持續經營之能力，以為股東提供回報及為其他相關人士提供利益，及保持適當資本架構以減少資本成本。

為維持或調節資本架構，萬順昌集團可調節向股東派付的股息金額、退回資本予股東、發行新股份或出售資產以減債。

Notes to the Consolidated Financial Statements
綜合財務報表附註3 FINANCIAL RISK
MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

Consistent with others in the industry, the VSC Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less pledged bank deposits and cash and cash equivalents. Total capital is calculated as equity (excluding non-controlling interests), as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at 31st March 2012 and at 31st March 2011 were as follows:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Total borrowings (Note 30)	653,788	600,144	借貸總額(附註30)
Less: Cash and cash equivalents and pledged bank deposits (Note 27)	(401,514)	(527,492)	減：現金及現金等值及 已抵押銀行存款 (附註27)
Net debt	252,274	72,652	淨負債
Total equity (excluding non-controlling interest)	658,907	644,656	權益總額(不包括非控制性 權益)
Total capital	911,181	717,308	資本總額
Gearing ratio	28%	10%	資本負債比率

The gearing ratio increased during the year due to addition of bank loans.

3 財務風險管理(續)

3.2 資金風險管理(續)

為與同業一致，萬順昌集團根據資本負債比率監察資本。該比率乃以淨負債除以資本總額計算得出。淨負債乃以借貸總額減已抵押銀行存款及現金及現金等值計算。資本總額以權益(不包括非控制性權益)，如在綜合財務狀況表所示，加淨負債計算。

於二零一二年三月三十一日及二零一一年三月三十一日之資本負債比率如下：

本年度期間，資本負債比率上升是由於新增銀行貸款所致。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the VSC Group's assets and liabilities that are measured at fair value at 31st March 2012.

	第一層 Level 1 千港元 HK\$'000	第二層 Level 2 千港元 HK\$'000	第三層 Level 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Assets – Consolidated					資產 – 綜合
Available-for-sale financial asset – shares listed on The Stock Exchange of Hong Kong Limited	445	–	–	445	可供出售之財務資產 – 於香港聯合交易所有限公司上市之股份
Forward foreign exchange contracts	–	629	–	629	遠期外匯合約
	445	629	–	1,074	

3 財務風險管理 (續)

3.3 公平價值估算

下表利用估值法分析按公平價值入賬之金融工具。不同階系之定義如下：

- 相同資產或負債在活躍市場之報價(未經調整)(第一層)。
- 除包括在第一層可觀察之資產及負債之報價外之輸入，可為直接(即例如價格)或間接(即源自價格)(第二層)。
- 資產及負債並非依據可觀察市場數據之輸入(即非可觀察輸入)(第三層)。

下表顯示萬順昌集團於二零一二年三月三十一日按公平價值計量之資產及負債。

Notes to the Consolidated Financial Statements
綜合財務報表附註

3 FINANCIAL RISK
MANAGEMENT (CONTINUED)

3 財務風險管理 (續)

3.3 Fair value estimation (Continued)

3.3 公平價值估算 (續)

The following table presents the VSC Group's assets and liabilities that are measured at fair value at 31st March 2011.

下表顯示萬順昌集團於二零一一年三月三十一日按公平價值計量之資產及負債。

	第一層 Level 1 千港元 HK\$'000	第二層 Level 2 千港元 HK\$'000	第三層 Level 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Assets – Consolidated					資產 – 綜合
Steel future contracts	2	–	–	2	鋼材期貨合約
Forward foreign exchange contracts	–	2,395	–	2,395	遠期外匯合約
	2	2,395	–	2,397	
Liabilities – Consolidated					負債 – 綜合
Forward foreign exchange contracts	–	128	–	128	遠期外匯合約
Interest rate instrument	–	13	–	13	利率工具
	–	141	–	141	

The following table presents the Company's liabilities that are measured at fair value at 31st March 2011.

下表顯示本公司於二零一一年三月三十一日按公平價值計量之負債。

	第一層 Level 1 千港元 HK\$'000	第二層 Level 2 千港元 HK\$'000	第三層 Level 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Liability – Company					負債 – 本公司
Interest rate instrument	–	13	–	13	利率工具

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The VSC Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Onerous contracts

As at 31st March 2012, the VSC Group had committed sales orders which exceeded the aggregate amount of on-hand inventories and committed purchase orders. If the cost of certain future purchases to fulfil these sales orders exceed the contracted selling prices of the sales orders, a provision for onerous contracts would be made. In estimating the amount by which the cost of purchases are expected to exceed sales prices of committed sales orders, management takes into account the cost of on-hand inventory, the cost of committed purchase orders and the forecast market price of future purchases where this can be reliably estimated. For the sales orders which the management expects to fulfil after 31st August 2012, no provision has been made since management considers the loss, if any, arising from fulfilling such orders, cannot be reliably estimated at this time.

As at 31st March 2012, management considered no provision for onerous contract is necessary (2011: approximately HK\$37,912,000).

4 重要會計推算及判斷

所採用之推算及判斷會經常被檢查，並根據過往經驗及其他因素，包括在現況下對未來事件之合理預期作為基礎。

萬順昌集團就未來作出推算及假設。在定義上，由此而生之會計推算極少與相關之實際結果相同。下文將論述具有相當風險會導致下一個財政年度之資產及負債之賬面金額作重大調整之推算及假設。

(a) 有償契約

於二零一二年三月三十一日，萬順昌集團已確定之銷售訂單已超過手頭存貨及已確定之購貨訂單之總額。管理層預期將來用以滿足此等銷售訂單之若干採購成本會比銷售訂單所訂約之售價為高，因此已就有償契約作出撥備。在推算採購成本比已確定銷售訂單之銷售價格之金額為高時，管理層已計算手頭存貨之成本、已確定購貨訂單之成本及按可靠推算未來市場對期貨採購之價格。由於管理層現時未能可靠地推算為滿足預期於二零一二年八月三十一日後履行之銷售訂單之虧損（如有），因此並沒有就此等訂單作撥備。

於二零一二年三月三十一日，管理層認為沒有有償契約需要作撥備（二零一一年：約37,912,000港元）。

Notes to the Consolidated Financial Statements
綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer demand relevant to steel and competitor actions in response to severe industry cycle. Management reassesses the estimations at each reporting date.

(c) Trade and other receivables

The VSC Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition. Management reassesses the provision at each reporting date.

(d) Income taxes and deferred income tax

The VSC Group is mainly subject to income taxes in Hong Kong, Mainland China and Macau. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The VSC Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4 重要會計推算及判斷 (續)

(b) 存貨之可變現淨值

存貨之可變現淨值為日常業務過程中推算售價減推算完成成本及可變銷售支出。該等推算乃按現時市況以及製造及銷售類似性質產品之過往經驗為基準。其可因客戶對鋼材之需求轉變及競爭對手為應付嚴峻行業週期採取之行動而大幅改變。管理層會於每個報告日重估該等推算。

(c) 應收及其他應收賬款

萬順昌集團之管理層根據應收賬款之可收回程度之評估，以釐定應收及其他應收賬款之減值撥備。該評估乃按其客戶及其他債務人之信貸歷史以及現時市況為基準。管理層會於每個報告日重估撥備。

(d) 所得稅及遞延所得稅

萬順昌集團主要須繳納香港、中國內地及澳門之所得稅。在釐定全球所得稅準備時，需要作出重大判斷。於日常業務過程中，有許多未能確定最終稅項之交易及計算。萬順昌集團推算日後會否須繳納額外稅項，從而確認對預期稅務審核事宜之負債。倘該等事宜之最終稅務結果與最初記錄之金額不符，有關差異將影響作出釐定期間內之所得稅及遞延所得稅撥備。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Income taxes and deferred income tax (Continued)

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates have been changed.

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The VSC Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting period.

(f) Estimated impairment of goodwill

The VSC Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of CGUs have been determined based on value in use calculations. These calculations require the use of estimates (Note 18).

4 重要會計推算及判斷 (續)

(d) 所得稅及遞延所得稅 (續)

倘管理層認為未來應課稅溢利可用作對銷暫時性差異或稅項虧損可予動用時，則會確認與若干暫時性差異及稅項虧損有關之遞延所得稅資產。倘預期結果與原先之推算不同，該差異會將對遞延所得稅資產確認及有關推算出現變動期間內之所得稅構成影響。

(e) 衍生及其他金融工具之公平價值

非於活躍市場買賣之金融工具之公平價值乃以估值技術釐定。萬順昌集團應用其判斷去選擇不同方法及主要基於每個報告日期存在之市場情況作出假設。

(f) 商譽減值推算

萬順昌集團根據附註2.7之會計政策，每年就商譽進行減值測試。現金產生單位之可收回金額根據使用價值決定。此等計算需要使用推算（附註18）。

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綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION

The VSC Group's revenue consists of the following:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Sales of goods	4,426,525	4,204,052	貨品銷售
Service income	5,166	3,070	服務收入
Rental income	390	646	租金收入
Total revenue	4,432,081	4,207,768	收入總額

The VSC Group's businesses are managed according to the nature of their operations and the products and services they provide.

Management has determined the operating segments based on the reports reviewed by the VSC Group's CODM that are used to make strategic decisions. The CODM considers the VSC Group operates predominantly in four operating segments:

- (i) Steel distribution;
- (ii) Building products;
- (iii) Plastic resins; and
- (iv) Property investment.

The VSC Group's CODM assesses the performance of operating segments based on a measure of profit before income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as legal expenses and impairments, when the impairment is the result of an isolated, non-recurring event.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated financial statements.

5 收入及分部資料

萬順昌集團之收入包括如下：

萬順昌集團按其營運性質及所提供之產品及服務管理其業務。

管理層已釐定其營運分部，按由萬順昌集團之主要營運決策者審閱報告後制定其策略性決定。主要營運決策者認為萬順昌集團主要經營四個營運分部：

- (i) 鋼材分銷；
- (ii) 建築產品；
- (iii) 塑膠樹脂；及
- (iv) 房地產投資。

萬順昌集團之主要營運決策者按除稅前溢利之計算而評估營運分部之表現。此計算基準不包括營運分部中非經常性支出之影響，如法律費用及獨立及非經常性事項產生之減值。

向主要營運決策者匯報源自對外人士之收入之計算方法與綜合財務報表一致。

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綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Analysis of the VSC Group's results by business segment for the year ended 31st March 2012 is as follows:

5 收入及分部資料 (續)

萬順昌集團於截至二零一二年三月三十一日止年度按業務分部之業績分析如下：

	鋼材分銷 Steel distribution 千港元 HK\$'000	建築產品 Building products 千港元 HK\$'000	塑膠樹脂 Plastic resins 千港元 HK\$'000	房地產投資 Property investment 千港元 HK\$'000	其他業務(*) Other operations (*) 千港元 HK\$'000	未分配 Unallocated 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
External revenue	3,610,433	440,221	381,037	390	-	-	4,432,081	對外收入
Operating profit/(loss)	49,107	30,336	4,318	2,344	-	(64,794)	21,311	經營溢利/(虧損)
Finance income	1,316	42	53	12	-	161	1,584	財務收入
Finance costs	(21,422)	(2,786)	(890)	(96)	-	(106)	(25,300)	財務費用
Share of profits/(losses) of associates – net	411	-	-	9,592	-	(1,538)	8,465	應佔聯營公司溢利/ (虧損) – 淨額
Profit/(loss) before income tax	29,412	27,592	3,481	11,852	-	(66,277)	6,060	除稅前溢利/(虧損)
Other gains/(losses) – net	40,262	1,197	(7)	2,039	-	3,972	47,463	其他收益/(虧損) – 淨額
Depreciation and amortisation	(1,307)	(1,963)	(44)	(6)	-	(4,084)	(7,404)	折舊及攤銷
Income tax credit/(expense)	(4,434)	(5,922)	(601)	-	-	15,744	4,787	所得稅計入/(支出)

Notes to the Consolidated Financial Statements
綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Analysis of the VSC Group's results by business segment for the year ended 31st March 2011 is as follows:

	鋼材分銷 Steel distribution 千港元 HK\$'000 (經重列) (Restated)	建築產品 Building products 千港元 HK\$'000 (經重列) (Restated)	塑膠樹脂 Plastic resins 千港元 HK\$'000 (經重列) (Restated)	房地產投資 Property investment 千港元 HK\$'000 (經重列) (Restated)	其他業務(*) Other operations (*) 千港元 HK\$'000 (經重列) (Restated)	未分配 Unallocated 千港元 HK\$'000 (經重列) (Restated)	總額 Total 千港元 HK\$'000 (經重列) (Restated)	
External revenue	3,465,874	370,156	371,092	646	-	-	4,207,768	對外收入
Operating profit/(loss)	47,848	29,190	12,531	(1,378)	39,667	(58,312)	69,546	經營溢利/(虧損)
Finance income	305	51	7	10	429	56	858	財務收入
Finance costs	(21,273)	(2,009)	(577)	(50)	(7)	(210)	(24,126)	財務費用
Share of profits/(losses) of associates – net	878	-	-	6,724	(976)	-	6,626	應佔聯營公司 溢利/(虧損) – 淨額
Profit/(loss) before income tax	27,758	27,232	11,961	5,306	39,113	(58,466)	52,904	除稅前溢利/(虧損)
Other gains/(losses) – net	(2,195)	450	364	(309)	43,113	3,003	44,426	其他收益/(虧損) – 淨額
Depreciation and amortisation	(1,005)	(1,791)	(38)	(1)	-	(4,318)	(7,153)	折舊及攤銷
Income tax (expense)/credit	(17,138)	(5,097)	(2,027)	407	(65)	9,910	(14,010)	所得稅 (支出)/計入

* Other operations mainly represent the operating result of 20% interest in an associated company, Ryerson China Limited (“Ryerson China”), which was disposed of during the year ended 31st March 2011.

* 其他業務主要包括截至二零一一年三月三十一日止年度期間已出售之聯營公司，瑞爾盛中國有限公司（「瑞爾盛中國」），所佔20%權益之經營業績。

The Company is domiciled in Hong Kong. Analysis of the VSC Group's revenue by geographical market is as follows:

本公司於香港營運。萬順昌集團之收入按地區市場分析如下：

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Revenue			收入
Mainland China	1,861,020	2,014,427	中國內地
Hong Kong	2,571,061	2,193,341	香港
Total revenue	4,432,081	4,207,768	收入總額

Notes to the Consolidated Financial Statements
綜合財務報表附註

6 OTHER GAINS – NET

6 其他收益 – 淨額

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Write-back of/(provision for) onerous contracts	37,912	(5,483)	有償契約之撤回／(撥備)
Gain on disposal of interest in an associate	–	40,419	出售一間聯營公司之權益之收益
Fair value gain/(loss) on an investment property (Note 16)	2,000	(273)	一項投資物業之公平價值收益／(虧損)(附註16)
Fair value gains on interest rate instruments	13	120	利率工具之公平價值收益
Net fair value change on forward foreign exchange contracts held for trading	(1,638)	2,257	持作買賣用途之遠期外匯合約之公平價值淨變動
Net fair value change on steel future contracts	(2)	(978)	鋼材期貨合約之公平價值淨變動
Realised loss on steel future contracts	(3,827)	(4,935)	鋼材期貨合約之變現虧損
Gain on disposal of a club debenture	–	2,038	出售一項會籍之收益
Net exchange gain	11,187	10,410	淨匯兌收益
Amount recovered from a fully impaired available-for-sale financial asset	–	388	收回一項已全數減值之可供出售之財務資產
Sundry income	1,818	463	雜項收入
	47,463	44,426	

Notes to the Consolidated Financial Statements
綜合財務報表附註

7 EXPENSES BY NATURE

Expenses included in “cost of sales”, “selling and distribution expenses” and “general and administrative expenses” are analysed as follows:

7 按性質劃分之支出

包括在「銷售成本」、「銷售及分銷支出」與「一般及行政支出」內支出之分析如下：

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Raw material consumed and finished goods sold	4,255,124	4,019,698	原材料耗用及製成品銷售
Provision for/(write-back of) impairment of inventories	5,770	(871)	存貨減值撥備／(撤回)
Depreciation of property, plant and equipment	6,770	6,951	物業、廠房及設備之折舊
Gain on disposals of property, plant and equipment (Note 34(b))	(96)	(6)	出售物業、廠房及設備之收益(附註34(b))
Amortisation of intangible assets and land use rights	634	202	無形資產及土地使用權之攤銷
Employee benefit expenses (Note 8)	94,387	73,293	僱員福利支出(附註8)
Operating lease rental expense in respect of land and buildings	20,568	14,586	土地及樓宇營業租約租金
Reversal of impairment of trade receivables, net	(2,448)	(4,944)	應收賬款減值撥回－淨額
Provision for impairment of other receivables	–	1,195	其他應收賬款減值撥備
Auditor's remuneration	1,880	1,700	核數師酬金
Others	75,644	70,844	其他
Total cost of sales, selling and distribution expenses and general and administrative expenses	4,458,233	4,182,648	銷售成本、銷售及分銷支出與一般及行政支出總額

Notes to the Consolidated Financial Statements
綜合財務報表附註

8 EMPLOYEE BENEFIT EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS)

8 僱員福利支出（包含董
事酬金）

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Salaries and allowances	71,080	59,308	薪金及津貼
Bonus	10,836	4,706	花紅
Pension costs – defined contribution plans	6,718	4,780	退休金成本 – 界定供款計劃
Share option scheme – value of services	1,166	793	購股權計劃 – 服務價值
Welfare and benefits	4,587	3,706	利益及福利
	94,387	73,293	

The VSC Group maintains two defined contribution pension schemes for its employees in Hong Kong, the ORSO Scheme and the MPF Scheme. The assets of these schemes are held separately from those of the VSC Group under independently administered funds.

Under the ORSO Scheme, each of the VSC Group and its employees make monthly contribution to the scheme at 5% of the employees' salary. The unvested benefits of employees who have terminated employment could be utilised by the VSC Group to reduce its future contributions.

萬順昌集團維持兩個界定退休金供款計劃予位於香港之僱員，公積金計劃及強積金計劃。此兩個計劃之資產均與萬順昌集團之資產分開持有，並由獨立基金管理。

根據公積金計劃，萬順昌集團及其僱員須各自按該員工收入之5%向該計劃作每月供款。終止僱用之員工未歸屬之利益均由萬順昌集團用作減少未來之供款。

Notes to the Consolidated Financial Statements
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8 EMPLOYEE BENEFIT EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS) (CONTINUED)

Under the MPF Scheme, each of the VSC Group and its employees make monthly contributions to the scheme at 5% of the employee's relevant income, as defined in the Hong Kong Mandatory Provident Fund Scheme Ordinance. Both the VSC Group's and the employee's contributions are subject to a cap of HK\$1,000 per month. The contributions are fully and immediately vested for the employees.

As stipulated by rules and regulations in Mainland China, the VSC Group contributes to state-sponsored retirement plans for employees of its subsidiaries established in Mainland China. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The VSC Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year ended 31st March 2012, the aggregate amount of the VSC Group's contributions to the aforementioned pension schemes was approximately HK\$6,718,000 (2011: HK\$4,780,000), net of forfeited contributions of approximately HK\$252,000 (2011: HK\$277,000). As at 31st March 2012, there is no unutilised forfeited contribution which could be utilised to reduce future contributions of the VSC Group (2011: Nil).

8 僱員福利支出 (包含董
事酬金) (續)

根據強積金計劃，萬順昌集團及其僱員須各自按香港強制性公積金條例所界定各自按該僱員有關收入之5%向該計劃作每月供款。萬順昌集團及僱員所作之每月供款上限各為1,000港元。供款全部及即時歸屬予僱員。

根據中國內地法規，萬順昌集團須為其設立於中國內地之附屬公司之僱員提供國家資助退休計劃供款。僱員有權獲得退休金，金額參照僱員退休時的基本薪金及服務年期按有關政府規則計算得出。萬順昌集團毋須支付任何實際退休金或退休後福利。該等國家資助退休計劃須負責向退休僱員支付全部退休金。

截至二零一二年三月三十一日止年度期間，萬順昌集團對上述退休金計劃之供款總額約6,178,000港元（二零一一年：4,780,000港元），淨沒收供款約252,000港元（二零一一年：277,000港元）。於二零一二年三月三十一日，並無未被利用及已沒收供款額可用作減少萬順昌集團未來之供款（二零一一年：無）。

Notes to the Consolidated Financial Statements
綜合財務報表附註

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31st March 2012 is set out below:

	袍金	薪金及津貼	酌情花紅 ⁽ⁱ⁾	僱主就退休 金計劃之供款 Employer's contribution to pension scheme	購股權計劃 — 服務價值 Share option scheme – value of services	總額	
	Fees	Salaries and allowances	Discretionary bonus ⁽ⁱ⁾			Total	
	千港元	千港元	千港元	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Executive directors							
Mr. Yao Cho Fai, Andrew	–	1,206	–	12	–	1,218	執行董事 姚祖輝先生
Mr. Dong Sai Ming, Fernando	–	428	36	12	–	476	唐世銘先生
Mr. Kern Lim	–	2,808	–	94	1,166	4,068	林耿先生
Non-executive director							
Mr. Frank Muñoz (appointed on 17th June, 2011)	95	–	–	–	–	95	非執行董事 Frank Muñoz先生 (於二零一一年 六月十七日委任)
Independent non-executive directors							
Mr. Harold Richard Kahler	351	–	–	–	–	351	獨立非執行 董事 Harold Richard Kahler先生
Mr. Tam King Ching, Kenny	120	–	–	–	–	120	譚競正先生
Mr. Xu Lin Bao	120	–	–	–	–	120	徐林寶先生
	686	4,442	36	118	1,166	6,448	

9 董事及高級管理人員酬金

(a) 董事酬金

截至二零一二年三月三十一日止年度每位董事酬金如下：

Notes to the Consolidated Financial Statements
綜合財務報表附註

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

9 董事及高級管理人員酬金 (續)

(a) Directors' emoluments (Continued)

(a) 董事酬金 (續)

The remuneration of every Director for the year ended 31st March 2011 is set out below:

截至二零一一年三月三十一日止年度每位董事酬金如下：

	袍金	薪金及津貼	酌情花紅 ⁽ⁱ⁾	僱主就退休 金計劃之供款	購股權計劃 — 服務價值	總額	
	Fees	Salaries and allowances	Discretionary bonus ⁽ⁱ⁾	Employer's contribution to pension scheme	Share option scheme — value of services	Total	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Executive directors							執行董事
Mr. Yao Cho Fai, Andrew	–	1,206	1,000	12	–	2,218	姚祖輝先生
Mr. Dong Sai Ming, Fernando	–	429	200	12	–	641	唐世銘先生
Mr. Kern Lim	–	1,910	–	61	429	2,400	林耿先生
Independent non-executive directors							獨立非執行 董事
Mr. Harold Richard Kahler	350	–	–	–	–	350	Harold Richard Kahler先生
Mr. Tam King Ching, Kenny	120	–	–	–	–	120	譚競正先生
Mr. Xu Lin Bao	120	–	–	–	–	120	徐林寶先生
	590	3,545	1,200	85	429	5,849	

Note:

附註：

- (i) The executive directors are entitled to discretionary bonuses which are determined with reference to the financial performance of different business units of the VSC Group.

- (i) 執行董事可享有參照萬順昌集團不同業務單位之財務表現而釐定之酌情花紅。

The share option scheme – value of services represent charges to the consolidated income statement of the fair value of the share options under the share option scheme measured at the respective grant dates, regardless of whether the share options would be exercised or not.

購股權計劃 – 服務價值為無論購股權是否將會被行使，均按不同授出日期之公平價值於綜合損益表中列作開支。

No director waived any emolument during the year. No incentive payment (2011: HK\$200,000) as an inducement for joining the VSC Group or compensation for loss of office was paid to any directors during the year.

本年度期間，並沒有董事放棄任何酬金。亦無（二零一一年：200,000港元）已付酬金予一位董事以作鼓勵加入萬順昌集團或離職補償。

Notes to the Consolidated Financial Statements
綜合財務報表附註

9 DIRECTORS' AND
SENIOR MANAGEMENT'S
EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the VSC Group include two directors (2011: two) whose emoluments are reflected in the analysis presented in Note 9(a) above. The emoluments paid/payable to the remaining three (2011: three) individuals during the year are as follows:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Salaries and allowances	4,194	3,515	薪金及津貼
Bonus	377	1,599	花紅
	4,571	5,114	

	二零一二年 2012	二零一一年 2011	
The emolument fell within the following bands:			酬金按組別分析如下：
– HK\$1,000,001 to HK\$1,500,000	2	1	– 1,000,001港元至 1,500,000港元
– HK\$1,500,001 to HK\$2,000,000	–	1	– 1,500,001港元至 2,000,000港元
– HK\$2,000,001 to HK\$2,500,000	1	1	– 2,000,001港元至 2,500,000港元
	3	3	

No emoluments were paid/payable to the five highest paid individuals as an inducement to join the VSC Group or as compensation for loss of office during the year.

9 董事及高級管理人員酬
金 (續)

(b) 五名最高薪人士

萬順昌集團中五位最高薪人士其中包括兩位董事(二零一一年：兩位)，彼之酬金分析已載於上文附註9(a)。其餘三位(二零一一年：三位)人士於本年度期間之已付／應付酬金如下：

本年度期間，並無支付任何酬金予五位最高薪人士以作鼓勵加入萬順昌集團或作離職補償。

Notes to the Consolidated Financial Statements
綜合財務報表附註

10 FINANCE INCOME AND COSTS

10 財務收入及費用

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Finance income			財務收入
Interest income:			利息收入：
– short-term bank deposits	1,584	702	– 短期銀行存款
– from receivables	–	156	– 來自應收款
	1,584	858	
Finance costs			財務費用
Interest expenses:			利息支出：
– bank borrowings wholly repayable within five years	(21,580)	(16,039)	– 須於五年內全數償還之 銀行借貸
Bank charges	(3,720)	(8,087)	銀行費用
	(25,300)	(24,126)	
Net finance costs	(23,716)	(23,268)	淨財務費用

Notes to the Consolidated Financial Statements
綜合財務報表附註

11 INCOME TAX CREDIT/ (EXPENSE)

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") on 16th March 2007 and the State Council announced the Detail Implementation Regulations on 6th December 2007. According to the CIT Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1st January 2008. However, for enterprises which are established before the publication of the CIT Law and are entitled to preferential treatments of reduced income tax rate granted by relevant tax authorities, the income tax rate is gradually increased to 25% within 5 years after the effective date of the CIT Law. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term continue to enjoy such treatment until the fixed term expires. During the year, subsidiaries established in Mainland China are subject to China corporate income tax at rates ranging from 24% to 25% (2011: 22% to 25%).

The amount of income tax credit/(expense) recorded in the consolidated income statement represents:

11 所得稅計入／(支出)

本公司獲豁免繳納百慕達稅項直至二零一六年。

香港利得稅乃根據來自或賺取自香港之估計應課稅溢利按稅率16.5% (二零一一年：16.5%) 作出撥備。

於二零零七年三月十六日，全國人民代表大會通過中華人民共和國企業所得稅法，而國務院亦於二零零七年十二月六日頒佈條例實施細則（「條例實施細則」）。根據企業所得稅法，內地及外資企業之所得稅率自二零零八年一月一日起劃一為25%。然而，就於企業所得稅法頒佈前設立並享有相關稅務機關授予減免所得稅優惠稅率之企業而言，所得稅率自企業所得稅法生效之後5年內逐漸增至25%。目前有權於一段固定期間獲得標準所得稅率豁免或減免之企業，可繼續享有該項待遇，直至該段固定期限屆滿為止。本年度期間，於中國內地成立之附屬公司按稅率介乎24%至25% (二零一一年：22%至25%) 繳付中國企業所得稅。

於綜合損益表中確認之所得稅計入／(支出) 包括：

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Current income tax			當期所得稅
– Hong Kong profits tax	(1,571)	(2,006)	– 香港利得稅
– China corporate income tax	(7,174)	(8,098)	– 中國企業所得稅
Deferred income tax (Note 21)	9,576	(3,906)	遞延所得稅(附註21)
Over provision in prior years	3,956		– 過往年度之高估撥備
	4,787	(14,010)	

Notes to the Consolidated Financial Statements
綜合財務報表附註11 INCOME TAX CREDIT/
(EXPENSE) (CONTINUED)

The tax on the VSC Group's (loss)/profit before income tax and before "share of profits of associates – net" differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000
(Loss)/profit before income tax and before share of profits of associates – net	(2,405)	46,278
Tax calculated at domestic tax rates applicable to (loss)/profit in the respective countries	1,045	(9,851)
Income not subject to tax	1,033	1,227
Expenses not deductible for tax purposes	(231)	(1,276)
Tax losses not recognised as deferred income tax assets	(934)	(3,108)
Utilisation of previously unrecognised tax loss	–	361
Derecognition of deferred tax assets	(325)	–
Withholding tax on Mainland China unremitted earnings	243	(1,363)
Over provision in prior years	3,956	–
Income tax credit/(expense)	4,787	(14,010)

For the year ended 31st March 2012, the weighted average applicable tax rate was 43.5% (2011: 21.3%). The increase is due to the impact of the increase in profit of Mainland China's subsidiaries.

11 所得稅計入／(支出)
(續)

萬順昌集團除稅及「應佔聯營公司溢利－淨額」前(虧損)／溢利之稅項與按綜合實體適用之加權平均稅率計算之理論金額有所差異，詳情如下：

截至二零一二年三月三十一日止年度，加權平均適用稅率為43.5%（二零一一年：21.3%）。其增加是由於中國內地之附屬公司之溢利上升所致。

Notes to the Consolidated Financial Statements
綜合財務報表附註

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a profit of approximately HK\$11,821,000 (2011: HK\$10,987,000).

12 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利中包括本公司於本財務報表所說明約11,821,000港元之溢利(二零一一年：10,987,000港元)。

13 DIVIDENDS

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000
Interim dividend of nil (2011: HK1.3 cents per ordinary share)	–	5,384
Proposed final dividend of HK1.8 cents (2011: HK0.6 cents) per ordinary share	7,454	2,485
	7,454	7,869

13 股息

A final dividend for the year ended 31st March 2012 of HK1.8 cents (2011: HK0.6 cents) per ordinary share, totalling approximately HK\$7,454,000 (2011: HK\$2,485,000) has been recommended by the Board for approval at the forthcoming Annual General Meeting of the Company. The proposed final dividend has not been dealt with as dividend payable as at 31st March 2012.

董事會建議於即將舉行之本公司股東週年大會上批准派付截至二零一二年三月三十一日止年度末期股息每股普通股1.8港仙(二零一一年：0.6港仙)，合共約7,454,000港元(二零一一年：2,485,000港元)。該建議末期股息並沒有於二零一二年三月三十一日之賬目中列為應付股息。

Notes to the Consolidated Financial Statements
綜合財務報表附註

14 EARNINGS PER ORDINARY
SHARE

(a) Basic

Basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

14 每股普通股盈利

(a) 基本

計算每股普通股基本盈利乃按本公司股權持有人應佔溢利除以年內已發行普通股之加權平均數計算。

	二零一二年 2012	二零一一年 2011	
Profit attributable to equity holders of the Company (HK\$'000)	6,283	31,032	本公司股權持有人應佔溢利(千港元)
Weighted average number of ordinary shares in issue ('000)	414,128	414,128	已發行普通股之加權平均數(千股)
Basic earnings per ordinary share (HK cents)	1.52	7.49	每股普通股基本盈利(港仙)

14 EARNINGS PER ORDINARY
SHARE (CONTINUED)

(b) Diluted

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares is arising from share options, for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

14 每股普通股盈利 (續)

(b) 攤薄

計算每股普通股攤薄盈利乃按假設所有具潛在攤薄性質之普通股被全數轉換而相應調整已發行普通股之加權平均數計算。本公司之具潛在攤薄性質之普通股因購股權而產生，其計算乃根據尚未行使購股權所附之認購權之貨幣價值作出，用以釐訂原應以公平價值（釐訂為本公司股份之全年平均市場股價）收購之股份之數目。上文所計算之股份數目乃與假設購股權行使而已發行之股份數目作比較。

	二零一二年 2012	二零一一年 2011	
Profit attributable to equity holders of the Company and used to determine diluted earnings per ordinary share (HK\$'000)	6,283	31,032	本公司股權持有人應佔溢利及用以釐訂每股普通股攤薄盈利 (千港元)
Weighted average number of ordinary shares in issue ('000)	414,128	414,128	已發行普通股之加權平均數 (千股)
Adjustment for share options ('000)	1,372	8,630	調整購股權 (千份)
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	415,500	422,758	每股普通股攤薄盈利之普通股加權平均數 (千股)
Diluted earnings per ordinary share (HK cents)	1.51	7.34	每股普通股攤薄盈利 (港仙)

Notes to the Consolidated Financial Statements
綜合財務報表附註15 PROPERTY, PLANT AND
EQUIPMENT

15 物業、廠房及設備

	綜合 Consolidated					
	樓宇 Buildings 千港元 HK\$'000	租賃物業 裝修、傢俬 及設備 Leasehold improvements, furniture and equipment 千港元 HK\$'000	機器 Machinery 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Year ended 31st March 2011						截至二零一一年 三月三十一日止年度
Opening net book amount	3,734	11,324	277	6,106	21,441	期初賬面淨值
Additions	–	1,605	15	–	1,620	添置
Disposals	–	(220)	–	–	(220)	出售
Depreciation	(117)	(5,298)	(93)	(1,443)	(6,951)	折舊
Exchange differences	11	54	–	175	240	匯兌差額
Closing net book amount	3,628	7,465	199	4,838	16,130	期終賬面淨值
At 31st March 2011						於二零一一年 三月三十一日
Cost	4,419	35,890	5,574	10,007	55,890	成本
Accumulated depreciation	(791)	(28,425)	(5,375)	(5,169)	(39,760)	累計折舊
Net book amount	3,628	7,465	199	4,838	16,130	賬面淨值
Year ended 31st March 2012						截至二零一二年 三月三十一日止年度
Opening net book amount	3,628	7,465	199	4,838	16,130	期初賬面淨值
Additions	–	4,613	–	1,515	6,128	添置
Disposals	–	(25)	–	(289)	(314)	出售
Depreciation	(118)	(5,597)	(62)	(993)	(6,770)	折舊
Exchange differences	10	37	–	134	181	匯兌差額
Closing net book amount	3,520	6,493	137	5,205	15,355	期終賬面淨值
At 31st March 2012						於二零一二年 三月三十一日
Cost	4,433	40,407	5,574	10,575	60,989	成本
Accumulated depreciation	(913)	(33,914)	(5,437)	(5,370)	(45,634)	累計折舊
Net book amount	3,520	6,493	137	5,205	15,355	賬面淨值

Depreciation expense is charged to “general and administrative expenses” in the consolidated income statement during the year.

本年度期間，折舊支出於綜合損益表之「一般及行政支出」中扣除。

Notes to the Consolidated Financial Statements
綜合財務報表附註

16 INVESTMENT PROPERTY

16 投資物業

	綜合		
	Consolidated		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
At beginning of the reporting period	20,000	15,000	於報告期初
Addition	–	20,273	添置
Fair value change	2,000	(273)	公平價值變動
Disposal	–	(15,000)	出售
At 31st March	22,000	20,000	於三月三十一日

The rental income derived from the investment properties is approximately HK\$390,000 during the year (2011: HK\$646,000).

本年度期間，由投資物業所產生之租金收入約390,000港元（二零一一年：646,000港元）。

Details of the geographical locations and tenure are as follows:

地理位置及業權租賃期詳情如下：

	綜合		
	Consolidated		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
In Hong Kong			於香港
– long-term leases of over 50 years	22,000	20,000	– 超逾50年之長期租約

As at 31st March 2012, an investment property of approximately HK\$22,000,000 (2011: HK\$20,000,000) was stated at open market value as determined by the directors based on valuations assessed by an independent, professional qualified valuer.

於二零一二年三月三十一日，一項約22,000,000港元（二零一一年：20,000,000港元）之投資物業由董事按獨立及專業合資格估值師所釐定之公開市值之估值列賬。

As at 31st March 2012, an investment property of approximately HK\$22,000,000 (2011: HK\$20,000,000) was pledged as collaterals for certain of the VSC Group's bank borrowings (Note 30).

於二零一二年三月三十一日，一項約22,000,000港元（二零一一年：20,000,000港元）之投資物業已抵押作為萬順昌集團若干銀行借貸之抵押品（附註30）。

Notes to the Consolidated Financial Statements
綜合財務報表附註

17 LAND USE RIGHTS

The VSC Group's interests in land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
At beginning of the reporting period	10,728	10,930	於報告期初
Amortisation	(202)	(202)	攤銷
At 31st March	10,526	10,728	於三月三十一日

Details of the geographical locations and tenure are as follows:

地理位置及業權租賃期詳情如下：

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
In Hong Kong			於香港
– long-term leases of over 50 years	96	96	– 超逾50年之長期租約
In Mainland China			於中國內地
– long-term leases of over 50 years	10,430	10,632	– 超逾50年之長期租約
	10,526	10,728	

Amortisation of land use rights has been included in “general and administrative expenses” in the consolidated income statement.

土地使用權之攤銷已包括在綜合損益表之「一般及行政支出」中。

Notes to the Consolidated Financial Statements
綜合財務報表附註

18 INTANGIBLE ASSETS

18 無形資產

	綜合		
	商譽	分銷權	總額
	Goodwill	Distribution right	Total
	千港元	千港元	千港元
	HK\$'000	HK\$'000	HK\$'000
Year ended 31st March 2011			截至二零一一年 三月三十一日止年度
Opening net book amount	–	–	– 期初賬面淨值
Addition	10,692	–	10,692 添置
Amortisation	–	–	– 攤銷
Closing net book amount	10,692	–	10,692 期終賬面淨值
Effect of completion of initial accounting	(4,229)	4,229	– 完成初步會計處理之影響
Closing net book amount, as restated	6,463	4,229	10,692 期終賬面淨值，經重列
At 31st March 2011			於二零一一年 三月三十一日
Cost	6,463	4,229	10,692 成本
Accumulated amortisation and impairment	–	–	– 累計攤銷 及減值
Net book amount, as restated	6,463	4,229	10,692 賬面淨值，經重列
Year ended 31st March 2012			截至二零一二年 三月三十一日止年度
Opening net book amount, as restated	6,463	4,229	10,692 期初賬面淨值， 經重列
Amortisation	–	(432)	(432) 攤銷
Exchange differences	245	154	399 匯兌差額
Closing net book amount	6,708	3,951	10,659 期終賬面淨值
At 31st March 2012			於二零一二年 三月三十一日
Cost	6,708	4,389	11,097 成本
Accumulated amortisation and impairment	–	(438)	(438) 累計攤銷 及減值
Net book amount	6,708	3,951	10,659 賬面淨值

Amortisation of approximately HK\$432,000 (2011: Nil) is included in the “general and administrative expenses” in the consolidated income statement.

攤銷約432,000港元（二零一一年：無）已包括在綜合損益表之「一般及行政支出」中。

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18 INTANGIBLE ASSETS (CONTINUED)

On 28th March 2011, the VSC Group acquired the distribution business of selling building products at a cash consideration of approximately HK\$10,692,000 from an independent third party ("the Acquisition"). As at 31st March 2011, the initial accounting for the acquisition was not completed and the fair values assigned to the identifiable assets were determined provisionally. As a result, the consideration of approximately HK\$10,692,000 was allocated to goodwill on a provisional basis as at 31st March 2011.

During the year, the VSC Group has completed the purchase price allocation in connection with the Acquisition and in a retrospective adjustment on goodwill of approximately HK\$6,463,000 and the recognition of distribution right of approximately HK\$4,229,000 were recounted. The goodwill is primarily attributable to the significant synergies expected to arise in connection with the VSC Group's strategic objectives and the development of customer-focused products to capitalise on the business growth in China.

18 無形資產 (續)

於二零一一年三月二十八日，萬順昌集團以約10,692,000港元之現金代價從獨立第三者收購銷售建築產品之分銷業務（「收購」）。於二零一一年三月三十一日，收購之初步會計處理並未完成，而分配至可識別資產之公平價值僅可暫時釐定。因此，於二零一一年三月三十一日約10,692,000港元之代價以暫時基準分配至商譽。

本年度期間，萬順昌集團已完成與收購有關之購買價格分攤及產生約6,463,000港元之商譽追溯調整並重計確認約4,229,000港元之分銷權。商譽主要由預期之協同作用所產生，並與萬順昌集團之策略性目標及為吸納中國業務增長所發展之以客為本產品有關。

18 INTANGIBLE ASSETS
(CONTINUED)

Impairment tests for goodwill

Goodwill is allocated to the VSC Group's CGU, the distribution business of selling building products as mentioned above. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimate rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

Growth rate	5% – 15%
Discount rate	17%
Gross margin	30%

Management determined the average annual revenue growth rate based on past performance and its expectations of market development. The discount rates used reflect specific risks relating to the relevant segments.

If the compound annual growth rate of revenue in the first five-year period applied had been 1% lower and the discount rate applied had been 1% higher than management's estimates as at 31st March 2012 with all other variables held constant, no impairment provision would be required for the goodwill associated with the CGU as at 31st March 2012.

18 無形資產 (續)

商譽減值測試

商譽分配至萬順昌集團之現金產生單位，即上述銷售建築產品之分銷業務。現金產生單位之可收回金額按使用價值計算。此計算利用現金流量預測法根據由管理層批准以五年期計算之財務預算所得。五年期後之現金流量按以下估計之比率加以推斷。該增長率並不超過經營現金產生單位業務之長期平均增長率。

使用價值計算之重要假設：

增長率	5%至15%
貼現率	17%
毛利率	30%

管理層根據過往表現及其對市場發展之預測釐定收入之年均增長率。貼現率為反映相關分部之特定風險。

如按管理層於二零一二年三月三十一日之估算，首五年期間收入之年均複合增長率減少1%及貼現率增加1%，而其他可變因素維持不變，於二零一二年三月三十一日之商譽之現金產生單位則無需作減值撥備。

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19 INVESTMENTS IN
SUBSIDIARIES

19 於附屬公司之投資

	本公司 Company		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Unlisted shares, at cost	71,746	71,746	非上市股份，按成本
Due from subsidiaries	452,189	445,527	應收附屬公司
	523,935	517,273	

The amounts due from subsidiaries are unsecured, non-interest bearing, denominated in HK\$ without predetermined repayment terms. The carrying amounts approximated to their fair values and were not impaired as at 31st March 2011 and 2012.

應收附屬公司之金額為無抵押的、不持息、以港元列賬及並無預定之還款期。於二零一一年及二零一二年三月三十一日，其賬面金額與其公平價值相約及沒有減值。

Details of the principal subsidiaries as at 31st March 2012 are as follows:

於二零一二年三月三十一日之主要附屬公司詳情如下：

名稱	註冊成立／成立	已發行及繳足股本／ 註冊股本	萬順昌集團 應佔之股本 權益百分比(i)	主要業務及經營地點
Name	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the VSC Group (i)	Principal activities and place of operations
Fit Team Holdings Limited	英屬處女群島 British Virgin Islands	10,050,002美元 US\$10,050,002	100%	於香港投資控股 Investment holding in Hong Kong
利尚派建材(深圳) 有限公司(iii)	中國內地	10,000,000港元	100%	於中國內地買賣潔具
Leisure Plus Building Products (Shenzhen) Co., Ltd. (iii)	Mainland China	HK\$10,000,000		Trading of sanitary wares in Mainland China
利尚派國際貿易 (上海)有限公司(iv)	中國內地	3,140,000美元	100%	於中國內地買賣潔具
Leisure Plus International Trading (Shanghai) Co., Ltd. (iv)	Mainland China	US\$3,140,000		Trading of sanitary wares in Mainland China
利尚派貿易(深圳) 有限公司(iii)	中國內地	5,000,000港元	100%	於中國內地買賣潔具
Leisure Plus Trading (Shenzhen) Co., Ltd. (iii)	Mainland China	HK\$5,000,000		Trading of sanitary wares in Mainland China
順昌金屬再生資源投資 有限公司	香港	1港元	100%	於香港金屬再生資源業務
SC Metal Recycling Investments Limited	Hong Kong	HK\$1		Metal recycling business in Hong Kong

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19 INVESTMENTS IN
SUBSIDIARIES (CONTINUED)

19 於附屬公司之投資
(續)

名稱	註冊成立／成立	已發行及繳足股本／ 註冊股本	萬順昌集團 應佔之股本 權益百分比(i) Percentage of equity interest attributable to the VSC Group (i)	主要業務及經營地點
Name	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital		Principal activities and place of operations
上海寶順昌國際貿易 有限公司(v)	中國內地	3,100,000美元	66.7%	於中國內地存銷及 買賣鋼材
Shanghai Bao Shun Chang International Trading Co., Ltd. (v)	Mainland China	US\$3,100,000		Stockholding and trading of steel in Mainland China
東誠企業(香港) 有限公司	香港	10,000港元	100%	於香港財務業務
Tomahawk Capital Ltd.	Hong Kong	HK\$10,000		Finance business in Hong Kong
Van Shung Chong (B.V.I.) Limited	英屬處女群島	6美元	100%	於香港投資控股
	British Virgin Islands	US\$6		Investment holding in Hong Kong
萬順昌行有限公司	香港	2,000港元普通股 10,000,000港元 無投票權遞延股(ii)	100%	於香港買賣鋼材與及提供 管理服務
Van Shung Chong Hong Limited	Hong Kong	HK\$2,000 ordinary HK\$10,000,000 non-voting deferred (ii)		Trading of steel and provision of management services in Hong Kong
順發貨倉有限公司	香港	200,000港元	100%	於香港提供倉庫服務
Vantage Godown Company Limited	Hong Kong	HK\$200,000		Provision of warehousing services in Hong Kong
萬順昌(中國)投資 有限公司	香港	2港元	100%	於香港投資控股
VSC (China) Investment Ltd.	Hong Kong	HK\$2		Investment holding in Hong Kong
萬順昌建築材料 有限公司	香港	2港元	100%	於香港買賣潔具、廚櫃及 家具及安裝廚櫃
VSC Building Products Company Limited	Hong Kong	HK\$2		Trading of sanitary wares, kitchen cabinets and home furniture and kitchen cabinet installation in Hong Kong
萬順昌塑膠有限公司	香港	2港元	100%	於香港買賣塑膠樹脂
VSC Plastics Company Limited	Hong Kong	HK\$2		Trading of plastic resins in Hong Kong

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19 INVESTMENTS IN
SUBSIDIARIES (CONTINUED)

19 於附屬公司之投資
(續)

名稱	註冊成立／成立	已發行及繳足股本／ 註冊股本	萬順昌集團 應佔之股本 權益百分比(i) Percentage of equity interest attributable to the VSC Group (i)	主要業務及經營地點
Name	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital		Principal activities and place of operations
萬順昌鋼鐵有限公司	香港	38,000港元普通股 20,000,000港元 無投票權遞延股(ii)	100%	於香港存銷及買賣鋼材
VSC Steel Company Limited	Hong Kong	HK\$38,000 ordinary HK\$20,000,000 non-voting deferred (ii)		Stockholding and trading of steel in Hong Kong
萬順昌鋼鐵(深圳) 有限公司(vi)	中國內地	20,000,000港元	100%	於中國內地存銷及 買賣鋼材
VSC Steel (Shenzhen) Co., Ltd. (vi)	Mainland China	HK\$20,000,000		Stockholding and trading of steel in Mainland China
亞萬鋼國際貿易 (上海)有限公司(iv)	中國內地	7,280,000美元	100%	於中國內地存銷及 買賣鋼材
VSC Steel (Shanghai) Co., Ltd. (iv)	Mainland China	US\$7,280,000		Stockholding and trading of steel in Mainland China
金運貿易(深圳) 有限公司(vii)	中國內地	20,000,000港元	100%	於中國內地買賣塑膠樹脂
VSC Trading (Shenzhen) Co., Ltd. (vii)	Mainland China	HK\$20,000,000		Trading of plastic resins in Mainland China
武漢三金建材 有限公司(viii)	中國內地	人民幣10,000,000元	97.0%	於中國內地買賣潔具
	Mainland China	RMB10,000,000		Trading of sanitary wares in Mainland China
上海新施房地產經紀 有限公司(ix)	中國內地	500,000美元	100%	於中國內地物業代理
	Mainland China	US\$500,000		Property agent in Mainland China

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19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

- (i) The shares of Van Shung Chong (B.V.I.) Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.
- (ii) These non-voting deferred shares are owned by the VSC Group. The non-voting deferred shares have no voting rights, are not entitled to any distributions upon winding up unless a sum of HK\$2,000,000,000 per share has been distributed to the holders of ordinary shares for Van Shung Chong Hong Limited or a sum of HK\$10,000,000,000 has been distributed to the holders of ordinary shares for VSC Steel Company Limited.
- (iii) Wholly foreign owned enterprises established in Mainland China with an operating period of 20 years to 2028.
- (iv) Wholly foreign owned enterprises in Mainland China with an operating period of 20 years to 2023.
- (v) Equity joint venture established in Mainland China with an operating period of 20 years to 2013.
- (vi) Wholly foreign owned enterprise established in Mainland China with an operating period of 30 years to 2035.
- (vii) Wholly foreign owned enterprise established in Mainland China with an operating period of 20 years to 2024.
- (viii) Equity joint venture established in Mainland China with an operating period of 10 years to 2021.
- (ix) Wholly foreign owned enterprise established in Mainland China with an operating period of 10 years to 2020.

19 於附屬公司之投資 (續)

附註：

- (i) Van Shung Chong (B.V.I.) Limited 之股份由本公司直接持有。其他附屬公司之股份則屬間接持有。
- (ii) 此等無投票權遞延股份由萬順昌集團擁有。無投票權遞延股份並無投票權，亦無權於清盤時分享股息及除非萬順昌行有限公司普通股持有人已獲分派每股普通股2,000,000,000港元之款額或萬順昌鋼鐵有限公司之普通股持有人已獲分派10,000,000,000港元之款額外。
- (iii) 於中國內地成立之外資企業，經營期為20年，至二零二八年止。
- (iv) 於中國內地成立之外資企業，經營期為20年，至二零二三年。
- (v) 於中國內地成立之合資合營企業，經營期為20年，至二零一三年止。
- (vi) 於中國內地成立之外資企業，經營期為30年，至二零三五年止。
- (vii) 於中國內地成立之外資企業，經營期為20年，至二零二四年止。
- (viii) 於中國內地成立之合資合營企業，經營期為10年，至二零二一年止。
- (ix) 於中國內地成立之外資企業，經營期為10年，至二零二零年止。

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20 INVESTMENTS IN
ASSOCIATES/AMOUNTS DUE
FROM ASSOCIATES

20 於聯營公司之投資／
應收聯營公司

	綜合		
	Consolidated		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
Investments in associates	169,552	156,184	於聯營公司之投資
Amounts due from associates	24,081	23,103	應收聯營公司

The movements of investments in associates are as follows:

於聯營公司之投資變動如下：

	綜合		
	Consolidated		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
At beginning of the reporting period	156,184	241,304	於報告期初
Disposal of interest in an associate	–	(98,225)	出售一間聯營公司之權益
Share of profits of associates – net	8,465	6,626	應佔聯營公司溢利 – 淨額
Dividend paid	(1,078)	–	已付股息
Exchange differences	5,981	6,479	匯兌差額
As at 31st March	169,552	156,184	於三月三十一日

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20 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES
(CONTINUED)

The VSC Group's share of the revenues and results of its associates, all of which are unlisted, and their aggregated assets and liabilities, are as follows:

20 於聯營公司之投資／
應收聯營公司 (續)

萬順昌集團於全非上市之聯營公司之應佔收入及業績及其總資產及負債如下：

名稱	註冊及已繳股本	成立／註冊地點	萬順昌集團應佔				萬順昌集團 應佔之股本 權益百分比 Percentage of equity interest attributable to the VSC Group
			Attributable to the VSC Group				
Name	Registered and paid up capital	Place of establishment/ incorporation	資產 Assets 千港元 HK\$'000	負債 Liabilities 千港元 HK\$'000	收入 Revenues 千港元 HK\$'000	溢利／ (虧損) Profit/(loss) 千港元 HK\$'000	
於二零一二年三月三十一日 As at 31st March 2012							
China Able Limited (ii)	26,190,000美元 US\$26,190,000	英屬處女群島 British Virgin Islands	263,097	(105,488)	16,426	9,592	33.3%
VSC Hotel Investments Limited (iii)	50美元 US\$50	英屬處女群島 British Virgin Islands	20,401	(26,449)	15,369	–	44%
Protection Asia Limited (iv)	1,000美元 US\$1,000	薩摩亞 Samoa	2,934	(1,538)	–	(1,538)	37.5%
常熟寶順昌鋼材加工 有限公司(v)	6,400,000美元	中國內地	19,649	(9,102)	55,471	411	34.9%
Changshu Baoshunchang Steel Processing Co., Ltd. (v)	US\$6,400,000	Mainland China					
			306,081	(142,577)	87,266	8,465	

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20 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES
(CONTINUED)

20 於聯營公司之投資／
應收聯營公司（續）

The VSC Group's share of the revenues and results of its associates, all of which are unlisted, and their aggregated assets and liabilities, are as follows (Continued):

萬順昌集團於全非上市之聯營公司之應佔收入及業績及其總資產及負債如下（續）：

名稱 Name	註冊及 已繳股本 Registered and paid up capital	成立／註冊地點 Place of establishment/ incorporation	萬順昌集團應佔 Attributable to the VSC Group				溢利／ (虧損) Profit/(loss) 千港元 HK\$'000	萬順昌集團 應佔之股本 權益百分比 Percentage of equity interest attributable to the VSC Group
			資產 Assets 千港元 HK\$'000	負債 Liabilities 千港元 HK\$'000	收入 Revenues 千港元 HK\$'000			
於二零一一年三月三十一日 As at 31st March 2011								
瑞爾盛中國有限公司(i) Ryerson China Limited (i)	15,000美元 US\$15,000	英屬處女群島 British Virgin Islands	-	-	63,411	(976)	0%	
China Able Limited (ii)	26,190,000美元 US\$26,190,000	英屬處女群島 British Virgin Islands	248,219	(105,743)	15,867	6,724	33.3%	
VSC Hotel Investments Limited (iii)	50美元 US\$50	英屬處女群島 British Virgin Islands	21,693	(25,831)	17,748	-	44%	
Protection Asia Limited (iv)	1,000美元 US\$1,000	薩摩亞 Samoa	2,934	-	-	-	37.5%	
常熟寶順昌鋼材加工 有限公司(v) Changshu Baoshunchang Steel Processing Co., Ltd. (v)	6,400,000美元 US\$6,400,000	中國內地 Mainland China	33,783	(23,009)	75,340	878	34.9%	
			306,629	(154,583)	172,366	6,626		

20 INVESTMENTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

Notes:

- (i) The VSC Group disposed of its 20% interest in Ryerson China on 3rd June 2010.
- (ii) China Able Limited (“China Able”) is a contractual joint venture which is held in equal shares between Fit Team Holdings Limited, a wholly owned subsidiary of the VSC Group since 26th March 2008, Nanyang Industrial (China) Limited, an independent third-party and Marvel Champ Investments Limited, another independent third-party. China Able was an associate of the VSC Group since May 2007.
- (iii) VSC Hotel Investments Limited (“VSC Hotel”) became an associate of the VSC Group when the VSC Group disposed of 50% of VSC Hotel on 25th July 2007 to Far Profit Limited, reducing its equity interest in VSC Hotel from 90% to 40%. Subsequently, the VSC Group further invested 4% in VSC Hotel, increasing its equity interest from 40% to 44%.

20 於聯營公司之投資／ 應收聯營公司 (續)

附註：

- (i) 萬順昌集團已於二零一零年六月三日出售於瑞爾盛中國之20%權益。
- (ii) China Able Limited (「China Able」) 乃一間由Fit Team Holdings Limited (其自二零零八年三月二十六日後，成為萬順昌集團之一間全資附屬公司)，Nanyang Industrial (China) Limited，為獨立第三者及Marvel Champ Investments Limited，為另一獨立第三者共同持有等額股份之合營企業。自二零零七年五月，China Able已成為萬順昌集團之一間聯營公司。
- (iii) 當萬順昌集團於二零零七年七月二十五日出售其於VSC Hotel Investments Limited (「VSC Hotel」) 之50%權益予Far Profit Limited，其於VSC Hotel之股本權益便由90%減少至40%後，VSC Hotel便成為萬順昌集團之一間聯營公司。其後，萬順昌集團進一步投資4%於VSC Hotel，其股本權益則由40%增至44%。

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綜合財務報表附註

20 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES
(CONTINUED)

Notes: (Continued)

- (iv) Protection Asia Limited became an associate of the VSC Group when CAMP (B.V.I.) Holdings Limited, a wholly owned subsidiary of the VSC Group, acquired 37.5% of its equity interest on 1st September 2007.
- (v) Changshu Baoshunchang Steel Processing Co., Ltd. became an associate of the VSC Group since November 2005. It is a contractual joint venture established in Mainland China with an operating period of 30 years to 2035.

The amounts due from associates are unsecured, non-interest bearing and without pre-determined repayment terms. The carrying amounts approximated to their fair values and were not impaired as at 31st March 2011 and 2012.

The amounts due from associates were denominated in the following currencies:

20 於聯營公司之投資／
應收聯營公司（續）

附註：（續）

- (iv) 於二零零七年九月一日，當萬順昌集團之一間全資附屬公司，CAMP (B.V.I.) Holdings Limited，認購Protection Asia Limited 37.5%之股本權益後，其便成為萬順昌集團之一間聯營公司。
- (v) 常熟寶順昌鋼材加工有限公司，自二零零五年十一月便成為萬順昌集團之一間聯營公司。此乃一間於中國內地成立之中外合營企業，經營期30年，至二零三五年止。

應收聯營公司之金額為無抵押的、不持息及並無預定之還款期。於二零一一年及二零一二年三月三十一日，其賬面金額與其公平價值相約及沒有減值。

應收聯營公司之金額包含下列貨幣：

	綜合		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
RMB	829	467	人民幣
HK\$	23,252	22,636	港元
	24,081	23,103	

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綜合財務報表附註

21 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxed levied is the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Deferred income tax assets:			遞延所得稅資產：
– Deferred income tax assets to be recovered after 12 months	6,946	14,542	– 將於十二個月後收回之遞延所得稅資產
– Deferred income tax assets to be recovered within 12 months	25,547	8,409	– 將於十二個月內收回之遞延所得稅資產
	32,493	22,951	
Deferred income tax liabilities:			遞延所得稅負債：
– Deferred income tax liabilities to be settled after 12 months	(1,127)	(1,373)	– 將於十二個月後清償之遞延所得稅負債
Net deferred income tax assets	31,366	21,578	遞延所得稅資產淨額

The movements in net deferred income tax assets are as follows:

淨遞延所得稅資產變動如下：

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
At beginning of the reporting period	21,578	25,262	於報告期初
Credited/(charged) in the consolidated income statement	9,576	(3,906)	已於綜合損益表中計入／(扣除)
Exchange differences	212	222	匯兌差額
At 31st March	31,366	21,578	於三月三十一日

Notes to the Consolidated Financial Statements
綜合財務報表附註

21 DEFERRED INCOME TAX
ASSETS/(LIABILITIES)
(CONTINUED)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

21 遞延所得稅資產／(負債)(續)

本年度期間，並無考慮相同司法權區內之結餘抵銷之遞延所得稅資產及負債之變動如下：

遞延所得稅資產：

	綜合					
	投資物業	撥備	累計稅項虧損	減慢折舊	總額	
	Investment property	Provisions	Cumulative tax losses	Decelerated depreciation	Total	
	千港元	千港元	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2010	248	5,351	19,156	560	25,315	於二零一零年四月一日
(Charged)/credited to the consolidated income statement	(248)	(5,351)	3,006	36	(2,557)	已於綜合損益表中(扣除)/計入
Exchange differences	-	-	222	-	222	匯兌差額
At 31st March 2011	-	-	22,384	596	22,980	於二零一一年三月三十一日
Credited/(charged) to the consolidated income statement	-	-	9,534	(169)	9,365	已於綜合損益表中計入/(扣除)
Exchange differences	-	-	212	-	212	匯兌差額
At 31st March 2012	-	-	32,130	427	32,557	於二零一二年三月三十一日

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綜合財務報表附註

21 DEFERRED INCOME TAX
ASSETS/(LIABILITIES)
(CONTINUED)

Deferred income tax liabilities:

	綜合		總額	
	預扣稅	加速折舊		
	Withholding tax	Accelerated depreciation	Total	
	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2010	–	(53)	(53)	於二零一零年四月一日
(Charged)/credited to the consolidated income statement	(1,363)	14	(1,349)	已於綜合損益表中 (扣除)/計入
At 31st March 2011	(1,363)	(39)	(1,402)	於二零一一年 三月三十一日
Credited/(charged) to the consolidated income statement	243	(32)	211	已於綜合損益表中 計入/(扣除)
At 31st March 2012	(1,120)	(71)	(1,191)	於二零一二年 三月三十一日

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31st March 2012, the deferred income tax assets recognised from tax loss of approximately HK\$22,018,000 (2011: HK\$19,367,000) can be carried forward indefinitely. The remaining tax losses will expire in five years from the year they were incurred.

The VSC Group did not recognise deferred income tax assets of approximately HK\$8,377,000 (2011: HK\$13,859,000) in respect of losses amounting to approximately HK\$33,744,000 (2011: HK\$55,610,000) that can be carried forward against future taxable income. As at 31st March 2012, the cumulative tax losses of approximately HK\$1,844,000 (2011: HK\$1,651,000) can be carried forward indefinitely while tax losses of approximately HK\$31,900,000 (2011: HK\$53,959,000) will expire in five years from the year they were incurred.

21 遞延所得稅資產/(負債)(續)

遞延所得稅負債：

遞延所得稅資產乃因應相關稅務利益透過未來應課稅溢利變現而就所結轉之稅項虧損作確認。於二零一二年三月三十一日，已就稅項虧損所確認之遞延所得稅資產約22,018,000港元(二零一一年：19,367,000港元)，該金額可以無限期結轉。餘下之稅項虧損將於產生後五年內失效。

萬順昌集團並無就33,744,000港元(二零一一年：55,610,000港元)之虧損確認約8,377,000港元(二零一一年：13,859,000港元)之遞延所得稅資產，該金額可以抵銷未來應課稅收。於二零一二年三月三十一日，累計稅項虧損約1,844,000港元(二零一一年：1,651,000港元)可以無限期結轉，而稅項虧損約31,900,000港元(二零一一年：53,959,000港元)將於產生後五年內失效。

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21 DEFERRED INCOME TAX
ASSETS/(LIABILITIES)
(CONTINUED)

Deferred income tax liabilities of approximately HK\$981,000 (2011: HK\$407,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Management currently has no intention to remit those earnings.

21 遞延所得稅資產／(負債)(續)

就若干附屬公司之未分派盈利之應付預扣稅未被確認為約981,000港元(二零一一年：407,000港元)之遞延所得稅負債。管理層現時並無意分派其盈利。

22 AVAILABLE-FOR-SALE
FINANCIAL ASSET

22 可供出售之財務資產

	綜合	
	Consolidated	
	二零一二年	二零一一年
	2012	2011
	千港元	千港元
	HK\$'000	HK\$'000
At beginning of the reporting period	–	–
Addition	298	–
Net gain transfer to equity (Note 33)	147	–
At 31st March	445	–

Available-for-sale financial asset represents shares listed on The Stock Exchange of Hong Kong Limited.

可供出售之財務資產指於香港聯合交易所有限公司上市股份。

Available-for-sale financial asset is denominated in the following currency:

可供出售之財務資產包含下列貨幣：

	綜合	
	Consolidated	
	二零一二年	二零一一年
	2012	2011
	千港元	千港元
	HK\$'000	HK\$'000
HK\$	445	–

Notes to the Consolidated Financial Statements
綜合財務報表附註

23 DERIVATIVE FINANCIAL
INSTRUMENTS

23 衍生金融工具

	綜合 Consolidated				
	二零一二年 2012		二零一一年 2011		
	資產	負債	資產	負債	
	Assets	Liabilities	Assets	Liabilities	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Interest rate instrument (i)	–	–	–	13	利率工具(i)
Forward foreign exchange contracts – held for trading (ii)	629	–	2,395	128	遠期外匯合約 – 持有作 買賣用途(ii)
Steel futures contracts (iii)	–	–	2	–	鋼材期貨合約(iii)
Total	629	–	2,397	141	總額
Less non-current portion: Forward foreign exchange contracts – held for trading	–	–	(2,294)	(128)	減去非當期部分： 遠期外匯合約 – 持有作買賣用途
Current portion	629	–	103	13	當期部分

	本公司 Company				
	二零一二年 2012		二零一一年 2011		
	資產	負債	資產	負債	
	Assets	Liabilities	Assets	Liabilities	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Interest rate instrument – current (iv)	–	–	–	13	利率工具 – 當期部分(iv)

The derivative is classified as a non-current asset or liability if the remaining maturity of the underlying item is more than 12 months, and as a current asset or liability if the maturity of the underlying item is less than 12 months.

The credit quality of derivative assets has been assessed with reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

若被對沖項目之剩餘到期日超過十二個月，則衍生工具會分類為非流動資產或負債，而若被對沖項目之剩餘到期日少於十二個月，則為流動資產或負債。

衍生資產之信貸質素，乃根據有關訂約方以往違約比率之資料而評定。現有訂約方於過往並無違約。

Notes to the Consolidated Financial Statements
綜合財務報表附註

23 DERIVATIVE FINANCIAL
INSTRUMENTS (CONTINUED)

Notes:

- (i) There was no outstanding interest rate instrument as at 31st March 2012 (2011: notional principal amount of US\$50,000,000). Fair value change on the interest rate instrument during the year was recognised in “other gains – net” in the consolidated income statement. As at 31st March 2012, there was no committed payment under the interest rate instrument (2011: US\$500,000).
- (ii) The total notional principal amount of the outstanding forward foreign exchange contracts at 31st March 2012 was approximately US\$35,000,000 (2011: US\$97,000,000). Net fair value change on forward foreign exchange contracts during the year was recognised in “other gains – net” in the consolidated income statement. The last settlement dates are from 5th September 2012 to 25th February 2013 (2011: 26th May 2011 to 25th February 2013).
- (iii) There was no outstanding steel future contracts as at 31st March 2012 (2011: notional principal amount of RMB9,590,000). Net fair value change on steel future contracts during the year was recognised in “other gains – net” in the consolidated income statement.
- (iv) There was no outstanding interest rate instrument as at 31st March 2012 (2011: notional principal amount of US\$50,000,000). Fair value change on the interest rate instrument during the year was recognised in “other gains – net” in the income statement. As at 31st March 2012, there was no committed payment under the interest rate instrument (2011: US\$500,000).

23 衍生金融工具 (續)

附註：

- (i) 於二零一二年三月三十一日，沒有尚餘之利率工具（二零一一年：設定本金額50,000,000美元）。本年度期間，利率工具之公平價值變動已於綜合損益表之「其他收益－淨額」中確認。於二零一二年三月三十一日，沒有已確認之利率工具付款（二零一一年：500,000美元）。
- (ii) 於二零一二年三月三十一日，尚有之遠期外匯合約之總設定本金額約35,000,000美元（二零一一年：97,000,000美元）。本年度期間，遠期外匯合約之淨公平價值變動已於綜合損益表之「其他收益－淨額」中確認。最終結算日由二零一二年九月五日至二零一三年二月二十五日（二零一一年：二零一一年五月二十六日至二零一三年二月二十五日）。
- (iii) 於二零一二年三月三十一日，沒有尚餘之鋼材期貨合約（二零一一年：設定本金額人民幣9,590,000元）。本年度期間，鋼材期貨合約之淨公平價值變動已於綜合損益表之「其他收益－淨額」中確認。
- (iv) 於二零一二年三月三十一日，沒有尚餘之利率工具（二零一一年：設定本金額50,000,000美元）。本年度期間，利率工具之公平價值變動已於綜合損益表之「其他收益－淨額」中確認。於二零一二年三月三十一日，沒有已確認之利率工具付款（二零一一年：500,000美元）。

Notes to the Consolidated Financial Statements
綜合財務報表附註

24 INVENTORIES

24 存貨

	綜合	
	Consolidated	
	二零一二年	二零一一年
	2012	2011
	千港元	千港元
	HK\$'000	HK\$'000
Work in progress relating to provision of services (i)	49,803	35,923
Finished goods	347,055	353,941
	396,858	389,864

The costs of inventories recognised as expenses and included in “cost of sales” in the consolidated income statement amounted to approximately HK\$4,255,124,000 (2011: HK\$4,019,698,000).

As at 31st March 2012, no inventories were pledged for VSC Group’s bank borrowings (2011: approximately HK\$21,507,000) (Note 30).

Note:

- (i) The VSC Group entered into an agreement with an independent third party in connection with sales and marketing activities of a property project (“the Project”) in the Mainland China which is owned by that independent third party (“the Property”) and the profit to be received by the VSC Group will depend on the amount of proceeds derived from the sales of the Property.

The costs incurred relating to the Project are capitalised as inventory which does not include a profit margin or non-attributable overheads.

約4,255,124,000港元(二零一一年：4,019,698,000港元)之存貨成本已確認為支出並已包括在綜合損益表之「銷售成本」中。

於二零一二年三月三十一日，沒有存貨作為萬順昌集團銀行借貸之抵押品(二零一一年：約21,507,000港元)(附註30)。

附註：

- (i) 萬順昌集團與獨立第三者訂立協議將提供位於中國內地並由該獨立第三者擁有之一項物業(「該物業」)之銷售及市場推廣活動之相關服務(「項目」)，而萬順昌集團將按銷售該物業之所得款項收回其溢利。

項目產生之成本已撥為存貨，當中並沒有包括毛利率或非應佔生產費用。

Notes to the Consolidated Financial Statements
綜合財務報表附註

25 TRADE AND BILL
RECEIVABLES AND
LOAN RECEIVABLE

(a) Trade and bill receivables

25 應收賬款及票據及應收
貸款

(a) 應收賬款及票據

		綜合 Consolidated		
		二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Trade and bill receivables				應收賬款及票據
– from third parties	566,185	507,220		– 來自第三方
– from an associate	3,970	–		– 來自一間聯營公司
Less: provision for impairment of trade receivables	(6,179)	(9,858)		減：應收賬款減值 撥備
Trade and bill receivables, net	563,976	497,362		應收賬款及票據，淨額

Sales are either covered by (i) letters of credit with bill payable at sight or (ii) open account with credit terms of 15 to 90 days.

銷售均以(i)見票即付之信用證；或(ii)記賬方式進行，信貸期一般介乎15至90日不等。

Ageing analysis of trade and bill receivables by invoice date is as follows:

應收賬款及票據根據發票日期之賬齡分析如下：

		綜合 Consolidated		
		二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
0 to 60 days	447,921	430,632		0 – 60日
61 to 120 days	58,519	46,856		61 – 120日
121 to 180 days	16,550	15,574		121 – 180日
181 to 365 days	41,674	5,276		181 – 365日
Over 365 days	5,491	8,882		超過365日
	570,155	507,220		
Less: Provision for impairment of trade receivables	(6,179)	(9,858)		減：應收賬款減值 撥備
	563,976	497,362		

25 TRADE AND BILL
RECEIVABLES AND
LOAN RECEIVABLE
(CONTINUED)

(a) Trade and bill receivables (Continued)

As at 31st March 2012, included in trade and bill receivables were retentions from installation contract work of approximately HK\$3,306,000 (2011: HK\$4,832,000), which were not due for collection until satisfaction of the conditions specified in the underlying contracts.

As at 31st March 2012, trade and bill receivables of approximately HK\$397,503,000 (2011: HK\$404,822,000) were fully performing and were from customers with no history of default.

Movements on the provision for impairment of trade receivables are as follows:

25 應收賬款及票據及應收
貸款 (續)

(a) 應收賬款及票據 (續)

於二零一二年三月三十一日，約3,306,000港元(二零一一年：4,832,000港元)之合約工程之保證金包括在應收賬款及票據內，該等款項將直至達成合約所指明之條款後才可收回。

於二零一二年三月三十一日，應收賬款及票據約397,503,000港元(二零一一年：404,822,000港元)已從沒有拖欠還款記錄之客戶中全數履行。

應收賬款之減值撥備變動如下：

	綜合		
	Consolidated		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
At beginning of the reporting period	9,858	15,022	於報告期初
Provision for impairment recognised in the consolidated income statement	2,870	1,704	已於綜合損益表中確認之減值撥備
Reversal of impairment written back in the consolidated income statement	(5,318)	(6,648)	已於綜合損益表中撤回之減值撥回
Write-off of provision for impairment	(1,382)	(517)	撇銷減值撥備
Exchange differences	151	297	匯兌差額
At 31st March	6,179	9,858	於三月三十一日

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綜合財務報表附註

25 TRADE AND BILL
RECEIVABLES AND
LOAN RECEIVABLE
(CONTINUED)

(a) Trade and bill receivables (Continued)

As at 31st March 2012, trade receivables of approximately HK\$6,179,000 (2011: HK\$9,858,000) were impaired and provided for. The amount of net provision recovered in the consolidated income statement during the year was approximately HK\$2,448,000 (2011: HK\$4,944,000). The ageing analysis of these receivables is as follows:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
0 to 60 days	–	388	0 – 60日
61 to 120 days	–	–	61 – 120日
121 to 180 days	–	–	121 – 180日
181 to 365 days	1,307	877	181 – 365日
Over 365 days	4,872	8,593	超過365日
	6,179	9,858	

The ageing analysis of trade receivables past due but not impaired (based on due date) is as follows:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
0 to 60 days	109,661	77,840	0 – 60日
61 to 120 days	15,534	11,740	61 – 120日
121 to 180 days	25,109	2,314	121 – 180日
181 to 365 days	15,960	646	181 – 365日
Over 365 days	209	–	超過365日
	166,473	92,540	

25 應收賬款及票據及應收
貸款 (續)

(a) 應收賬款及票據 (續)

於二零一二年三月三十一日，應收賬款約6,179,000港元(二零一一年：9,858,000港元)已作減值及撥備。本年度期間，已於綜合損益表中收回之淨撥備約2,448,000港元(二零一一年：4,944,000港元)。其應收賬款賬齡分析如下：

已過期但未減值(根據到期日)之應收賬款賬齡分析如下：

Notes to the Consolidated Financial Statements
綜合財務報表附註

25 TRADE AND BILL
RECEIVABLES AND
LOAN RECEIVABLE
(CONTINUED)

(a) Trade and bill receivables (Continued)

The carrying amounts of net trade and bill receivables approximated to their fair values as at 31st March 2011 and 2012.

The carrying amounts of trade and bill receivables were denominated in the following currencies:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
RMB	217,823	243,623	人民幣
HK\$	337,042	247,571	港元
US\$	15,290	16,026	美元
	570,155	507,220	

(b) Loan receivable

A loan receivable of HK\$19,000,000 (2011: HK\$19,000,000) is secured by the following assets:

- certain equity interest owned by the borrower; and
- a loan receivable owned by the borrower.

The carrying amount of this receivable approximated to its fair values as at 31st March 2011 and 2012. It is denominated in HK\$, non-interest bearing and repayable on 5th December 2012.

25 應收賬款及票據及應收
貸款 (續)

(a) 應收賬款及票據 (續)

淨應收賬款及票據之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。

應收賬款及票據之賬面金額包含下列貨幣：

(b) 應收貸款

一項19,000,000港元(二零一一年：19,000,000港元)之應收貸款由以下資產作抵押：

- 借款人持有之若干股本權益；及
- 借款人持有之一項應收貸款。

此應收貸款之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。並以港元列賬、不持息及須於二零一二年十二月五日償還。

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綜合財務報表附註

26 PREPAYMENTS, DEPOSITS AND
OTHER RECEIVABLES

26 預付款項、按金及其他
應收賬款

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Prepayments for purchases and services	109,736	127,602	預付採購及服務款項
Rental and other deposits	2,884	3,298	租金及其他按金
Value-added tax recoverable	1,648	–	可收回增值稅
Others	8,594	11,132	其他
	122,862	142,032	

The carrying amounts of prepayments, deposits and other receivables approximated to their fair values as at 31st March 2011 and 2012. They were denominated in the following currencies:

預付款項、按金及其他應收賬款之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。預付款項、按金及其他應收賬款包含下列貨幣：

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
RMB	91,083	129,624	人民幣
HK\$	29,684	7,848	港元
US\$	2,095	4,560	美元
	122,862	142,032	

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綜合財務報表附註

27 PLEDGED BANK DEPOSITS/
CASH AND CASH
EQUIVALENTS

27 已抵押銀行存款／現
金及現金等值

	綜合 Consolidated		本公司 Company		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Cash on hand	267	355	-	-	手頭現金
Cash at bank	267,181	191,460	12,588	438	銀行存款
Short-term bank deposits	134,066	335,677	-	12,287	短期銀行存款
	401,514	527,492	12,588	12,725	
Less: Pledged bank deposits	(134,066)	(41,624)	-	(12,287)	減：已抵押銀行存款
Cash and cash equivalents	267,448	485,868	12,588	438	現金及現金等值

Pledged bank deposits and cash and cash equivalents were denominated in the following currencies:

已抵押銀行存款及現金及現金等值包含下列貨幣：

	綜合 Consolidated		本公司 Company		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
RMB	60,894	69,563	-	-	人民幣
HK\$	302,172	361,299	136	242	港元
US\$	38,280	96,465	12,452	12,483	美元
Euro	88	68	-	-	歐羅
Others	80	97	-	-	其他
	401,514	527,492	12,588	12,725	

The carrying amounts of pledged bank deposits and cash and cash equivalents approximated to their fair values as at 31st March 2011 and 2012.

已抵押銀行存款及現金及現金等值之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。

Notes to the Consolidated Financial Statements
綜合財務報表附註

27 PLEDGED BANK DEPOSITS/
CASH AND CASH
EQUIVALENTS (CONTINUED)

As at 31st March 2012, the VSC Group's bank deposits of approximately HK\$5,000,000 (2011: HK\$31,457,000) were pledged as collateral for the VSC Group's bank borrowings (Note 30).

As at 31st March 2011, the Company has bank deposit HK\$12,287,000 pledged as collateral for the banking facilities granted to a subsidiary of the Company.

As at 31st March 2012, pledged bank deposits and cash and bank deposits totalling approximately HK\$60,894,000 (2011: HK\$69,563,000) were denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

27 已抵押銀行存款／現
金及現金等值（續）

於二零一二年三月三十一日，萬順昌集團約5,000,000港元（二零一一年：31,457,000港元）之銀行存款已抵押作為萬順昌集團銀行借貸之抵押品（附註30）。

於二零一一年三月三十一日，本公司有12,287,000港元之銀行存款作為本公司之一間附屬公司所獲銀行融資作抵押品。

於二零一二年三月三十一日，已抵押銀行存款及現金及銀行存款共約60,894,000港元（二零一一年：69,563,000港元）以人民幣列賬，該貨幣並不能在國際市場自由兌換及其匯率是由中國人民銀行釐定。

28 TRADE AND BILL PAYABLES

Payment terms with suppliers are either on letters of credit or open account. Certain suppliers grant credit period of around 30 days.

Ageing analysis of trade and bill payables by invoice date is as follows:

28 應付賬款及票據

與供應商之付款條款均以信用證或記賬方式進行。若干供應商之信貸期約30日。

應付賬款及票據根據發票日期之賬齡分析如下：

	綜合		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
0 to 60 days	332,524	311,435	0 – 60日
61 to 120 days	412	316	61 – 120日
121 to 180 days	42	–	121 – 180日
181 to 365 days	3	–	181 – 365日
Over 365 days	7,032	2,184	超過365日
	340,013	313,935	

Notes to the Consolidated Financial Statements
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28 TRADE AND BILL PAYABLES (CONTINUED)

The carrying amounts of trade and bill payables approximated to their fair values as at 31st March 2011 and 2012. They were denominated in the following currencies:

28 應付賬款及票據 (續)

應付賬款及票據之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。應付賬款及票據包含下列貨幣：

	綜合		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
RMB	96,954	63,101	人民幣
HK\$	180,226	57,016	港元
US\$	62,833	193,818	美元
	340,013	313,935	

29 ACCRUED LIABILITIES AND OTHER PAYABLES

29 應計負債及其他應付賬款

	綜合		
	二零一二年	二零一一年	
	2012	2011	
	千港元	千港元	
	HK\$'000	HK\$'000	
Accrual for employee benefit expenses	5,241	5,416	應計僱員福利支出
Accrual for operating expenses	29,326	27,704	應計經營支出
Value-added tax payables	3,991	5,947	應付增值稅
Provision for onerous contracts	–	37,912	有償契約之撥備
Others	–	14,018	其他
	38,558	90,997	

Notes to the Consolidated Financial Statements
綜合財務報表附註

29 ACCRUED LIABILITIES
AND OTHER PAYABLES
(CONTINUED)

The carrying amounts of accrued liabilities and other payables approximated to their fair values as at 31st March 2011 and 2012.

They were denominated in the following currencies:

29 應計負債及其他應付賬款 (續)

應計負債及其他應付賬款之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。

應計負債及其他應付賬款包含下列貨幣：

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
RMB	26,458	44,150	人民幣
HK\$	12,100	46,695	港元
US\$	–	152	美元
	38,558	90,997	

	本公司 Company		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Accrual for employee benefit expenses	44	125	應計僱員福利支出

The carrying amounts of accrual for employee benefit expenses are denominated in HK\$ and approximated to their fair values as at 31st March 2011 and 2012.

應計僱員福利支出之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。

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綜合財務報表附註

30 BORROWINGS

30 借貸

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Current			當期
– Trust receipts bank loans, secured	539,142	416,198	– 信託收據銀行貸款，抵押的
– Short-term bank loans, secured	106,204	169,324	– 短期銀行貸款，抵押的
– Long-term bank loans, secured, current portion	–	3,876	– 長期銀行貸款，抵押的，當期部分
– Portion of mortgage loan from bank due for repayment within one year	2,324	2,304	– 一年內償還之部分銀行按揭貸款
– Portion of mortgage loan from bank due for repayment after one year which contains a repayment on demand clause	6,118	8,442	– 一年後償還附有即時償還條款之部分銀行按揭貸款
Total borrowings	653,788	600,144	借貸總額

The maturity of VSC Group's borrowings in accordance with the repayment schedule, without taking into account of the repayment on demand clause:

萬順昌集團借貸之到期日乃根據還款時間表，並無考慮附有即時償還條款：

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Within one year	647,670	591,702	1年內
Between one and two years	2,324	2,304	1至2年
Between two and five years	3,794	6,138	2至5年
	653,788	600,144	

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綜合財務報表附註

30 BORROWINGS (CONTINUED)

The Company's borrowings, which represented a current bank loan, were repayable as follows:

	本公司 Company	
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000
Within one year	–	3,876 1年內

The VSC Group's borrowings are secured by:

- (i) no inventories are pledged for the VSC Group's bank borrowings as at 31st March 2012 (2011: approximately HK\$21,507,000) (Note 24);
- (ii) pledge of the VSC Group's bank deposits of approximately HK\$5,000,000 (2011: HK\$31,457,000) (Note 27);
- (iii) pledge of the VSC Group's investment property of approximately HK\$22,000,000 (2011: HK\$20,000,000) (Note 16); and
- (iv) corporate guarantee provided by the Company of approximately HK\$1,432,497,000 (2011: HK\$1,457,754,000).

Some of the VSC Group's banking facility contracts are subject to covenant clauses, whereby the VSC Group is required to meet certain key performance indicators. The VSC Group did not fulfil the interest coverage ratio (Note a) as required in the contract for a credit line of HK\$50,000,000, out of which the VSC Group drew an amount of HK\$29,857,000 as at 31st March 2012, which was classified as current liabilities as at 31st March 2012 on the consolidated statement of financial position.

30 借貸 (續)

本公司之借貸，指當期銀行貸款，還款期如下：

萬順昌集團之借貸由以下作抵押：

- (i) 於二零一二年三月三十一日，萬順昌集團沒有存貨已作抵押 (二零一一年：約21,507,000港元) (附註24)；
- (ii) 萬順昌集團已作抵押之銀行存款約5,000,000港元 (二零一一年：31,457,000港元) (附註27)；
- (iii) 萬順昌集團已作抵押之投資物業約22,000,000港元 (二零一一年：20,000,000港元) (附註16)；及
- (iv) 本公司提供之企業擔保約1,432,497,000港元 (二零一一年：1,457,754,000港元)。

部份萬順昌集團之銀行信貸合同受公約條款所限，據此，萬順昌集團須符合某些關鍵績效指標。由於萬順昌集團於二零一二年三月三十一日並未能為50,000,000港元之信貸額度而達到符合合同所述之利息覆蓋率 (附註a)，當中萬順昌集團於二零一二年三月三十一日提取29,857,000港元，並於二零一二年三月三十一日之綜合財務狀況表中分類為流動負債。

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30 BORROWINGS (CONTINUED)

Due to this breach of the covenant clause, the bank is contractually entitled to request early repayment of the outstanding amount of HK\$29,857,000. On 29th May 2012, the bank granted a waiver to the Company on the non-compliance of the covenant and the bank did not request early repayment of the loan as of the date when these consolidated financial statements were approved by the board of directors.

Note:

- (a) The ratio is defined as earnings before interest, tax, depreciation and amortisation expenses to its gross interest expenses to be at least three times for the year.

Borrowings were denominated in the following currencies:

	綜合 Consolidated		本公司 Company		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
RMB	90,793	152,484	-	-	人民幣
HK\$	562,995	443,784	-	-	港元
US\$	-	3,876	-	3,876	美元
	653,788	600,144	-	3,876	

The effective interest rates of borrowings (per annum) at the reporting dates are as follows:

	二零一二年 2012	二零一一年 2011	
RMB	6.8%	5.2%	人民幣
HK\$	2.6%	2.4%	港元
US\$	0.5%	0.5%	美元

The carrying amounts of the borrowings approximated to their fair values as at 31st March 2011 and 2012.

30 借貸 (續)

因違反此公約之條款，銀行根據合同有權要求提前償還尚未償還為29,857,000港元之金額。於二零一二年五月二十九日，銀行向本公司授出豁免遵守該公約之豁免書，及於董事局批准此財務報表之日，亦無要求提前償還貸款。

附註：

- (a) 該比率界定為扣除利息、稅項、折舊及攤銷前盈利最少為該年度之利息總支出的三倍。

借貸包含下列貨幣：

於報告日，借貸之實際利率（每年）如下：

借貸之賬面金額與其於二零一一年及二零一二年三月三十一日之公平價值相約。

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31 SHARE CAPITAL

31 股本

	法定 (每股0.10港元之普通股)		已發行及繳足 (每股0.10港元之普通股)		
	Authorised		Issued and fully paid		
	(Ordinary shares of HK\$0.10 each)		(Ordinary shares of HK\$0.10 each)		
	股份數目	面值	股份數目	面值	
	Number of shares	Nominal value	Number of shares	Nominal value	
千股	千港元	千股	千港元		
'000	HK\$'000	'000	HK\$'000		
As at 31st March 2011 and 31st March 2012	1,000,000	100,000	414,128	41,413	於二零一一年三月 三十一日及 二零一二年 三月三十一日

32 SHARE OPTIONS

The VSC Group has a share option scheme under which it may grant options to any person being an employee, agent, consultant or representative (including executive directors and non-executive directors) of the VSC Group to subscribe for shares in the Company, subject to a maximum of 30% of the issued share capital of the Company from time to time, excluding for the shares issued on the exercise of options. The exercise price will be determined by the Company's board of directors and shall be at least the highest of (i) the closing price of the Company's shares quoted on The Stock Exchange of Hong Kong Limited on the date of grant of the options, (ii) the average closing prices of the Company's shares quoted on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant of the options, and (iii) the nominal value of the Company's shares of HK\$0.10 each.

32 購股權

根據萬順昌集團之購股權計劃，萬順昌集團可授予萬順昌集團之任何僱員、代理人、顧問或代表（包括執行董事及非執行董事）以認購本公司之股份，而不得超過不時已發行本公司股份之30%，其中不包括因行使購股權而發行之股份。行使價將由本公司董事會釐定及最少將按以下列中最高者為準：(i)本公司股份於提出授予購股權當日香港聯合交易所有限公司所列之收市價；(ii)本公司股份於緊接提出授予購股權日期前五個交易日在香港聯合交易所有限公司所列之平均收市價；及(iii)本公司股份面值每股0.10港元。

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綜合財務報表附註

32 SHARE OPTIONS (CONTINUED)

Movements of share options were:

授予日期 Date of grant	行使期 Exercise period	每股行使價 Exercise price per share 港元 HK\$	於二零一一年 四月一日 As at 1st April 2011 千股 '000	授予 Granted 千股 '000	沒收/失效 Forfeited/ lapsed 千股 '000	於二零一二年 三月三十一日 As at 31st March 2012 千股 '000
二零一一年八月一日 1st August 2011	二零一三年八月一日至 二零一二年七月三十一日 1st August 2013 to 31st July 2012	0.692	–	3,815	–	3,815
二零一零年七月十九日 19th July 2010	二零一二年六月一日至 二零二零年七月十八日 1st June 2012 to 18th July 2020	0.828	3,815	–	–	3,815
二零零九年十月十三日 13th October 2009	二零零九年十月十三日至 二零一九年十月十二日 13th October 2009 to 12th October 2019	0.504	16,500	–	–	16,500
二零零九年九月十八日 18th September 2009	二零一一年九月十八日至 二零一九年九月十七日 18th September 2011 to 17th September 2019	0.586	1,533	–	(117)	1,416
二零零九年九月十八日 18th September 2009	二零一二年九月十八日至 二零一九年九月十七日 18th September 2012 to 17th September 2019	0.586	1,533	–	(117)	1,416
二零零九年九月十八日 18th September 2009	二零一三年九月十八日至 二零一九年九月十七日 18th September 2013 to 17th September 2019	0.586	1,534	–	(116)	1,418
二零零八年六月十九日 19th June 2008	二零零八年六月十九日至 二零一八年六月十八日 19th June 2008 to 18th June 2018	0.780	3,000	–	–	3,000
二零零六年九月十三日 13th September 2006	二零零七年九月十三日至 二零一六年九月十二日 13th September 2007 to 12th September 2016	0.900	2,400	–	(100)	2,300
二零零三年九月十九日 19th September 2003	二零零五年九月十九日至 二零一三年九月十八日 19th September 2005 to 18th September 2013	1.418	1,300	–	–	1,300
二零零三年五月七日 7th May 2003	二零零五年五月七日至 二零一三年五月六日 7th May 2005 to 6th May 2013	0.970	700	–	–	700
二零零三年五月二日 2nd May 2003	二零零三年五月二日至 二零一三年五月一日 2nd May 2003 to 1st May 2013	0.980	1,000	–	–	1,000
			33,315	3,815	(450)	36,680

32 購股權 (續)

購股權變動如下：

The fair value of options granted was determined by the directors based on the valuations assessed by independent, professionally qualified valuers, using the Trinomial Model. The significant inputs into the model were share price at the grant date, exercise price, expected exit rate of employees and representatives, estimated trigger price of exercising of option, expected life of options, expected dividend payout rate and annual risk-free rate. The volatility measured is based on statistical analysis of daily share prices over a period of 500 weeks.

已授予之購股權之公平價值是由董事按獨立及專業合資格估值師採用三項式模型釐定。輸入該模型之重要數據包括授出日股價、行使價、預計僱員及其代表離職率、行使購股權之估計觸發價、購股權預計期限、預計派息率及年度無風險息率。波幅根據500星期內每日股價統計分析而量度。

Notes to the Consolidated Financial Statements
綜合財務報表附註

33 RESERVES

33 儲備

	綜合 Consolidated						累計外幣 匯兌調整 Cumulative foreign currency translation adjustments	保留盈利 Retained earnings	總額 Total	
	股份溢價 Share premium 千港元 HK\$'000	購股權 儲備 Share option reserve 千港元 HK\$'000	資本贖回 儲備(iii) Capital redemption reserve (iii) 千港元 HK\$'000	法定 儲備(i) Statutory reserves (i) 千港元 HK\$'000	資本儲備(iv) Capital reserve (iv) 千港元 HK\$'000	投資 重估儲備 Investment revaluation reserve 千港元 HK\$'000				
At 1st April 2010	338,005	3,953	77,203	12,732	58,355	117	21,197	68,182	579,744	於二零一零年 四月一日
Profit for the year	-	-	-	-	-	-	-	31,032	31,032	年度溢利
Currency translation differences	-	-	-	-	-	-	9,351	-	9,351	貨幣匯兌差額
Disposal of interest in an associate	-	-	-	-	-	(117)	(2,237)	-	(2,354)	出售一間聯營公司 之權益
Transfer from retained earnings	-	-	-	430	-	-	-	(430)	-	轉撥自保留盈利
Lapse of share options Share option scheme	-	(7)	-	-	-	-	-	7	-	失效之購股權 購股權計劃
- value of services	-	793	-	-	-	-	-	-	793	- 服務價值
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(15,323)	(15,323)	已付本公司股權 持有人之股息
At 31st March 2011	338,005	4,739	77,203	13,162	58,355	-	28,311	83,468	603,243	於二零一一年 三月三十一日

Notes to the Consolidated Financial Statements
綜合財務報表附註

33 RESERVES (CONTINUED)

33 儲備 (續)

	綜合 Consolidated							保留盈利 Retained earnings	總額 Total	
	股份溢價 Share premium	購股權 儲備 Share option reserve	資本贖回 儲備(iii) Capital redemption reserve (iii)	法定 儲備(i) Statutory reserves (i)	資本儲備(iv) Capital reserve (iv)	投資 重估儲備 Investment revaluation reserve	累計外幣 匯兌調整 Cumulative foreign currency adjustments			
At 1st April 2011	338,005	4,739	77,203	13,162	58,355	-	28,311	83,468	603,243	於二零一一年 四月一日
Profit for the year	-	-	-	-	-	-	-	6,283	6,283	年度溢利
Currency translation differences	-	-	-	-	-	-	9,140	-	9,140	貨幣匯兌差額
Fair value change of available-for-sale financial asset	-	-	-	-	-	147	-	-	147	可供出售之財務資產 之公平價值變動
Transfer from retained earnings	-	-	-	269	-	-	-	(269)	-	轉撥自保留盈利
Lapse of share options Share option scheme - value of services	-	(19)	-	-	-	-	-	19	-	失效之購股權 購股權計劃 - 服務價值
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(2,485)	(2,485)	已付本公司股權 持有人之股息
At 31st March 2012	338,005	5,886	77,203	13,431	58,355	147	37,451	87,016	617,494	於二零一二年 三月三十一日

Notes to the Consolidated Financial Statements
綜合財務報表附註

33 RESERVES (CONTINUED)

33 儲備 (續)

	本公司 Company					總額 Total	
	股份溢價 Share premium	購股權 儲備 Share option reserve	資本贖回 儲備(iii) Capital redemption reserve (iii)	繳入 盈餘(ii) Contributed surplus (ii)	保留盈利 Retained earnings		
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
At 1st April 2010	338,005	3,953	77,203	53,986	15,028	488,175	於二零一零年四月一日
Profit for the year	-	-	-	-	10,987	10,987	年度溢利
Lapse of share options	-	(7)	-	-	7	-	失效之購股權
Share option scheme							購股權計劃
- value of services	-	793	-	-	-	793	- 服務價值
Dividends paid	-	-	-	-	(15,323)	(15,323)	已付股息
At 31st March 2011	338,005	4,739	77,203	53,986	10,699	484,632	於二零一一年三月三十一日
At 1st April 2011	338,005	4,739	77,203	53,986	10,699	484,632	於二零一一年四月一日
Profit for the year	-	-	-	-	11,821	11,821	年度溢利
Lapse of share options	-	(19)	-	-	19	-	失效之購股權
Share option scheme							購股權計劃
- value of services	-	1,166	-	-	-	1,166	- 服務價值
Dividends paid	-	-	-	-	(2,485)	(2,485)	已付股息
At 31st March 2012	338,005	5,886	77,203	53,986	20,054	495,134	於二零一二年三月三十一日

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 RESERVES (CONTINUED)

Notes:

- (i) Statutory reserves represent enterprise expansion reserve fund and general reserve fund set up by certain subsidiaries in Mainland China. As stipulated by regulations in Mainland China, the subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the enterprise expansion reserve fund and general reserve fund, at rates determined by their respective boards of directors. The general reserve fund may be used for making up losses and increasing capital, while the enterprise expansion reserve fund may be used for increasing capital.
- (ii) Under the Companies Act 1981 of Bermuda, contributed surplus is distributable to equity holders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.
- (iii) The capital redemption reserve was established upon repurchase of shares in prior years.
- (iv) In April 2000, the VSC Group's equity interest in iSteelAsia.com Limited was diluted from 44% to 38.72% as a result of the issuance of new shares of iSteelAsia.com Limited. In this connection, the VSC Group recognised a dilution gain of approximately HK\$58,355,000 and transferred an amount equal to such dilution gain from retained earnings to capital reserve.

33 儲備 (續)

附註：

- (i) 法定儲備即由中國內地若干附屬公司設立之企業發展儲備基金及一般儲備基金。按照中國內地法規訂明，於中國內地成立及經營之附屬公司須於其除稅後溢利（經抵銷過往年度虧損）撥出部分至企業發展儲備基金及一般儲備基金，比率乃由各自董事會釐定。一般儲備基金可用作抵銷虧損及增加股本，而企業發展儲備基金可用作增加股本。
- (ii) 根據百慕達一九八一年公司法，繳入盈餘可分派予股權持有人，惟倘本公司在宣派或支付股息或從繳入盈餘作出分派後，(i)本公司不能或在作出支付後將不能支付到期債項，或(ii)其資產之可變現價值將會因而少於其債項及其已發行股本及股份溢價賬目的合計總額，則本公司不可作出上述的宣派、支付或分派。
- (iii) 資本贖回儲備之產生是由於往年回購股份所引致。
- (iv) 於二零零零年四月，由於iSteelAsia.com Limited發行新股份，因此萬順昌集團於iSteelAsia.com Limited之權益由44%攤薄至38.72%。就此，萬順昌集團已確認約58,355,000港元之攤薄收益及已由保留盈利轉移相等於攤薄收益之金額至資本儲備。

Notes to the Consolidated Financial Statements
綜合財務報表附註

34 CONSOLIDATED STATEMENT
OF CASH FLOWS

34 綜合現金流量表

(a) Reconciliation of profit before income tax to net cash (used in)/generated from operations is as follows:

(a) 除稅前溢利與經營(所用)/產生之現金淨額對賬如下:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Profit before income tax	6,060	52,904	除稅前溢利
Share of profits of associates-net	(8,465)	(6,626)	應佔聯營公司溢利 - 淨額
Interest income	(1,584)	(858)	利息收入
Interest expenses	25,300	16,039	利息支出
Depreciation of property, plant and equipment	6,770	6,951	物業、廠房及設備之折舊
Gain on disposals of property, plant and equipment	(96)	(6)	出售物業、廠房及設備之收益
Amortisation of intangible assets and land use rights	634	202	無形資產及土地使用權之攤銷
Fair value (gain)/loss of an investment property	(2,000)	273	一項投資物業之公平價值(收益)/虧損
Gain on disposal of interest in an associate	-	(40,419)	出售一間聯營公司之權益之收益
Gain on disposal of a club debenture	-	(2,038)	出售一項會籍之收益
Amount recovered from a fully impaired available-for-sale financial asset	-	(388)	收回一項已全數減值之可供出售之財務資產
Change in fair values of derivative financial instruments	1,627	(1,399)	衍生金融工具之公平價值變動
Share option scheme - value of services	1,166	793	購股權計劃 - 服務價值
Operating profit before working capital changes	29,412	25,428	營運資金變動前之經營溢利
Increase in inventories	(6,994)	(144,144)	存貨增加
Increase in trade and bill receivables	(66,614)	(87,536)	應收賬款及票據增加
Decrease in loan receivable	-	5,500	應收貸款減少
Decrease in prepayments, deposits and other receivables	19,170	36,724	預付款項、按金及其他應收賬款減少
Decrease in amounts due from associates	-	29,241	應收聯營公司減少
Increase in trade and bill payables (Decrease)/increase in receipts in advance	(82,979)	120,733	應付賬款及票據增加 預收款項(減少)/增加
Decrease in accrued liabilities and other payables	(52,439)	(13,154)	應計負債及其他應付賬款減少
Net cash (used in)/generated from operations	(134,366)	39,254	經營(所用)/產生之現金淨額

Notes to the Consolidated Financial Statements
綜合財務報表附註

34 CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Net book amount	314	220	賬面淨值
Gain on disposals of property, plant and equipment	96	6	出售物業、廠房及設備之收益
Proceeds from disposals of property, plant and equipment	410	226	出售物業、廠房及設備之所得款項

(c) In the consolidated statement of cash flows, proceeds from disposal of interest in an associate comprise:

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Net assets disposed	-	95,871	出售之淨資產
Gain on disposal of interest in an associate	-	40,419	出售一間聯營公司之權益之收益
Cash consideration received	-	136,290	已收之現金代價

34 綜合現金流量表 (續)

(b) 在綜合現金流量表中，出售物業、廠房及設備之所得款項包括：

(c) 於綜合現金流量表中，出售一間聯營公司之權益之所得款項包括：

Notes to the Consolidated Financial Statements
綜合財務報表附註

35 GUARANTEES

35 擔保

	本公司 Company		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Guarantees provided by the Company in respect of banking facilities of its subsidiaries	1,432,497	1,457,754	本公司就其附屬公司所獲銀行融資而提供之擔保
Banking facilities utilised by subsidiaries in respect of guarantees provided by the Company	595,051	475,762	本公司就其附屬公司所用之銀行融資而提供之擔保

36 COMMITMENTS

36 承擔

(a) Commitments under operating leases

(a) 營業租約承擔

(i) Lessor

(i) 出租人

The VSC Group leases an investment property under non-cancellable operating lease agreements. The lease term is 2 years, and the lease agreement is renewable at the end of the lease period at market rate.

萬順昌集團根據不可撤銷之營業租約出租一項投資物業。租賃年期為兩年，及可在租約期滿後以市場租值續簽新約。

Total commitments receivable under the non-cancellable operating lease agreement in respect of rent-out premise is analysed as follows:

就出租物業而訂立之不可撤銷營業租約之應收承擔總額分析如下：

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Not later than one year	456	120	未逾1年
Later than one year and not later than five years	223	—	逾1年及未逾5年
	679	120	

36 COMMITMENTS (CONTINUED)

(a) Commitments under operating leases
(Continued)

(ii) Lessee

The VSC Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

Total commitments payable under various non-cancellable operating lease agreements in respect of rented premises are analysed as follows:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Not later than one year	22,449	13,522	未逾1年
Later than one year and not later than five years	17,789	16,636	逾1年及未逾5年
Later than five years	–	198	逾5年
	40,238	30,356	

(b) Capital commitment

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	綜合 Consolidated		
	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Contracted but not provide for: Capital contribution for a recycling business	12,744	–	已訂約但尚未預提： 再生業務之資本投入

As at 31st March 2012, the Company did not have capital commitments (2011: Nil).

36 承擔 (續)

(a) 營業租約承擔 (續)

(ii) 承租人

萬順昌集團根據不可撤銷之營業租約承租多個零售商舖、辦公室及貨倉。租賃年期界乎1至5年，及大部份可在租約期滿後以市場租值續簽新約。

就承租物業而訂立之不可撤銷營業租約之應付承擔總額分析如下：

(b) 資本承擔

於報告日期已訂約但尚未產生之資本開支如下：

於二零一二年三月三十一日，本公司並沒有資本承擔（二零一一年：無）。

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綜合財務報表附註

36 COMMITMENTS (CONTINUED)

(c) Commitments under derivative contracts

As at 31st March 2012, the VSC Group had an outstanding forward foreign currency contract to purchase approximately US\$7,000,000 (2011: US\$18,000,000) for approximately HK\$54,355,000 (2011: HK\$140,184,000). The last settlement date is 31st October 2012.

As at 31st March 2012, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$28,000,000 (2011: US\$79,000,000) for approximately RMB176,334,000 (2011: RMB517,889,000). The last settlement dates are 5th September 2012 and 25th February 2013.

37 RELATED PARTY
TRANSACTIONS

(a) Transactions

The following is a summary of significant related party transactions, which were carried out in the normal course of the VSC Group business:

		二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Management services provided to an associate	(i)	555	57	向一間聯營公司提供之管理服務
Sales of goods to an associate	(ii)	105,840	225,860	向一間聯營公司銷售之貨品
Rental income received from a then associate		—	57	已收一間已出售之聯營公司之租金收入
Rental expenses paid to an associate	(iii)	2,855	2,591	已付一間聯營公司之租金支出
Interest received from a then associate		—	60	已收一間已出售之聯營公司之利息

36 承擔 (續)

(c) 衍生合約承擔

於二零一二年三月三十一日，萬順昌集團尚有一份約54,355,000港元(二零一一年：140,184,000港元)未行使之遠期外匯貨幣合約以用作購買約7,000,000美元(二零一一年：18,000,000美元)。最終結算日為二零一二年十月三十一日。

於二零一二年三月三十一日，萬順昌集團尚有約人民幣176,334,000元(二零一一年：人民幣517,889,000元)未行使之遠期外匯貨幣合約以用作購買約28,000,000美元(二零一一年：79,000,000美元)。最終結算日為二零一二年九月五日及二零一三年二月二十五日。

37 與關連人士之交易

(a) 交易

與關連人士之重大交易詳情如下，此等交易是按照萬順昌集團日常業務之正常條款進行：

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綜合財務報表附註

37 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions (Continued)

Notes:

- (i) Management services were provided by VSC Steel (Shanghai) Co., Ltd. to an associate at prices mutually agreed by both parties.
- (ii) Goods were sold by Shanghai Bao Shun Chang International Trading Co., Ltd. to an associate at prices mutually agreed by both parties.
- (iii) Rental expenses were charged to VSC Steel (Shanghai) Co., Ltd. and Leisure Plus International Trading (Shanghai) Co., Ltd. by an associate at prices mutually agreed by both parties.

(b) Key management compensation

	二零一二年 2012 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	
Salaries and allowances	10,093	9,639	薪金及津貼
Bonus	463	3,544	花紅
Pension costs			退休金成本
– defined contribution schemes	268	212	– 界定供款計劃
Share option scheme – value of services	1,166	429	供股權計劃 – 服務價值
	11,990	13,824	

37 與關連人士之交易 (續)

(a) 交易 (續)

附註：

- (i) 由亞萬鋼國際貿易(上海)有限公司所提供予一間聯營公司之管理服務皆按雙方達成協議之價格收取。
- (ii) 由上海寶順昌國際貿易有限公司所銷售予一間聯營公司之貨品皆按雙方達成協議之價格收取。
- (iii) 由一間聯營公司向亞萬鋼國際貿易(上海)有限公司及利尚派國際貿易(上海)有限公司所收取之租金支出皆按雙方達成協議之價格收取。

(b) 主要管理層報酬



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