



VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED
萬順昌集團有限公司

Interim Report 2006/07 中期報告 (Stock Code 股票代號:1001)

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Van Shung Chong Holdings Limited ("VSC" or the "Company") hereby announces the unaudited condensed consolidated interim financial information of VSC and its subsidiaries (the "VSC Group") as at and for the six months ended 30th September 2006, together with comparative figures, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2006

未經審核中期業績

萬順昌集團有限公司(「萬順昌」或「本公司」)之董事會(「董事會」)謹此宣佈萬順昌及其附屬公司(「萬順昌集團」)於及截至二零零六年九月三十日止六個月之未經審核簡明綜合中期財務資料連同比較數字如下：

簡明綜合損益表

截至二零零六年九月三十日止六個月

		For the six months ended 30th September		
		2006	2005	
		截至九月三十日止六個月 二零零六年	二零零五年	
		HK\$'000	HK\$'000	
		千港元	千港元	
		(Unaudited)	(Unaudited)	
		(未經審核)	(未經審核)	
Sales	銷售	4	2,342,272	2,313,673
Cost of goods sold	銷售成本		(2,159,663)	(2,191,446)
Gross profit	毛利		182,609	122,227
Other gains – net	其他收益 – 淨額		10,631	9,694
Selling and distribution expenses	銷售及分銷支出		(18,284)	(14,325)
General and administrative expenses	一般及行政支出		(96,788)	(66,393)
Operating profit	經營溢利		78,168	51,203
Finance costs	財務費用	6	(18,082)	(20,968)
Profit before income tax	除稅前溢利		60,086	30,235
Income tax expense	所得稅支出	7	(14,821)	(4,254)
Profit for the period	期內溢利		45,265	25,981
Attributable to:	應佔：			
Equity holders of the Company	本公司股權持有人		41,694	21,976
Minority interests	少數股東權益		3,571	4,005
			45,265	25,981
Dividends	股息	8	8,109	—
Earnings per share for profit attributable to the equity holders of the Company during the period	按期內本公司股權持有人應佔溢利計算之每股盈利			
		9		
– Basic	– 基本		HK11.3 cents 港仙	HK6.0 cents 港仙
– Diluted	– 攤薄		HK11.3 cents 港仙	HK6.0 cents 港仙

The notes form an integral part of this condensed consolidated interim financial information.

附註為簡明綜合中期財務資料其中一部份。

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September 2006

簡明綜合資產負債表

於二零零六年九月三十日

			As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元 (Audited) (已審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	104,157	103,198
Investment properties	投資物業	10	48,000	48,000
Leasehold land and land use rights	租賃土地及土地使用權	10	25,173	22,741
Goodwill	商譽	10, 11	6,775	6,775
Interest in an associate	於一間聯營公司權益		5,832	5,832
Deferred income tax assets	遞延所得稅資產		18,013	17,193
Available-for-sale financial assets	可供出售之財務資產		12,210	13,372
Total non-current assets	非流動資產總額		220,160	217,111
Current assets	流動資產			
Inventories	存貨		498,684	514,304
Due from customers on installation contract work	應收客戶安裝之合約工程		7,153	8,325
Trade and bills receivables	應收賬款及票據	12	791,198	729,615
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款		251,021	173,202
Derivative financial instruments	衍生金融工具		848	—
Pledged bank deposits	已抵押銀行存款		20,394	6,090
Cash and cash equivalents	現金及現金等值		119,920	198,556
Total current assets	流動資產總額		1,689,218	1,630,092
Current liabilities	流動負債			
Trade and bills payables	應付賬款及票據	13	189,623	186,596
Due to customers on installation contract work	應付客戶安裝之合約工程		99	102
Amount due to an associate	應付一間聯營公司		—	9,396
Receipts in advance	預收款項		101,589	56,695
Accrued liabilities and other payables	應計負債及其他應付賬款		59,333	49,116
Current income tax liabilities	流動所得稅負債		22,370	11,486
Derivative financial instruments	衍生金融工具		—	216
Borrowings	借貸	14	695,801	770,219
Total current liabilities	流動負債總額		1,068,815	1,083,826

			As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元 (Audited) (已審核)
Net current assets	流動資產淨額		620,403	546,266
Total assets less current liabilities	總資產減流動負債		840,563	763,377
Non-current liabilities	非流動負債			
Derivative financial instruments	衍生金融工具		1,409	736
Borrowings	借貸		31,200	—
Deferred income tax liabilities	遞延所得稅負債		2,200	2,382
Total non-current liabilities	非流動負債總額		34,809	3,118
Net assets	資產淨額		805,754	760,259
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	股本	15	36,861	36,861
Reserves	儲備	22	720,909	678,594
			757,770	715,455
Minority interests	少數股東權益		47,984	44,804
Total equity	權益總額		805,754	760,259

The notes form an integral part of this condensed consolidated interim financial information.

附註為簡明綜合中期財務資料其中一部份。

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2006

簡明綜合權益變動表

截至二零零六年九月三十日止六個月

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Balance as at 1st April	於四月一日之結餘	760,259	732,566
Profit for the period	期內溢利	45,265	25,981
Change in fair value of available-for-sale financial assets	可供出售之財務資產之 公平價值變動	(1,107)	(5,376)
Share option scheme – value of services	購股權計劃 – 服務價值	—	57
Capital contributions from a minority shareholder of a subsidiary	一間附屬公司之 一位少數股東之資本投入	—	1,544
Dividends paid to equity holders of the Company	已付本公司股權持有人之股息	(4,055)	(8,109)
Dividends paid to a minority shareholder of a subsidiary	已付一間附屬公司之一位 少數股東之股息	—	(611)
Disposal of a subsidiary	出售一間附屬公司	(391)	—
Currency translation differences	貨幣滙兌差額	5,783	1,718
Balance as at 30th September	於九月三十日之結餘	805,754	747,770

The notes form an integral part of this condensed consolidated interim financial information.

附註為簡明綜合中期財務資料其中一部份。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2006

簡明綜合現金流量表

截至二零零六年九月三十日止六個月

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Net cash generated from/(used in) operating activities	經營活動產生／(所用)之現金淨額	38,774	(46,201)
Net cash (used in)/generated from investing activities	投資活動(所用)／產生之現金淨額	(31,137)	3,422
Net cash used in financing activities	融資活動所用之現金淨額	(86,273)	(19,722)
Net decrease in cash and cash equivalents	現金及現金等值之減少淨額	(78,636)	(62,501)
Cash and cash equivalents as at 1st April	於四月一日之現金及現金等值	198,556	191,986
Cash and cash equivalents as at 30th September	於九月三十日之現金及現金等值	119,920	129,485

The notes form an integral part of this condensed consolidated interim financial information.

附註為簡明綜合中期財務資料其中一部份。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

簡明綜合財務資料附註

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 (together the “VSC Group”) is principally engaged in (i) China Advanced Materials Processing, including processing/manufacturing of industrial products such as rolled flat steel products and enclosure systems, and trading of engineering plastic resins, and (ii) Construction Materials Group, including stockholding and trading of construction materials such as steel products, sanitary wares and kitchen cabinets, and installation work of kitchen cabinets.

The condensed consolidated interim financial information are presented in Hong Kong dollars, unless otherwise stated. It has been approved for issue by the Board of Directors on 8th December 2006.

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責任公司，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，本公司之股份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(統稱「萬順昌集團」)主要從事(i)中國先進材料加工，包括加工／製造工業產品例如卷鋼產品及系統設備外殼與及買賣工程塑膠樹脂，及(ii)建築材料，包括存銷及買賣建築材料，例如鋼材產品、潔具及廚櫃與及安裝廚櫃。

除另有指明外，本中期簡明綜合財務資料以港元列示，並已經在二零零六年十二月八日經董事會獲准刊發。

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2006 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2006.

The accounting policies are consistent with those as described in the annual financial statements for the year ended 31st March 2006, except that the VSC Group has changed certain of its accounting policies following its adoption of the new/revised Hong Kong Financial Report Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) which are effective from accounting periods beginning on or after 1st January 2006 and relevant to its operations. The changes to the VSC Group’s accounting policies and the effect of adopting the new policies are set out in Note 3 below.

2 編製基準及會計政策概要

截至二零零六年九月三十日止六個月之未經審核簡明綜合中期財務資料依照由香港會計師公會（「香港會計師公會」）頒佈之香港會計準則34「中期財務報告」編製。

本未經審核簡明綜合中期財務資料應與截至二零零六年三月三十一日止年度的年度財務報表一併閱讀。

所採用之會計政策自截至二零零六年三月三十一日止年度一直貫徹應用，惟萬順昌集團因應已採納與其營運有關並自二零零六年一月一日財政年度起生效之新訂／經修訂香港財務報告準則及香港會計準則，而改變某些會計政策，萬順昌集團會計政策之修訂及採納此等新政策之影響載於下文附註3。

3 IMPACT OF ADOPTING NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS

In 2006, the VSC Group adopted the following HKFRS and HKAS and the impact on the VSC Group's accounting policies are set out below.

HKAS 39 & HKFRS 4 (Amendments) "Financial guarantee contracts": these amendments require issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. There is no financial guarantee contract issued at group level. For guarantees provided by the Company for banking facilities granted to subsidiaries, the effect of adoption is not significant to the Company's financial information and is eliminated on consolidation.

The following HK(IFRIC)-Interpretations, HKFRS and amendment to HKAS have been issued by the HKICPA but are not yet effective for 2006 and have not been early adopted:

- HK(IFRIC)-Interpretation 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1st May 2006. Management does not expect the interpretation to be relevant for the VSC Group.

3 採納新訂／經修訂香港財務報告準則及香港會計準則之影響

於二零零六年，萬順昌集團採納下列香港財務報告準則及香港會計準則，該採納對萬順昌集團會計政策構成之影響如下：

香港會計準則第39號及香港財務報告準則第4號(修訂)「財務擔保合約」：該等修訂規定，已發出之財務擔保(實體先前證實為保險合約者除外)初步須按公平值確認，其後按(a)已收及遞延相關費用之未攤銷結餘及(b)償付結算日之承擔所須之支出兩者間之較高者計量。本集團並無發出集團層面之財務擔保。採納有關準則對本公司之財務資料並無重大影響，並已於綜合時將本公司就授予附屬公司之銀行融資提供之擔保對銷。

下列已發出但在二零零六年仍未生效的香港(國際財務報告詮釋委員會)詮釋、香港財務報告準則及香港會計準則修訂並無提早採納。

- 香港(國際財務報告詮釋委員會)－詮釋8「香港財務報告準則2的範圍」，自二零零六年五月一日或以後開始的會計年度生效。管理層認為此項詮釋與萬順昌集團無關。

3 IMPACT OF ADOPTING NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS (Cont'd)

- HK(IFRIC)-Interpretation 9, "Reassessment of embedded derivatives", effective for annual periods beginning on or after 1st June 2006. Management does not expect the interpretation to be relevant for the VSC Group.
- HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1st January 2007. HKSA 1 (Amendment), "Capital disclosures", effective for annual periods beginning on or after 1st January 2007. The VSC Group assesses the impact of HKFRS 7 and HKAS 1 (Amendment) and concludes that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by HKAS 1 (Amendment). The VSC Group will apply HKFRS 7 and HKAS 1 (Amendment) from annual period beginning 1st April 2007.

3 採納新訂／經修訂香港財務報告準則及香港會計準則之影響(續)

- 香港(國際財務報告詮釋委員會)－詮釋9「重新評估嵌入式衍生工具」，自二零零六年六月一日或以後開始的會計年度生效。管理層認為此項詮釋與萬順昌集團無關。
- 香港財務報告準則7「金融工具：披露」，自二零零七年一月一日或以後開始的會計年度生效。香港會計準則1(修訂)「資本披露」，自二零零七年一月一日或以後開始的會計年度生效。萬順昌集團已評估香港財務報告準則7以及香港會計準則1(修訂)的影響，結論為主要的額外披露將為香港會計準則1(修訂)所規定對市場風險的敏感性分析和資本披露。萬順昌集團將自二零零七年四月一日開始的會計年度應用香港財務報告準則7以及香港會計準則1(修訂)。

4 SEGMENT INFORMATION

Primary reporting format — business segments

At 30th September 2006, the VSC Group operates predominately in Hong Kong and Mainland China in two business segments:

- (1) China Advanced Materials Processing (“CAMP”)
- (2) Construction Materials Group (“CMG”)

The segment results for the six months ended 30th September 2006 are as follows:

		CAMP		Other		Total
		中國先進 材料加工	CMG 建築材料	operations 其他業務	Eliminations 註銷	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
External sales	對外銷售	825,688	1,514,655	1,929	—	2,342,272
Inter-segment sales	分部間銷售	—	52,128	—	(52,128)	—
		825,688	1,566,783	1,929	(52,128)	2,342,272
Segment results	分部業績	38,237	62,014	(2,460)		97,791
Other gains – net	其他收益—淨額	4,318	2,505	3,808		10,631
Unallocated corporate expenses	未分配企業支出					(30,254)
Operating profit	經營溢利					78,168
Finance costs	財務費用					(18,082)
Profit before income tax	除稅前溢利					60,086
Income tax expense	所得稅支出					(14,821)
Profit for the period	期內溢利					45,265

4 分部資料

主要申報形式—業務分部

於二零零六年九月三十日，萬順昌集團主要於香港及中國內地經營兩項主要業務：

- (1) 中國先進材料加工
- (2) 建築材料

截至二零零六年九月三十日止六個月之分部業績如下：

4 SEGMENT INFORMATION (Cont'd)

Primary reporting format — business segments (Cont'd)

The segment results for the six months ended 30th September 2005 are as follows:

		CAMP		Other	Eliminations	Total
		中國先進	CMG	operations	Eliminations	Total
		材料加工	建築材料	其他業務	註銷	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
External sales	對外銷售	753,765	1,558,751	1,157	—	2,313,673
Inter-segment sales	分部間銷售	—	51,732	—	(51,732)	—
		753,765	1,610,483	1,157	(51,732)	2,313,673
Segment results	分部業績	31,164	33,214	534		64,912
Other gains – net	其他收益—淨額	3,129	1,397	5,168		9,694
Unallocated corporate expenses	未分配企業支出					(23,403)
Operating profit	經營溢利					51,203
Finance costs	財務費用					(20,968)
Profit before income tax	除稅前溢利					30,235
Income tax expense	所得稅支出					(4,254)
Profit for the period	期內溢利					25,981

4 分部資料(續)

主要申報形式—業務分部(續)

截至二零零五年九月三十日止六個月之分部業績如下：

4 SEGMENT INFORMATION (Cont'd)

Primary reporting format — business segments (Cont'd)

Other segment items included in the income statements are as follows:

		Six months ended 30th September 2006 截至二零零六年九月三十日止六個月				Six months ended 30th September 2005 截至二零零五年九月三十日止六個月			
		CAMP	Other		Total	CAMP	Other		Total
		中國先進	CMG	operations	總額	中國先進	CMG	operations	總額
		材料加工	建築材料	其他業務	總額	材料加工	建築材料	其他業務	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	6,394	3,149	738	10,281	6,833	1,016	2,279	10,128
Amortisation of leasehold land and land use rights	租賃土地及土地使用權之攤銷	130	—	101	231	125	—	201	326
Impairment of goodwill	商譽減值	—	—	—	—	1,437	—	—	1,437
Impairment of trade receivables	應收賬款減值	1,064	4,564	—	5,628	1,272	—	15	1,287
Write-down of inventories	存貨撇減	2,329	4,675	—	7,004	318	—	—	318

4 分部資料(續)

主要申報形式—業務分部(續)

列於損益表之其他分部項目如下：

4 SEGMENT INFORMATION (Cont'd)

Primary reporting format — business segments (Cont'd)

The segment assets and liabilities at 30th September 2006 and capital expenditure for the six months ended 30th September 2006 are as follows:

		CAMP		Other		Total
		中國先進	CMG	operations	Unallocated	Total
		材料加工	建築材料	其他業務	未分配	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Total assets	總資產	916,368	881,786	51,225	59,999	1,909,378
Total liabilities	總負債	461,755	598,415	3,035	40,419	1,103,624
Capital expenditure	資本支出	15,605	1,989	2,194	—	19,788

The segment assets and liabilities at 31st March 2006 and capital expenditure for the six months ended 30th September 2005 are as follows:

		CAMP		Other		Total
		中國先進	CMG	operations	Unallocated	Total
		材料加工	建築材料	其他業務	未分配	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Total assets	總資產	869,860	871,854	65,988	39,501	1,847,203
Total liabilities	總負債	369,611	716,158	1,044	131	1,086,944
Capital expenditure	資本支出	3,868	3,401	1,177	—	8,446

4 分部資料(續)

主要申報形式－業務分部(續)

於二零零六年九月三十日之分部資產及負債，以及截至二零零六年九月三十日止六個月之資本支出如下：

於二零零六年三月三十一日之分部資產及負債，以及截至二零零五年九月三十日止六個月之資本支出如下：

4 SEGMENT INFORMATION (Cont'd)

Primary reporting format — business segments (Cont'd)

Unallocated cost represents corporate expenses. Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, goodwill, interest in an associate, deferred income tax assets, inventories, receivables, operating assets (including derivative financial instruments) and operating cash. They exclude investment properties and available-for-sale financial assets.

Segment liabilities comprise operating liabilities (including derivatives financial instruments). They exclude corporate borrowings.

Capital expenditures comprise additions to property, plant and equipment, investment properties, leasehold land and land use rights and available-for-sale financial assets, including additions resulting from acquisitions through business combination.

Other operations mainly comprise the provision of rental services in Hong Kong and miscellaneous investments in Mainland China, which do not constitute separately reportable segments.

4 分部資料(續)

主要申報形式－業務分部(續)

未分配成本為企業支出。分部間轉撥或交易按可供無關連之人士之正常商業條款進行。

分部資產主要包括物業、廠房及設備、租賃土地及土地使用權、商譽、於一間聯營公司權益、遞延所得稅資產、存貨、應收賬款、經營資產(包括衍生金融工具)及現金。當中並不包括投資物業及可供出售之財務資產等項目。

分部負債包括經營負債(包括衍生金融工具)。當中並不包括企業借貸。

資本支出包括新增之物業、廠房及設備、投資物業、租賃土地及土地使用權及可供出售之財務資產，亦包括透過業務合併收購之新增項目。

其他業務主要包括在香港提供之租務服務及中國內地之雜項投資。此兩者並沒有構成獨立之匯報分部。

4 SEGMENT INFORMATION (Cont'd)

Secondary reporting format – geographical segments

The VSC Group's business segments operate in Hong Kong and Mainland China.

Analysis of the VSC Group's sales, total assets and capital expenditures by geographical location are as follows:

		Sales		Total assets		Capital expenditures	
		銷售		總資產		資本支出	
		For the six		As at	As at	For the six	
		months ended		30th	31st	months ended	
		30th September		September	March	30th September	
		2006	2005	2006	2006	2006	2005
		截至九月三十日止六個月	於二零零六年	於二零零六年	於二零零六年	截至九月三十日止六個月	於二零零五年
		二零零六年	二零零五年	九月三十日	三月三十一日	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Hong Kong	香港	541,486	600,173	528,997	558,511	1,107	4,123
Mainland China	中國內地	1,800,786	1,713,500	1,380,381	1,288,692	18,681	4,323
		2,342,272	2,313,673	1,909,378	1,847,203	19,788	8,446

Sales is allocated based on the places in which customers are located. Total assets and capital expenditures are allocated based on where the assets are located.

4 分部資料(續)

次要申報形式 – 地區分部

萬順昌集團之業務主要在香港及中國內地經營。

萬順昌集團之銷售、總資產及資本支出按地區分部分析如下：

銷售按顧客之地區位置而分配。總資產及資本支出按該等資產之地區位置而分配。

5 OPERATING PROFIT

The following items have been credited/charged to the operating profit during the period:

5 經營溢利

於期內經營溢利已計入／扣除下列各項：

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Crediting:	計入：		
Exchange gain – net	兌換收益－淨額	11,607	3,866
Interest income	利息收入	1,065	2,635
Surplus on revaluation of investment properties	投資物業之 重估盈餘	—	6,388
Charging:	扣除：		
Depreciation of property, plant and equipment	物業、廠房及 設備之折舊	10,281	10,128
Amortisation of leasehold land and land use rights	租賃土地及 土地使用權之攤銷	231	326
Loss on disposals of property, plant and equipment	出售物業、廠房及 設備之虧損	49	—
Loss on disposal of a subsidiary	出售一間附屬 公司之虧損	3,515	—
Impairment of goodwill	商譽減值	—	1,437
Impairment of trade receivables	應收賬款減值	5,628	1,287
Write-down of inventories	存貨撇減	7,004	318

6 FINANCE COSTS

Finance costs for the six months ended 30th September 2005 and 2006 represent the interest expenses on borrowings.

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the VSC Group operates.

6 財務費用

截至二零零五年及二零零六年九月三十日止六個月之財務費用為借貸利息支出。

7 所得稅支出

香港利得稅乃根據本期內估計之應課稅溢利按稅率17.5%（二零零五年：17.5%）作出撥備。海外溢利之稅項乃根據本期內估計應課稅溢利，按萬順昌集團營運之國家所採用之現行稅率計算。

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Current income tax	當期所得稅		
– Hong Kong profits tax	– 香港利得稅	9,986	1,833
– Mainland China enterprise income tax	– 中國企業所得稅	5,836	2,386
Deferred income tax	遞延所得稅	(1,001)	35
Income tax expense	所得稅支出	14,821	4,254

8 DIVIDENDS

A 2006 final dividend of HK1.1 cents (2005 final: HK2.2 cents) per ordinary share; totaling approximately HK\$4,055,000 (2005 final: HK\$8,109,000) was paid on 29th September 2006.

A 2007 interim dividend of HK2.2 cents (2006 interim: Nil) per ordinary share; totaling approximately HK\$8,109,000 (2006 interim: Nil) has been recommended by the directors.

8 股息

二零零六年度末期股息每股普通股1.1港仙（二零零五年末期：2.2港仙）合共約4,055,000港元（二零零五年末期：8,109,000港元）已於二零零六年九月二十九日支付。

董事建議派發二零零七年度中期股息每股普通股2.2港仙（二零零六年中期：無）合共約8,109,000港元（二零零六年中期：無）。

9 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the consolidated profit attributable to equity holders of the Company for the six months ended 30th September 2006 by the weighted-average number of ordinary shares in issue during the period.

		For the six months ended 30th September	
		2006	2005
		截至九月三十日止六個月 二零零六年	二零零五年
Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人 應佔溢利 (千港元)	41,694	21,976
Weighted average number of ordinary shares in issue ('000)	已發行普通股之 加權平均數 (千股)	368,605	368,605
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	11.3	6.0

Diluted

Diluted earnings per 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 ordinary shares 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.

9 每股盈利

基本

每股基本盈利乃根據截至二零零六年九月三十日止六個月本公司股權持有人應佔綜合溢利除以期內已發行普通股之加權平均數計算。

		For the six months ended 30th September	
		2006	2005
		截至九月三十日止六個月 二零零六年	二零零五年

Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人 應佔溢利 (千港元)	41,694	21,976
Weighted average number of ordinary shares in issue ('000)	已發行普通股之 加權平均數 (千股)	368,605	368,605
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	11.3	6.0

攤薄

計算每股攤薄盈利時，對已發行普通股之加權平均數按假設所有具潛在攤薄作用之普通股獲悉數轉換作出調整。本公司之具攤薄作用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每年平均市場股價)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獲行使而已發行之股份數目作比較。

9 EARNINGS PER SHARE (Cont'd)
Diluted (Cont'd)

9 每股盈利(續)
攤薄(續)

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利 (千港元)	41,694	21,976
Weighted average number of ordinary shares in issue ('000)	已發行普通股之加權平均數 (千股)	368,605	368,605
Adjustments for share options ('000)	調整購股權 (千份)	—	—
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利之普通股加權平均數 (千股)	368,605	368,605
Diluted earnings per share (HK cents)	每股攤薄盈利 (港仙)	11.3	6.0

The share options are anti-dilutive to the earnings per share for the six months ended 30th September 2005 and 2006.

購股權乃不具攤薄截至二零零五年及二零零六年九月三十日止六個月之每股盈利。

10 CAPITAL EXPENDITURE

10 資本支出

		Property, plant and equipment 物業、 廠房及設備 HK'000 千港元	Investment properties 投資物業 HK'000 千港元	Leasehold land and land use rights 租賃土地及 土地使用權 HK'000 千港元	Goodwill 商譽 HK'000 千港元
Opening net book amount as at 1st April 2006	於二零零六年四月一日之 期初賬面淨額	103,198	48,000	22,741	6,775
Additions	添置	17,340	—	2,448	—
Disposals	出售	(149)	—	—	—
Depreciation/amortisation (Note 5)	折舊／攤銷 (附註 5)	(10,281)	—	(231)	—
Disposal of a subsidiary	出售一間附屬公司	(7,473)	—	—	—
Translation adjustments	滙兌調整	1,522	—	215	—
Closing net book amount as at 30th September 2006	於二零零六年九月三十日之 期末賬面淨額	104,157	48,000	25,173	6,775
Opening net book amount as at 1st April 2005	於二零零五年四月一日之 期初賬面淨額	103,012	71,100	23,091	8,026
Adjustment to purchase consideration for a subsidiary acquired in prior year	調整以往年度收購 一間附屬公司之代價	—	—	—	186
Additions	添置	7,182	—	—	—
Revaluation surplus (Note 5)	重估盈餘 (附註 5)	—	6,388	—	—
Depreciation/amortisation (Note 5)	折舊／攤銷 (附註 5)	(10,128)	—	(326)	—
Impairment charge (Note 5)	減值支出 (附註 5)	—	—	—	(1,437)
Translation adjustments	滙兌調整	1,041	—	119	—
Closing net book amount as at 30th September 2005	於二零零五年九月三十日之 期末賬面淨額	101,107	77,488	22,884	6,775
Additions	添置	11,167	—	—	—
Disposals	出售	(86)	(34,288)	—	—
Revaluation surplus	重估盈餘	—	4,800	—	—
Depreciation/amortisation	折舊／攤銷	(9,778)	—	(334)	—
Translation adjustments	滙兌調整	788	—	191	—
Closing net book amount as at 31st March 2006	於二零零六年三月三十一日之 期末賬面淨額	103,198	48,000	22,741	6,775

11 GOODWILL

Goodwill is allocated to the VSC Group's cash-generating units ("CGUs") identified according to place of incorporation and business segment.

The VSC Group's goodwill is allocated to the CAMP segment in Mainland China. For the six months ended 30th September 2005, impairment loss arose as a consequence of operating loss incurred by the CGU enclosure systems in Mainland China.

The recoverable amount of a 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. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate of 10.0%, 5.0% and 4.9%, respectively.

11 商譽

商譽乃根據成立之地方及業務分部而分配至萬順昌集團現金產生單位（「現金產生單位」）。

萬順昌集團之商譽分配至位於中國內地之中國先進材料加工分部。截至二零零五年九月三十日止六個月，由於位於中國內地之系統設備外殼之現金產生單位之經營虧損，減值虧損上升。

現金產生單位之可收回金額乃根據使用價值計算。該計算方法使用根據由萬順昌集團管理層批准之財務預算得出涵蓋五年期間之現金流量預測進行。其中用於使用價值計算方法之主要假設為毛利、增長率及折現率分別為10.0%、5.0%及4.9%。

12 TRADE AND BILLS RECEIVABLES

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

Ageing analysis of trade and bills receivables was as follows:

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
0 – 60 days	0-60 日	549,556	472,646
61 – 120 days	61-120 日	157,317	175,263
121 – 180 days	121-180 日	37,126	42,741
181 – 365 days	181-365 日	43,493	19,631
Over 365 days	超過 365 日	21,365	34,439
		808,857	744,720
Less: provision for impairment of trade receivables	減：應收賬款減值撥備	(17,659)	(15,105)
		791,198	729,615

12 應收賬款及票據

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

應收賬款及票據之賬齡分析如下：

13 TRADE AND BILLS PAYABLES

Payment terms with suppliers are on letters of credit and open account.
Certain suppliers grant credit period ranging from 30 to 210 days.

Ageing analysis of the trade and bills payables was as follows:

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
0 – 60 days	0–60 日	141,171	130,822
61 – 120 days	61–120 日	32,964	33,298
121 – 180 days	121–180 日	7,877	19,063
181 – 365 days	181–365 日	4,593	438
Over 365 days	超過 365 日	3,018	2,975
		189,623	186,596

13 應付賬款及票據

與供應商的付款條款均以信用證及記賬方式進行，若干供應商之信貸期介乎30至210日不等。

應付賬款及票據之賬齡分析如下：

14 BORROWINGS

14 借貸

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
Bank loans	銀行貸款		
– Trust receipts bank loans	– 信託收據銀行貸款	471,809	539,520
– Short-term bank loans	– 短期銀行貸款	204,492	218,999
– Long-term bank loan, current portion	– 長期銀行貸款，當期部份	7,800	—
		684,101	758,519
Other loan from a minority shareholder of a subsidiary	一間附屬公司之一位少數 股東之其他貸款	11,700	11,700
		695,801	770,219
Long-term bank loan, repayable	長期銀行貸款，償還		
– within one year	– 1年內	7,800	—
– in the second year	– 第2年	7,800	—
– in the third to fifth years	– 第3年至第5年	23,400	—
		39,000	—
Less: Amount due within one year included under current liabilities	減：於流動負債內 需1年內償還數額	(7,800)	—
		31,200	—

15 SHARE CAPITAL

		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Authorised (Ordinary shares of HK\$0.10 each)	法定（每股面值 0.10 港元之普通股）	1,000,000	100,000
As at 31st March 2006 and 30th September 2006	於二零零六年三月三十一日及 二零零六年九月三十日	368,605	36,861

At no time during the six months ended 30th September 2006 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

在截至二零零六年九月三十日止六個月內，本公司或其附屬公司並沒有任何買賣或贖回本公司之股份。

16 GUARANTEES

As at 30th September 2006, the VSC Group has given performance bonds in the ordinary course of business amounting to approximately HK\$2,334,000 (31st March 2006: HK\$1,612,000) to third parties.

16 擔保

於二零零六年九月三十日萬順昌集團就其正常業務之需要而給予第三方履約擔保書約2,334,000港元（二零零六年三月三十一日：1,612,000港元）。

17 COMMITMENTS

(a) Commitments under operating leases

Total commitments payable under various non-cancellable operating lease agreements in respect of rented premises were analysed as follows:

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
Not later than one year	未逾 1 年	6,222	2,373
Later than one year and not later than five years	逾 1 年及未逾 5 年	5,929	515
		12,151	2,888

(b) Capital commitments

Capital commitments in relation to purchase of property, plant and equipment was as follows:

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
Contracted but not provided for	已訂約但未確認	12,066	9,742

(c) Commitments under forward foreign currency contracts

As at 30th September 2006, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$74,800,000 (31st March 2006: US\$97,400,000) for approximately HK\$577,722,000 (31st March 2006: HK\$752,602,000), to cover the VSC Group's commitments arising from its trading activities.

17 承擔

(a) 營業租約承擔

根據租用物業之若干不可撤銷營業租約應付之承擔總額分析如下：

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
Not later than one year	未逾 1 年	6,222	2,373
Later than one year and not later than five years	逾 1 年及未逾 5 年	5,929	515
		12,151	2,888

(b) 資本承擔

購買物業、廠房及設備之資本承擔如下：

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
Contracted but not provided for	已訂約但未確認	12,066	9,742

(c) 遠期外匯貨幣合約承擔

於二零零六年九月三十日，萬順昌集團尚有約577,722,000港元(二零零六年三月三十一日：752,602,000港元)未行使之遠期外匯貨幣合約用作採購約74,800,000美元(二零零六年三月三十一日：97,400,000美元)，為保障萬順昌集團於貿易活動有關之承諾。

18 RELATED-PARTY TRANSACTIONS

The following is a summary of significant related party transactions, which were carried out in the normal course of the VSC Group business:

(a) Transactions

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Sales of goods and services:	貨品銷售及服務費：		
Metal Logistics Company Limited (i)	金屬物流管理有限公司(i)		
– sales made by the VSC Group	– 萬順昌集團所達成之貨品銷售	—	120,727
– administrative service fees earned by the VSC Group	– 萬順昌集團所收取之行政服務費	—	15
– interest earned by the VSC Group	– 萬順昌集團所收取之利息	—	973
iSteelAsia (Hong Kong) Limited (i)	亞洲鋼鐵電子交易所(香港)有限公司(i)		
– administrative services fee earned by the VSC Group	– 萬順昌集團所收取之行政服務費	—	15
– rental earned by the VSC Group	– 萬順昌集團所收取之租金	—	13
Purchases of goods and services:	貨品採購及服務費：		
Shinsho Corporation (ii)	神鋼商事株式會社(ii)		
– purchase of goods by the VSC Group	– 萬順昌集團所達成之貨品採購	26,347	83,502
Interest received/(paid):	已收／(已付)利息：		
Interest received from Metal Logistics Company Limited (i)	已收金屬物流管理有限公司之利息(i)	—	1,154
Interest paid to Shinsho Corporation (ii)	已付神鋼商事株式會社之利息(ii)	288	262

18 與關連人士之交易

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：

(a) 交易

18 RELATED-PARTY TRANSACTIONS (Cont'd)

(a) Transactions (Cont'd)

Notes:

- (i) Metal Logistics Company Limited and iSteelAsia (Hong Kong) Limited are wholly owned by North Asia Strategic Holdings Limited, a company in which the VSC Group has a 6.6% equity interest as at 30th September 2006 (31st March 2006: 6.6%).
- (ii) Shinsho Corporation is a minority shareholder of VSC Shinsho Company Limited, a 70% owned subsidiary of the VSC Group.

(b) Period/Year-end balances (included in trade receivables and trade payables)

18 與關連人士之交易(續)

(a) 交易(續)

附註：

- (i) 金屬物流管理有限公司及亞洲鋼鐵電子交易所(香港)有限公司均由北亞策略控股有限公司全資擁有，而萬順昌集團於二零零六年九月三十日擁有該公司約6.6%股權(於二零零六年三月三十一日：6.6%)。
- (ii) 神鋼商事株式會社乃萬順昌神商有限公司(萬順昌集團擁有70%之附屬公司)之一位少數股東。

(b) 期末/年終結餘(包括在應收賬款及應付賬款)

		As at 30th September 2006 於二零零六年 九月三十日 HK\$'000 千港元	As at 31st March 2006 於二零零六年 三月三十一日 HK\$'000 千港元
Receivables from Metal Logistics Company Limited (i)	應收金屬物流管理有限公司(i)	8,118	39,916
Payables to Shinsho Corporation (ii)	應付神鋼商事株式會社(ii)	52,296	65,288

These trade receivables and trade payables are unsecured and payable according to normal trade terms. These balances are non-interest bearing, unsecured and repayable according to normal commercial terms.

該等應收賬款及應付賬款並無抵押，並根據正常貿易條款還款。該等結餘不計利息，無抵押及按一般商業條款還款。

18 RELATED-PARTY TRANSACTIONS (Cont'd)

(b) Period/Year-end balances (included in trade receivables and trade payables) (Cont'd)

Notes:

- (i) Metal Logistics Company Limited and iSteelAsia (Hong Kong) Limited are wholly owned by North Asia Strategic Holdings Limited, a company in which the VSC Group has a 6.6% equity interest as at 30th September 2006 (31st March 2006: 6.6%).
- (ii) Shinsho Corporation is a minority shareholders of VSC Shinsho Company Limited, a 70% owned subsidiary of the VSC Group.

(c) Key management compensation

		For the six months ended	
		30th September	
		2006	2005
		截至九月三十日止六個月	
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and allowances	薪金及津貼	2,659	2,414
Bonus	花紅	2,400	—
Pension costs – defined contribution schemes	退休金成本—界定供款計劃	57	48
Share option scheme – value of services	購股權計劃—服務價值	—	37
		5,116	2,499

18 與關連人士之交易(續)

(b) 期末/年終結餘(包括在應收賬款及應付賬款)(續)

附註:

- (i) 金屬物流管理有限公司及亞洲鋼鐵電子交易所(香港)有限公司均由北亞策略控股有限公司全資擁有,而萬順昌集團於二零零六年九月三十日擁有該公司約6.6%股權(於二零零六年三月三十一日:6.6%)。
- (ii) 神鋼商事株式會社乃萬順昌神商有限公司(萬順昌集團擁有70%之附屬公司)之一位少數股東。

(c) 主要管理層報酬

19 EVENTS AFTER BALANCE SHEET DATE

(a) Deemed disposal of 40% equity interest in a subsidiary

In October 2006, Ryerson Pan-Pacific LLC ("Ryerson LLC"), a third-party company incorporated in the United States of America, subscribed for 600 new shares of VSC-Ryerson China Limited ("VSC-Ryerson China"), a subsidiary of the VSC Group, representing 40% of the enlarged share capital of VSC-Ryerson China for approximately HK\$222,300,000.

(b) Acquisition of 4.9% equity interest in a subsidiary

In October 2006, the VSC Group completed the acquisition of 4.9% equity interest of CAMP (B.V.I.) Holdings Limited, a subsidiary of the VSC Group, from the minority shareholders at a consideration of approximately HK\$30,576,000 and recognised a goodwill of approximately HK\$19,018,000.

20 SEASONALITY

There is no material seasonality impact on the operations of the VSC Group.

19 結算日後事項

(a) 被視作出售一家附屬公司之40%股本權益

於二零零六年十月，於美國註冊成立之第三方公司Ryerson Pan-Pacific LLC(「Ryerson LLC」)認購萬順昌集團附屬公司VSC-Ryerson China Limited(「VSC-Ryerson China」)之600股新股份，作價為約222,300,000港元，佔VSC-Ryerson China經擴大股本40%。

(b) 收購一家附屬公司之4.9%股本權益

於二零零六年十月，萬順昌集團完成向少數股東收購萬順昌集團附屬公司CAMP (B.V.I.) Holdings Limited之4.9%股本權益，代價約為30,576,000港元，並確認商譽約19,018,000港元。

20 季節性

季節性並無對萬順昌集團之營運具重大影響。

RESULTS

Our continued strategies in creating value for our customers, together with our highly motivated professional team with proven expertise and experience in value-added processing, supply chain management and total solution services contributed to our favorable performance. Our results for the first six months ended 30th September 2006 demonstrated significant improvement when compared with that of the same period of last year. Our sales for the six months ended 30th September 2006 reached HK\$2,342 million, a 1.2% increase as compared with HK\$2,314 million for the same period of last year. Our gross margin increased 2.5 percentage points to 7.8% as compared with 5.3% for the same period of last year. Despite upsurge in our selling and distribution and general and administrative expenses, our operating profit reached HK\$78 million, a remarkable increase of HK\$27 million (an increase of 52.7%) as compared with HK\$51 million for the same period of last year. General and administrative expenses increased from the same period of last year due mainly to higher salaries and incentive necessary for motivating initiative and good performance. The increase in general and administrative expenses also include legal and professional fees incurred in the first six months for the transaction with Ryerson Inc. ("Ryerson"). Despite relatively high interest rates during the first six months ended 30th September 2006, coupled with an increase in the VSC Group's trading volume, we still managed to reduce our financing cost through better cash and asset management. Financing costs for the first six months reduced to HK\$18 million, a 14% decrease from HK\$21 million of the same period of last year.

Profit attributed to the equity holders of the Company was HK\$42 million, which almost doubled the amount of HK\$22 million for the same period of last year.

Basic earnings per share increase by 88% to HK11.3 cents as compared with HK6.0 cents of the same period of last year. An interim dividend of HK2.2 cents per share was declared for the period (2005: Nil).

業績

萬順昌集團之專業隊伍在增值加工、供應鏈管理及全面解決方案服務方面具備專業知識及豐富經驗，讓萬順昌集團得以繼續採取為客戶創造價值之策略，並創出佳績。截至二零零六年九月三十日止首六個月，萬順昌集團的業績較去年同期大為改善。截至二零零六年九月三十日止六個月之銷售為2,342,000,000港元，較去年同期之2,314,000,000港元上升1.2%。毛利率較去年同期之5.3%上升2.5個百分點至7.8%。儘管萬順昌集團之銷售及分銷支出以及一般及行政支出有所上升，但經營溢利仍達到78,000,000港元，較去年同期之51,000,000港元大幅增加27,000,000港元（上升52.7%）。一般及行政支出較去年同期上升，主要由於提高薪金和獎勵以鼓勵員工不斷努力提高工作表現所致。所增加之一般及行政支出亦包括於首六個月與Ryerson Inc.（「Ryerson」）交易而產生之法律及專業費用。儘管於截至二零零六年九月三十日止首六個月之利率相對甚高，加上萬順昌集團之貿易額增加，在此情況下，萬順昌集團仍能以透過改善資金及資產管理降低財務費用，首六個月之財務費用降低至18,000,000港元，較去年同期之21,000,000港元下降14%。

本公司股權持有人應佔溢利為42,000,000港元，庶幾為去年同期之22,000,000港元的兩倍。

基本每股盈利由去年同期之6.0港仙上升88%至11.3港仙，期內宣派中期股息每股2.2港仙（二零零五年：無）。

In terms of assets performance, the VSC Group's average overall inventory turns improved from 5.1 times to 8.5 times as compared with the same period of last year. The VSC Group's average overall Days Sales Outstanding ("DSO") for the first six months ended 30th September 2006 was 59 days which showed a modest improvement from that of the same period last year. The VSC Group strives to further improve its average DSO.

FINANCIAL POSITIONS

Compared with last fiscal year ended 31st March 2006, the VSC Group's total assets increased HK\$62 million to HK\$1,909 million, the VSC Group's trade receivables increased HK\$62 million whereas the VSC Group's inventories reduced by HK\$16 million. During the six months period, the VSC Group began its investment in a new "greenfield" plant facility in Kunshan.

Compared with the financial position at book close of previous fiscal year ended 31st March 2006, the VSC Group's cash and cash equivalents, including pledged bank deposit, reduced HK\$64 million whereas the VSC Group's borrowing reduced HK\$43 million. Current ratios improved from 1.5 to 1.6, gearing ratios (borrowings net of cash and cash equivalents divided by capital and reserves attributable to equity holders of the Company) maintained at 0.8.

The VSC Group's businesses were primarily transacted in Hong Kong dollar, US dollar and RMB. As exchange rate between HK dollar and the US dollar is fixed, together with the minimal fluctuation in exchange rate between HK dollar and RMB, the VSC Group believes its exposure to exchange rate risk is not material. The VSC Group will continue to match RMB payments with RMB receipts to minimise exchange exposure.

VSC Group's trade financing remained primarily supported by its HK\$1.3 billions bank trading facilities. About 69% of the VSC Group's total borrowings were denominated in Hong Kong Dollars, 10% in U.S. Dollars and 21% in RMB. These facilities are either secured by VSC Group's inventory held under short-term trust receipts bank loan arrangements and/or with corporate guaranteed provided by VSC.

As at 30th September 2006, net assets value of the VSC Group increased from HK\$760 million to HK\$806 million, equivalent to HK\$2.2 per share.

在資產表現方面，萬順昌集團之平均整體存貨週轉情況由去年同期之5.1次改善至8.5次。萬順昌集團截至二零零六年九月三十日止六個月之平均整體應收賬款週轉日數（「應收賬款週轉日數」）為59日，較去年同期有輕微改善。萬順昌集團將致力進一步改善其平均應收賬款週轉日數。

財政狀況

與截至二零零六年三月三十一日止之上個財政年度相比，萬順昌集團之總資產增加62,000,000港元至1,909,000,000港元。萬順昌集團之應收賬款增加62,000,000港元，而存貨則減少16,000,000港元。萬順昌集團於該六個月期間開始投資其位於昆山自行籌建的廠房設施。

與截至二零零六年三月三十一日止之上個財政年度結算日之財務狀況相比，萬順昌集團之現金及現金等值（包括已抵押銀行存款）減少64,000,000港元，而萬順昌集團之借貸則減少43,000,000港元。流動比率由1.5改善至1.6，資本負債比率（借貸減現金及現金等值除以本公司股權持有人應佔資本及儲備）維持於0.8。

萬順昌集團之業務主要以港元、美元及人民幣交易。由於港元與美元之間匯率固定，而港元與人民幣之間匯率甚少波動，萬順昌集團相信，其匯率風險相當輕微。萬順昌集團將繼續以人民幣收入來作出人民幣付款，從而減低兌換風險。

萬順昌集團之貿易融資主要由其1,300,000,000港元銀行貿易融資支持。萬順昌集團約69%之借貸總額為港元，10%為美元及21%為人民幣。該等信貸融資乃以短期信託收據銀行貸款安排持有萬順昌集團之存貨及／或萬順昌提供之公司擔保以作抵押。

於二零零六年九月三十日，萬順昌集團之資產淨值由760,000,000港元增加至806,000,000港元，相等於每股2.2港元。

CONTINGENT LIABILITIES

As at 30th September 2006, the VSC Group had outstanding performance bonds for its sanitary ware supply projects amounting to approximately HK\$2.3 million.

CHARGES ON ASSETS

As at 30th September 2006, the VSC Group had certain charges on assets which included (i) buildings of approximately HK\$13 million, leasehold land and land use rights of approximately HK\$13 million and inventories of approximately HK\$20 million pledged for certain of the VSC Group's short-term bank loans; (ii) certain inventories were held under short-term trust receipts bank loan arrangements; (iii) bank deposits of approximately HK\$15 million were pledged as collateral for the VSC Group's banking facilities; and (iv) approximately HK\$5 million bank deposits in China was restricted as Customs deposits in Mainland China.

REVIEW OF OPERATIONS

(1) China Advanced Materials Processing ("CAMP")

The VSC Group's CAMP operation comprises of three business units engaging in processing of rolled steel in coil (coil centres), manufacture of enclosure systems (VJY) and distribution of engineering plastic resins. For the six months ended 30th September 2006, sales of CAMP increased by 10% to HK\$826 million and segment results increased by 23% to HK\$38 million.

Coil Centre Operations

For the period under review, the volatility of the steel price continues to impact adversely on the market which saw the lower average selling price against that of the same period of last year. Sales of the coil centre operations decreased by 3% from that of the same period of last year. To sustain continual growth and create shareholder's value, the coil centres have implemented the strategy of creating higher profit margin through more selective measures on choosing the best mix of customers and more focus on delivering value to those key accounts. As a result, the average gross margin reached 8.3%, an increase of 1.4 percentage point when compared with 6.9% for the same period of last year.

或然負債

於二零零六年九月三十日，萬順昌集團就其潔具供應項目有尚未行使履約擔保書約2,300,000港元。

資產抵押

於二零零六年九月三十日，萬順昌集團有若干資產抵押，包括(i)約13,000,000港元之樓宇、約13,000,000港元之租賃土地及土地使用權及約20,000,000港元之存貨用以抵押萬順昌集團之短期銀行貸款；(ii)以信託收據銀行貸款安排持有之若干存貨；(iii)約15,000,000港元之銀行存款作為萬順昌集團之銀行抵押品；及(iv)約5,000,000港元作為中國內地海關保證金之限制現金。

業務回顧

(1) 中國先進材料加工 (「CAMP」)

萬順昌集團之 CAMP業務包括三個分別從事卷鋼加工(卷鋼中心)、系統設備外殼製造(萬嘉源)及分銷工程塑膠樹脂之業務部門。截至二零零六年九月三十日止六個月，CAMP業務之銷售增加10%至826,000,000港元，而分部業績則增加23%至38,000,000港元。

卷鋼中心業務

於回顧期內，鋼材價格波動持續對市場造成負面影響，令鋼材平均售價較去年同期為低。卷鋼中心業務之銷售較去年同期減少3%。為繼續保持增長及創造股東價值，卷鋼中心實施提高邊際利潤之策略，更嚴格揀選最佳客戶組合及更專注為該等主要客戶提供價值提升，因此平均毛利率提升至8.3%，較去年同期之6.9%增加1.4個百分點。

In order to deliver our value proposition to our customers as a reliable supplier, our strategy was to focus on key customers and to build strategic relationship. For our mature coil centres in Dongguan and Guangzhou, tonnage sales volume for the first six months ended 30th September 2006 slightly decreased by 6%, due to tighter credit control measure and key account management approach, which also led to 18% reduction in combined trade receivable of the two coil centres, compare with that of 2005 interim period. And, with our ramping up of capacity in Tianjin and the starting up of business in our Kunshan Coil Centre, total tonnage sold for all the coil centres was 87,194 metric tons, a 10% increase from the same period of last year.

Selling and distribution and general and administrative expenses increased by HK\$3.5 million as compared with the same period of last year of HK\$14.7 million. The increases were due to the start-up of Kunshan Coil Centre operation as well as increase in importation & transportation expenses commensurate with our growth in tonnage sales volume. To implement our business strategies for key account focus, improvement on inventory turns and operating profitability, we continue to invest in our human resources including aggressive incentive plan, training and development programs. We are confident that with the support from this team of highly dedicated employees, we are in the best position to offer value proposition to our customers and give them the best solution in the market.

作為一個可靠供應商，萬順昌集團採取專注於主要客戶，與其建立策略性關係之策略，務求為客戶提供提升價值建議。東莞和廣州之卷鋼中心運作成熟，截至二零零六年九月三十日止首六個月之按噸銷售量輕微下跌6%，乃由於進一步收緊信貸控制措施以及採取主要客戶管理方針，令該兩個卷鋼中心之合併應收賬款較二零零五年中期減少18%。由於天津卷鋼中心之產量提升，加上昆山卷鋼中心開始運作，令所有卷鋼中心之按噸總銷售量達87,194公噸，較去年同期上升10%。

由於昆山卷鋼中心開始營運，加上進口和運輸開支隨著按噸銷售量之增長而上升，銷售及分銷支出以及一般及行政支出較去年之14,700,000港元增加3,500,000港元。為實施專注於主要客戶、改善存貨週轉情況及營運利潤能力之業務策略，萬順昌集團不斷於人力資源方面作出投資，包括大力推行獎勵計劃、培訓和發展課程。萬順昌集團深信，憑藉這支工作認真之員工隊伍，萬順昌集團將能把握優勢，為客戶提供提升價值建議和市場上最佳之解決方案。

For the six months ended 30th September 2006, Tianjin Coil Centre continued to ramp up their plant utilisation and capacity with more tonnage output than the same period last year. Tianjin Coil Centre sold 24,832 metric tons during the first six months, a 58% surge from last year. The market environment in Northern China is, to certain extent, different from the South. Average production scale of customers over there is larger than their Southern counterpart. Aimed at a quicker market entry, Tianjin Coil Centre adopted a more competitive strategy, this coupled with continued market price volatility, gross margin dropped by 0.4 percentage point amid a stiff price competition with a drop in average selling price of 19%. The Tianjin Coil Centre will need to work towards an optimal balance between sales and profit margins, while maintaining the customer focus and the quality of service.

The Guangzhou Coil Centre which is 70% owned by the VSC Group and was acquired in late March 2004 achieved a total sales tonnage of 23,707 metric tons which is 8% less than the same period of last year. Sales decreased from HK\$185 million to HK\$161 million as a result of focusing on major key accounts, hence forgoing orders from certain minor customers. Despite a softened steel price during the six months period and drop in sales revenue, Guangzhou Coil Centre maintained a stable gross margin.

截至二零零六年九月三十日止六個月，天津卷鋼中心不斷提升廠房使用率及產能，按噸產量較去年同期有所提高。於首六個月，天津卷鋼中心之銷售量達24,832公噸，較去年急升58%。華北之業務競爭在某程度上與華南不同，華北客戶之平均生產規模較華南客戶龐大。為了能更快打入市場，天津卷鋼中心採取了較具競爭力之策略，而鑑於市場價格持續波動，加上價格激烈競爭，平均售價下跌19%，毛利率因而下跌0.4個百分點。天津卷鋼中心需要在銷售與邊際利潤兩者之間尋求最佳平衡，同時繼續專注於客戶和服務質素。

萬順昌集團於二零零四年三月底收購廣州卷鋼中心，擁有其70%權益。該卷鋼中心之總銷售量為23,707公噸，較去年同期少8%。由於專注於主要客戶導致流失若干小客戶之訂單，銷售由185,000,000港元減少至161,000,000港元。儘管於該六個月期間鋼材價格下跌，但廣州卷鋼中心之毛利率仍能保持穩定。

Dongguan Coil Centre, mainly serving OEM manufacturers of electrical appliances in Pearl River Delta Region. For the first six months of the year, customers adopted a prudent approach in placing new orders, due to a hike in prices of raw materials & energy. To address this challenge, Dongguan Coil Centre focused more on higher-end customers who were more stable with their demands and less price sensitive hence offered higher margin. Dongguan Coil Centre sold 35,798 metric tons of products in the first six months, a 5% decrease from that of last year. Sales decreased from HK\$266 million to HK\$230 million. Compared with that of the same period of last year, in general, we experienced a drop of 7% in price on electro galvanized steel sheets and a drop of 11% on cold rolled steel sheets. Despite the drop in sales as a result of the lower steel prices, Dongguan Coil Centre's gross margin was higher than that of the same period of last year, mainly due to better product mix and operational efficiency.

In April 2006, the VSC Group incorporated a new wholly owned subsidiary in Kunshan, located in Jiangsu Province of China. It is strategically located in the booming Yangtze River Delta region with close proximity to many multinational companies. It is a "greenfield" project and construction works have been progressed according to schedule with trial run to be commenced by end of calendar year 2006 with an annual capacity of 60,000 metric tons for the first phase. In order to build up market presence and its customer base, the Kunshan team had already started toll processing business shortly after their compliance with business and tax registration requirements.

東莞卷鋼中心主要為珠江三角洲之電器原設備製造商提供服務。於年度內首六個月，由於原材料及能源價格暴漲，客戶於開出新訂單時普遍採取審慎態度。為應付這種挑戰，東莞卷鋼中心加倍專注於需求較為穩定且價格敏感度較低之高檔客戶從而帶來較高利潤。東莞卷鋼中心首六個月之產品銷售量為35,798公噸，較去年減少5%，銷售由266,000,000港元下降至230,000,000港元。與去年同期相比，萬順昌集團之電鍍鋅鋼板之價格普遍下跌約7%，而冷軋卷鋼板之價格則普遍下跌約11%。儘管銷售因鋼材價格較低而下滑，但東莞卷鋼中心之毛利率仍較去年同期為高，主要由於產品組合得到改善及營運效率上升所致。

於二零零六年四月，萬順昌集團註冊成立一家位於中國江蘇省昆山市之新全資附屬公司。該公司地理位置優越，位於繁華之長江三角州區，鄰近有不少跨國公司。該自行籌建項目之建築工程已按計劃進行，二零零六年年底前將開始試產，而第一階段年產量可達60,000公噸。為建立市場地位及客戶基礎，昆山工作小組已於履行商業及稅務登記規定後不久展開來料加工業務。

Enclosure Systems Manufacturing (Van Jia Yuen “VJY”)

VJY enclosure systems manufacturing (VJY) set up four years ago is a contract manufacturer for leading high-tech equipment providers/manufacturers such as Huawei, Zhongxing and Emerson. It adds value to customers by providing comprehensive steel processing services and solution to customer including punching, bending, stamping, coating, assembly, technical design and quality control. For the first six months, its sales was HK\$99 million, as compared with HK\$57 million for the same period of last year. The segment results contributed to the VSC Group was better than that of the same period of last year, partly due to its effort in streamlining the operation process and better control of the operating expenses. VJY offers a higher degree of intensified processing offering a higher add value to its customers. Such processing requires a higher degree of technical skill on production process and quality assurance. We will continue to invest in new technology for broadening our customer base.

Plastics

With the soaring crude oil price, the average selling price of plastic resins is still at a high level. For the first six months, sales volume of Plastics Department increases by 35% and segment results contributed to the VSC Group is HK\$8 million, a 19% increase over that of the same period of last year. The department sells a wide range of engineering plastic resins from reputable suppliers such as Samsung Total, Samsung Cheil, GE Plastics, Mitsubishi and UMG. The department had successfully penetrated into the local markets around the Pearl River Delta. A representative office in Shanghai was set up to tap into the surging demand in the booming Eastern China Region. The Plastic Department's main target markets include home appliance, electronics and electrical, health care and medical products market.

系統設備外殼製造 (「萬嘉源」)

四年前成立之萬嘉源系統設備外殼製造(萬嘉源)為一家合約製造商，主要為高科技設備供應商／製造商如華為、中興及艾默生供應產品。萬嘉源透過向客戶提供廣泛之鋼材加工服務及解決方案(如沖孔、折彎、沖壓、噴塗、裝配、技術設計及品質控制)為客戶增值。於首六個月，萬嘉源錄得銷售為99,000,000港元，與去年同期之銷售57,000,000港元比較，並為萬順昌集團貢獻較去年同期更佳之分部業績，主要由於努力簡化營運過程及更有效控制營運支出所致。萬嘉源提供先進之強化加工，為客戶帶來更高增值。這種加工程序需要利用先進生產技術過程和嚴格質量保證。萬順昌集團將繼續投資於新技術，務求擴大客戶基礎。

塑膠

隨著原油價格急升，塑膠樹脂之平均售價仍然高企。於首六個月，塑膠部門之銷售量增加35%，對萬順昌集團之分部業績貢獻為8,000,000港元，較去年同期上升19%。該部門銷售多家著名供應商如三星道達爾、三星第一毛織、GE塑膠、三菱及UMG之各種工程塑膠樹脂。該部門已成功打入珠江三角洲一帶之當地市場，並於上海開設了一所代表辦事處以滿足華東地區之龐大需求。塑膠部門之主要目標市場包括家用電器、電子、保健及醫療產品市場。

(2) Construction Materials Group (“CMG”)

The businesses of CMG operations of the VSC Group include distribution of steel and building products in both Hong Kong and Mainland China, primarily to developers and contractors for construction works. Despite a decline in sales of CMG for the period by 3% to HK\$1,567 million, the department reported a segment results of HK\$62 million, which represented a 87% increase over last year’s HK\$33 million.

Steel Distribution

The major business unit of the VSC Group’s CMG operations is steel distribution, which comprises stockholding and distribution business of rebars, structural steel and engineering products in Hong Kong, distribution of imported steel products in Mainland China and distribution of domestic steel products through Shanghai Bao Shun Chang (“BSC”), a joint venture with Bao Steel, in which VSC holds 66.7% equity interest.

Hong Kong Steel Distribution

As a result of the VSC Group’s determined efforts to modify its business model to create higher shareholders’ value, the Hong Kong Steel Department continued to achieve encouraging operating profit in the first six months ended 30th September 2006. Despite a 10% decrease in sales to approximately HK\$504 million for the first six months of the year, the department achieved a segment profit of HK\$53 million as compared to HK\$32 million in the same period of last year. The Hong Kong Steel Department implemented a series of risk management measures that include the leveling of the risk of price fluctuation with customers and suppliers, exercising its best effort to avoid entering fixed price sales contracts with a term exceeding two years, along with price adjustment with a delivery period of over one year. In addition to these measures, we also implemented measures to reduce our operating cost as well as to improve our operating efficiency. Our inventory level of rebars was kept at optimised level. Costs of warehousing operation and handling costs, as well as inventory carrying costs had also been reduced.

(2) 建築材料(「CMG」)

萬順昌集團之CMG業務包括於香港及中國內地分銷鋼材及建築產品，主要銷售予建築工程之發展商及承建商。儘管期內CMG之銷售下跌3%至1,567,000,000港元，但該部門仍錄得分部業績62,000,000港元，較去年之33,000,000港元增加87%。

鋼材分銷

萬順昌集團之CMG業務主要從事鋼材分銷，當中包括鋼筋、結構鋼及工程產品在香港之存銷業務、在中國內地分銷進口鋼材產品及透過萬順昌與寶鋼成立之合營企業—上海寶順昌(「寶順昌」，萬順昌擁有66.7%權益)分銷各類國內鋼材產品。

香港鋼材分銷

鑑於萬順昌集團不斷努力，決意改變業務模式以提升股東價值，香港鋼材部門於截至二零零六年九月三十日止首六個月持續錄得令人鼓舞之經營溢利。儘管年內首六個月之銷售下跌10%至約504,000,000港元，該部門仍錄得53,000,000港元之分部業績，去年同期為32,000,000港元。香港鋼材部門實行一系列風險管理措施，包括與客戶及供應商共同分擔價格波動風險、盡最大努力避免訂立超過兩年之長期固定價格銷售合約、而付貨期超過一年者可調整價格。除了上述措施外，萬順昌集團亦實行了若干措施以減低經營成本，以及改善營運效率。萬順昌集團之鋼筋存貨量保持在最佳水平。此外，倉庫營運成本、處理費與持有存貨成本亦告減少。

The department also diversified its product range and successfully entered into sales contracts with main contractors and consultants to provide products such as wide range flange beams and steel plate.

PRC Steel Distribution

After a year of drastic plunge, the steel price started to stabilise since the beginning of 2006. Our strategies to turnaround the loss position of last year including rearrangement of our product offering, focus on end users instead of distributor, and resource realignment. During the first six months, we closed our Shanghai flat product distributions operation and opened up Guangzhou facility, focusing on high market demand products. Sales remained at the same level as that of last year but there was substantial improvement in the gross profit. For the first six months, the segment result turnaround from a loss of HK\$4 million to a profit of HK\$6 million.

Building Products

Sales of the Building Products Department increased by 18% to HK\$103 million as compared to the same period of last year. The distribution business in Shenzhen has become matured. For the period under review, sales of distribution in Shenzhen tripled as compared to last year's result and amounted to about HK\$25 million. Our strategy is to continue to expand into the booming cities like Macau, Shanghai, Shenzhen and Guangzhou as these cities are experiencing unprecedented growth leading to an increase of consumer spendings. The VSC Group will continue its distribution of TOTO sanitary wares in Shanghai, Shenzhen and Guangzhou through wholesale, channel sales and project sales. The department has formed VANYEE, a joint venture in Macau to capture the business opportunity in the prospering casino business in the coming years. VANYEE has outstanding contracts on hand amounting to over HK\$20 million. Based on the committed sales contracts on hand, we expect the department to contribute operating profit to the VSC Group in the second half of the fiscal year.

該部門亦已擴大其產品類別，並順利與多個主要承建商及多家顧問公司訂立銷售合約，提供一系列產品如寬翼緣H型鋼及鋼板。

中國鋼材分銷

經歷一年大幅下調後，鋼材價格於二零零六年初回穩。為扭轉去年虧損狀態，萬順昌集團已調整策略，包括重新配置產品種類、將焦點由分銷商轉移至最終用戶身上，並重新調配資源。萬順昌集團於首六個月終止了上海之板材產品分銷業務，並於廣州設立設施，專注銷售市場渴求產品。銷售雖仍與去年相若，但毛利卻大幅提升。首六個月之分部業績已由虧損4,000,000港元轉虧為盈至盈利6,000,000港元。

建築產品

建築產品部門之銷售較去年同期上升18%，增至103,000,000港元。深圳之分銷業務已漸趨成熟，於回顧期內，深圳分銷業務之銷售約25,000,000港元，為去年之三倍。萬順昌集團之策略是繼續將業務擴展至澳門、上海、深圳及廣州等繁榮城市，因該等城市正值空前的增長，消費者亦因此消費大增。萬順昌集團將繼續透過批發、渠道銷售及項目銷售在上海、深圳及廣州等地分銷TOTO潔具。該部門已在澳門成立合營企業「萬義」，以抓緊賭場業務興旺在未來出現之商機。於回顧期內，「萬義」手頭尚未完成合約之金額超過20,000,000港元。根據手頭已訂立之銷售合約，預料該部門在財政年度下半年可為萬順昌集團帶來經營溢利。

PROSPECTS

Due to recent price softening in the international market and the growing overcapacity situation in China, we expect domestic steel prices to decline in the 1st quarter of 2007. We also anticipate steel export to be more challenging, partly because of the trade surplus of China increasing trade barriers to be imposed by importing countries.

For CAMP, we have just announced our co-operations with Ryerson in September of which Ryerson LLC, a wholly-owned subsidiary of Ryerson, subscribed for 600 new shares of VSC-Ryerson China. The transaction was completed at the end of October 2006, VSC holds a 60% equity interest in VSC-Ryerson China, with the remaining 40% equity held by Ryerson LLC. The synergy offered by this transaction would allow VSC-Ryerson China to capitalize on the expertise, customer base and technology of its two shareholders to achieve the leadership position in the vast PRC market. The proceeds from the subscription of shares by Ryerson LLC will be used for the repayment of trade related debts incurred by the coil centres, and future expansions and investment opportunities of VSC-Ryerson China in China. After we went through some usual “teething” issues for any new business, the VSC Group will look for opportunities that will better enhance the synergies between VSC Group’s other CAMP operations (e.g. VJY, plastics) and VSC-Ryerson China with the intention to provide better returns to the VSC Group’s shareholders with a more streamlined and better market coverage operation.

前景

鑑於國際市場上之鋼材價格近期偏軟，加上中國鋼鐵行業供過於求之情況日益嚴重，萬順昌集團預期國內鋼材價格將於二零零七年第一季下跌。同時，萬順昌集團預期鋼材出口將面臨更大挑戰，部分乃由於中國貿易順差和鋼材輸入國實施更多貿易壁壘所致。

關於CAMP業務，萬順昌集團剛於九月宣佈與Ryerson合作，Ryerson LLC (Ryerson之全資附屬公司) 認購VSC-Ryerson China 600股新股。有關交易已於二零零六年十月底完成。萬順昌及Ryerson LLC分別持有VSC-Ryerson China之60%及40%權益。在此交易之協同效益下，VSC-Ryerson China將可善用其兩大股東之專業知識、客戶群及技術，以增強其於龐大的中國市場之競爭力。Ryerson LLC認購股份而所得款項將用於償還卷鋼中心之相關貿易債項，及用於VSC-Ryerson China未來在中國之擴充及投資。經過新業務正常的磨合期後，萬順昌集團將把握時機，提升萬順昌集團其他CAMP業務（例如萬嘉源、塑膠）與VSC-Ryerson China之協同效益，務求以更高效及覆蓋更大市場的業務，為萬順昌集團的股東帶來更佳回報。

For CMG, we will continue to execute our successful strategy for Hong Kong Steel Department. We will continue to avoid entering into fixed price sales contracts exceeding two years and to manage customers for sharing the pricing risks. To reduce operating cost and improve efficiency, we will continue to operate direct pier-to-site delivery, control the lead time on goods ordering and improve the accuracy of demand forecast and inventory position. Based on the committed sales contracts on hand, we expect the department to continue to be successful in the second half of the year. For China steel distribution, we expect the PRC Government to continue her macro-economic management policies to limit excessive investment in real estate and automobile sector. To face these challenges, we will continue to do resource realignment and will focus our resource on products with high market demand hence better margins. In addition, the VSC Group will also continue to fuel its supply chain management service offerings and to enhance its technical capability on steel quality control in order to meet the rapid demand of local sourcing and export of products through MetalChina, an investment of VSC Group. Our Building Product Department will continue to collaborate with TOTO to focus on growing its market in Great China in particular Macau, a growing region with strong demand.

To maintain a more diversified income source, the VSC Group is looking for other investment opportunities in China particularly in those industries with strong market demand, steady income and cash flow. Currently, we are exploring opportunities for interest in which include a small hotel chain, and office building space to house the VSC Group's expanded operations, and staff in China, as well as to generate a steady rental income and cash flow.

The VSC Group will continue to partner with its global and local customers to create competitive advantage for them by providing value-added processing, supply chain management and total solution services. We will continue to invest in our human resources to enhance our expertise and experience to fulfill our mission.

關於CMG業務，萬順昌集團將繼續執行其為香港鋼材部門制定之成功策略，並繼續避免訂立超過兩年之長期固定價格銷售合約，與客戶共同分擔價格風險。為降低營運成本及改善效率，萬順昌集團將繼續實行碼頭直達地盤交貨、控制訂貨後之送貨時間及提高需求預測及存貨狀況之準確程度。根據手頭上已訂定之銷售合約，萬順昌集團預期該部門在下半年將繼續錄得佳績。關於中國鋼材分銷業務，萬順昌集團預期中國政府將繼續實施宏觀經濟調控政策，限制房地產及汽車業之過度投資。為迎接這些挑戰，萬順昌集團將繼續重新調配資源，並集中資源投放於市場上需求較高之產品以獲取更高利潤。此外，萬順昌集團將透過萬順昌集團所投資之公司MetalChina繼續增加提供供應鏈管理服務，加強該等服務於鋼材質量控制方面的技術能力，以應付當地產品採購及出口之快速增長需求。萬順昌集團之建築產品部門將繼續與TOTO合作，專注拓展大中華市場，尤其是需求不斷增長之澳門地區。

為使收入來源多元化，萬順昌集團在中國正尋求其他投資機會，尤其是具有龐大市場需求、穩定收入及現金流之行業。萬順昌集團現正尋求商機，包括參與一家小型連鎖酒店，及辦公室樓宇以供萬順昌集團於中國不斷擴充業務及員工使用，同時提供穩定租金收入及現金流。

萬順昌集團將繼續與世界各地及當地客戶結盟，透過提供增值加工、供應鏈管理及全面解決方案服務，為他們創造競爭優勢。萬順昌集團將繼續於人力資源方面作出投資，提高萬順昌集團之專業知識及經驗以達成萬順昌集團之使命。

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2.2 Hong Kong cents per ordinary share for the six months ended 30th September 2006 payable to shareholders whose names appear on the Register of Members of VSC at the close of business on 9th February 2007. Dividend warrants are expected to be despatched on or before 15th February 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of VSC will be closed from 7th February 2007 to 9th February 2007 (both dates inclusive) during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with VSC's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited by not later than 4:00 p.m. (Hong Kong SAR time) on 6th February 2007.

中期股息

董事會宣佈向於二零零七年二月九日辦公時間結束時名列萬順昌股東名冊之股東派發截至二零零六年九月三十日止六個月之中期股息每股普通股2.2港仙。預期股息單將於二零零七年二月十五日或該日之前寄發。

暫停辦理股份過戶登記手續

萬順昌將由二零零七年二月七日至二零零七年二月九日(首尾兩天包括在內)期間暫停辦理股份過戶登記手續。為了符合享有中期股息資格，所有股份轉讓文件連同有關股票及過戶表格最遲須於二零零七年二月六日下午四時(香港特別行政區時間)送抵萬順昌於香港之股份過戶登記處，即香港中央證券登記有限公司。

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

As at 30th September 2006, the interests and short positions of the Directors and chief executives of VSC in the shares of HK\$0.10 each in the capital of VSC ("Shares"), underlying shares and debentures of VSC 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 VSC 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 VSC and the Stock Exchange, were as follows:

(i) Long positions in Shares and options of VSC

Name 姓名	Nature of interest 權益性質	Attributable interest to the Director 董事應佔權益	Number of Shares 股份數目	Approximate percentage 概約百分比	Number of share options 購股權數目 (Note b) (附註 b)	Aggregate interest 累計權益
Mr. Andrew Cho Fai Yao 姚祖輝先生	- Corporate interest held by Huge Top (Note a) - Huge Top 所持之公司權益 (附註 a)	deemed interest (indirectly) 被視作擁有之權益 (間接)	173,424,000	47.05%	—	173,424,000
	- Personal interest - 個人權益	100% (directly) 100% (直接)	1,614,000	0.44%	1,500,000	3,114,000
			175,038,000	47.49%	1,500,000	176,538,000

董事於股份、相關股份及債權證之權益及淡倉

於二零零六年九月三十日，董事及萬順昌之最高行政人員其於萬順昌或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之萬順昌股本中每股面值0.10港元之股份(「股份」)、相關股份及債權證中擁有之權益及淡倉包括(a)根據證券及期貨條例第XV部第7及第8分部必須知會萬順昌及香港聯合交易所有限公司(「聯交所」)(包括根據證券及期貨條例之該等規定被認為或視作擁有之權益及淡倉)；或(b)必須列入根據證券及期貨條例第352條予以存置之登記冊內；或(c)根據上市發行人董事進行證券交易的標準守則(「標準守則」)必須知會萬順昌及聯交所之權益及淡倉載列如下：

(i) 萬順昌之股份及購股權之權益

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES,
UNDERLYING SHARES AND DEBENTURES (Cont'd)**

(i) Long positions in Shares and options of VSC (Cont'd)

**董事於股份、相關股份及債權證之
權益及淡倉(續)**

(i) 萬順昌之股份及購股權之權益(續)

Name 姓名	Nature of interest 權益性質	Attributable interest to the Director 董事應佔權益	Number of Shares 股份數目	Approximate percentage 概約百分比	Number of share options 購股權數目 (Note b) (附註 b)	Aggregate interest 累計權益
Mr. Fernando Sai Ming Dong 唐世銘先生	- Personal interest - 個人權益	100% (directly) 100% (直接)	342,000	0.09%	500,000	842,000
Mr. Harold Richard Kahler Harold Richard Kahler 先生	- Personal interest - 個人權益	100% (directly) 100% (直接)	66,000	0.02%	—	66,000

Notes:

a. As at 30th September 2006, Huge Top Industrial Ltd. ("Huge Top") holds 173,424,000 Shares. Mr. Andrew Cho Fai Yao is one of the two directors of Huge Top. Mr. Andrew Cho Fai Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owns approximately 42.86% of the issued shares of Huge Top and is entitled to exercise more than one-third of the voting power at general meetings of Huge Top. Mr. Andrew Cho Fai Yao owns 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 Director in the share options of VSC are separately disclosed in the section headed "Share Option Scheme" below.

附註：

a. 於二零零六年九月三十日，Huge Top Industrial Ltd. (「Huge Top」) 持有 173,424,000 股股份。姚祖輝先生乃 Huge Top 兩名董事之一。姚祖輝先生直接持有約 11.91% 及透過 Perfect Capital International Corp. (「Perfect Capital」) 間接擁有 Huge Top 已發行股份約 42.86%，並在 Huge Top 之股東大會上擁有多於三分之一之投票權。姚祖輝先生擁有 Perfect Capital 全部已發行股本。前述董事於股份之該等權益乃屬公司權益。

b. 董事於萬順昌購股權之權益已獨立在下節「購股權計劃」披露。

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES,
UNDERLYING SHARES AND DEBENTURES (Cont'd)**

(ii) Long positions in associated corporation — Huge Top

**董事於股份、相關股份及債權證之
權益及淡倉(續)**

(ii) 相關法團之權益 – Huge Top

Name 姓名	Nature of interest 權益性質	Attributable interest to the Director 董事應佔權益	Number of shares 股份數目	Approximate percentage 概約百分比
Mr. Andrew Cho Fai Yao (Refer to Note a in (i) above) 姚祖輝先生 (請閱上文 (i) 附註 a)	– Corporate interest held by Perfect Capital – Perfect Capital 所持之公司權益	deemed interest (indirectly) 被視作擁有之權益 (間接)	36	42.86%
	– Personal interest – 個人權益	100% (directly) 100% (直接)	10	11.91%
			46	54.77%
Mr. Fernando Sai Ming Dong 唐世銘先生	– Personal interest – 個人權益	100% (directly) 100% (直接)	5	5.95%

Save as disclosed above, as at 30th September 2006, none of the Directors, chief executives of VSC and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of VSC or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to VSC 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 VSC and the Stock Exchange.

Apart from the foregoing, at no time during the period was VSC 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 VSC 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 VSC nor exercised any such right.

除上文所披露者外，於二零零六年九月三十日，董事、萬順昌之最高行政人員或彼等之聯繫人概無擁有根據證券及期貨條例有關萬順昌或其任何相聯法團之股份、相關股份或債權證中任何個人、家族、公司或其他權益或淡倉包括(a)根據證券及期貨條例第XIV部第7及第8分部必須知會萬順昌及聯交所(包括根據證券及期貨條例之該等規定被認為或視作擁有之權益或淡倉)；或(b)必須列入根據證券及期貨條例第352條予以存置之登記冊內；或(c)根據標準守則必須知會萬順昌及聯交所之權益或被視作擁有之權益或淡倉。

除上述者外，於期內任何時間，萬順昌及其任何附屬公司並無訂立任何安排，以使董事或彼等之任何配偶或十八歲以下之子女有權透過購買萬順昌或任何其他法人團體之股份或債權證而從中獲益，以及概無董事或最高行政人員或彼等各自之配偶或十八歲以下之子女已獲授任何權利以認購萬順昌股份或債務證券或已行使該等權利。

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 30th September 2006, according to the register of interests kept by VSC under section 336 of the SFO, the following entities have interests or short positions in the shares and underlying Shares of VSC which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

根據證券及期貨條例第XV部第2及第3分部須披露人士之權益及淡倉

除上文「董事於股份、相關股份及債權證之權益及淡倉」一節所披露之權益外，於二零零六年九月三十日，按萬順昌根據證券及期貨條例第336條須存置之登記冊之記錄，下列實體於萬順昌股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須向萬順昌披露之權益或淡倉：

Name 姓名	Nature of interest 權益性質	Number of Shares 股份數目	Approximate percentage 概約百分比	Number of share options 購股權數目	Aggregate interest 累計權益
Huge Top Industrial Ltd.	Directly 直接持有	173,424,000	47.05%	—	173,424,000
Ms. Miriam Che Li Yao 姚潔莉女士	Corporate 公司權益	173,424,000 (Note) (附註)	47.05%	—	173,424,000
	Personal 個人權益	2,000,000	0.54%	1,000,000	3,000,000
		175,424,000	47.59%	1,000,000	176,424,000

Note: As at 30th September 2006, Huge Top held 173,424,000 Shares. Ms. Miriam Che Li Yao is one of the two directors of Huge Top while the remaining director of Huge Top is Mr. Andrew Cho Fai Yao who is the brother of Ms. Miriam Che Li Yao and therefore is deemed to be interested in these Shares through Huge Top.

附註：於二零零六年九月三十日，Huge Top持有173,424,000股股份。姚潔莉女士乃Huge Top兩名董事之一而Huge Top餘下之董事為姚祖輝先生（乃姚潔莉女士之弟），因此透過Huge Top被視為持有該等股份。

Save as disclosed above, as at 30th September 2006, the Directors are not aware of any other persons (other than Directors or chief executives of VSC) who have interests or short positions in the shares, underlying shares or debentures of VSC or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to VSC under Divisions 2 and 3 of Part XV of the SFO.

除上文所披露者外，於二零零六年九月三十日，董事並不知悉有任何其他人士（董事或萬順昌最高行政人員除外）於萬順昌或任何相關法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中擁有根據證券及期貨條例第XV部第2及第3分部須向萬順昌披露之權益或淡倉。

SHARE OPTION SCHEME

A share option scheme has been adopted by VSC since 12th November 2001 (the "Share Option Scheme") and VSC may grant options to the participants as set out in the Share Option Scheme. The terms of the Share Option Scheme are contained in a circular sent to shareholders of VSC in October 2001 and the shareholders have also approved the refreshment of Share Option Scheme mandate limit at the annual general meeting of VSC held on 31st August 2006 ("2006 AGM"). The share options outstanding under the Share Option Scheme during the period were as follows:

購股權計劃

萬順昌由二零零一年十一月十二日已採納一項購股權計劃(「購股權計劃」)，而萬順昌可如購股權計劃所列向參與人士授予購股權。購股權計劃之條款已刊於二零零一年十月萬順昌寄予股東之通函內而股東亦於二零零六年八月三十一日之萬順昌股東週年大會(「二零零六年股東週年大會」)上批准更新購股權計劃授權限額。於期內，按購股權計劃尚未行使之購股權如下：

Name or category of participant 參與者姓名或類別	Date of grant 授予日期	Exercise period 行使期	Exercise price per Share 每股行使價	Number of share options 購股權數目			End of period 期末
				Beginning of period 期初	Granted during the period 期內授予	Lapsed during the period 期內失效	
				'000 千份	'000 千份	'000 千份	'000 千份
Directors:- 董事：—							
Mr. Andrew Cho Fai Yao 姚祖輝先生	13th September 2006 二零零六年九月十三日	13th September 2007 to 12th September 2016 二零零七年九月十三日至二零零六年九月十二日	HK\$0.90 0.90 港元	—	1,500	—	1,500
Mr. Fernando Sai Ming Dong 唐世銘先生	19th September 2003 二零零三年九月十九日	19th September 2005 to 18th September 2013 二零零五年九月十九日至二零零三年九月十八日	HK\$1.418 1.418 港元	300	—	—	300
	13th September 2006 二零零六年九月十三日	13th September 2007 to 12th September 2016 二零零七年九月十三日至二零零六年九月十二日	HK\$0.90 0.90 港元	—	200	—	200
Sub-total 小計				300	1,700	—	2,000

SHARE OPTION SCHEME (Cont'd)

購股權計劃(續)

Name or category of participant 參與者姓名或類別	Date of grant 授予日期	Exercise period 行使期	Exercise price per Share 每股行使價	Number of share options 購股權數目			End of period 期末 '000 千份
				Beginning of period 期初 '000 千份	Granted during the period 期內授予 '000 千份	Lapsed during the period 期內失效 '000 千份	
Employees:- 僱員：—							
In aggregate 共計	2nd May 2003 二零零三年 五月二日	2nd May 2003 to 1st May 2013 二零零三年五月二日至 二零一三年五月一日	HK\$0.98 0.98 港元	250	—	—	250
In aggregate 共計	7th May 2003 二零零三年 五月七日	7th May 2005 to 6th May 2013 (Note 2) 二零零五年五月七日至 二零一三年五月六日 (附註2)	HK\$0.97 0.97 港元	5,100	—	(495)	4,605
In aggregate 共計	19th September 2003 二零零三年 九月十九日	19th September 2005 to 18th September 2013 二零零五年九月十九日至 二零一三年九月十八日	HK\$1.418 1.418 港元	1,000	—	—	1,000
In aggregate 共計	13th September 2006 二零零六年 九月十三日	13th September 2007 to 12th September 2016 二零零七年九月十三日至 二零一六年九月十二日	HK\$0.90 0.90 港元	—	7,100	—	7,100
Sub-total 小計				6,350	7,100	(495)	12,955

SHARE OPTION SCHEME (Cont'd)

購股權計劃 (續)

Name or category of participant	Date of grant	Exercise period	Exercise price per Share	Number of share options			
				Beginning of period	Granted during the period	Lapsed during the period	End of period
參與者姓名或類別	授予日期	行使期	每股行使價	期初	期內授予	期內失效	期末
				'000	'000	'000	'000
				千份	千份	千份	千份
Others:-							
其他：—							
In aggregate	2nd May 2003	2nd May 2003 to	HK\$0.98	7,000	—	—	7,000
共計	二零零三年五月二日	1st May 2013	0.98 港元				
		二零零三年五月二日至二零一三年五月一日					
Sub-total				7,000	—	—	7,000
小計							
Total of Share Option Scheme				13,650	8,800	(495)	21,955
購股權計劃總計							

Notes:

- For the Share Option Scheme, the vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- 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:-
 - During the period starting from 7th May 2005 to 6th May 2006, the option may be exercised up to 30% of such Shares.
 - 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.
 - 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.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the period.

附註：

- 於購股權計劃，購股權未獲准行使期由授出當日開始直至行使期開始當日止。
- 以每股0.97港元認購股份之購股權可按以下方式全面或部份行使：
 - 於二零零五年五月七日至二零零六年五月六日期間，持有人最多可行使可認購30%此等股份的購股權。
 - 於二零零六年五月七日至二零零七年五月六日期間，持有人最多可行使可認購70%此等股份的購股權(以按照上文(i)段以尚未行使者為限)。
 - 於二零零七年五月七日至二零一三年五月六日期間，持有人可悉數行使購股權(以按照上文(i)及(ii)段以尚未行使者為限)。

除上文所披露外，於期內並無購股權獲授予、行使、失效或註銷。

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither VSC nor any of its subsidiaries has purchased, sold or redeemed any of shares of VSC during the six months ended 30th September 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

VSC 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 six months ended 30th September 2006, except for the deviations herein below mentioned:

1. 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. VSC does not have a separate chairman and chief executive officer and Mr. Andrew Cho Fai Yao currently holds both positions. 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 VSC’s business strategies which will enable the VSC Group to sustain the development of the VSC Group’s business efficiently.

買賣或贖回股份

萬順昌或其任何附屬公司概無於截至二零零六年九月三十日止六個月內購入、售出或贖回任何萬順昌之股份。

企業管治常規守則

於截至二零零六年九月三十日止六個月內，萬順昌集團已應用香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「企業管治守則」)之原則，並遵守一切適用守則條文，惟下文所述者則除外：

1. 企業管治守則條文A.2.1條所規定，主席及行政總裁之職位應分開，不應由一人同時兼任。萬順昌之主席及行政總裁職位並無分開，現由姚祖輝先生一人同時出任。董事會認為由同一人擔任主席及行政總裁之職位能為萬順昌集團提供強勢及貫徹之領導，有效運用資源，並可有效地策劃、制訂及實施萬順昌之業務策略，從而使萬順昌集團能夠有效地維持其業務之發展。

2. The CG Code provisions A.4.1 and A.4.2 stipulates that (1) the non-executive directors should be appointed for a specific term, subject to re-election and (2) all directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. VSC's non-executive Directors are not appointed for a specific term. Before the amendment of the Bye-Laws of VSC at the 2006 AGM, the chairman and the managing director of VSC are not subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. To comply with the CG Code provision A.4.2, a resolution has been approved by the shareholders of VSC in the 2006 AGM to amend the Bye-Laws of VSC so that every Director is required to retire by rotation at least once every three years.

AUDIT COMMITTEE

The Audit Committee has been set up since December 1998 and now consists of four independent non-executive Directors with Mr. Kenny King Ching Tam as chairman and Dr. Chow Yei Ching, Mr. Harold Richard Kahler and Mr. Xu Lin Bao as members. Mr. Kenny King Ching Tam who is an independent non-executive Director with appropriate professional accounting expertise as required under Rule 3.10 of the Listing Rules. 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 improving our corporate governance. The Audit Committee has adopted its terms of reference, which is in line with the CG Code was posted to VSC's website at <http://www.vschk.com>. The VSC Group's unaudited condensed consolidated interim financial information for the six months ended 30th September 2006 now reported on have been reviewed by the Audit Committee.

2. 企業管治守則條文A.4.1及A.4.2所規定，(1)非執行董事的委任應有指定任期，並須接受重新選舉；及(2)所有董事(包括有指定任期的董事)應輪值告退，至少每三年一次。萬順昌之非執行董事並無指定委任任期。於二零零六年股東週年大會修訂萬順昌之公司細則前，萬順昌之董事會主席及董事總經理均不須輪值告退或計入每年告退董事人數考慮之列。為符合企業管治守則內之守則條文A.4.2，一項決議案已於二零零六年股東週年大會獲萬順昌股東批准，修訂萬順昌公司細則以規定各董事每三年至少輪值告退一次。

審核委員會

審核委員會於一九九八年十二月成立，成員現時包括四名獨立非執行董事，譚競正先生為主席及周亦卿博士、Harold Richard Kahler先生及徐林寶先生為委員。按上市規則第3.10條，譚競正先生為獨立非執行董事並為合適專業會計專才。董事會已制定及核准審核委員會之職權範圍，職權涉及內部監控及審核事宜，目標為進一步改善其企業監管。審核委員會已按企業管治守則採納其職權範圍，並列於萬順昌之網址(<http://www.vschk.com>)。審核委員會已審閱萬順昌集團現在提呈之截至二零零六年九月三十日止六個月之未經審核簡明綜合中期財務資料。

MODEL CODE FOR SECURITIES TRANSACTIONS

VSC has adopted the Model Code as set out in the Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors on 31st March 2004. Having made specific enquiry of all Directors, they all confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30th September 2006. On 9th March 2006, the Board has approved that the Model Code also applies to other specified relevant employees of the VSC Group in respect of their dealings in the securities of VSC.

On behalf of the Board
Andrew Cho Fai Yao
Chairman

Hong Kong, 8th December 2006

As at the date of this report, the Board comprised Andrew Cho Fai Yao (Chairman), Fernando Sai Ming Dong (being the executive Directors), Chow Yei Ching, Harold Richard Kahler, Kenny King Ching Tam, Xu Lin Bao (being the independent non-executive Directors).

<http://www.vschk.com>

進行證券交易之標準守則

萬順昌已於二零零四年三月三十一日採納上市規則附錄10所載之標準守則，作為董事進行證券交易之操守準則。經向所有董事作出特定查詢後，彼等確認於截至二零零六年九月三十日止六個月內已遵守標準守則所載之所需規定。於二零零六年三月九日，董事會已通過標準守則亦適用於萬順昌集團該等特定之有關僱員買賣萬順昌之證券。

代表董事會
主席
姚祖輝

香港，二零零六年十二月八日

於本報告日期，董事會包括姚祖輝(主席)、唐世銘(為執行董事)、周亦卿、Harold Richard Kahler、譚競正、徐林寶(為獨立非執行董事)。

<http://www.vschk.com>