



STEEL TOTAL SOLUTION PROVIDER

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

Annual Report 2008 年報

Stock Code 股票代號 : 1001

MISSION

STATEMENT

VSC partner with our global and local customers to create competitive advantage for them. We do this through our expertise and China experience with value-added processing, supply chain management and total solution service.

CONTENTS

Contents	1
Corporate Information	2
Our Selected Mills	3
Financial Highlights	4
Five-year Financial Summary	6
Chairman's Statement	9
Management Discussion and Analysis	15
CAMP	
Coil Service Centre Operations	
Plastic Resins Distribution	
Enclosure Systems Manufacturing	
CMG	
Steel Distribution	
Building Products Distribution	
Other Investments	
Key Elements of Growth	
Financial Resources and Liquidity	
Corporate Governance Report	30
Report of the Directors	34
Directors' Profile	44

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Ms. TSE Sau Wai, FCS FCIS

QUALIFIED ACCOUNTANT

Mr. CHIU Wan Yee, CPA

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

SOLICITORS

JSM (on Hong Kong Laws)
Conyers Dill & Pearman (on Bermuda Laws)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Company Limited,
Hong Kong Branch
BNP Paribas, Hong Kong Branch
Chong Hing Bank Limited
CITIC Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Fortis Bank SA/NV, Singapore Branch
Fubon Bank (Hong Kong) Limited
HSH Nordbank, Asia
Industrial and Commercial Bank of China
(Asia) Limited
KBC Bank N.V., Hong Kong Branch
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
The Bank of Tokyo-Mitsubishi UFJ Limited,
Hong Kong Branch
The Hongkong and Shanghai 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 4902-8, 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



FINANCIAL HIGHLIGHTS

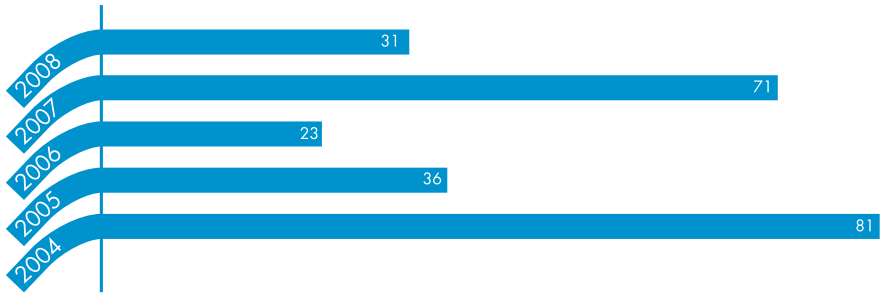
Revenue

(for the years ended 31st March) (HK\$ million)



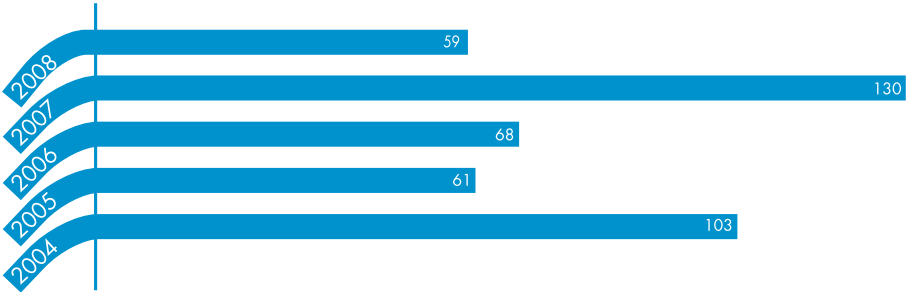
Profit attributable to equity holders

(for the years ended 31st March) (HK\$ million)



Operating profit

(for the years ended 31st March) (HK\$ million)



Capital and reserves attributable to equity holders per share

(as at 31st March) (HK\$)



	2007	2008	% Change
<i>HK\$ million</i>			
Revenue	4,868	5,678	+17%
Gross profit	318	307	-3%
Operating profit	130	59	-55%
Profit attributable to equity holders	71	31	-56%
Total assets	2,249	2,853	+27%
Capital and reserves attributable to equity holders	783	836	+7%
<i>In million</i>			
Number of shares	369	380	+3%
Per Share Data			
<i>HK cents</i>			
Basic earnings	19.16	8.29	-57%
Diluted earnings	19.16	8.24	-57%
Total cash dividends	4.80	2.40	-50%
<i>HK\$</i>			
Capital and reserves attributable to equity holders	2.12	2.20	+4%
Financial Ratios			
Gross profit margin (%)	6.53	5.41	-17%
Net profit margin (%)	1.45	0.55	-62%
Current ratio	1.67	1.47	-12%
Quick ratio	1.16	0.97	-16%
Gearing ratio	0.32	0.45	+41%
Interest cover	3.57	1.58	-56%
Cash dividend payout (%)	25.05	29.06	+16%

Note:

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

Definitions			
Basic earnings per share	Profit attributable to equity holders		
	Weighted-average number of shares		
Diluted earnings per share	Profit attributable to equity holders		
	Diluted weighted-average number of shares		
Capital and reserves attributable to equity holders per share	Capital and reserves attributable to equity holders		
	Number of shares as at year end		
Gross profit margin (%)	Gross profit		x100%
	Revenue		
Net profit margin (%)	Profit attributable to equity holders		x100%
	Revenue		
Current ratio	Current assets		
	Current liabilities		
Quick ratio	Current assets (excluding inventories)		
	Current liabilities		
Gearing ratio	Net debt (Total borrowings less pledged bank deposits and cash and cash equivalents)		
	Total equity (excluding minority interests) plus net debt		
Interest cover	Operating profit		
	Net finance costs		
Cash dividend payout (%)	Total cash dividends proposed for the year		x100%
	Profit attributable to equity holders		

FIVE-YEAR FINANCIAL SUMMARY

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

CONSOLIDATED INCOME STATEMENT

	Year ended 31st March 2004 HK\$'000	Year ended 31st March 2005 HK\$'000	Year ended 31st March 2006 HK\$'000	Year ended 31st March 2007 HK\$'000	Year ended 31st March 2008 HK\$'000
Revenue	3,549,110	4,138,621	4,574,939	4,867,657	5,677,792
Operating profit	103,482	60,665	68,066	129,854	59,320
Net finance costs	(7,027)	(12,868)	(41,469)	(36,401)	(37,509)
Profit before income tax	96,455	47,797	26,597	93,453	47,047
Income tax (expense)/credit	(11,061)	29	(68)	(12,534)	(1,876)
Profit for the year	85,394	47,826	26,529	80,919	45,171
Attributable to:					
Equity holders of the Company	81,063	36,189	22,867	70,627	31,317
Minority interest	4,331	11,637	3,662	10,292	13,854
	85,394	47,826	26,529	80,919	45,171
Dividends	21,180	8,114	4,055	17,693	9,101

Notes:

1. The Hong Kong Institute of Certified Public Accountants has issued a number of new/revised Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and HK(IFRC) – Interpretations that are effective for accounting periods beginning on or after 1st January 2007. Information on the changes in accounting policies resulting from initial application of these new/revised HKFRSs is provided in note 2 to these consolidated financial statements.
2. Certain prior years’ figures have been reclassified to conform with the current year’s presentation.

CONSOLIDATED BALANCE SHEET

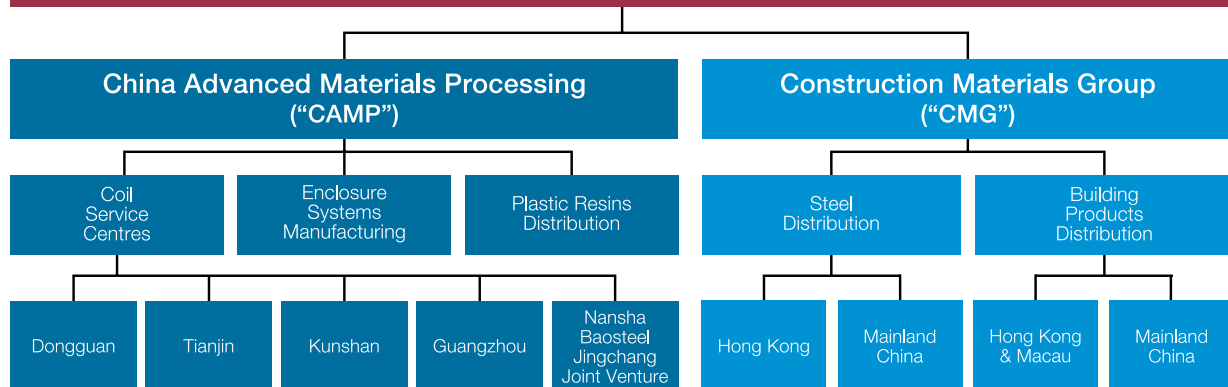
	As at 31st March 2004 HK\$'000	As at 31st March 2005 HK\$'000	As at 31st March 2006 HK\$'000	As at 31st March 2007 HK\$'000	As at 31st March 2008 HK\$'000
Non-current assets	264,565	253,129	217,111	333,467	427,866
Current assets	1,756,709	2,019,703	1,630,092	1,915,225	2,425,056
Current liabilities	(1,239,224)	(1,376,754)	(1,083,826)	(1,148,069)	(1,652,470)
Non-current liabilities	(97,326)	(172,867)	(3,118)	(93,220)	(122,548)
Net assets	684,724	723,211	760,259	1,007,403	1,077,904
Equity:					
Share capital	36,778	36,861	36,861	36,861	38,043
Reserves	623,780	650,973	678,594	745,734	797,688
Capital and reserves attributable to equity holders	660,558	687,834	715,455	782,595	835,731
Minority interest	24,166	35,377	44,804	224,808	242,173
	684,724	723,211	760,259	1,007,403	1,077,904

One Team

We believe people are the cornerstone of our success which is why we are dedicated to improving the caliber of our staff so they are fully equipped to meet the challenges ahead and achieve greater profitability in the future.

One Spirit

VAN SHUNG CHONG HOLDINGS LIMITED



Business Performance

Soaring oil prices, continuous economic growth in China, the worldwide consolidation of iron ore and steel mills sent steel prices skyrocketing to unprecedented levels in 2007, making this one of the most challenging periods on record for the sector.

The difficult landscape was, however, mitigated in part by the company's sustained efforts to effectively hedge its position in the market. By the end of 2007, we had stopped taking long term contracts as part of a price risk adjustment strategy to optimize inventory. This approach, which has so far worked well, will be implemented into the long term as the price of steel is not expected to return to the previous levels any time in the foreseeable future.

Consolidated revenue grew 17% to HK\$5,678 million and profit attributable to equity holders reached HK\$31 million, down 56% from a year earlier. Results were mixed for CAMP and CMG businesses with segment results registering at HK\$38 million and HK\$42 million, up 3% and down 65%. CMG was most affected by the soaring steel prices in the year.

CAMP occupies a downstream position in the steel supply chain by providing value-added, quality and efficient steel processing service complementing plastic resin materials distributions which all target the high growth industries that include IT, telecommunications and automobile parts.

CMG, occupies an upstream position, and acts as a bridge between suppliers and customers by sourcing materials for customers from steel mills around the world.

Our Competitive Advantage

A number of factors in our approach to business have helped to cushion the impact of the challenging environment and strengthen our capabilities in capturing the vast opportunities emerging particularly from the PRC.

With the PRC being the world's largest steel producer and consumer with demand reaching 550 million tonnage, 5 times the volume of the US and on track to grow by 9% to reach 600 million by 2010, opportunities in the sector will be abundant.

Professionalism

We deliver excellence by being:
Specific, Measurable, Achievable, Relevant and Timely



Our dynamic partnership with the US based Ryerson Inc. ("Ryerson") places us in an ideal position to capitalize on this booming business potential. By leveraging on Ryerson's industry expertise, state-of-the-art technology and its customer base of multinational clients, many of whom are eager to start up businesses in China, we are strategically poised to maximize on the partner synergy.

To broaden our second stage processing capability like cutting to length, slitting to width, NC punching and bending, and powder and paint coating, etc, by combining Ryerson's industry expertise with our China know-how, we are planning to acquire more complicated capability like flame-cutting, blanking, parts fabrication and later on may consider moving into third stage processing. In the year under review we have also diversified our product offering to include carbon plate steel, aluminum and stainless steel.

We have improved operational efficiency at every level and strengthened core components critical to operational excellence. Safety, On-Time Delivery, Collection of Receivables and Inventory Turnover continue to be upgraded.

Despite Platinum Equity's acquisition of Ryerson in October 2007, both Ryerson and the Company and management team remain strongly committed to the PRC market and supportive of all our joint endeavours.

Property Investment

Together with joint investors Celestial Asia Securities Holdings Limited and Nanyang Holdings Limited, we purchased in the year an eleven storey office tower in the heart of Shanghai's vibrant Jiang An district. The development, which house our Mainland China office, spans some 26,925 gross square meters and comprises office space, retail shops and 118 car park spaces.

This was a timely commitment to the property sector particularly as our growing presence and operations in Mainland China had given rise to further demand for additional office space. The remaining space will be let out. At the end of June 2008, up to approximately 52 percent of the building has already been leased to international corporations. We expect this to be a rewarding venture creating shareholder value.

Teamwork

We put company interest above our own interest. We think, plan, act and align collectively to deliver excellence as a team: People, Reliable, Involves, Developing and Excellence



Sichuan Earthquake

We quickly involved ourselves in the rescue and recovery efforts following the catastrophic earthquake in Sichuan province earlier this year. The company has so far sponsored two medical teams of doctors and psychiatrists to the earthquake hit zone and donated tents to provide temporary shelter relief to left homeless by the natural disaster.

Our efforts may have contributed to the short term emergency measures put in place in the weeks following the disaster but more needs to be done. We remain committed to helping and supporting the earthquake victims as they begin the difficult process of re-building their communities and infrastructure.

Integrity

We respect our customers and colleagues,
demonstrate honesty, integrity in all we do



A Caring Company

We were awarded the Caring Company Logo 2007/2008 in recognition of our efforts in caring for the community and commitment to corporate citizenship.

The Caring Company Logo Award is organized by the Hong Kong Council of Social Service with the aim of recognizing companies that demonstrate good corporate citizenship.

Moving Ahead

Despite the challenging market environment, we are extremely positive about the future as we believe the implementation of the risk adjustment strategies, our strong Ryerson partnership and long established supplier relationships, will yield dividends, and will position us to capture the emerging growth potential from both the PRC and Hong Kong.

We are working hard to meet the expectations of the market by broadening our range of value added processes to ensure customers have better access to specialized products and solutions.

On the operational side, we are constantly reviewing and strengthening operations across all our coil service centers in the PRC to ensure customers' diversifying needs are met at every stage.

Our co-operation with Ryerson will also prove to be an invaluable asset in the coming months as we step up the synergy between our operations and theirs as part of an effort to expand our customer base; in particular, to capture Ryerson's North American customers who are starting up businesses in the PRC.

Closer to home, we are very optimistic about the demand for steel in Hong Kong following the government's establishment of the Development Bureau last July in which it pledged to invest over HK\$40 billion into local construction projects including building of the government headquarters and railway projects, among other ventures.

Though these large scale projects may take several years to get off the ground, we are confident they will eventually trigger ample demand for steel supply in the future.

Continuous Improvement

We always challenge ourselves to achieve excellence by continuous learning, leading positive changes and consistently walking our talk

We will continue the success of our first ever property venture in Shanghai by seeking to unlock value in other property opportunities in the PRC as part of a wider strategy to strengthen our recurring income.

On a final note, we believe people are the cornerstone of our success which is why we are dedicated to improving the caliber of our staff so they are fully equipped to meet the challenges ahead and achieve greater profitability in the future.

We are striving towards a year of productivity. Given the capability of our workforce and the expertise of our management, I am confident our goals can be realized in the short term and that our longer term vision can also be achieved.

Appreciation

In concluding, I want to thank each and every member of staff, Board of Directors, shareholders, customers, business partners and suppliers for their commitment to the company. I look forward to working with you all again in the coming year.

Andrew Cho Fai Yao

Chairman & Chief Executive Officer

23rd July 2008

Looking Forward To Our Future

We will continue to focus our efforts on asset management, profitability and differentiation, and are committed to SHAREHOLDER and CUSTOMER VALUE creation.

CAMP

China Advanced Materials Processing



The VSC Group's CAMP operations currently comprise three main business units, namely (1) coil service centres operated under VSC-Ryerson China Limited ("VSC-Ryerson China") – the partnership with Ryerson Inc. ("Ryerson") of the United States, (2) plastic resins distribution, and (3) enclosure systems manufacturing.

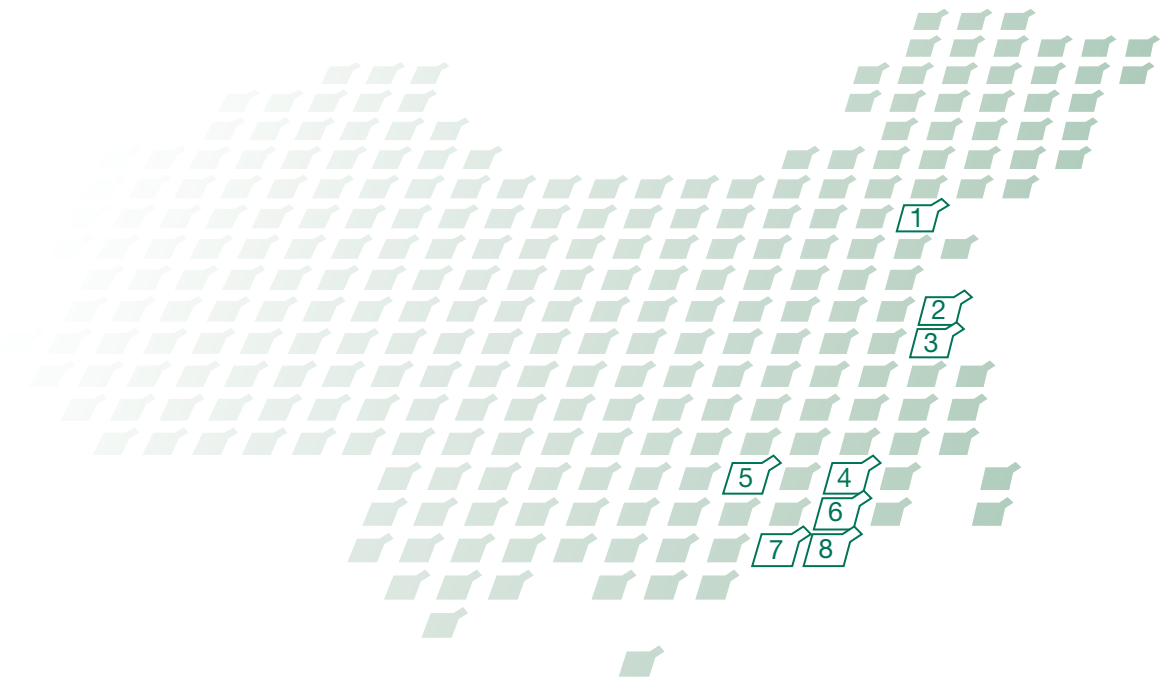
Highlights

	FY2008	FY2007	
	Total	Total	Change
	(HK\$'million)	(HK\$'million)	%
Revenue	2,220	2,052	8
Segment Result	38	37	3

Although CAMP's operations had improved during the year under review, the individual business units performed less than satisfactory. Having said that, the management remain very optimistic given the operational enhancement these business units have undertaken during the year.



CAMP Service Centres



- 1  **Tianjin**
- 2  **Kunshan**
- 3  **Shanghai**
- 4  **Dongguan**
- 5  **Guangzhou**
- 6  **Shenzhen**
- 7  **Nansha**
- 8  **Hong Kong**

Coil Service Centre Operations



VSC-Ryerson China encompasses the four coil service centre operations (Dongguan, Guangzhou, Tianjin, and Kunshan) and stainless steel and carbon flat roll trading. It also maintains 14% minority stake in an investment in Nansha, the PRC, in association with Shanghai BaoSteel International Economics & Trading Co., Ltd. and Mitsui & Co., Ltd. of Japan. VSC-Ryerson China was formally launched in November 2006 when Chicago based Ryerson subscribed for 40% stake.

Highlights

	FY2008 Total	FY2007 Total	Change %
Direct Tons (Metric ton)	225,372	213,196	6
Revenue (HK\$'million)	1,728	1,510	14
Segment Result (HK\$'million)	50	56	-11

FY2008 was one of challenges and changes as Ryerson and the VSC Group collaborated to create a company that acts as the platform for both the VSC Group and Ryerson to capitalize on the ever growing OEM manufacturing sector, and the migration of foreign manufacturing capacities into the PRC. As such, it is envisioned that this partnership will mature into a self sufficient and independent operation without foregoing the foundation that the VSC Group had created in previous years. One of the most tangible enhancements to the historic business model is the need to move into second, third and further stage of processing. This will allow VSC-Ryerson China to establish a deeper and more entrenched processing relationship with its customers

thus solidifying market positions while at the same time driving an improvement in our margins through a more comprehensive process and service offering to the market.

Revenue increased by 14%, processed tons grew 11% while trading tons decreased 20% versus FY2007. The decrease in trading volume was primarily due to a change in business model. The sales of Kunshan Coil Services Center ("KSSC") were predominantly generated from trading in FY2007 as VSC established a market presence in this fast growing area. In the last quarter of FY2007, a state-of-the-art coil processing centre was opened in Kunshan and KSSC moved from trading to processing and value-added services allowing for overall growth and solidation of the business model. We also invested in manufacturing and assembly processes like stamping and welding.

While the KSSC change was planned and the decrease in trading tons was compensated by our entry into the processing sales in Eastern China, we did not expect the decrease in stainless steel and carbon flat roll trading volume. During the second quarter of FY2008, nickel prices dropped severely and suddenly. The sudden drop caused many of our suppliers to reduce output and as a result, our allocation was affected.

In April 2007, VSC-Ryerson China kicked off a ONE COMPANY campaign designed to standardize metrics and place it on a single platform as it relates to key measures and knowledge management. It allows for easy and timely monitoring of key metrics. Under the ONE COMPANY campaign, VSC-Ryerson China was re-organized to maximize accountability.

The VSC Group designed electronic dashboards that allow for easy and immediate access to data which allow the management to monitor results and make timely and informed decisions. All key measures were grouped under one of the following four categories, SHAREHOLDER VALUE, CUSTOMER LOYALTY, INTERNAL BUSINESS PROCESS IMPROVEMENT and EMPLOYEE LOYALTY.

Organizational levels are eliminated and a lean organization is created where decisions are timely made and accountability exists at all levels. Leadership are challenged to 'right-size' their areas by eliminating layers and assuring that sufficient resources existed to fulfill all high impact functions.

A new performance evaluation process was introduced and is implemented at all levels of the organization. This new performance evaluation process allowed us to link the overall objectives to the performance of all employees. Today, all employees have clear and measurable goals and receive constant feedback as to how they are performing.

Our plant employees were very important to the ONE COMPANY campaign. Categories, based on experience and ability to transfer knowledge, were created. Today our pay to labor is based on seniority and, more importantly, the number of functions they can perform. This change has allowed us to greatly reduce our employee turnover and increase our satisfaction index as we are recognizing and rewarding dedication and loyalty.

Another aspect of our ONE COMPANY campaign continues to be to standardize our operations, create economies of scale, improve knowledge sharing and benchmarking best practices.

VSC-Ryerson China is in a very competitive market. The PRC service centre industry is highly fragmented. The barriers to entry of first stage processing are low and the number of new entrants is growing rapidly. Steel mills are actively investing in first stage processing and there continues to be the new entrants for Chinese and foreigner.

We will continue to focus on differentiation via SERVICE, PRODUCT, and PEOPLE. We will continue to review our internal business processes to assure our performance, expense management, cost of material, yield and inventory turns are the best in the market.

We have also started to invest in second and third stage processing (i.e. fabrication and manufacturing). In FY2008, KSSC acquired equipments that allows us to deliver semi-finished components to our customers. We are now able to go from COIL TO PARTS under one roof, thus eliminating logistics costs and maximizing material utilization (i.e. yield). Investing in fabrication and manufacturing allows us to provide a differentiated solution to our customers allowing them to improve their cash-to-cash cycle while reducing the number of suppliers.

We have also increased our product offering by growing our sales of processed stainless steel and aluminum. We now have a team of specialists throughout the PRC and working with our existing business units to grow our sales of processed stainless steel and aluminum.

In FY2008, a team of manufacturing specialists was assembled. We now have a network of specialized plate processors whose equipments are dedicated to us. We are now actively selling fabricated components in the PRC and have recently started to export to the USA and Europe.

We will continue to focus our efforts on asset management, profitability and differentiation, and are committed to SHAREHOLDER and CUSTOMER VALUE creation.



Plastic Resins Distribution (“Plastics”)



Plastics distributes general and engineering plastic resins to customers in Hong Kong, Pearl River Delta region and Eastern China.

Highlights

	FY2008 Total	FY2007 Total	Change %
Trading Tons (Metric ton)	19,640	21,210	-7
Revenue (HK\$'million)	347	345	1
Segment Result (HK\$'million)	12	13	-8

For FY2008, the price of crude oil continued to increase, causing the price of general plastic resins to reach record high level. Comparatively the price of engineering plastic resins remained more stable for the same period. In order to achieve higher return on investment, in addition to improved operational efficiency, Plastics also enhanced product mix by reducing the proportion of general plastic resins and sold more engineering ones.

In FY2008, Plastics expanded its geographical coverage and now it has business presence in Guangzhou, Shenzhen, Shanghai and Hong Kong. Guangzhou and Shenzhen operations complement Hong Kong operation to serve customers who have facilities in Pearl River Delta region. Shanghai operation built a platform for business development in Eastern China area. Our presence in both strategic locations enable us to react better to change in regional demand. This also allows us to develop higher level of customer intimacy.

As the Plastics operation currently covers industrial customers in both Hong Kong and the PRC, synergies exist in terms of marketing efforts and customers coverage with VSC-Ryerson China. As a result, in an effort to streamline management and enhance operational efficiency, the VSC management may explore a strategy to eventually consolidate the Plastics operation into VSC-Ryerson China.

Enclosure Systems Manufacturing (“VJY”)



VJY, located in Shenzhen, provides comprehensive steel processing services and solution to customers mainly in telecommunication industry. It also serves customers in power management and automobile parts businesses.

Alongside with continuous effort to improve product mix, during FY2008, VJY also started exporting component parts to overseas customers, and commenced pilot runs for some new customers in both telecommunication and autopart businesses.

Highlights

	FY2008 Total (HK\$'million)	FY2007 Total (HK\$'million)	Change %
Revenue	145	197	-26
Segment Result	(24)	(32)	N/A

With an aim to improve operational efficiency and internal control, VJY started to implement an ERP system last year and re-engineered work flows. Most of the ERP modules have been put into use in FY2008, which include “Order Management”, “Inventory Control”, “Purchasing” and “Finance”. The entire program is expected to be completed in the financial year ending 31st March 2009 (“FY2009”). In FY2008, VJY also invested approximately HK\$1.4 million in “5S”, focusing on warehouse management, plant layout and in particular labor working condition.

Having said that, VJY is also not immune to the new Law Of The People’s Republic Of China On Employment Contracts (“New Labor Law”) that became effective at the beginning of 2008. Although significant operational improvements were made, the increase in labor cost as a result of the New Labor Law has had a detrimental effect to VJY’s margins. As VJY is a facility that geared towards second and third stage of operations, it becomes a natural extension to the strategy being implemented at the VSC-Ryerson China level. In the search of operational efficiency, a possible scenario is to rationalize the capabilities of VJY into the VSC-Ryerson China portfolio of services.

CMG

Construction Materials Group



The VSC Group's CMG operations currently comprise three main business units, namely (1) Hong Kong steel distribution, (2) Mainland China steel distribution, and (3) building products.

Highlights

	FY2008	FY2007	
	Total	Total	Change
	(HK\$'million)	(HK\$'million)	%
Revenue	3,444	2,813	22
Segment Result	42	119	-65

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

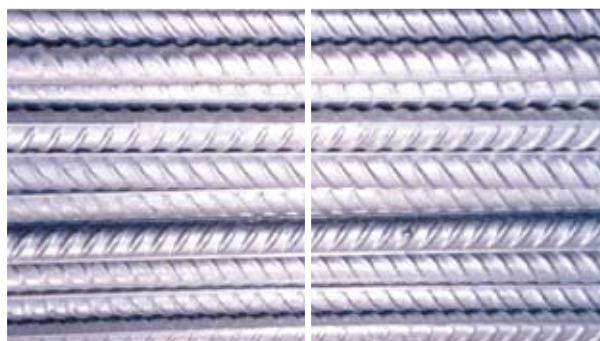


Steel Distribution

Hong Kong Steel Distribution (“Hong Kong Steel Distribution Department”)

Highlights

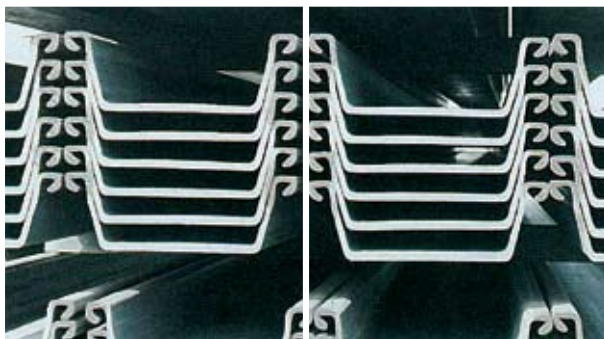
	FY2008	FY2007	
	Total	Total	Change
	(HK\$'million)	(HK\$'million)	%
Revenue	1,474	1,151	28
Segment Result	29	107	-73



During FY2008, various unfavorable external factors have made this an extremely challenging year for Hong Kong Steel Distribution Department. As a start the sudden change in the PRC policy of tax rebate on export has caused the Hong Kong rebar supply industry into a tailspin. During the past two years, because of relatively short lead time in transportation, export tax rebate and competitive pricing, a significant portion of Hong Kong supplies and without exception the department’s rebars were purchased and imported from PRC mills. In April 2007, the PRC Government had suddenly cancelled the tax rebates on export and in addition imposed an export custom duty in June 2007. The change of this custom duty policy in the PRC had an adverse impact on the gross profit margin and the profitability of the department. The net effect of this change of the export custom duty policy has increased unit cost by about 28% (13% on the cancellation of rebate and 15% on the imposition of export duty). While at the same time, the global steel supply market was also experiencing a rapid price increase due to the ever growing demand of steel in the Middle East coupled with the increase in the prices for crude oil and iron ore making alternative sourcing for the department also very challenging. All these external factors have contributed to a significant erosion in the margin for the department. As a result, gross profit margin dropped from 11.2% to 3.6% in FY2008. Despite a 28% increase in sales turnover to approximately HK\$1,474 million, segment profit of the department dropped to approximately HK\$29 million which was about a 73% reduction compared with FY2007.

The unit cost of rebars reached an unprecedented level through a sustained upward trend for FY2008. Although the situation may last for quite a long period

of time as long as the crude oil price stays high and the global demand for rebars is still hot, the department has implemented a series of strategies and actions to minimize the impact and tried to hedge against the risk of fluctuation in prices with customers and suppliers. The Hong Kong rebar supply industry is one of the few remaining markets in the world that still operates under fixed price contracts, but driven by evermore unfavorable global supply market, there is a need for a quick paradigm shift to the current business models in order to ensure the viability of the department. Despite an excess demand in the market, the department has made a conscious decision to avoid entering into fixed price contracts with a term of over one year, or even as short as six months. As a company that has been in this business for over 40 years, the department is extremely conscious of its reputation and on its ability to honor contracts even in the most adverse situation, with this in mind, and balancing with the need to maintain a positive margin as viable business, the department has been very selective in bidding for new contracts. In addition, the department has also increased its inventory level as the price increases are far out pacing the carrying costs. The department is also tapping into its vast sourcing network to other international suppliers and factoring in a more aggressive increase in pricing in new delivery contracts. Margin of new sales contracts have already been taking into account the continuous price hike from the mills. The quick implementation of these efforts has helped to improve the gross profit margin of the department in the last quarter of the reporting year to 5.4% from 2.8% in the third quarter of the reporting year.



Currently, the department's total contracts-on-hand is approximately HK\$787 million extending to the FY2009 (approximately HK\$680 million as at 31 March 2007) with a positive margin based on the current global steel price. Major projects worth highlighting are Ocean Park Redevelopment, Pak Shek Kok Development, Celestial Heights, Phase 1 & 2 Development at Tai Wai Maintenance Centre and City of Dreams in Macau. Looking forward to FY2009, the Hong Kong Steel Distribution Department, given its quick and decisive actions to adapt to market conditions and commitments to customers, remains optimistic with its market leader position in Hong Kong and profitability given the booming real-estate market in Hong Kong and the announced Pearl River Delta infrastructure projects of which profit margin should be quite attractive.

Mainland China Steel Distribution (“Mainland China Steel Distribution Department”)

Highlights

	FY2008	FY2007	
	Total	Total	Change
	(HK\$'million)	(HK\$'million)	%
Revenue	1,708	1,454	17
Segment Result	(1)	3	N/A

With the continued implementation of China's macro-economic austerity policies coupled with an ever increasing steel price, the Mainland China Steel Distribution Department continued to operate under a difficult environment. The results of the Mainland China Steel Distribution Department included BSC, our 66.7% joint venture company. In FY2008, BSC reported an increase of 35% in revenue to approximately HK\$1,353 million as compared with approximately HK\$999 million last year, and a net profit after minority interests of approximately HK\$8 million.

The goal of Mainland China Steel Distribution Department is to provide a virtual chain market linking procurement services to overseas buyers so that China-made metal products could be exported to satisfy global demand. The strategic intent of such specialized services is to develop the VSC Group's domestic sourcing capability and to lower its capital requirements and risks associated with inventory. It is the department's intention to further provides cross-selling opportunity for processing activities for the CAMP and the VSC-Ryerson China operations providing a more cost effective operation. During the year, our strategic venture alliance MetalChina was terminated due to a difference in strategic direction from the founder of the MetalChina. The founder of MetalChina would prefer to develop MetalChina into a separate and independent operation with marginal synergetic relationships with other VSC Group's companies. As such, the department has exercised its redemption right under its investment into a convertible bond issued by MetalChina and the outstanding balance had been fully provided for. Having said that, the termination of the investment in the MetalChina does not affect the VSC Group's strategic intention to further develop its domestic PRC sourcing capability for CMG, CAMP and the VSC-Ryerson China partnership.

Building Products Distribution (“Building Products Department”)



Building Products Department consists of four business units, namely (1) Hong Kong Building Products, (2) Shanghai Leisure Plus, (3) Shenzhen Building Products, and (4) Vanyee Macau, which all engaged in distributing TOTO sanitary wares, Hansgrohe, and Rover conglomerate marble. Benefit from booming real-estate markets in Hong Kong, Shanghai and Macau, the Building Products Department has achieved growth in both revenue and segment profit.

Highlights

	FY2008	FY2007	Change
	Total	Total	
	(HK\$'million)	(HK\$'million)	%
Revenue	262	208	26
Segment Result	14	9	56

Hong Kong Building Products continued to operate a retail showroom in Wanchai and engage in projects sales of sanitary wares and conglomerate marble to contractors. This department continued to maintain stable revenue and profit in FY2008. Revenue and segment profit of the department increased by 25% to approximately HK\$86 million and 89% to approximately HK\$9 million respectively compared with last year whereas gross profit margin dropped slightly from 34.4% to 33.1%. Hong Kong Building Products currently has contracts-on-hand worth approximately HK\$14 million (approximately HK\$14.5 million as at 31st March 2007). Major outstanding projects-on-hand worth highlighting are the supply of sanitary wares and tiles for One Island East, Caroline Centre Commercial Building Renovation Project, Renovation at Tsim Sha Tsui Centre & Empire Centre, Landmark North Office Tower, Retail Centre

at Union Square, Elements Shopping Arcade and Island Lodge. **Shanghai Leisure Plus** also enjoyed a prosperous year in FY2008 and reported a revenue of approximately HK\$121 million and segment profit of approximately HK\$6 million. **Shenzhen Building Products** earned a revenue of approximately HK\$36 million, and continues to operate a retail showroom and wholesales business in Shenzhen. Given the market in the Southern region of China is much competitive, the Shenzhen operations will continue to face a challenging environment. **Vanyee Macau** is a 82% owned joint venture company. Vanyee Building Products (Macau) Company Limited, which started operation in June 2006, is focusing on the booming hotel, casino and residential development businesses. Vanyee Macau’s revenue for FY2008 dropped from approximately HK\$24 million to approximately HK\$20 million due to the recent completions of most of the planned casino hotels in Macau. The operating performance of this department is expected to be stable in coming year by exploring new products and new brands. Given the continuous growth in the real estate markets in Hong Kong and the PRC, we can expect the Building Products Department to face a growing demand. Yet, coupled with this growing market, competitions from other brands launching similar products at competitive prices, and an increasing material cost will no doubt require additional financial resources and may be erosion in gross profit margin.

Other Investments



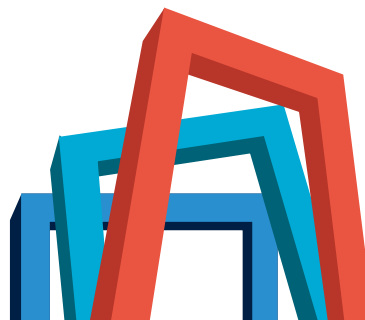
Hotel business

As disclosed in previous annual reports, the VSC Group continues to search for investment opportunities in the Greater China area that can help it in getting more diversifying revenue streams while providing it with opportunities in asset appreciation.

During the year under review, the VSC Group has taken a 44% minority stake in a chain of business budget hotels called a8 Hotels (“a8”) that operates in the PRC. Currently, a8 operates 5 hotels in which 3 are in Shanghai and 2 are in Guangzhou, representing 523 rooms. The business model of a8 is (i) self operate hotels through entering into long-term leases with landlords in strategically located areas, a8 will refurbish these premises into the a8 quality, and theme hotels to be operated by a8 staff; and (ii) the other approach is to franchise the a8 management systems and know how to selective properties for a franchise fee. The management of the VSC Group is optimistic with the a8 opportunity given the growth potential on this underserved sector in the PRC hotel industry. Although the VSC Group currently has a minority stake in a8, it has also obtained a call option to increase its stake in a8 to a majority position given the potential of a8. In addition to possibly increasing its stake in a8, the VSC Group is also actively seeking additional investors into a8 to speed up the growth of it.

Property

On a separate note, the VSC Group also invested in a 33.33% stake in an 11-storey office building located in Jiang An District, Shanghai. The property is one that located in a prime location in Shanghai having total lettable area of approximately 23,000 square meters, and 118 underground parking spaces. The VSC Group has moved its PRC operational headquarter into that building by taking up 2 storeys comprising of approximately 4,000 square meters since December 2007. Such presence of owning its own headquarter is consistent with the VSC Group’s intention to establish itself as a serious participant in the PRC market. At the end of June 2008 (6 months since its opening), the building is approximately 52% rented out and given the current increase in real-estate prices in Shanghai and also appreciation in RMB, the VSC Group is pleased to recognize a valuation gain over a relative short period of time on its investment into this property.





KEY ELEMENTS OF GROWTH

1) Human Capital

Human Resources are the most valuable assets of the VSC Group, which are reflected in every aspect of our operations. The VSC Group and our partnership, VSC-Ryerson China have designated personnel responsible for staff training, both technical and general. Our HR strategy is to build up capable management teams in all business units and headquarters that are competent, excel in business, high in ethical standard, and good at change and risk management.

Fostering ONE COMPANY:

With the establishment of the partnership - VSC-Ryerson China, our priority was to integrate our people as “ONE COMPANY” — Combining Resources and Creating Solutions. Various staff activities have been organized to integrate our people while ensuring a stable workforce with harmonious staff relations. We believe effective employee engagement is an important factor to business success. This is particularly important in times when we are heading to a new direction. Every effort was dedicated in enhancing the Company’s corporate culture in eCSC (Employee, Customer, Supplier & Co-opetitor) as well as our core values in Professionalism, Continuous Improvement,

Teamwork and Integrity, which all with the aim to provide a more transparent environment to our staff to assist them to quickly merge with the VSC family.

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 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.

Communications:

The Company took the interest of staff into account, through the various communications sessions, annual vision day, human resources intranet and eNewsletter whereas direct dialogue with staff, and staff opinion and feedback are collected. A transparent and open environment was established to keep staff updated for current happenings of the VSC Group.

Training & Development:

With our core value — Continuous Improvement, this year was a particularly intensive year for the provision of training in ensuring our members are equipped with skills and expertise for the challenges and the new era. Various in-house training programs such as language training in English and Mandarin, motivation, performance



appraisal, leadership, coaching skills and team building were well organized. To encourage staff in seeking better academic qualification, we offered sponsorship training programs. Besides, “Lunch and Learn” program, a program encouraged sharing knowledge during the casual lunch break was greatly appreciated and welcomed by our staff.

Rewards and Compensation:

To remain competitive in the talent market to recruit and retain our talents, benchmarking exercise of our pay structure with the market pay trend has been done. Linking reward with performance, tailor-made incentive schemes for bonuses and commission with measurable targets in achieving key success are designed with bottom-up approach for respective business units and corporate support function.

Social Responsibility:

The Company believes corporate social responsibility and responsible citizenship. Our staff is committed to participate various charitable activities: Orbis Pin Day, Dress Special Day, Skip Lunch Day and Corporate Challenge organized by Outward Bound. For the 5.12 Sichuan Earthquake, we have organized a massive fund raising campaign among the various operations of the VSC Group. The award of the accreditation of Caring Company

Logo is a recognition of the Company's effort of giving back to community and fostering a caring environment.

Staffing:

In March 2008, the VSC Group employed 1,288 staff, an 18% decrease from same period last year. The decrease in number of employees is due to further consolidation and complementarity of VSC-Ryerson China service centres (down 6%), headcount rationalization measures taken by VJY enclosure systems manufacturing operation (down 33%), and right-sizing attempts adopted by steel distribution operation (down 26%). Per head revenue increased 42% from HK\$3.1 million to HK\$4.4 million compare with FY2007.

To standardize best practices and to promote shared corporate value, VSC-Ryerson China has established a core service team and a shared service team predominantly base in Shanghai. The core service team consists of corporate leadership, financial reporting and credit control; the share service team is responsible for operational efficiency, outside processing, advanced material application, procurement, MIS and human resources management in a national perspective.

As a result of expansion in the talent tank of VSC-Ryerson China core & shared service teams and a stronger human capital base

of the VSC Group in Shanghai area, overall management and corporate support staff of the VSC Group as a whole increased 17% from 108 to 126 people. Total staff cost including contribution to retirement benefit schemes incurred increased 27% from HK\$113 million to HK\$143 million, or from 2.3% to revenue in FY2007 to 2.5% in this year. During the year under review, 11,823,000 options have been exercised by staff under share option scheme adopted in 12th November 2001.

2) Finance Capital

During FY2008, long term loans in total value of HK\$118 million was obtained to finance the capital expenditure and capital investment of the VSC Group. As at the end of FY2008, the VSC Group's total equity increased to HK\$1,078 million from HK\$1,007 million last year. Interest-bearing debt increased to HK\$1,183 million as compared to HK\$711 million last year. To support the continuous growth of revenue and the price increase in commodity, the VSC Group requires significant short term banking lines to finance its working capital need on inventory and trade receivable. The VSC Group has continued to develop excellent relationships with a number of local and international banks in Hong Kong, the PRC and Singapore, to expand and consolidate its banking profile. Aggregate banking facilities offered by banks in Hong Kong, the PRC and Singapore was about HK\$1,949 million as at the end of FY2008. Such bank lines consist of letters of credit, trust receipt loans, term loans and inventory financing loan. Interest costs are levied on inter-bank borrowing rates plus competitive margin. As the VSC Group establishes more presence and sourcing in the PRC, the need for RMB financing is expected to play a more important role in the Company's funding needs. RMB term loans and bills exchange facilities have been obtained from domestic as well as foreign

banks in the PRC. As at the end of FY2008, the VSC Group has outstanding RMB loans in the amount of RMB163 million.

FINANCIAL RESOURCES AND LIQUIDITY

1) Liquidity and Financing

The VSC Group's cash and cash equivalents were HK\$271 million as at 31st March 2008 (2007:HK\$305 million) of which about 62.9% were in US dollar, 23.4% were in Chinese Renminbi ("RMB"), 13.2% were in HK dollar and 0.5% in other currencies. Net cash flow used in operating activities for the year was approximately HK\$179 million.

As at 31st March 2008, the VSC Group's total borrowings amounted to approximately HK\$1,183 million of which 100% were interest-bearing borrowings (2007:HK\$711million). Net interest-bearing borrowings, after deducting pledged bank deposits of about HK\$215 million (2007: HK\$30 million) and cash and bank deposits of about HK\$271 million (2007: HK\$305 million), amounted to approximately HK\$697 million (2007: HK\$377 million). The increase in net interest-bearing borrowings was mainly due to the investment in a commercial building in Shanghai, investment in a8 and the increase in amount of inventory on hand. The finance cost was increased as compared with last year along with the increase in interest-bearing borrowings.

Gearing ratio as at 31st March 2008, 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 32% to 45% and current ratio was slightly dropped from 1.67 times to 1.47 times as compared to 31st March 2007. The VSC Group takes effort to maintain these financial ratios at current level, after taking consideration of 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. The VSC Group is also negotiating with banks in Hong Kong, Singapore and China for additional financing to support its business development. As at 31st March 2008, trade financing facilities and trust receipts loan facilities available were around HK\$1.5 billion and HK\$1.1 billion respectively. Bank loan and trade facilities of approximately RMB163 million were obtained to mitigate its exposure on its Mainland China operations.

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 Hong Kong 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. The VSC Group maintains net positive cashflow movement in RMB.

As at 31st March 2008, about 63.0% of the VSC Group's interest-bearing borrowings were denominated in HK dollar, 21.7% in US dollar and 15.3% in RMB. Forward foreign exchange contracts and currency swap 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 2008, the VSC Group had forward foreign exchange contracts and currency swap contracts to hedge principal repayment of future US dollar debts under letters of credit in the amount of approximately HK\$453 million and to hedge future RMB payment in the amount of approximately RMB389 million respectively.

All of the VSC Group's borrowings as at 31st March 2008 were on floating rate basis. In May 2008, VSC Group has entered into an interest rate swap contract to hedge against the risk on a long term debt. The use of derivative financial instruments is strictly controlled and mainly used to hedge against the interest rate and 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 2008, the VSC Group had outstanding performance bonds for its sanitary wares supply projects amounting to approximately HK\$1.4 million (2007: HK\$1.7 million).

4) Charges on Assets

As at 31st March 2008, the VSC Group had certain charges on assets which included (i) buildings of approximately HK\$30 million, leasehold land and land use rights of approximately HK\$18 million and inventories of approximately HK\$152 million pledged for certain of the VSC Group's short-term bank loans; (ii) certain inventories which were held under short-term trust receipts bank loan arrangements, and (iii) bank deposits of approximately HK\$213 million which were pledged as collateral for the VSC Group's banking facilities and approximately HK\$2 million was restricted as custom deposits in Mainland China.

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 standard of corporate governance provides 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 2008, 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 (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 of the Company (“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 year ended 31st March 2008. 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 the Company.

BOARD OF DIRECTORS

Currently, the Board consists of two executive Directors and four 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 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 United States, who provide independent advices to the management through their wide range of skills and experiences. The executive Directors have regular meetings with the unit heads of CAMP and/or CMG, 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 in 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, 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.

Three Board committees, namely the Executive Committee, the Remuneration 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 Presidents of CAMP and CMG, HR Director and CFO under the leadership of the CEO.

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 meetings and Audit Committee meeting attended by each Director during the year is as follows:

Directors	Board meetings	Remuneration Committee meetings	Audit Committee meetings
<i>Executive Directors:</i>			
Mr. Andrew Cho Fai Yao (Chairman)	4/4	2/2	N/A
Mr. Fernando Sai Ming Dong	4/4	N/A	N/A
<i>Independent Non-Executive Directors:</i>			
Dr. Chow Yei Ching	2/4	N/A	0/2
Mr. Harold Richard Kahler	4/4	2/2	2/2
Mr. Kenny King Ching Tam	4/4	2/2	2/2
Mr. Xu Lin Bao	1/4	N/A	1/2

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 every three years according to the Company's Bye-Laws.

EXECUTIVE COMMITTEE

Executive Committee has been set up in March 2006 and now consists of all executive Directors with Mr. Andrew Cho Fai Yao as chairman and Mr. Fernando Sai Ming Dong as member.

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.

REMUNERATION COMMITTEE

The Remuneration Committee has been set up in July 2005 and includes the executive Director Mr. Andrew Cho Fai Yao (as chairman) and two independent non-executive Directors, Mr. Harold Richard Kahler and Mr. Kenny King Ching Tam. 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 performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director or any of his associates may be involved in any decisions as to his own remuneration. The Remuneration 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>.

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 AND INTERNAL AUDIT

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.

The VSC Group's financial statements for the year ended 31st March 2008 now reported on have been reviewed by the Audit Committee, who is of 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 and internal audit team. It also reviews the interim and final financial data. 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 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 improving our corporate governance. The Audit 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>.

Our internal audit department has conducted audits of the Company and its subsidiaries and reports directly to the Audit Committee of the Board and is independent from other 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 attendance record of the Audit Committee meetings is stated in the table under “BOARD OF DIRECTORS”.

INTERNAL CONTROL

The Board is responsible for ensuring sound and effective internal control systems to safeguard the shareholders' investment and the Company's assets. During the year, the Company has engaged one of the big four accounting firms to perform a COSO Internal Control Framework Diagnostic Review of several of the VSC Group's key operations (COSO: Committee of Sponsoring Organization of the Treadway Commission), supplemented by the ongoing internal review performed by the Group's Internal Audit Department.

A review of the abovementioned actions on the effectiveness of the VSC Group's internal control system and procedures covering all controls, including financial, operational and compliance controls and risk management functions, was conducted by the Audit Committee and subsequently reported to the Board.

NOMINATION OF DIRECTORS

The Company has not established a Nomination Committee. The Board is empowered under the Company's Bye-laws to appoint any person as Director either to fill a casual vacancy or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. 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 their 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.

AUDITOR'S REMUNERATION

During the year ended 31st March 2008, 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	2,180
Taxation services	190
Special engagements	370
Total	2,740

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 investors, analysts and the press. The management periodically meets with existing and potential investors to make corporate presentations. Regular plant visits to our various manufacturing facilities are arranged for various interested fund managers, research analysts and bankers. Our user-friendly website, <http://www.vschk.com>, provides investors with the latest news, senior management interviews, corporate and financial information including announcements and annual and interim reports. The VSC Group continues to maintain a high level of transparency in information disclosures.

REPORT OF THE DIRECTORS

The Board of Directors (“Board”) of Van Shung Chong Holdings Limited (“the Company”) are pleased to present their annual report together with the audited accounts of the Company and its subsidiaries (together the “VSC Group”) for the year ended 31st March 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in (i) China Advanced Materials Processing including manufacturing of industrial products such as processing of rolled flat steel products and manufacturing of enclosure systems and plastic resins distribution, and (ii) Construction Materials Group including distribution and stockholding of construction materials such as steel products, sanitary wares and kitchen cabinets.

Details of the VSC Group’s revenue and segment results by business segment and geographical segment are set out in Note 5 to the accompanying accounts.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2008, the five largest customers of the VSC Group accounted for less than 30% of the VSC Group’s total turnover, while the five largest suppliers of the VSC Group accounted for approximately 34% of the VSC Group’s total purchases. In addition, the largest supplier of the VSC Group accounted for approximately 11% 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 2008 are set out in the consolidated income statement on page 49 of this annual report.

An interim cash dividend of HK1.1 cents per ordinary share was declared and paid during the year and the Directors have resolved to recommend the payment of a final cash dividend of HK\$1.3 cents per ordinary share. Total cash dividend paid and payable for the year ended 31st March 2008 will amount to HK\$2.4 cents per ordinary share or approximately HK\$9,101,000 (2007: HK\$17,693,000).

SHARE CAPITAL AND SHARE OPTIONS

Details of share capital and share options of the Company are set out in Notes 32 and 33 respectively, to the accompanying accounts.

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 34 to the accompanying accounts.

As at 31st March 2008, approximately HK\$53,986,000 (2007: HK\$53,986,000) of the Company’s reserves and approximately HK\$8,842,000 (2007: HK\$14,684,000) of the Company’s retained earnings were available for distribution to its equity holders, of which HK\$4,946,000 (2007: HK\$9,584,000) has been proposed as final dividend for the year.

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 2008.

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 PROPERTIES AND LEASEHOLD LAND AND LAND USE RIGHTS

Details of movements of property, plant and equipment, investment properties and leasehold land and land use right during the year are set out in Notes 15, 16 and 17, respectively, to the accompanying accounts.

SUBSIDIARIES AND ASSOCIATE

Particulars of the Company's subsidiaries and associate are set out in Notes 19 and 20, respectively, to the accompanying accounts.

BORROWINGS

Particulars of borrowings as at 31st March 2008 are set out in Note 31 to the accompanying accounts.

PENSION SCHEMES

Details of the pension schemes are set out in Note 8 to the accompanying accounts.

CHARITABLE DONATIONS

During the year, the VSC Group made charitable donations of approximately HK\$1,510,000 (2007: HK\$264,000).

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

Independent Non-executive Directors

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

In accordance with the Company's Bye-law 87(1), Mr. Fernando Sai Ming Dong and Mr. Kenny King Ching Tam will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. Harold Richard Kahler has entered into an employment contract with the Company for a term of 3 years until 31st December 2009.

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.

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

As at 31st March 2008, 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 ("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	Nature of interest	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")	Corporate interest held by Huge Top (Note a)	deemed interest (indirectly)	173,424,000	45.59%	—	173,424,000
	Personal interest	100% (directly)	1,614,000	0.42%	1,500,000	3,114,000
			175,038,000	46.01%	1,500,000	176,538,000
Mr. Fernando Sai Ming Dong	Personal interest	100% (directly)	142,000	0.04%	500,000	642,000
Mr. Harold Richard Kahler	Personal interest	100% (directly)	66,000	0.02%	—	66,000

Notes:

a. As at 31st March 2008, Huge Top Industrial Ltd. ("Huge Top") holds 173,424,000 Shares. Mr. Yao is one of the two directors of Huge Top while the remaining director of Huge Top is Ms. Miriam Che Li Yao who is the sister of Mr. Yao. Mr. 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. 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 the Company are separately disclosed in the section headed "Share Option Scheme" below.

(ii) Long positions in associated corporation – Huge Top

Name of Directors	Nature of interest	Attributable interest to the Directors	Number of shares	Approximate percentage
Mr. Yao (Refer to Note a in (i) above)	Corporate interest held by Perfect Capital	deemed interest (indirectly)	36	42.86%
			10	11.90%
			46	54.76%
Mr. Fernando Sai Ming Dong	Personal interest	100% (directly)	5	5.95%

Save as disclosed above, as at 31st March 2008, 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.

DIRECTOR'S INTEREST IN CONTRACTS

Save as disclosed in Note 9 to the accompanying accounts, no contracts of significance in relation to the Company Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's 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 2008, 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 of the Company which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Number of Shares	Approximate percentage	Number of share options	Aggregate interest
Huge Top	Directly	173,424,000	45.59%	—	173,424,000
Ms. Miriam Che Li Yao	Corporate	173,424,000 (Note)	45.59%	—	173,424,000
	Personal	2,000,000	0.53%	1,000,000	3,000,000
		175,424,000	46.12%	1,000,000	176,424,000

Note: As at 31st March 2008, 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. Yao who is the brother of Ms. Miriam Che Li Yao and therefore is deemed to be interested in these Shares through Huge Top.

Save as disclosed above, as at 31st March 2008, the Directors are not aware of any other persons (other than Directors or chief executives of the Company) who have 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

A share option scheme has been adopted by the Company since 12th November 2001 (the “Share Option Scheme”) and the Company 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 the Company in October 2001. Summary of the Share Option Scheme was as follows:

1. PURPOSE OF THE 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 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 Share Option Scheme.

3. TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME AND PERCENTAGE OF ISSUED SHARE CAPITAL AS AT THE DATE OF THE ANNUAL REPORT

After the refreshment of Share Option Scheme mandate limit has been approved at the annual general meeting of the Company held on 31st August 2006 (“2006 AGM”), the Company may initially grant options representing 36,860,525 Shares under the Share Option Scheme (i.e. approximately 10% of the issued share capital of the Company as at 31st August 2006 (the date of the 2006 AGM) and approximately 9.7% 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 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 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 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 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 SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 12th November 2001.

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

Name of 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
Sub-total				2,000	–	–	–	2,000
Employees:								
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	250	–	(250)	–	–
In aggregate	7th May 2003	7th May 2005 to 6th May 2013 (Note 2)	HK\$0.97	4,605	–	(2,905)	(200)	1,500
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	7,000	–	(2,668)	(1,732)	2,600
Sub-total				12,855	–	(5,823)	(1,932)	5,100
Others:								
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	7,000	–	(6,000)	–	1,000
Sub-total				7,000	–	(6,000)	–	1,000
Total of Share Option Scheme				21,855	–	(11,823)	(1,932)	8,100

Notes:

1. 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.
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.

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

CONNECTED TRANSACTIONS

Details of related party transactions are set out in Note 39 to the accompanying accounts.

(a) Continuing Connected Transactions

During the year ended 31st March 2008, the VSC Group has the following continuing connected transactions (the "Transactions") in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Transactions had been approved by the shareholders of the Company on 28th March 2007 and the details of the Transactions had been disclosed in the circular of the Company dated 8th March 2007 (the "Circular").

Pursuant to the supply agreement (the "Supply Agreement") dated 15th February 2007 entered into between Shinsho Corporation ("Shinsho") and VSC Shinsho Company Limited ("VSC Shinsho", a company which is an indirect subsidiary of the Company and Shinsho owns it by 30%) agreed that VSC Shinsho and other subsidiaries of the Company may purchase from Shinsho and its associates (the "Shinsho Group"), from time to time, various steel products for a term commencing from 1st April 2007 up to 31st March 2010. Under the terms of the Supply Agreement, Shinsho may procure members of the Shinsho Group to carry into effect the transactions contemplated under the Supply Agreement while VSC Shinsho may procure other subsidiaries of the Company to carry into effect the transactions contemplated under the Supply Agreement.

The price for each transaction contemplated under the Supply Agreement will be agreed from time to time between the parties thereto based on the market price of the type of steel products concerned prevailing at the relevant time. The annual aggregate amount payable by VSC Shinsho and other subsidiaries of the Company for such purchases under

the Supply Agreement has been capped at HK\$240,000,000, HK\$280,000,000 and HK\$320,000,000 for the three financial years ended 31st March 2008, and ending 2009 and 2010 respectively according to the Circular.

The Directors, including the independent non-executive Directors, are of the view that the Transactions are essential for the efficient and continuous operation of the VSC Group. Given the Transactions will occur on a regular and continuing basis, the Directors consider that it would not be practicable to announce, or if necessary, obtain prior approval from the shareholders of the Company on each occasion they arise. Accordingly, the Company convened and held a special general meeting on 28th March 2007 and the ordinary resolution to approve the Transactions and the relevant caps for a 3-year period ending 31st March 2010 was approved by the independent shareholders of the Company.

The independent non-executive Directors have confirmed that the Transactions have been entered into (a) in the ordinary and usual course of business of the VSC Group; (b) on normal commercial terms or on terms no less favourable to the VSC Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreement(s) governing them on terms that are fair and reasonable and in the interests of the shareholders of VSC as a whole.

PricewaterhouseCoopers, the auditor of VSC have also performed agreed-upon procedures and have issued a report to the board of directors stating the factual findings resulting from their work, the Transactions:- (a) have been approved by the Board of Directors of the Company; (b) are in accordance with the pricing policies of the Company as disclosed on page 2 of the Company's Circular; (c) have been entered into in accordance with the relevant agreement(s) governing the Transactions; and (d) did not exceed the annual monetary caps as disclosed on page 5 of the Circular and agreed by the Stock Exchange.

(b) Connected Transactions

On 11th March 2008, a subscription agreement (the "Subscription Agreement") was entered into between CAMP (Kunshan) Limited ("CAMP Kunshan"), China Advanced Materials Processing Limited, VSC-Ryerson China Limited (collectively "Three Subsidiaries") and Shinsho relating to the subscription of a 10% interest in CAMP Kunshan as enlarged by such issue for a consideration of US\$1,170,000 (approximately HK\$9,126,000) by Shinsho in accordance with the terms set out in the Subscription Agreement. Shinsho is a substantial shareholder owning 30% of VSC Shinsho (an indirectly non-wholly owned subsidiary of the Company) and thus a connected person of the Company within the meaning of the Listing Rule. The entry into of the Subscription Agreement by the Three Subsidiaries (together with the transaction contemplated thereunder) with Shinsho will constitute a connected transaction for the Company under the Listing Rules.

The Board believes that in addition to gaining additional working capital to finance its growing business, the consummation of the transactions contemplated under the Subscription Agreement will allow Kunshan service centre operations to strengthen the opportunities of accessing the steel resources offered by Shinsho, to secure a stable supply of high quality steel products and to minimize certain sourcing expenses.

COMPETING INTERESTS

Mr. Yao is the chairman of the Board of the Company, and was redesignated from an executive director to a non-executive director of North Asia Strategic Holdings Limited ("NAS", listed on the Growth Enterprise Market of the Stock Exchange) with effect from 19th June 2008.

NAS is an investment holding company. NAS and its subsidiaries are principally engaged in (i) trading of surface mount technology assembly equipments, machinery and spare parts and provision of related installation, training, repair and maintenance services; and (ii) developing and operating Burger King restaurants in Hong Kong and Macau. Its jointly controlled entity is principally engaged in the processing and sale of fishmeal, refining and sale

of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds. NAS has ceased its steel trading operation after August 2007 and has no business that may compete with that of the Company.

Save as disclosed above, 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.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Reference was made to a facility agreement dated 26th March 2008 (the "Facility Agreement") in relation to a term loan facility (the "Facility") of up to the principal sum of US\$8,000,000 (approximately HK\$62,400,000). The Facility is for a term of three years and the Facility Agreement contains a requirement that Mr. Yao and his direct related family members (i.e. Mr. Yao, Ms. Miriam Che Li Yao and Mrs. Yao Lin Shiu Mei, their spouses and their children) shall maintain beneficial and unencumbered ownership of not less than 30% of all issued capital of the Company and remain the single largest shareholder of the Company. Mr. Yao shall maintain management control over the VSC Group. The abovementioned obligations have been complied with.

AUDITOR

The accompanying accounts 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, 23rd July 2008

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS (AS AT 31ST MARCH 2008)



MR. ANDREW
CHO FAI YAO

aged 42, 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 is responsible for the VSC Group's overall corporate strategy and objectives. He serves as a Member of Standing Committee of the Shanghai Municipal Committee of Chinese People's Political Consultative Conference, the Member of Central Policy Unit of HKSAR, the Chairman of Hong Kong United Youth Association, the Member of Board of Shanghai Fudan University, the Member of the University Court of The University of Hong Kong and the Member of the Barristers Disciplinary Tribunal Panel. He was also the Winner of the Young Industrialist Award of Hongkong in 2004. Mr. Yao is also an executive director of North Asia Strategic Holdings Limited which is a company listed on GEM and an independent non-executive director of Grand Investment International Limited and Kader Holdings Company Limited which are companies listed on main board.



MR. FERNANDO
SAI MING DONG

aged 46, 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 joined the VSC Group in 1987.

INDEPENDENT NON-EXECUTIVE DIRECTORS (AS AT 31ST MARCH 2008)



DR. CHOW
YEI CHING

aged 72, is the founder and chairman of Chevalier Group that comprises two public-listed companies in Hong Kong, namely Chevalier International Holdings Limited and Chevalier Pacific Holdings Limited. He is an independent non-executive director of Shaw Brothers (Hong Kong) Limited and Towngas China Company Limited and a non-executive director of Television Broadcasts Limited. Dr. Chow is the Honorary Consul of The Kingdom of Bahrain in Hong Kong. Dr. Chow holds an Honorary Degree of Doctor of Laws from The University of Hong Kong and an Honorary Degree of Doctor of Business Administration from The Hong Kong Polytechnic University. He also serves in a number of positions in various educational, charitable and trade organisations.

MR. HAROLD
RICHARD KAHLER

aged 60, is an experienced international business executive, specialised in advising companies that are expanding their presence in the Greater China region. Mr. Kahler graduated from George Washington University with a Master 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. KENNY KING
CHING TAM

aged 58, 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 Ethics Committee 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 Yun Sky Chemical (International) Holdings Limited and a listed company on the GEM board of The Stock Exchange of Hong Kong Limited, namely, North Asia Strategic Holdings Limited.

MR. XU
LIN BAO

aged 59, 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, and currently chairman of directors of the Committee of Management of China Real Estate Association, vice chairman of Real Estate Research Center of Shanghai Academy of Social Sciences and 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 September 2005.



Contents

目錄

Independent Auditor's Report 獨立核數師報告	47
Consolidated Income Statement 綜合損益表	49
Consolidated Balance Sheet 綜合資產負債表	50
Consolidated Statement of Changes in Equity 綜合權益變動表	53
Consolidated Cash Flow Statement 綜合現金流量表	55
Notes to the Consolidated Financial Statements 綜合財務報表附註	57



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
VAN SHUNG CHONG HOLDINGS LIMITED**
(incorporated in Bermuda with limited liability)

獨立核數師報告
致萬順昌集團有限公司
股東
(於百慕達註冊成立的有限責任公司)

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 49 to 182, which comprise the consolidated and company balance sheets as at 31st March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

本核數師(以下簡稱「我們」)已審核列載於第49至182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二零零八年三月三十一日的綜合及公司資產負債表與截至該日止年度的綜合損益表、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。

**DIRECTORS' RESPONSIBILITY FOR THE
FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

董事就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按照香港《公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理會計估計。

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.

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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 2008 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, 23rd July 2008

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，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執行情序以獲取有關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及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。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 貴集團於二零零八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，二零零八年七月二十三日

CONSOLIDATED INCOME STATEMENT

綜合損益表

For the year ended 31st March 2008

截至二零零八年三月三十一日止年度

	Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Revenue	5	5,677,792	4,867,657	收入
Cost of sales	7	(5,370,773)	(4,549,893)	銷售成本
Gross profit		307,019	317,764	毛利
Other gains — net	6	42,822	37,238	其他收益 — 淨額
Selling and distribution expenses	7	(43,328)	(33,540)	銷售及分銷支出
General and administrative expenses	7	(247,193)	(191,608)	一般及行政支出
Operating profit		59,320	129,854	經營溢利
Finance income	10	9,312	4,982	財務收入
Finance costs	10	(46,821)	(41,383)	財務費用
Share of profit of associates		25,236	—	應佔聯營公司溢利
Profit before income tax		47,047	93,453	除稅前溢利
Income tax expense	11	(1,876)	(12,534)	所得稅支出
Profit for the year		45,171	80,919	年度溢利
Attributable to:				應佔：
Equity holders of the Company	12	31,317	70,627	本公司股權持有人
Minority interest		13,854	10,292	少數股東權益
		45,171	80,919	
Dividends	13	9,101	17,693	股息
Earnings per share for profit attributable to the equity holders of the Company during the year				本公司本年度股權持有人應佔溢利計算之每股盈利
— Basic	14	HK8.29 cents 港仙	HK19.16 cents 港仙	— 基本
— Diluted	14	HK8.24 cents 港仙	HK19.16 cents 港仙	— 攤薄

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份。

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31st March 2008

於二零零八年三月三十一日

	Note 附註	Consolidated 綜合		Company 本公司		
		2008	2007	2008	2007	
		二零零八年	二零零七年	二零零八年	二零零七年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Non-current assets						非流動資產
Property, plant and equipment	15	140,422	126,315	—	—	物業、廠房及設備
Investment properties	16	44,800	50,000	—	—	投資物業
Leasehold land and land use rights	17	27,417	26,527	—	—	租賃土地及 土地使用權
Goodwill	18	16,585	31,202	—	—	商譽
Investments in subsidiaries	19	—	—	513,759	529,212	於附屬公司之投資
Investments in associates	20	158,882	5,832	—	—	於聯營公司之投資
Deferred income tax assets	21	31,395	23,329	—	—	遞延所得稅資產
Available-for-sale financial assets	22	7,055	12,992	—	—	可供出售之財務資產
Derivative financial instruments	23	1,310	57,270	—	—	衍生金融工具
Total non-current assets		427,866	333,467	513,759	529,212	非流動資產總額
Current assets						流動資產
Inventories	24	815,377	587,872	—	—	存貨
Due from customers on installation contract work	25	2,700	3,935	—	—	應收客戶之 安裝合約工程
Trade and bill receivables	26	794,798	769,352	—	—	應收賬款及票據
Loan receivables	26	22,472	—	—	—	應收貸款
Prepayments, deposits and other receivables	27	264,314	217,428	—	—	預付款項、按金及 其他應收賬款
Derivative financial instruments	23	15,356	1,704	3,564	—	衍生金融工具
Amounts due from associates	20	16,927	510	—	—	應收聯營公司
Non-current assets held for sale	16	7,100	—	—	—	持作出售之非流動 資產
Pledged bank deposits	28	214,577	29,850	15,317	11,388	已抵押銀行存款
Cash and cash equivalents	28	271,435	304,574	693	613	現金及現金等值
Total current assets		2,425,056	1,915,225	19,574	12,001	流動資產總額

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31st March 2008

於二零零八年三月三十一日

	Note 附註	Consolidated 綜合		Company 本公司		
		2008	2007	2008	2007	
		二零零八年	二零零七年	二零零八年	二零零七年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Current liabilities						流動負債
Trade and bill payables	29	401,417	301,031	—	—	應付賬款及票據
Receipts in advance		110,524	106,185	—	—	預收款項
Accrued liabilities and other payables	30	61,619	40,587	194	144	應計負債及 其他應付賬款
Current income tax liabilities		10,552	16,579	—	—	流動所得稅負債
Derivative financial instruments	23	3,319	—	—	—	衍生金融工具
Borrowings	31	1,065,039	683,687	7,780	7,800	借貸
Total current liabilities		1,652,470	1,148,069	7,974	7,944	流動負債總額
Net current assets		772,586	767,156	11,600	4,057	流動資產淨額
Total assets less current liabilities		1,200,452	1,100,623	525,359	533,269	總資產減流動負債
Non-current liabilities						非流動負債
Derivative financial instruments	23	2,590	63,619	1,378	7,592	衍生金融工具
Deferred income tax liabilities	21	2,268	2,301	—	—	遞延所得稅負債
Borrowings	31	117,690	27,300	19,450	27,300	借貸
Total non-current liabilities		122,548	93,220	20,828	34,892	非流動負債總額
Net assets		1,077,904	1,007,403	504,531	498,377	資產淨額

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31st March 2008

於二零零八年三月三十一日

	Note 附註	Consolidated 綜合		Company 本公司		
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
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	32	38,043	36,861	38,043	36,861	股本
Reserves	34	797,688	745,734	466,488	461,516	儲備
		835,731	782,595	504,531	498,377	
Minority interest		242,173	224,808	—	—	少數股東權益
Total equity		1,077,904	1,007,403	504,531	498,377	權益總額

Yao Cho Fai, Andrew

姚祖輝
Chairman
主席

Dong Sai Ming, Fernando

唐世銘
Executive Director
執行董事

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份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31st March 2008

截至二零零八年三月三十一日止年度

	Attributable to equity holders of the Company 本公司股權持有人應佔				Total equity 權益總額 HK\$'000 千港元 (Note 32) (附註32)	
	Share capital 股本 HK\$'000 千港元 (Note 32) (附註32)	Reserves 儲備 HK\$'000 千港元 (Note 34) (附註34)	Total 總額 HK\$'000 千港元	Minority interest 少數股東 權益 HK\$'000 千港元		
As at 1st April 2006	36,861	678,594	715,455	44,804	760,259	於二零零六年 四月一日
Profit for the year	—	70,627	70,627	10,292	80,919	年度溢利
Change in fair value of available-for-sale financial assets	—	1,366	1,366	—	1,366	可供出售之財務 資產之公平價值 變動
Share option scheme — value of services	—	976	976	—	976	購股權計劃 — 服務價值
Dividends paid to equity holders of the Company	—	(12,164)	(12,164)	—	(12,164)	已付本公司股權 持有人之股息
Dividend payable to a minority shareholder of a subsidiary	—	—	—	(149)	(149)	應付一間附屬公司 之一位少數股東 之股息
Write-back of dividend payable to a minority shareholder of a subsidiary	—	—	—	707	707	撤回應付一間 附屬公司之一位 少數股東之股息
Acquisition of certain interests in a subsidiary	—	—	—	(6,149)	(6,149)	收購於一間附屬公 司之若干權益
Disposal of certain interests in a subsidiary	—	—	—	780	780	出售於一間附屬公 司之若干權益
Disposal of a subsidiary	—	—	—	(391)	(391)	出售一間附屬公司
Deemed disposal of certain interests in a subsidiary	—	—	—	174,914	174,914	視作出售於一間 附屬公司 之若干權益
Currency translation differences	—	6,335	6,335	—	6,335	貨幣滙兌差額
As at 31st March 2007	36,861	745,734	782,595	224,808	1,007,403	於二零零七年 三月三十一日

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31st March 2008

截至二零零八年三月三十一日止年度

	Attributable to equity holders of the Company 本公司股權持有人應佔					
	Share capital	Reserves	Total	Minority interest	Total equity	
	股本	儲備	總額	少數股東 權益	權益總額	
	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	
	(Note 32)	(Note 34)				
	(附註32)	(附註34)				
As at 1st April 2007	36,861	745,734	782,595	224,808	1,007,403	於二零零七年 四月一日
Profit for the year	—	31,317	31,317	13,854	45,171	年度溢利
Change in fair value of available-for-sale financial assets	—	756	756	—	756	可供出售之財務 資產之公平價值 變動
Disposal of available-for- sale financial assets	—	(1,616)	(1,616)	—	(1,616)	出售可供出售之財 務資產
Issuance of shares	1,182	10,162	11,344	—	11,344	股份發行
Share option scheme — value of services	—	652	652	—	652	購股權計劃 — 服務價值
Dividends paid to equity holders of the Company	—	(13,983)	(13,983)	—	(13,983)	已付本公司股權持 有人之股息
Dividend paid to a minority shareholder of a subsidiary	—	—	—	(924)	(924)	已付一間附屬公司 之一位少數股東 之股息
Disposal of certain interests in a subsidiary and recognised it as an associate	—	—	—	(745)	(745)	出售於一間附屬公 司之若干權益及 確認為一間聯營 公司
Deemed disposal of certain interests in a subsidiary (Note 35(c))	—	—	—	5,012	5,012	視作出售於一間附 屬公司之若干 權益(附註35(c))
Currency translation differences	—	24,666	24,666	168	24,834	貨幣滙兌差額
As at 31st March 2008	38,043	797,688	835,731	242,173	1,077,904	於二零零八年 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份。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31st March 2008

截至二零零八年三月三十一日止年度

	Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Operating activities				經營活動
Net cash (used in)/generated from operations	35(a)	(179,117)	124,182	經營(所用)/產生之現金淨額
Interest received		9,312	4,982	已收利息
Interest paid		(46,821)	(41,383)	已付利息
Hong Kong profits tax paid		(6,293)	(11,374)	已付香港利得稅
Hong Kong profits tax refund		—	1,567	已退回香港利得稅
China corporate income tax paid		(8,717)	(4,826)	已付中國企業所得稅
Macau profits tax paid		(49)	—	已付澳門利得稅
Net cash (outflow)/inflow from operating activities		(231,685)	73,148	經營活動之現金(流出)/流入淨額
Investing activities				投資活動
Acquisition of property, plant and equipment		(31,807)	(49,172)	添置物業、廠房及設備
Proceeds from disposals of property, plant and equipment	35(b)	343	905	出售物業、廠房及設備之所得款項
Acquisition of leasehold land and land use rights		—	(3,793)	添置租賃土地及土地使用權
Acquisition of available-for-sale financial assets		—	(4)	收購可供出售之財務資產
Proceeds from disposals of available-for-sale financial assets		11,429	613	出售可供出售之財務資產之所得款項
Dividends received from an available-for-sale financial asset		611	22	一項可供出售之財務資產之股息收入
Additional investment in associates		(61,129)	—	增加於聯營公司之投資
Proceeds from disposal of certain interests in a subsidiary and recognised it as an associate	35(d)	3,723	—	出售於一間附屬公司之若干權益之所得款項及確認為一間聯營公司
Increase in investment in an associate to a subsidiary	35(e)	(36,660)	(30,576)	增持於一間聯營公司之投資成為一間附屬公司
Proceeds from deemed disposal of certain interests in a subsidiary	35(c)	9,103	206,906	視作出售於一間附屬公司之若干權益之所得款項

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31st March 2008

截至二零零八年三月三十一日止年度

	Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Proceeds from disposal of certain interests in a subsidiary in the prior year	27	7,800	—	往年出售於一間附屬公司之若干權益之所得款項
Decrease in cash and cash equivalents arising from disposal of a subsidiary		—	(153)	出售一間附屬公司所引致之現金及現金等值減少
Increase in pledged bank deposits		(184,727)	(23,760)	已抵押銀行存款增加
Translation adjustments		11,681	3,278	滙兌調整
Net cash (outflow)/inflow from investing activities		(269,633)	104,266	投資活動之現金(流出)/流入淨額
Financing activities				
New bank loans		214,977	71,790	新增銀行貸款
Repayment of bank loans		(21,702)	(64,337)	償還銀行貸款
Net increase/(decrease) in trust receipt bank loans		278,467	(66,685)	信託收據銀行貸款之淨增加/(減少)
Dividend paid to a minority shareholder of a subsidiary		(924)	—	已付一間附屬公司之一位少數股東之股息
Dividends paid to equity holders of the Company		(13,983)	(12,164)	已付本公司股權持有人之股息
Issuance of shares		11,344	—	股份發行
Net cash inflow/(outflow) from financing activities		468,179	(71,396)	融資活動之現金流入/(流出)淨額
(Decrease)/increase in cash and cash equivalents		(33,139)	106,018	現金及現金等值之(減少)/增加
Cash and cash equivalents, beginning of the year		304,574	198,556	年初之現金及現金等值
Cash and cash equivalents, end of the year		271,435	304,574	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份。

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 (together the “VSC Group”) are principally engaged in (i) China Advanced Materials Processing, including processing/manufacturing of industrial products such as rolled flat steel products, stainless steel and enclosure systems, and trading of 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.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23rd July 2008.

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.

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、不銹鋼及系統設備外殼與及買賣塑膠樹脂，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，本綜合財務報表以港元(「港元」)列示。本綜合財務報表已於二零零八年七月二十三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。

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

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

The preparation of 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

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。本綜合財務報表乃按歷史成本慣例編製，並已就可供出售之財務資產、財務資產及財務負債(包括衍生工具)按公平價值計入損溢及投資物業以公平價值列賬。

編製符合香港財務準則之財務報表需要使用若干關鍵會計推算。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。

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)

Standards, amendments and interpretations effective from accounting periods beginning on 1st April 2007

- HKAS 1 (Amendment) Presentation of Financial Statements – Capital Disclosures, requires an entity shall disclose information to enable users of the financial statements to evaluate the entity's objective, policies and processes for managing capital, including (a) qualitative information about its objectives, policies and processes for managing capital; (b) summary quantitative data about what it manages as capital; (c) any changes on (a) and (b) from the previous period; (d) whether during the period it complied with any externally imposed capital requirements to which it is subject; and (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance. The required disclosures are included in Note 3.
- The HKFRS 7 Financial Instruments: Disclosures, requires disclosure of (a) the significance of financial instruments for an entity's financial position and performance; and (b) qualitative and quantitative information about its exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures include description of management's objective, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risks including sensitivity analysis to market risk, based on information provided internally to the entity's key management personnel. The required disclosures are included in Note 3.

2 主要會計政策概要(續)

2.1 編製基準(續)

由二零零七年四月一日開始之會計期間生效之準則、修訂及詮釋

- 香港會計準則第1號(修訂) — 財務報告之呈列：資本披露，實體須披露可使財務報表使用者能用以分析實體之目標、政策及程序以作管理資本之資料，包括 (a)其對管理資本之目標、政策及程序之定性資料；(b)有關實體作為資本管理之摘要定量數據；(c)於過往期間第(a)及(b)點之任何變動；(d)於期間內實體是否已遵守任何外部施加之資本規定；及(e)當實體並無遵守該等外部施加之資本規定之後果。並已於附註3披露。
- 香港財務報告準則第7號 — 金融工具：披露，規定須披露(a)金融工具對實體之財務狀況及表現之重要性；及(b)金融工具所產生之風險程度有關之定性及定量資料，包括信貸風險、流動資金風險及市場風險之特定最低披露。定性披露包括有關管理該等風險之管理目標、政策及程序之描述。定量披露指根據提供予實體之主要管理人員之內部資料，提供有關實體所面對風險之程度之資料，包括市場風險之敏感度分析。並已於附註3披露。

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)

Standards, amendments and interpretations effective from accounting periods beginning on 1st April 2007 (Continued)

- HK(IFRIC)-Int 8, Scope of HKFRS 2, requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have significant impact on the VSC Group.
- HK(IFRIC)-Int 9, Reassessment of Embedded Derivatives, requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. HK(IFRIC)-Int 9 does not have significant impact on the VSC Group.
- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment, prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the VSC Group.

2 主要會計政策概要(續)

2.1 編製基準(續)

由二零零七年四月一日開始之會計期間生效之準則、修訂及詮釋(續)

- 香港(國際財務報告詮釋委員會) — 詮釋第8號 — 香港財務報告準則第2號之範圍, 規定凡涉及發行權益工具之交易而當中所收取之可識別代價低於所發行權益工具之公平價值, 必須確定其是否屬於香港財務報告準則第2號之範圍內。此準則對萬順昌集團並無重大影響。
- 香港(國際財務報告詮釋委員會) — 詮釋第9號 — 重估勘入式衍生工具, 要求一所機構在首次成為一契約之締約當事人時, 評估是否需要將勘入式衍生工具從契約本體析出並作為衍生工具入賬。而繼後除非該契約之條款出現重大變更, 從而大幅度地修改了該合同項目下原應有之現金流量, 否則不允許作出重評。香港(國際財務報告詮釋委員會)詮釋第9號對萬順昌集團並無重大影響。
- 香港(國際財務報告詮釋委員會) — 詮釋第10號 — 中期財務報告及減值, 禁止於中期期間就商譽、股本工具之投資及按成本值列值之財務資產之投資所確認之減值虧損於其後結算日撥回。此詮釋對萬順昌集團並無任何影響。

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)

Standards, amendments and interpretations effective from accounting periods beginning on 1st April 2007 (Continued)

- HK(IFRIC)-Int 11, HKFRS 2 – Group and Treasury Share Transactions, provides guidance on whether share-based transactions involving treasury shares or involving VSC Group entities (for example, options over a parent's share) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone financial statements of the parent and VSC Group companies. This interpretation has no material impact on the VSC Group's accounting policies as the VSC Group's existing accounting policy on share-based transactions comply with this interpretation.

2 主要會計政策概要(續)

2.1 編製基準(續)

由二零零七年四月一日開始之會計期間生效之準則、修訂及詮釋(續)

- 香港(國際財務報告詮釋委員會) – 詮釋第11號 – 香港財務報告準則第2號之集團及庫存股份轉讓對涉及庫存股份或牽涉萬順昌集團實體之以股份為基礎交易的支付應否在母公司及萬順昌集團公司之獨立財務報表中入賬為權益結算或現金結算的以股份為基礎的支付提供指引。由於萬順昌集團現存結算股份轉讓之會計政策已符合此詮釋，因此，詮釋並不會對萬順昌集團構成重大影響。

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)

Standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the VSC Group as at and for the year ended 31st March 2008

- HKAS 1 (Revised), Presentation of Financial Statements (effective for annual periods beginning on or after 1st January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRS. The VSC Group will apply HKAS 1 (Revised) from 1st April 2009, but it is not expected to have any significant impact on the VSC Group's financial statements;

2 主要會計政策概要(續)

2.1 編製基準(續)

於及截至二零零八年三月三十一日止年度對現有已頒佈但並未生效且萬順昌集團並無提前採納之準則、修訂及詮釋

- 香港會計準則第1號(經修訂)一財務報表之呈列(於二零零九年一月一日或以後開始之年度期間生效)。香港會計準則第1號(經修訂)規定所有權益擁有人之變動必須在權益變動表中呈列。所有全面收入必須在全面收入報表中，或分開在損益表和全面收入報表中呈列。此項修訂規定如有追溯調整或重新分類之調整，應將最早的可比較期間開始時之狀況報表在整份財務報表中呈列。但此項修訂沒有改變其他香港財務報告準則對特定交易和其他事項之確認、計量或披露規定。萬順昌集團將自二零零九年四月一日起採用香港會計準則第1號(經修訂)，並預期並不會對萬順昌集團之財務報表構成任何重大影響；

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)

Standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the VSC Group as at and for the year ended 31st March 2008 (Continued)

- HKAS 23 (Revised), Borrowing Costs (effective for annual periods beginning on or after 1st January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The VSC Group will apply HKAS 23 (Amended) from 1st April 2009, but it is not expected to have any significant impact on the VSC Group's financial statements;

- HKAS 32 and HKAS 1 (Amendments) Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1st January 2009). The amendments require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The VSC Group will apply HKAS 32 and HKAS 1 (Amendments) from 1st April 2009, but it is not expected to have any significant impact on the VSC Group's financial statements;

2 主要會計政策概要(續)

2.1 編製基準(續)

於及截至二零零八年三月三十一日止年度對現有已頒佈但並未生效且萬順昌集團並無提前採納之準則、修訂及詮釋(續)

- 香港會計準則第23號(經修訂)一借貸成本(於二零零九年一月一日或以後開始之年度期間生效)。該修訂規定實體將凡直接與購置、興建或生產合資格資產(該資產必須經過頗長時間籌備以作預定用途或銷售)有關之借貸成本予以資本化,成為該資產的部份成本。借貸成本即時支銷之選擇權將取消。萬順昌集團將自二零零九年四月一日起採用香港會計準則第23號(經修訂),惟預期將不會對萬順昌集團之財務報表構成任何重大影響;

- 香港會計準則第32號及香港會計準則第1號(修訂)一清盤產生之可沽售財務工具及責任(於二零零九年一月一日或以後開始之年度期間生效)。此修訂本規定,若干可認沽財務工具以及只會於清盤時導致某實體產生責任而必須向另一方按比例提供其淨資產的若干財務工具,必須分類為權益。萬順昌集團將自二零零九年四月一日起採用香港會計準則第32號及香港會計準則第1號(修訂),並預期並不會對萬順昌集團之財務報表構成任何重大影響;

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)

Standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the VSC Group as at and for the year ended 31st March 2008 (Continued)

- HKAS 27 (Revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1st July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The VSC Group will apply HKAS 27 (Revised) from 1st April 2010, but it is not expected to have any significant impact on the VSC Group's financial statements;

2 主要會計政策概要(續)

2.1 編製基準(續)

於及截至二零零八年三月三十一日止年度對現有已頒佈但並未生效且萬順昌集團並無提前採納之準則、修訂及詮釋(續)

- 香港會計準則第27號(經修訂)「綜合及獨立財務報表(於二零零九年七月一日或以後開始之年度期間生效)」。此項修訂規定非控制性權益(即少數股東權益)必須在綜合財務狀況報表內的權益中呈列,並與母公司的擁有人權益分開列報。全面收入總額必須歸屬於母公司擁有人和非控制性權益,即使這導致非控制性權益出現虧損結餘。母公司在附屬公司不導致失去控制權的權益變動,在權益中記賬。當失去對附屬公司的控制權時,將該前附屬公司的資產、負債和相關權益部份剔除確認。任何收益或虧損在損益表中確認。在該前附屬公司所保留的任何投資按控制權失去當日的公平價值記賬。萬順昌集團將自二零一零年四月一日起採用香港會計準則第27號(經修訂),並預期並不會對萬順昌集團之財務報表構成任何重大影響;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.1 Basis of preparation (Continued)**

Standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the VSC Group as at and for the year ended 31st March 2008 (Continued)

- HKFRS 2 (Amendment) Share-based Payment Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1st January 2009). The amendment clarifies the definition of “vesting conditions” and specifies the accounting treatment of “cancellations” by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All “non-vesting conditions” and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The VSC Group will apply HKFRS 2 (Amendment) from 1st April 2009, but it is not expected to have any significant impact on the VSC Group’s financial statements;

2 主要會計政策概要(續)**2.1 編製基準(續)**

於及截至二零零八年三月三十一日止年度對現有已頒佈但並未生效且萬順昌集團並無提前採納之準則、修訂及詮釋(續)

- 香港財務報告準則第2號(修訂) — 以股份為基礎之補償計劃之歸屬條件及取消(於二零零九年一月一日或以後開始之年度期間生效)。該修訂澄清「歸屬條件」之定義及申明約定方「取銷」以股份支付款項安排之會計處理法。歸屬條件僅包括服務條件及表現條件，前者要求約定方完成於一段特定期間提供服務，後者則要求於特定期間提供服務並達致特定表現目標。所有「非歸屬條件」及屬市場條件之歸屬條件，須於評估所授出股本工具之公平價值時予以考慮。所有註銷將被視為加速歸屬之因素入賬，而原本將於餘下歸屬期間確認之款額須即時確認。萬順昌集團將自二零零九年四月一日起採用香港財務報告準則第2號(修訂)，但預期不會對萬順昌集團財務報表構成任何重大影響；

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)

Standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the VSC Group as at and for the year ended 31st March 2008 (Continued)

- HKFRS 3 (Revised) Business Combinations (effective for annual periods beginning on or after 1st July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are ‘capable of being conducted’ rather than ‘are conducted and managed’. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets. The VSC Group will apply HKFRS 3 (Revised) from 1st April 2010; and

2 主要會計政策概要(續)

2.1 編製基準(續)

於及截至二零零八年三月三十一日止年度對現有已頒佈但並未生效且萬順昌集團並無提前採納之準則、修訂及詮釋(續)

- 香港財務報告準則第3號(經修訂) — 業務合併(於二零零九年七月一日或以後開始之年度期間生效)。此項修訂或會令更多交易採用收購會計法記賬，因為單純以合約方式合併和互助實體的合併已被納入此項準則的範圍內，而企業的定義已作出輕微修改。該準則現說明有關成份乃「能夠進行」而非「進行和管理」。該修訂規定了代價(包括或然代價)、每項可辨識的資產和負債必須按其收購日的公平價值計量，惟租賃和保險合約、重新購入的權利、賠償保證資產以及須根據其他國際財務報告準則計量的若干資產和負債則除外。這些項目包括所得稅、僱員福利、以股份為基礎的付款以及持作出售之非流動資產和已終止經營業務。在某一被收購方的任何非控制性權益可按公平價值，或按非控制性權益以比例應佔被收購方的可辨識淨資產計量。萬順昌集團將自二零一零年四月一日起採用香港財務報告準則第3號(經修訂)；及

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.1 Basis of preparation (Continued)**

Standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the VSC Group as at and for the year ended 31st March 2008 (Continued)

- HKFRS 8, Operating Segments (effective for annual periods beginning on or after 1st January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The VSC Group will apply HKFRS 8 from 1st April 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

2 主要會計政策概要(續)**2.1 編製基準(續)**

於及截至二零零八年三月三十一日止年度對現有已頒佈但並未生效且萬順昌集團並無提前採納之準則、修訂及詮釋(續)

- 香港財務報告準則第8號一經營分部(於二零零九年一月一日或以後開始之年度期間生效)。香港財務報告準則第8號取代了香港會計準則第14號，並將分部報告與美國準則SFAS 131「有關企業分部和相關資料的披露」的規定統一起來。此項新準則要求採用「管理方法」，即分部資料須按照與內部報告所採用的相同基準呈報。萬順昌集團將自二零零九年四月一日起採用香港財務報告準則第8號。管理層仍在仔細評估有關之預計影響，但現時推斷須予呈報之分部數目以及分部呈報模式將會變更，變更方式與提供予主要營運決策者之內部呈報一致。

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 following interpretations have not yet been effective and not relevant to the VSC Group operations

- HK(IFRIC) — Int 12, Service Concession Arrangements (effective for annual periods beginning on or after 1st January 2008) applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) — Int 12 is not relevant to the VSC Group's operations because none of the VSC Group's companies provide for public sector services;
- HK(IFRIC) — Int 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1st July 2008) clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) — Int 13 is not relevant to the VSC Group's operations because none of the VSC Group's companies operate any loyalty programmes; and

2 主要會計政策概要(續)

2.1 編製基準(續)

以下詮釋並未生效且與萬順昌集團業務無關

- 香港(國際財務報告詮釋委員會) — 詮釋第12號 — 服務特許權安排(於二零零八年一月一日或以後開始之年度期間生效)適用於由私人營運商參與公營服務基建的發展、融資、營運及維修的合約性安排。由於萬順昌集團各間公司均並無提供公營部門服務，故香港(國際財務報告詮釋委員會) — 詮釋第12號與萬順昌集團業務無關；
- 香港(國際財務報告詮釋委員會) — 詮釋第13號 — 客戶忠誠計劃(於二零零八年七月一日或以後開始之年度期間生效)釐清當貨品或服務與客戶忠誠獎勵一併銷售(例如「積分」或免費貨品)，即屬多種元素安排，而應收客戶之代價需以公平價值分配至該安排的組成部份。鑒於萬順昌集團各間公司均無提供任何客戶忠誠計劃，故香港(國際財務報告詮釋委員會) — 詮釋第13號與萬順昌集團業務無關；及

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 following interpretations have not yet been effective and not relevant to the VSC Group operations (Continued)

- HK(IFRIC) — Int 14, HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1st January 2008). HK(IFRIC) — Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. HK(IFRIC) — Int 14 is not relevant to the VSC Group because none of the VSC Group's companies operate any defined benefit plan.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March 2008.

(a) Subsidiaries

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.

2 主要會計政策概要(續)

2.1 編製基準(續)

以下詮釋並未生效且與萬順昌集團業務無關(續)

- 香港(國際財務報告詮釋委員會) — 詮釋第14號 — 香港會計準則第19號 — 界定福利資產限制、最低融資規定及相互之間之關係(於二零零八年一月一日或以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14號就評估香港會計準則第19號內有關可確認為資產之盈餘金額限制提供指引,另解釋退休金資產或負債如何受法定或合約最低資金規定影響。由於萬順昌集團之公司均無營運任何界定福利計劃,故香港(國際財務報告詮釋委員會) — 詮釋第14號與萬順昌集團業務無關。

2.2 綜合賬目

綜合賬目包括本公司及其附屬公司截至二零零八年三月三十一日止之財務報表。

(a) 附屬公司

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(包括帶有特別目的之實體),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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the VSC Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the VSC Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2 主要會計政策概要(續)

2.2 綜合賬目(續)

(a) 附屬公司(續)

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。

萬順昌集團採用會計採購法將萬順昌集團收購附屬公司入賬。收購成本根據於交易日期所提供資產公平價值、已發行股本工具及所產生或承擔之負債加上收購直接應佔之成本計量。於業務合併中所收購可識別的資產與所承擔之負債及或然負債初步按於收購日期之公平價值計算，與任何少數股東權益無關。收購成本超出萬順昌集團應佔所收購可識別資產淨值之公平價值之數額列作商譽。倘收購成本低於所收購附屬公司資產淨值之公平價值，則差額直接於損益表中確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Consolidation (Continued)***(a) Subsidiaries (Continued)*

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the VSC Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.11), if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) 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 and are initially recognised at cost. The VSC Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

2 主要會計政策概要(續)**2.2 綜合賬目(續)***(a) 附屬公司(續)*

集團內公司之間之交易、交易之結餘及未實現收益予以對銷。除非該交易提供所轉讓資產之減值證明，否則未實現虧損亦予以對銷。附屬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的政策符合一致。

在本公司之資產負債表內，於附屬公司之投資按成本值扣除或有之累計減值虧損列賬(附註2.11)。本公司將附屬公司之業績按已收及應收股息基準入賬。

(b) 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，通常附帶有20%至50%投票權的股權。聯營公司投資以權益會計法入賬，初始以成本確認。萬順昌集團於聯營公司之投資包括收購時已識別之商譽(扣除任何累計減值虧損)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(b) Associates (Continued)

The VSC Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against 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 obligations or made payments on behalf of the associates.

Unrealised gains on transactions between the VSC Group and its associates are eliminated to the extent of the VSC Group's interest 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.

2 主要會計政策概要 (續)

2.2 綜合賬目 (續)

(b) 聯營公司 (續)

萬順昌集團應佔收購後聯營公司的溢利或虧損於損益表中確認，而應佔收購後儲備之變動則於儲備賬中確認。投資賬面金額會根據累計之收購後儲備變動而作出調整。如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，包括任何其他無抵押之應收賬款，萬順昌集團不會確認進一步虧損，除非萬順昌集團已代聯營公司承擔責任或作出付款。

萬順昌集團與其聯營公司之間交易之未實現收益按萬順昌集團於聯營公司權益之數額對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與萬順昌集團採用的政策符合一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(b) Associates (Continued)

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

In the Company's balance sheet the investments in associated companies are stated at cost less accumulated impairment losses (Note 2.11), if any. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 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 Hong Kong dollar, which is the Company's functional and presentation currency.

2 主要會計政策概要(續)

2.2 綜合賬目(續)

(b) 聯營公司(續)

於聯營公司之攤薄盈虧已於綜合損益表中確認。

在本公司之資產負債表內，於聯營公司之投資按成本扣除累計減值虧損列賬(附註2.11)，如有。聯營公司之業績由本公司按已收及應收股息入賬。

2.3 分部報告

業務分部指從事提供產品或服務的一組資產和業務，而產品或服務之風險及回報與其他業務分部不同。地區分部指在某個特定經濟環境中從事提供產品或服務，其產品或服務之風險及回報與在其他經濟環境中經營的分部不同。

2.4 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，港元為本公司的功能及呈列貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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. 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 income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit or loss 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 available-for-sale reserve in equity.

2 主要會計政策概要(續)

2.4 外幣換算(續)

(b) 交易及結餘

外幣交易採用交易日之滙率換算為功能貨幣。除了符合在權益中遞延入賬之現金流量對沖和淨投資對沖外，結算此等交易產生的滙兌盈虧以及將外幣計值之貨幣資產及負債以年終滙率換算而產生之滙兌盈虧於損益表中確認。

以外幣為單位之可供出售之貨幣性證券之公平價值變動，按照證券之攤銷成本變動與該證券賬面金額之其他變動所產生之滙兌差額進行分析。與攤銷成本變動有關之滙兌差額已在損益表中確認，賬面金額之其他變動則於權益中確認。

非貨幣性財務資產及負債之換算差額呈報為公平價值盈虧的一部份。非貨幣性財務資產及負債(例如按公平價值計入損益之權益工具)之換算差額在損益表中確認為公平價值盈虧的一部份。非貨幣性財務資產(例如分類為可供出售之權益)之換算差額包括在權益中可供出售儲備內。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (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 equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2 主要會計政策概要(續)

2.4 外幣換算(續)

(c) 集團公司

功能貨幣與呈列貨幣不同之所有萬順昌集團實體(當中沒有嚴重通脹貨幣)之業績及財務狀況均按以下方法換算為列賬貨幣：

- (i) 各資產負債表呈列之資產及負債均以該資產負債表結算日之收市匯率換算；
- (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通行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) 所有由此產生之滙兌差額確認為權益之獨立組成項目。

於綜合賬目，換算境外實體之投資淨額及借貸及其他用以抵押其他貨幣工具如投資所產生之滙兌差額乃計入股權持有人之權益內。當出售或部份出售境外業務時，計入股權持有人權益內之滙兌差額會於損益表中確認為出售收益或虧損部份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(c) Group companies (Continued)

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.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. 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 income statement during the financial year in which they are incurred.

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	2.5% to 4%
— 樓宇	
— Leasehold improvements	20% to 33% (lease terms)
— 租賃物業裝修	(租約年期)
— Furniture and equipment	15% to 33%
— 傢俬及設備	
— Machinery	10% to 25%
— 機器	
— Motor vehicles	20%
— 汽車	

2 主要會計政策概要(續)

2.4 外幣換算(續)

(c) 集團公司(續)

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，並以期終滙率換算。

2.5 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及累計減值虧損列賬。歷史成本包括收購該項目直接應佔之開支。

其後成本只有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在產生之財政年度期間內於損益表內支銷。

物業、廠房及設備之折舊採用以下之估計可使用年期將成本或重估價值按如下直線法分攤至剩餘價值計算，如下：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the income statement.

2.6 Construction-in-progress

Construction-in-progress represents plants and machinery under construction and is stated at cost. Cost includes the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.5.

2.7 Leasehold land and land use rights

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

2.8 Investment properties

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.

2 主要會計政策概要(續)

2.5 物業、廠房及設備(續)

資產之剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。若資產的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。

出售之收益及虧損乃按所得款與其賬面金額之差額釐定，並已於損益表中確認。

2.6 在建工程

在建工程指正在建設之廠房及機器，按成本入賬。成本包括廠房及機器成本，及在建此等資產期間或安裝及測試(如有)時所產生之借貸之利息開支。在建工程並不作出折舊撥備，直至有關資產投入使用後，成本將轉撥至其他物業、廠房及設備，並且根據上述附註2.5所載之政策折舊。

2.7 租賃土地及土地使用權

租賃土地及土地使用權之前期預付款項已作賬於營業租約列賬。租約期間內以直線法於損益表內支銷或當出現減值時，其減值已於損益表中確認。

2.8 投資物業

持作長期租金收益或資本增值或兩者兼備，且並非由萬順昌集團佔用之物業均分類為投資物業。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (Continued)

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 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 income statement during the period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

2 主要會計政策概要(續)

2.8 投資物業(續)

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。

投資物業初步按其成本計量，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計算，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。公平價值之變動已在損益表中確認。

其後開支只有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財政期間內於損益表內支銷。

若投資物業變成業主自用，則重新分類為物業、廠房及設備，其物業之公平價值會於重新分類日期中轉為成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (Continued)

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

2.9 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the VSC Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill arose.

2.10 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through sale rather than through continuing use.

2 主要會計政策概要(續)

2.8 投資物業(續)

若物業、廠房及設備之一項項目因其用途改變而成為投資物業，根據香港會計準則第16號，該項目於轉讓當日之賬面金額與公平價值間之差異將於股本內確認為物業、廠房及設備之重估。然而，倘公平價值收益導致過往之減值虧損出現轉回，有關收益已於損益表中確認。

2.9 商譽

商譽指收購成本高於萬順昌集團於收購日期應佔所收購附屬公司／聯營公司之可確認資產淨值之公平價值之差額。收購附屬公司產生之商譽計入無形資產。收購聯營公司產生之商譽計於聯營公司之投資及每年進行減值評估及按成本減累計減值虧損列賬。商譽之減值虧損不予撥回。出售一間實體之收益及虧損包括出售相關實體之商譽賬面金額。

為進行減值評估，商譽被劃分至現金產生單位。商譽歸入產生現金單位或預期可受惠於產生商譽之業務合併之產生現金以查核減值。

2.10 持作出售之非流動資產

如非流動資產之賬面金額主要是透過出售而非透過持續使用而收回，則會被分類為持作出售之非流動資產，並按其賬面金額及公平價值減出售成本之間之較低者列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Financial assets

The VSC Group classifies its financial assets in the following categories: at fair value through profit or loss, loan 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 and re-evaluates this designation at every reporting date.

(a) *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 classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

2 主要會計政策概要(續)

2.11 非財務資產之減值

無特定期限之資產毋須攤銷，但此等資產每年均接受減值評估。至於須攤銷之資產，如有任何跡象顯示出現耗蝕，該資產亦會被評估當時之減值情況。減值虧損為資產賬面金額超越其可收回價值之數額。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，其現金流量（現金產生單位）之最低水平會被獨立地確認劃分資產類別。除商譽以外而出現減值之非財務資產可於每個報告日期就可能撥回之減值進行審閱。

2.12 財務資產

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，應收貸款及可供出售。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，並於每個報告日期重新評估該分類。

(a) *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。歸類為此類之資產會被劃分為流動資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

(b) Available-for-sale financial assets

Available-for-sale financial assets are 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 management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the income statement; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

2 主要會計政策概要(續)

2.12 財務資產(續)

(b) 可供出售之財務資產

可供出售之財務資產指已在本類別內指定或未在任何其他類別內分類之非衍生工具。除非管理層擬於結算日12個月內將投資出售，否則其將包括在非流動資產內。可供出售之財務資其後以公平價值入賬。

以外幣為單位之可供出售之貨幣性證券之公平價值變動，按照證券之攤銷成本變動與該證券之賬面金額之其他變動所產生之滙兌差額進行分析。貨幣性證券之滙兌差額在損益表中確認，非貨幣性證券之滙兌差額則於權益中確認。被分類為可供出售之非貨幣性證券之公平價值變動，亦於權益中確認。

當被分類為可供出售之證券出售或減值時，累計公平價值調整會作為投資證券收益或虧損計入損益表內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

(b) *Available-for-sale financial assets*
(Continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other gains. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other gains when the VSC Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the VSC Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2 主要會計政策概要(續)

2.12 財務資產(續)

(b) *可供出售之財務資產(續)*

採用實際利息計算之可供出售證券之利息已於損益表中確認為其他收益。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損益表中確認為其他收益。

上市投資之公平價值根據當時之買盤價計算。若某項財務資產之市場並不活躍(及就非上市證券而言)，萬順昌集團利用重估技術設定公平價值。這些技術包括利用近期公平原則交易、參考其他相約之工具、貼現現金流量分析和期權定價模式，盡可能使用市場元素而盡量減少倚靠屬公司獨有之元素。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

(b) Available-for-sale financial assets (Continued)

The VSC Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, 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 the income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(c) Loan receivables

Loan 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 maturities greater than 12 months after the balance sheet date and in this case they are classified as non-current assets.

Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. The VSC Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2 主要會計政策概要 (續)

2.12 財務資產 (續)

(b) 可供出售之財務資產 (續)

萬順昌集團於每個結算日評估是否存在客觀證據證明某項財務資產或某組財務資產出現減值。對於被分類為可供出售之股權證券，在釐定證券是否已經減值時，會考慮證券公平價值有否大幅或長期跌至低於其成本。若可供出售之財務資產存在此等跡象，其累計虧損（收購成本與當時公平價值之差額，減去該財務資產之前已於損益表中確認之任何減值虧損）將從權益扣除，並在損益表中確認。已在損益表中確認之股權工具減值虧損不會透過損益表撥回。

(c) 應收貸款

應收貸款為設有固定或可確定付款金額，以及不會在活躍市場上市之非衍生財務資產。此等項目已計入流動資產之內，但由結算日起計十二個月後方到期之項目則劃分為非流動資產。

應收貸款最初按公平價值確認，而其後則採用實際利率法按已攤銷成本減值撥備計量。萬順昌集團於各結算日評估是否存在客觀證據證明某項財務資產或某組財務資產出現減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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 values. 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 any derivative instruments are recognised immediately in the income statement.

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 Installation contracts

When the outcome of an installation contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised when incurred.

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適宜採用對沖會計法處理，故衍生工具公平價值之變動會即時於損益表中確認。

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（根據正常經營能力），但不包括借貸成本。可變現淨價值根據其於正常業務運作下之銷售價格減去適當之可變銷售支出。

2.15 安裝合約

倘安裝合約之結果未能可靠地估計時，則僅把大有可能收回之已產生合約成本入賬確認為合約收入。合約成本於產生期間確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.15 Installation contracts (Continued)**

When the outcome of an installation contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenues and expenses. The VSC Group uses the percentage-of-completion method to determine the appropriate amount of revenue and costs to be recognised in a given period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year-end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on installation contract work under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on installation contract work under current liabilities.

2 主要會計政策概要(續)**2.15 安裝合約(續)**

倘安裝合約之結果可以可靠地估計，則合約收入及合約成本會按其合約期間，分別入賬確認為收入及支出。萬順昌集團採用完成百分比計算法按適當收入及成本金額在指定期間確認入賬。倘合約成本總額大有可能超逾合約收入總額，則其預算虧損即時入賬確認為支出。

每份合約產生之成本與已確認之損益總額，與截至年終為止之進度款項作一比較。當已發生成本與已確認之溢利(減已確認之虧損)超過進度款項之款額，有關差額將列作流動資產下之應收客戶之安裝合約工程。當進度款項之款額超過已發生成本加已確認之溢利(減已確認之虧損)，差額將列作流動負債下之應付客戶之安裝合約工程。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Trade and other receivables

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. A provision for impairment of trade and other receivables is established when there is objective evidence that the VSC Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that the trade and other receivables is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within general and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the income statement. The amount of the provision is recognised in the income statement.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term deposits within original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2 主要會計政策概要(續)

2.16 應收及其他應收賬款

應收及其他應收賬款最初按公平價值確認，而其後則採用實際利率法按已攤銷成本減值撥備計量。倘有客觀理據顯示萬順昌集團將不能按應收及其他應收賬款之原有條款收回所有到期款項，則會對應收賬款作出減值撥備。債務人如有嚴重財務困難，或有可能面臨破產或財務重組及違約或拖延付款，將被視為應收及其他應收賬款出現減值之指示。撥備之數額為資產賬面金額與估計未來現金流量現值之間差額，並按實際利率貼現。資產的賬面金額透過使用備付賬戶削減，而有關的虧損數額則在損益表內之一般及行政支出中確認。如一項應收款項無法收回，則會與應收賬款項內之備付賬戶撇銷。過往已撇銷款項如其後收回，將撥回損益表內。而撥備之數額於損益表中確認。

2.17 現金及現金等值

現金及現金等值包括手頭現金、存於銀行之通知存款，於三個月內到期之其他短期存款及銀行透支。銀行透支於資產負債表中流動負債之借貸中顯示。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 Trade payables

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

2.20 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 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 balance sheet date.

2.21 Borrowing costs

Borrowing costs that are 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 income statement in the period in which they are incurred.

2 主要會計政策概要(續)

2.18 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。

2.19 應付賬款

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。

2.20 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結算日後最少12個月，否則借貸界定為流動負債。

2.21 借貸成本

需以長時間準備作計劃用途或出售之資產收購、建造或生產而產生之直接應計之借貸成本撥為該資產之部份成本。所有其他借貸成本乃於其產生之期間於損益表扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its 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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, 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, 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 substantially enacted by the balance sheet 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. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except 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)

2.22 當期及遞延所得稅

當期所得稅支出根據本公司及其附屬公司及聯營公司營運及產生應課稅收入之國家於結算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。

遞延所得稅乃利用負債法就資產與負債之稅基與它們在財務報表之賬面金額兩者之短暫時差作全數撥備。然而，若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用在結算日前已頒佈或實質採用，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時差抵銷而確認。遞延所得稅會就有關在附屬公司及聯營公司之投資所產生之短暫時差而撥備，但假若萬順昌集團可以控制短暫時差撥回之時間，並大有可能在可預見未來不會撥回該短暫時差則除外。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits

(a) Retirement benefits

The VSC Group participates in several defined contribution retirement benefit schemes. A defined contribution plan is a retirement benefit scheme under which the VSC Group pays contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The schemes are generally funded through payments to insurance companies or state/trustee-administered funds. The VSC Group has no further payment obligations once the contributions have been paid. It 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 contributions are recognised as employment costs when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(b) Bonus plans

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

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet 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)

2.23 員工福利

(a) 退休福利

萬順昌集團參與數項界定供款退休福利計劃。萬順昌集團界定供款計劃為強制、合約或自願基準支付供款予一獨立實體之退休福利計劃。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。萬順昌集團於作出供款後，即無進一步付款責任。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。

供款於應付時確認為僱員成本，並可由歸屬前離開計劃之僱員所放棄之全數供款撇減。

(b) 花紅計劃

萬順昌集團就花紅確認相應負債及費用。當於合約規定或由過往做法產生推定責任時，則會確認撥備。

(c) 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結算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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the VSC Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.25 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the VSC Group's activities, net of value-added tax, rebates, returns and discounts and after elimination of sales within the VSC Group.

The VSC Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the VSC Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. 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.

2 主要會計政策概要(續)

2.24 或然負債

或然負債乃指因過往事件而可能產生之負債，或然負債存在與否僅由出現或並無出現一項或多項萬順昌集團未能全力控制之不明朗未來事件而決定。或然負債亦可以是由過往事件產生而未予確認之現有債務，但由於可能毋需流出經濟資源或責任金額未能可靠計算而未有確認。

或然負債不會被確認，但會在財務報表附註披露。當流出資源之可能性改變導致可能流出資源時，此等負債將確認為撥備。

2.25 收入確認

收入包括萬順昌集團在日常運作下之已收或應收之貨品及服務銷售而產生之公平價值代價，並扣除增值稅回扣及折扣以及對銷了萬順昌集團內部銷售。

當收益數額能夠可靠計量、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)，萬順昌集團便會將收入確認。除非與收入有關之所有或然事項均已解決，否則收入數額不被視為能夠可靠計量。萬順昌集團會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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition (Continued)

Revenue is recognised as follows:

- (a) *Sales of goods*
Sales of goods are recognised when a group entity sells a product to the customer, has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assumed.
- (b) *Revenue from installation contracts*
Revenue from each individual installation contract is recognised using the percentage-of-completion method by reference to the stage of completion of the contract activity, generally based on the proportion of contract costs incurred for work performed to date to estimated total contract costs (Note 2.15).
- (c) *Service income*
Service income is recognised when the services are rendered.
- (d) *Rental income*
Rental income is recognised on a straight-line basis over the period of the relevant leases.

2 主要會計政策概要(續)

2.25 收入確認(續)

收入確認如下：

- (a) *銷售貨品*
銷售貨品於集團實體將產品銷售予客戶、已將產品交付予客戶及客戶接受該產品並且能夠合理確定收回相關應收款項之機會時確認入賬。
- (b) *安裝合約之收入*
每份個別安裝合約之收入會參照合約活動之完成階段然後以完成百分比計算法予以確認。完成百分比普遍按照已執行工作之合約成本對比預期總合約成本之比例(附註2.15)。
- (c) *服務收入*
服務收入會當服務產生時確認。
- (d) *租金收入*
租金收入於有關租約期內以直線法予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition (Continued)

- (e) *Dividend income*
Dividend income is recognised when the right to receive payment is established.
- (f) *Interest income*
Interest income is recognised on a time-proportion basis using the effective interest method.

Advance payments received from customers prior to delivery of merchandise are recorded as receipts in advance.

2.26 Operating leases

- (a) *As a lessee*
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 income statement on a straight-line basis over the period of the leases.
- (b) *As a lessor*
When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2.27 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as an liability in the VSC Group's financial statements in the period in which the dividends are approved by the Company's equity holders.

2 主要會計政策概要(續)

2.25 收入確認(續)

- (e) *股息收入*
股息收入乃於確定有權收取股息支付時予以確認。
- (f) *利息收入*
利息收入按適用息率以時間比例作基準予以確認。

於付運貨品前預先向客戶收取之款項均列作預收款項入賬。

2.26 營業租約

- (a) *作為承租人*
如租約擁有權的重大部份風險和回報由出租人保留，分類為營業租約。根據營業租約支付的款項(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損益表扣除。
- (b) *作為出租人*
當資產按營業租約出租時，該資產將按資產之類別在資產負債表中顯示。租金收入於租賃期內以直線法記賬。

2.27 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權持有人批准之期間內於萬順昌集團之財務報表中列為負債。

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 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. The VSC Group uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The VSC Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Chinese Renminbi. The VSC Group may use forward foreign exchange contracts and currency swap instruments to hedge against its foreign exchange risk arising from future commercial transactions. Foreign exchange risks on financial assets and liabilities denominated in other currencies are insignificant to the VSC Group.

The VSC Group has certain investments in Mainland China, whose net assets are dominated in Chinese Renminbi. The conversion of Chinese Renminbi into foreign currencies is subject to the rules and regulations to the foreign exchange control promulgated by the Mainland China government.

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，並尋求儘量減低對萬順昌集團財務表現之潛在不利影響。萬順昌集團利用衍生金融工具對沖若干需面對之風險。

(a) 市場風險

(i) 外匯風險

萬順昌集團需承受多種不同貨幣之外匯風險，主要涉及與人民幣有關之風險。萬順昌集團利用遠期外匯合約及貨幣掉期工具以對沖其日後進行之商業交易之外匯風險。以其他貨幣列值之財務資產及負債之外匯風險對萬順昌集團並無重大影響。

萬順昌集團在中國內地持有若干投資，此等業務之淨資產主要以人民幣列值。兌換人民幣為外國貨幣須遵守中國政府之外匯控制規例及法規。

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)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31st March 2008, if Chinese Renminbi had weakened/strengthened by 5% against Hong Kong dollar with all other variables held constant, profit before income tax for the year would have been approximately HK\$10 million (2007: HK\$13 million) lower/higher, mainly as a result of foreign exchange gains on translation of Chinese Renminbi denominated monetary assets and liabilities.

(ii) Cash flow and fair value interest rate risk

The VSC Group's interest rate risk arises mainly from borrowings. Borrowings that are subject to variable rates expose the VSC Group to cash flow interest rate risk. Under the VSC Group's interest rate management policy, the VSC Group generally raises borrowings at floating rates and may use interest rate instruments to hedge against the risk where the VSC Group forecasts a significant increase in interest charge in the foreseeable future.

At 31st March 2008, if interest rates on borrowings against bank deposits 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\$7 million (2007: HK\$3 million) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(i) 外匯風險 (續)

於二零零八年三月三十一日，倘港元兌人民幣之匯率升值／減值5%而所有其他變數維持不變，年度除稅前溢利將減少／增加約10,000,000港元(二零零七年：13,000,000港元)，這主要由於換算以人民幣計值之貨幣資產及負債所引致。

(ii) 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。根據萬順昌集團之利率管理制度，一般而言萬順昌集團以浮息舉債；若預計利息支出將於可預見未來大幅上升，則萬順昌集團或會以利率掉期工具對沖此等風險。

於二零零八年三月三十一日，若經扣除銀行存款之借貸之利率上升／下調100點子而所有其他條件維持不變，基於浮息貸款利息支出之增加／減省，萬順昌集團本年稅前利潤將分別減少／增加約7,000,000港元(二零零七年：3,000,000港元)。

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)

(b) Credit risk

Credit risk arises from cash and cash equivalents, pledged bank deposits, loan receivables, amounts due from customers on installation contract work as well as trade receivables and certain other receivables.

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.

For banks and financial institutions, only independently rated parties with a minimum rating of "A-" are accepted. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

The credit quality of the customers is assessed based on their financial positions, past experience and other factors. The VSC Group has policies in place to ensure that sales of products are made to customers with appropriate credit histories.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

信貸風險主要來自現金及現金等值、已抵押銀行存款、應收貸款、應收客戶之安裝合約工程、應收賬款及若干其他應收賬款。

萬順昌集團訂有政策以確保銷售是具結予具備適當財政實力及押付恰當比例之訂金的客戶。其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之可回收款額，藉此保證為不能回收之賬款計提適當減值虧損。

關於銀行及金融機構，萬順昌集團只接受被獨立評為「A-」級或以上者。由於該等銀行及金融機構於過往並無不能償付之歷史，管理層預期不會因其不履約而導致任何虧損。

顧客之信貸質素是按其財務狀況、過往紀錄及其他因素而評估。萬順昌集團已訂有政策以確保銷售予具有合適信貸紀錄之顧客。

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)

(b) Credit risk (Continued)

The VSC Group does not have significant exposure to the credit risk. The major trade debtors have no history of default in recent years. The VSC Group performs periodic credit evaluations of its customers. The VSC Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the VSC Group's management aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the VSC Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

萬順昌集團並無重大信貸風險。主要之貿易債務人於最近數年並沒有拖欠紀錄。萬順昌集團定期對其顧客進行評估。按過往經驗，收回應收賬款及其他應收賬款之金額在記錄撥備之範疇內。

(c) 流動資金風險

奉行審慎之流動資金風險管理指維持足夠現金及具市場價值之證券、透過充裕之信貸融資以維持足夠庫存現金及平倉能力。鑑於多元化之業務性質，萬順昌集團之管理層致力保持信貸融資及資金供應之靈活性。

下表載列萬順昌集團及本公司之財務負債，按有關到期組別，根據於結算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。十二個月內到期之賬面結餘與其公平價值相等，而貼現之影響並不重要。

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)

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)

	Less than 1 year 少於1年 HK\$'000 千港元	Between 1 and 2 years 1至2年 HK\$'000 千港元	Between 2 and 5 years 2至5年 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
Consolidated					綜合
At 31st March 2007					於二零零七年 三月三十一日
Trade and bills payable	301,031	—	—	301,031	應付賬款及票據
Receipts in advance	106,185	—	—	106,185	預收款項
Accrued liabilities and other payables	38,685	—	—	38,685	應計負債及其他應付 賬款
Borrowings	697,682	7,800	19,500	724,982	借貸
At 31st March 2008					於二零零八年 三月三十一日
Trade and bills payables	401,417	—	—	401,417	應付賬款及票據
Receipts in advance	110,524	—	—	110,524	預收款項
Accrued liabilities and other payables	59,454	—	—	59,454	應計負債及其他應付 賬款
Borrowings	1,081,954	68,114	55,832	1,205,900	借貸

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)

	Less than 1 year 少於1年 HK\$'000 千港元	Between 1 and 2 years 1至2年 HK\$'000 千港元	Between 2 and 5 years 2至5年 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
Company					本公司
At 31st March 2007					於二零零七年 三月三十一日
Accrued liabilities and other payables	144	—	—	144	應計負債及其他應付 賬款
Borrowings	7,800	7,800	19,500	35,100	借貸
At 31st March 2008					於二零零八年 三月三十一日
Accrued liabilities and other payables	194	—	—	194	應計負債及其他應付 賬款
Borrowings	7,780	7,780	11,670	27,230	借貸

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the VSC Group is the current bid price.

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. The VSC Group uses a variety of methods and make assumptions that are based on market conditions existing at each balance sheet date to determine fair value for those financial instruments.

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 公平價值估算

於活躍市場買賣之金融工具之公平價值按結算日之市場價值列賬。萬順昌集團所持之財務資產之所報市場報價為當時買盤價。

非於市場買賣之金融工具之公平價值按估值技術釐定。萬順昌集團使用多種方法，於每個結算日當時之市場情況作出假設，以釐定財務工具之公平價值。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (Continued)

The fair values of available-for-sale financial assets that are not traded in an active market are determined using the discounted cash flow analysis. The fair values of call/put options are determined using the 5-year profit forecast of the targeted groups. The fair values of interest rate instruments and currency swap instruments are calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade and bill receivables and trade and bill payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the VSC Group for similar financial instruments.

3.3 Capital risk management

The VSC Group's objectives on 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)

3.2 公平價值估算 (續)

沒有在活躍市場買賣之可供出售之財務資產之公平價值按貼現現金流量分析計算。認購權／認沽權之公平價值按其目標集團之五年溢利預測計算。利率掉期工具及貨幣掉期工具之公平價值按未來現金流量之現值計算。外匯遠期合約之公平價值利用結算日遠期市場匯率釐定。

應收賬款及票據及應付賬款及票據之賬面價值減去減值撥備，乃其公平價值之合理概約金額。就披露目的而言，財務負債之公平價值按萬順昌集團就類似金融工具可得之現有市場利率貼現未來合約現金流量估計。

3.3 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，並為其他相關人士提供福利，及保持適當資本架構，減少資本成本。

為維持或調整資本架構，萬順昌集團可調節派付予股東之股息、退回予股東的資本、發行新股或出售資產以減低負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management (Continued)

The VSC Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

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 minority interests), as shown in the consolidated balance sheet, plus net debt.

The gearing ratios at 31st March 2008 and at 31st March 2007 were as follows:

3 財務風險管理 (續)

3.3 資金風險管理 (續)

萬順昌集團之制度是由總部進行借貸，結合長期及短期貸款以支應預計資金需求。此等貸款連同經營所生現金是以借貸或股本投放予若干附屬公司。

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（不包括少數股東權益），如綜合資產負債表所示，加淨負債計算。

於二零零八年三月三十一日及二零零七年三月三十一日之資本負債比率如下：

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Total borrowings (Note 31)	1,182,729	710,987	借貸總額(附註31)
Less: Cash and cash equivalents and pledged bank deposits (Note 28)	(486,012)	(334,424)	減：現金及現金等值及已抵押銀行存款(附註28)
Net debt	696,717	376,563	淨負債
Total equity (excluding minority interest)	835,731	782,595	權益總額(不包括少數股東權益)
Total capital	1,532,448	1,159,158	資本總額
Gearing ratio	45%	32%	資本負債比率

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 are discussed below.

(a) 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 taste and competitor actions in response to severe industry cycle. Management reassesses the estimations at each balance sheet date.

(b) 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 balance sheet date.

4 重要會計推算及判斷

所採用之推算及判斷會被經常檢查，並以過往經驗及其他因素作為基礎，包括在現況下對未來事件之合理預期。

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。具相當風險導致資產與負債之賬面金額作重大調整之推算及假設將於下文論述。

(a) 存貨之可變現淨值

存貨之可變現淨值為日常業務過程中之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。其可因客戶品味轉變及競爭對手為應付嚴峻行業週期採取行動而大幅改變。管理層於每個結算日重估該等推算。

(b) 應收及其他應收賬款

萬順昌集團之管理層按評估應收賬款之可收回程度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。管理層於每個結算日重估撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Income taxes and deferred income tax

The VSC Group is mainly subject to income taxes in Hong Kong and Mainland China. There are certain 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 tax provisions in the period in which such determination is made.

Deferred 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 tax assets and income tax charges in the period in which such estimates have been changed.

(d) 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 balance sheet date.

4 重要會計推算及判斷(續)

(c) 所得稅及遞延所得稅

萬順昌集團主要須繳納香港及中國內地所得稅。於日常業務過程中有頗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責任。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之期間內之所得稅及遞延所得稅撥備。

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，有關差異會將對有關推算出現變動之期間內遞延所得稅資產及所得稅之確認構成影響。

(d) 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。萬順昌集團使用其判斷去選擇不同方法及主要基於每個結算日存在之市場情況作出假設。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Fair value of derivatives and other financial instruments (Continued)

The fair value of the available-for-sale financial assets that are not traded in active markets is determined using the discounted cash flow analysis. The carrying amount of the available-for-sale financial assets would be an estimated HK\$1,363,000 lower or HK\$2,563,000 higher were the discount rate used in the discounted cash flow analysis had been 5% higher/lower from management's estimates with all other variables held constant.

The fair value of the call/put options granted to/by a third party to dispose certain interest in a subsidiary is determined using a 5-year profit forecast of the targeted groups. The net difference between the carrying amount of put option over call option would be an estimated HK\$822,000 lower or HK\$1,585,000 higher if the discount rate had been 0.5% higher/lower from management's estimates with all other variables held constant.

The fair value of the call option granted by a third party to acquire a company is determined using the expected future cash flow of the targeted groups. The carrying amount of the call option would be an estimated HK\$1,170,000 higher or HK\$1,130,000 lower if the fair value of the underlying asset had been 5% higher/lower from management's estimates with all other variables held constant.

4 重要會計推算及判斷(續)

(d) 衍生及其他金融工具之公平價值(續)

非於活躍市場買賣之可供出售之財務資產之公平價值按貼現現金流量分析計算。若貼現率與管理層推算貼現現金流量分析所用者增加／減少5%，而其他因數維持不變時，可供出售之財務資產之賬面金額估計將減少1,363,000港元或增加2,563,000港元。

授予第三者／第三者授予用以出售於一間附屬公司之若干權益之認購權／認沽權之公平價值按其標的組合之五年盈利預測計算。若貼現率與管理層推算貼現現金流量分析所用者增加／減少0.5%，而其他因數維持不變時，認沽權超出認購權之賬面金額之淨差額估計將減少822,000港元或增加1,585,000港元。

第三者授予用以收購一間公司之認購權之公平價值按其標的組合之預測未來現金流量計算。若管理層推算相關資產之公平價值增加／減少5%，而其他因數維持不變，認購權之賬面金額比估計將增加1,170,000港元或減少1,130,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Fair value of derivatives and other financial instruments (Continued)

The fair values of the interest rate instrument and currency swap instruments are determined using estimated future cash flows. The carrying amount of the interest rate instrument which was a liability as at 31st March 2008 would be an estimated HK\$78,000 higher or HK\$468,000 lower if the interest rate had been 100 basis points higher/lower with all other variables held constant. The carrying amount of the currency swap instruments which were assets as at 31st March 2008 would be an estimated HK\$9,609,000 lower or HK\$10,222,000 higher if the quoted USDRMB forward exchange rates had been 5% higher/lower with all other variables held constant.

The fair value of the forward foreign exchange contracts is determined using the quoted USDHKD forward exchange rates. The net carrying amount of the forward foreign exchange contracts which was a net liability as at 31st March 2008 would be an estimated HK\$4,358,000 higher or HK\$576,000 lower if the quoted USDHKD forward exchange rates had been 1% lower/higher with all other variables held constant.

(e) Estimated impairment of goodwill

The VSC Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

An impairment charge of approximately HK\$14,617,000 arose during the year (Note 18). If the results of the profit forecast of the respective subsidiary had been 10% lower than management's estimates at 31st March 2008, the VSC Group would have recognised a further impairment of goodwill of approximately HK\$8,073,000.

4 重要會計推算及判斷(續)

(d) 衍生及其他金融工具之公平價值(續)

利率掉期工具及貨幣掉期工具之公平價值按未來現金流量之價值計算。若利率增加／減少100個基點，而其他因數維持不變，利率掉期工具於二零零八年三月三十一日之負債賬面金額估計將增加78,000港元或減少468,000港元。若掛牌美元兌人民幣遠期外匯匯率增加／減少5%，而其他因數維持不變，貨幣掉期工具於二零零八年三月三十一日之資產賬面金額估計將減少9,609,000港元或增加10,222,000港元。

遠期外匯合約之公平價值按掛牌美元兌港元遠期外匯匯率計算。若掛牌遠期外匯匯率減少／增加1%，而其他因數維持不變，遠期外匯合約之淨負債賬面金額估計將增加4,358,000港元或減少576,000港元。

(e) 推算商譽減值

萬順昌集團根據附註2.11之會計政策，每年對商譽進行減值評估。現金產生單位之可收回金額乃按使用價值計算。此類計算方法須使用推算計算。

本年度期間，產生減值支出約14,617,000港元(附註18)。若各附屬公司之盈利預測結果比管理層於二零零八年三月三十一日推算少10%，萬順昌集團將會額外確認約8,073,000港元之商譽減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION

5 收入及分部資料

(a) Revenue by nature

(a) 收入按種類

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
China Advanced Materials Processing (“CAMP”)			中國先進材料加工
Processing/manufacturing of industrial products			加工／製造工業產品
— Rolled flat steel products	1,310,851	1,112,504	— 卷鋼產品
— Stainless steel	417,032	397,814	— 不銹鋼
— Enclosure systems	145,377	197,516	— 系統設備外殼
Trading of plastic resins	347,100	344,518	買賣塑膠樹脂
Construction Materials Group (“CMG”)			建築材料
Stockholding and trading of construction materials			存銷與買賣建築材料
— Steel products — steel rebars, structural steel and flat steel products	3,182,227	2,604,869	— 鋼材產品 — 鋼筋、結構鋼及板材產品
— Sanitary wares and kitchen cabinets	261,964	208,036	— 潔具及廚櫃
Other operations			其他業務
Management services provided to an associate (Note 39(a))	12,500	—	向一間聯營公司提供之管理服務(附註39(a))
Rental income from investment properties	722	856	投資物業之租金收入
Others	19	1,544	其他
	5,677,792	4,867,657	

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

其他業務主要包括在香港提供之租務服務及在中國內地之其他投資，此兩者並沒有構成獨立之分部匯報。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments

Analysis of the VSC Group's results by business segment is as follows:

5 收入及分部資料(續)

(b) 主要申報形式 — 業務分部

萬順昌集團之業績按業務分部分析如下：

	2008 二零零八年					
	CAMP 中國先進 材料加工 HK\$'000 千港元	CMG 建築材料 HK\$'000 千港元	Other operations 其他業務 HK\$'000 千港元	Elimination 抵銷 HK\$'000 千港元	Group 集團 HK\$'000 千港元	
External revenue	2,220,360	3,444,191	13,241	—	5,677,792	對外收入
Inter-segment revenue	—	191,653	—	(191,653)	—	分部間收入
	2,220,360	3,635,844	13,241	(191,653)	5,677,792	
Segment results	38,062	42,027	12,596		92,685	分部業績
Other gains/(losses) — net	(126)	(4,747)	47,695		42,822	其他收益／ (虧損) — 淨額
Unallocated corporate expenses					(76,187)	未分配企業支出
Operating profit					59,320	經營溢利
Finance income					9,312	財務收入
Finance costs					(46,821)	財務費用
Share of profit of associates					25,236	應佔聯營公司 溢利
Income tax expense					(1,876)	所得稅支出
Profit for the year					45,171	年度溢利

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments (Continued)

5 收入及分部資料(續)

(b) 主要申報形式 — 業務分部(續)

	2008 二零零八年					
	CAMP 中國先進 材料加工 HK\$'000 千港元	CMG 建築材料 HK\$'000 千港元	Other operations 其他業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Group 集團 HK\$'000 千港元	
Assets	1,241,708	1,323,016	248,720	39,478	2,852,922	資產
Liabilities	207,386	377,782	2,520	1,187,330	1,775,018	負債
Capital expenditure	23,409	8,398	—	—	31,807	資本支出
Depreciation and amortisation	18,265	3,989	439	—	22,693	折舊及攤銷
Impairment of trade receivables	12,759	3,153	—	—	15,912	應收賬款減值
Write-down/(write-back) of inventories	11,531	(2,413)	—	—	9,118	存貨撇減/ (撤回)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments (Continued)

5 收入及分部資料(續)

(b) 主要申報形式 — 業務分部(續)

	2007 二零零七年				Group 集團	
	CAMP 中國先進 材料加工 HK\$'000 千港元	CMG 建築材料 HK\$'000 千港元	Other operations 其他業務 HK\$'000 千港元	Elimination 抵銷 HK\$'000 千港元		
External revenue	2,052,352	2,812,905	2,400	—	4,867,657	對外收入
Inter-segment revenue	—	193,877	—	(193,877)	—	分部間收入
	2,052,352	3,006,782	2,400	(193,877)	4,867,657	
Segment results	37,359	119,019	(5,564)		150,814	分部業績
Other gains/(losses) – net	36,250	1,702	(714)		37,238	其他收益／ (虧損) — 淨額
Unallocated corporate expenses					(58,198)	未分配企業支出
Operating profit					129,854	經營溢利
Finance income					4,982	財務收入
Finance costs					(41,383)	財務費用
Income tax expense					(12,534)	所得稅支出
Profit for the year					80,919	年度溢利

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments (Continued)

5 收入及分部資料(續)

(b) 主要申報形式 — 業務分部(續)

	2007 二零零七年					Group 集團 HK\$'000 千港元
	CAMP 中國先進 材料加工 HK\$'000 千港元	CMG 建築材料 HK\$'000 千港元	Other operations 其他業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元		
Assets	1,252,863	898,335	50,066	47,428	2,248,692	資產
Liabilities	248,365	270,013	2,576	720,335	1,241,289	負債
Capital expenditure	46,636	4,134	2,195	—	52,965	資本支出
Depreciation and amortisation	13,906	5,748	1,017	—	20,671	折舊及攤銷
Impairment of trade receivables	6,020	1,421	—	—	7,441	應收賬款減值
Write-down/(write-back) of inventories	36,245	(3,094)	—	—	33,151	存貨撇減/ (撤回)

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, investments in associates, deferred income tax assets, inventories, due from customers on installation contract work, trade and bill receivables, loan receivables, prepayments, deposits and other receivables, amount due from associates and cash. They exclude items such as investment properties, available-for-sale financial assets and derivative financial instruments.

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、於聯營公司之投資、遞延所得稅資產、存貨、應收客戶之安裝合約工程、應收賬款及票據、應收貸款、預付款項、按金及其他應收賬款、應收聯營公司及現金。當中並不包括投資物業、可供出售之財務資產及衍生金融工具等項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments (Continued)

Segment liabilities comprise operating liabilities and exclude corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, and leasehold land and land use rights, including additions resulting from acquisitions through business combinations, if any.

(c) Secondary reporting format – geographic segments

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

Analysis of the VSC Group's results by geographical segment is as follows:

	2008 二零零八年			
	Hong Kong 香港 HK\$'000 千港元	Mainland China 中國內地 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
External revenue	1,572,875	4,104,917	5,677,792	對外收入
Assets	966,911	1,886,011	2,852,922	資產
Capital expenditure	2,115	29,692	31,807	資本支出

5 收入及分部資料 (續)

(b) 主要申報形式 — 業務分部 (續)

分部負債包括經營負債而並不包括企業借貸。

資本支出包括新增之物業、廠房及設備、投資物業及租賃土地及土地使用權，亦包括透過業務合併收購之新增項目，如有。

(c) 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。

萬順昌集團之業績按地區分部分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Secondary reporting format – geographic segments (Continued)

5 收入及分部資料(續)

(c) 次要申報形式 — 地區分部(續)

	2007			
	二零零七年			
	Hong Kong	Mainland	Total	
	香港	中國內地	總額	
	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	
External revenue	1,219,606	3,648,051	4,867,657	對外收入
Assets	615,028	1,633,664	2,248,692	資產
Capital expenditure	2,019	50,946	52,965	資本支出

Revenue are allocated based on the places in which customers are located.

收入按顧客之地區位置而分配。

Assets and capital expenditure are allocated based on where the assets are located.

資產及資本支出按該等資產之地區位置而分配。

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

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Negative goodwill arising from increase in investment in an associate to a subsidiary (Note 35(e))	20,765	—	增持於一間聯營公司成為一間附屬公司之投資所引致之負商譽(附註35(e))
Negative goodwill arising from increase in investment in an associate (Note 20(iii))	1,128	—	增持於一間聯營公司之投資所引致之負商譽(附註20(iii))
Impairment of goodwill (Note 18)	(14,617)	—	商譽減值(附註18)
Loss on disposal of a subsidiary	—	(3,430)	出售一間附屬公司之虧損
Gain on disposal of certain interest in a subsidiary	—	7,020	出售於一間附屬公司之若干權益之收益
Gain on deemed disposal of certain interest in a subsidiary (Note 35 (c))	4,091	26,024	視作出售於一間附屬公司之若干權益之收益(附註35(c))
Fair value gains on investment properties (Note 16)	1,900	2,000	投資物業之公平價值收益(附註16)
Fair value gains arising from a call option granted by a third party to acquire a company (Note 23)	10,190	—	第三者授予用於收購一間公司之一個認購權所引致之公平價值收益(附註23)
Net fair value (losses)/gains on call/put options granted to/by a third party to dispose certain interests in a subsidiary (Note 23)	(1,145)	7,211	授予第三者/第三者授予用以出售於一間附屬公司之若干權益之認購權/認沽權之公平價值淨(虧損)/收益(附註23)
Fair value gains/(losses) on an interest rate instrument (Note 23)	6,214	(7,592)	一項利率工具之公平價值收益/(虧損)(附註23)
Net fair value gains on currency swap instruments (Note 23)	4,537	—	貨幣掉期工具之公平價值淨收益(附註23)
Net fair value (losses)/gains on forward foreign exchange contracts held for trading (Note 23)	(4,394)	2,656	持作買賣用途之遠期外匯合約之公平價值淨(虧損)/收益(附註23)
Impairment loss of an available-for-sale financial asset (Note 22)	(595)	(1,473)	一項可供出售之財務資產之減值虧損(附註22)
Gain on disposals of available-for-sale financial assets	6,947	336	出售可供出售之財務資產之收益
Dividend income from available-for-sale financial assets			可供出售之財務資產之股息收入
— listed	—	22	— 上市
— unlisted	2,763	1,923	— 非上市
Net exchange gain	5,038	2,541	淨滙兌收益
	42,822	37,238	

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之支出之分析如下：

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Raw materials consumed and finished goods sold	5,294,822	4,449,055	原材料耗用及製成品銷售
Depreciation of property, plant and equipment	22,130	20,205	物業、廠房及設備之折舊
Loss on disposals of property, plant and equipment	5,096	1,044	出售物業、廠房及設備之虧損
Amortisation of leasehold land and land use rights	563	466	租賃土地及土地使用權之攤銷
Employment costs (Note 8)	143,378	113,066	僱員成本(附註8)
Operating lease rental in respect of			營業租約租金
— land and buildings	12,338	11,181	— 土地及樓宇
— plant and machinery and motor vehicles	3,089	3,423	— 廠房及機器及汽車
Impairment of trade receivables	15,912	7,441	應收賬款減值
Impairment of other receivables	14,797	5,752	其他應收賬款減值
Write-down of inventories	9,118	33,151	存貨撇減
Auditor's remuneration	2,180	1,700	核數師酬金
Others	137,871	128,557	其他
Total cost of sales, selling and distribution expenses and general and administrative expenses	5,661,294	4,775,041	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 EMPLOYMENT COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

8 僱員成本(包含董事酬金)

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Wages, salaries and allowances	119,282	88,610	工資、薪金及津貼
Bonus	5,442	8,701	花紅
Pension costs — defined contribution schemes	6,914	5,374	退休金成本 — 界定供款計劃
Share option scheme — value of services	652	976	購股權計劃 — 服務價值
Welfare and benefits	11,088	9,405	福利及利益
	143,378	113,066	

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員工，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，萬順昌集團及其員工須各自按該員工收入之5%向該計劃作每月供款。終止僱用之員工未授予之利益均由萬順昌集團用作減少未來之供款。

8 EMPLOYMENT COSTS (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 contribute up to 8% of their basic salaries, while the VSC Group contributes approximately 14% to 20% of such salaries and 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 2008, the aggregate amount of the VSC Group's contributions to the aforementioned pension schemes was approximately HK\$6,914,000 (2007: HK\$5,374,000), net of forfeited contributions of approximately HK\$2,000 (2007: HK\$18,000). As at 31st March 2008, there is no unutilised forfeited contribution which could be utilised to reduce future contributions of the VSC Group (2007: Nil).

8 僱員成本(包含董事酬金)(續)

根據強積金計劃，萬順昌集團及其員工各自須按香港強制性公積金條例所界定各自按該員工有關收入之5%向該計劃作每月供款。萬順昌集團及員工所作之每月供款上限各為1,000港元。供款全部及即時授予員工。

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員工對國家資助退休計劃供款。員工供款最高達其基本薪金之8%，萬順昌集團按該等薪金約14%至20%供款，除每年供款外，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員工支付全部退休金。

於截至二零零八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為6,914,000港元(二零零七年：5,374,000港元)，淨沒收供款約2,000港元(二零零七年：18,000港元)。於二零零八年三月三十一日，並無未被利用之被沒收供款額可用作減少萬順昌集團未來之供款(二零零七年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31st March 2007 is set out below:

9 董事及高級行政人員酬金

(a) 董事酬金

截至二零零七年三月三十一日止年度每位董事酬金如下：

	Fees	Salaries and allowances	Discretionary bonus [#]	Contribution to defined contribution retirement benefit schemes 對界定退休福利供款計劃之供款	Share options scheme — value of services 購股權計劃 — 服務價值	2007 Total	
	袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	酌情花紅 [#] HK\$'000 千港元	供款 HK\$'000 千港元	購股權計劃 — 服務價值 HK\$'000 千港元	總額 HK\$'000 千港元	
Executive directors							
Mr. Yao Cho Fai, Andrew	—	1,156	800	12	230	2,198	執行董事 姚祖輝先生
Mr. Dong Sai Ming, Fernando	—	464	100	12	31	607	唐世銘先生
Independent non-executive directors							
Dr. Chow Yei Ching	120	—	—	—	—	120	獨立非執行董事 周亦卿博士
Mr. Harold Richard Kahler	351	—	—	—	—	351	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
	711	1,620	900	24	261	3,516	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of every Director for the year ended 31st March 2008 is set out below:

9 董事及高級行政人員酬金(續)

(a) 董事酬金(續)

截至二零零八年三月三十一日止年度每位董事酬金如下：

	Fees	Salaries and allowances	Discretionary bonus [#]	Contribution to defined contribution retirement benefit schemes	Share options scheme — value of services	2008 Total	
	袍金	薪金及津貼	酌情花紅 [#]	對界定退休福利供款計劃之供款	購股權計劃 — 服務價值	二零零八年總額	
	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	
Executive directors							
Mr. Yao Cho Fai, Andrew	—	1,848	—	12	167	2,027	執行董事 姚祖輝先生
Mr. Dong Sai Ming, Fernando	—	464	100	12	22	598	唐世銘先生
Independent non-executive directors							
Dr. Chow Yei Ching	120	—	—	—	—	120	獨立非執行董事 周亦卿博士
Mr. Harold Richard Kahler	351	—	—	—	—	351	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
	711	2,312	100	24	189	3,336	

Note:

[#] The executive directors are entitled to discretionary bonus which are determined with reference to the financial performance of different business units of the VSC Group.

附註：

[#] 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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The share options scheme — value of services represent charges to the 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.

During the year ended 31st March 2008, Mr. Yao Cho Fai, Andrew, forfeited a bonus of approximately HK\$800,000. No other director waived any emolument during the year. No incentive payment as an inducement for joining the VSC Group or compensation for loss of office was paid/payable to any directors during the year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the VSC Group include one director (2007: one), whose emoluments are reflected in the analysis presented in Note 9(a) above. The emoluments paid/payable to the remaining four (2007: four) individuals are as follows:

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Salaries and allowances	6,015	6,354	薪金及津貼
Bonus	4,163	237	花紅
	10,178	6,591	

9 董事及高級行政人員酬金(續)

(a) 董事酬金(續)

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以公平價值於損益表中列作開支。

截至二零零八年三月三十一日止年度期間，姚祖輝先生放棄其約800,000港元之花紅。本年度期間，並沒有其他董事放棄任何酬金。亦無已付／應付任何酬金予董事以作鼓勵加入萬順昌集團或離職補償。

(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一位董事(二零零七年：一位)，彼之酬金分析已載於上文附註9(a)。其餘四位(二零零七年：四位)之人士之已付／應付酬金如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (CONTINUED)
(b) Five highest paid individuals (Continued)

9 董事及高級行政人員酬金(續)
(b) 五名最高薪人士(續)

	2008 二零零八年	2007 二零零七年	
The emolument fell within the following band:			酬金按組別分析如下：
— HK\$1,000,001 to HK\$1,500,000	—	1	— 1,000,001港元至 1,500,000港元
— HK\$1,500,001 to HK\$2,000,000	—	3	— 1,500,001港元至 2,000,000港元
— HK\$2,000,001 to HK\$2,500,000	2	—	— 2,000,001港元至 2,500,000港元
— HK\$2,500,001 to HK\$3,000,000	2	—	— 2,500,001港元至 3,000,000港元
	4	4	

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.

本年度期間，並無支付任何酬金予該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

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Finance income			財務收入
Interest income:			利息收入：
on short-term bank deposits	9,204	4,982	於短期銀行存款
on loan receivables	108	—	於應收貸款
	9,312	4,982	
Finance costs			財務費用
Interest expenses:			利息支出：
on bank borrowings wholly repayable within five years	(44,524)	(38,663)	須於五年內全數償還 之銀行借貸
paid to a related party (Note 39(a))	(2,297)	(2,201)	已付予一位關連人士 (附註39(a))
paid for other loans wholly repayable within five years	—	(519)	已付須於五年內全數 償還之其他貸款
	(46,821)	(41,383)	
Net finance costs	(37,509)	(36,401)	淨財務費用

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

11 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

During the year, subsidiaries established in Mainland China are subject to China corporate income tax at rates ranging from 7.5% to 25% (2007: 10% to 33%). Subsidiaries engaging in manufacturing are exempted from corporate income tax for two years starting from the first year of profitable operations after offsetting prior years' tax losses, followed by a 50% reduction for the next three years. However, when the new Corporate Income Tax Law ("CIT Law") became effective on 1st January 2008, entities that had not yet started their tax holiday due to the cumulative tax losses, the new CIT law deemed that the holiday began on 1st January 2008.

The amount of income tax charged to the income statement represents:

11 所得稅支出

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17.5% (二零零七年：17.5%) 作出撥備。

本年度期間，於中國內地成立之附屬公司按稅率7.5%至25% (二零零七年：10%至33%) 繳付中國企業所得稅。從事製造業之附屬公司自首個獲利年度 (經抵銷過往年度稅務虧損後) 起計兩年內可豁免繳付企業所得稅，隨後三年則獲50%減免。但自新企業所得稅法於二零零八年一月一日起生效後，如實體由於其累計稅務虧損而從未開始其稅務寬免期則其稅務寬免期會被視作為由二零零八年一月一日起開始。

於損益表中扣除之所得稅包括：

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Current income tax			當期所得稅
— Hong Kong profits tax	1,713	15,298	— 香港利得稅
— China corporate income tax	7,259	4,123	— 中國企業所得稅
— Macau profits tax	—	105	— 澳門利得稅
Deferred income tax (Note 21)	(6,596)	(6,217)	遞延所得稅 (附註21)
Over-provision in prior years	(500)	(775)	過往年度之高估撥備
	1,876	12,534	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

11 INCOME TAX EXPENSE (CONTINUED)

The tax on the VSC Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits in the respective places as follows:

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Profit before income tax	47,047	93,453	除稅前溢利
Tax calculated at domestic tax rates applicable to profits in the respective places	(3,323)	13,773	按個別地區適用之當地稅率計算之稅項
Effect of changes in tax rate	(5,809)	—	稅率轉變之影響
Income not subject to tax	(3,669)	(3,732)	無須課稅之收入
Expenses not deductible for tax	4,117	2,863	不可扣稅之支出
Deferred income tax assets not recognised	11,060	2,527	未確認之遞延所得稅資產
Recognition of previous unrecognised deferred income tax assets	—	(2,122)	確認以前未確認之遞延所得稅資產
Over-provision in prior years	(500)	(775)	過往年度之高估撥備
Income tax expense	1,876	12,534	所得稅支出

For the year ended 31st March 2008, the weighted average domestic tax rates applicable to profits in the respective places was -7% (2007: 15%). This was mainly due to the losses of approximately HK\$36,389,000 made by certain subsidiaries in Shanghai and Shenzhen at which the domestic tax rates applied to these subsidiaries were higher.

11 所得稅支出(續)

萬順昌集團之除稅前溢利與按照個別地區適用之當地稅率計算之理論金額有所差異，詳情如下：

截至二零零八年三月三十一日止年度，按個別地區適用之加權平均當地稅率為-7% (二零零七年：15%)。主要由於位於上海及深圳之若干附屬公司引致約36,389,000港元之虧損，而應用於此等附屬公司之當地稅率相對較高。

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders includes a profit of approximately HK\$8,141,000 (2007: HK\$15,007,000) dealt with in the financial statements of the Company.

12 本公司股權持有人應佔溢利

股權持有人應佔綜合溢利中包括本公司於本財務報表所說明之溢利約8,141,000港元(二零零七年：15,007,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13 DIVIDENDS

13 股息

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Interim dividend of HK1.1 cents (2007: HK2.2 cents) per ordinary share	4,155	8,109	中期股息每股普通股1.1港仙(二零零七年: 2.2港仙)
Proposed final dividend of HK1.3 cents (2007: HK2.6 cents) per ordinary share	4,946	9,584	建議末期股息每股普通股1.3港仙(二零零七年: 2.6港仙)
	9,101	17,693	

A final dividend for the year ended 31st March 2008 of HK1.3 cents per ordinary share, totalling HK\$4,946,000 (2007: HK2.6 cents per ordinary share, totalling HK\$9,584,000), is recommended by the Directors for approval at the forthcoming Annual General Meeting of the Company. This proposed dividend has not been dealt with as dividend payable as at 31st March 2008.

董事建議於即將舉行之本公司股東週年大會上批准派付截至二零零八年三月三十一日止年度末期股息每股普通股1.3港仙，合共4,946,000港元(二零零七年: 2.6港仙，合共9,584,000港元)。該擬派股息並沒有於二零零八年三月三十一日之賬目中列為應付股息。

14 EARNINGS PER SHARE

14 每股盈利

(a) Basic

Basic earnings per 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.

(a) 基本

每股基本盈利乃根據本公司股權持有人應佔溢利除以期內已發行普通股之加權平均數計算。

	2008 二零零八年	2007 二零零七年	
Profit attributable to equity holders of the Company (HK\$'000)	31,317	70,627	本公司股權持有人應佔溢利(千港元)
Weighted average number of ordinary shares in issue ('000)	377,591	368,605	已發行普通股之加權平均數(千股)
Basic earnings per share (HK cents)	8.29	19.16	每股基本盈利(港仙)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 EARNINGS PER SHARE (CONTINUED)

(b) 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 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 每股盈利(續)

(b) 攤薄

計算每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折換而相應調整已發行普通股之加權平均數。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。

	2008 二零零八年	2007 二零零七年	
Profit attributable to equity holders of the Company and used to determine diluted earnings per share (HK\$'000)	31,317	70,627	本公司股權持有人應佔溢利及用以釐訂每股攤薄盈利(千港元)
Weighted-average number of ordinary shares in issue ('000)	377,591	368,605	已發行普通股之加權平均數(千股)
Adjustments for share options ('000)	2,273	58	調整購股權(千份)
Weighted-averaged number of ordinary shares for diluted earnings per share ('000)	379,864	368,663	計算每股攤薄盈利之普通股加權平均數(千股)
Diluted earnings per share (HK cents)	8.24	19.16	每股攤薄盈利(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

	Consolidated 綜合						
	Buildings 樓宇 HK\$'000 千港元	Leasehold improvements, furniture and equipment 租賃物業裝修、傢俬及設備 HK\$'000 千港元	Machinery 機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
At 1st April 2006							於二零零六年四月一日
Cost	46,879	62,205	74,950	9,532	—	193,566	成本
Accumulated depreciation	(11,800)	(36,734)	(37,423)	(4,411)	—	(90,368)	累計折舊
Net book amount	35,079	25,471	37,527	5,121	—	103,198	賬面淨值
Year ended 31st March 2007							截至二零零七年三月三十一日止年度
Opening net book amount	35,079	25,471	37,527	5,121	—	103,198	期初賬面淨值
Additions	57	9,242	25,629	1,904	12,340	49,172	添置
Disposals	(899)	(170)	(812)	(68)	—	(1,949)	出售
Depreciation	(2,552)	(9,824)	(6,206)	(1,623)	—	(20,205)	折舊
Disposal of a subsidiary	—	(7,474)	—	—	—	(7,474)	出售一間附屬公司
Exchange differences	1,328	556	1,560	129	—	3,573	滙兌差額
Closing net book amount	33,013	17,801	57,698	5,463	12,340	126,315	期終賬面淨值
At 31st March 2007							於二零零七年三月三十一日
Cost	48,068	61,926	104,044	11,330	12,340	237,708	成本
Accumulated depreciation	(15,055)	(44,125)	(46,346)	(5,867)	—	(111,393)	累計折舊
Net book amount	33,013	17,801	57,698	5,463	12,340	126,315	賬面淨值

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15 物業、廠房及設備(續)

	Consolidated 綜合						
	Buildings 樓宇 HK\$'000 千港元	Leasehold improve- ments, furniture and equipment 租賃物業裝 修、傢俬及 設備 HK\$'000 千港元	Machinery 機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
Year ended 31st March 2008							截至二零零八年 三月三十一日止年度
Opening net book amount	33,013	17,801	57,698	5,463	12,340	126,315	期初賬面淨值
Additions	4,677	15,114	10,945	1,056	15	31,807	添置
Disposals	—	(2,065)	(3,250)	(124)	—	(5,439)	出售
Depreciation	(3,740)	(8,911)	(7,776)	(1,703)	—	(22,130)	折舊
Transfer	12,140	215	—	—	(12,355)	—	轉撥
Exchange differences	3,432	647	5,554	236	—	9,869	滙兌差額
Closing net book amount	49,522	22,801	63,171	4,928	—	140,422	期終賬面淨值
At 31st March 2008							於二零零八年 三月三十一日
Cost	68,442	45,219	121,029	12,658	—	247,348	成本
Accumulated depreciation	(18,920)	(22,418)	(57,858)	(7,730)	—	(106,926)	累計折舊
Net book amount	49,522	22,801	63,171	4,928	—	140,422	賬面淨值

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense is recognised in the income statement is as follows:

15 物業、廠房及設備(續)

於損益表中確認之折舊支出如下：

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Cost of sales	15,361	11,576	銷售成本
General and administrative expenses	6,769	8,629	一般及行政支出
	22,130	20,205	

As at 31st March 2008, buildings of approximately HK\$29,964,000 (2007: HK\$12,645,000) were pledged as collaterals for certain of the VSC Group's bank borrowings (Note 31).

於二零零八年三月三十一日，約29,964,000港元(二零零七年：12,645,000港元)之樓宇已作若干萬順昌集團之銀行借貸之抵押品(附註31)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16 INVESTMENT PROPERTIES/NON-CURRENT ASSETS HELD FOR SALE 16 投資物業／持作出售之非流動資產

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
At 1st April	50,000	48,000	於四月一日
Fair value gains	1,900	2,000	公平價值收益
Reclassified as non-current assets held for sale	(7,100)	—	重新分類為持作出售之非流動資產
At 31st March	44,800	50,000	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：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
In Hong Kong			於香港
— medium-term leases of 10 to 50 years	29,000	28,000	— 10至50年之中期租約
— long-term leases of over 50 years	15,800	22,000	— 超逾50年之長期租約
	44,800	50,000	

As at 31st March 2008, investment properties of approximately HK\$44,800,000 (2007: HK\$50,000,000) were stated at open market value as determined by the directors based on valuations assessed by Jointgoal Surveyors Limited, independent qualified valuers.

於二零零八年三月三十一日，約44,800,000港元(二零零七年：50,000,000港元)之投資物業由董事按獨立合資格估值師晉高測量師有限公司所釐定之公開市價之估值列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16 INVESTMENT PROPERTIES/NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The VSC Group leases out the investment properties under operating leases, for an initial period of two to three years, with an option to renew on renegotiated terms. None of the leases includes contingent rentals. During the year ended 31st March 2008, the rental income from investment properties amounted to approximately HK\$722,000 (2007: HK\$856,000). As at 31st March 2008, the VSC Group's future rental income under non-cancellable operating leases is as follows:

16 投資物業／持作出售之非流動資產(續)

萬順昌集團訂立營業租約租出投資物業，初步訂立為2至3年，並有選擇權於再協商下續約。沒有租約為或然租約。截至二零零八年三月三十一日止年度期間，由投資物業帶來之租金收入約為722,000港元(二零零七年：856,000港元)。於二零零八年三月三十一日，萬順昌集團訂立不可撤回之營業租約之未來租金收入如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Not later than one year	557	107	未逾1年
Later than one year and not later than five years	881	—	逾1年及未逾5年
	1,438	107	

Van Shung Chong Hong Limited, a subsidiary of the VSC Group, sold some of the investment properties in May 2008 at a total consideration of HK\$7,100,000 which were similar to the fair values as at 31st March 2008. These investment properties, which were located in Hong Kong with medium-term leases of 10 to 50 years, were reclassified to non-current assets held for sale as at 31st March 2008.

萬順昌集團之一間附屬公司，萬順昌行有限公司，於二零零八年五月以7,100,000港元之代價出售部份投資物業，出售代價與其於二零零八年三月三十一日之公平價值相約。此位於香港並擁有10至50年之中期租約之投資物業，已於二零零八年三月三十一日重新分類為持作出售之非流動資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 LEASEHOLD LAND AND LAND USE RIGHTS

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

17 租賃土地及土地使用權

萬順昌集團於租賃土地及土地使用權之權益包括預付營業租約款項及其賬面淨值，並分析如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
At 1st April	26,527	22,741	於四月一日
Additions	—	3,793	添置
Amortisation	(563)	(466)	攤銷
Exchange differences	1,453	459	滙兌差額
At 31st March	27,417	26,527	於三月三十一日

Details of the geographical locations and tenure are as follow:

地理位置及業權租賃期詳情如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
In Hong Kong			於香港
— long-term leases of over 50 years	97	1,018	— 超逾50年之長期租約
In Mainland China			於中國內地
— medium-term rights of 10 to 50 years	16,030	14,018	— 10至50年之中期使用權
— long-term rights of over 50 years	11,290	11,491	— 超逾50年之長期使用權
	27,417	26,527	

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

租賃土地及土地使用權之攤銷已包括在損益表之一般及行政支出中。

As at 31st March 2008, leasehold land and land use rights of approximately HK\$17,509,000 (2007: HK\$12,554,000) were pledged as collaterals for certain of the VSC Group's bank borrowings (Note 31).

於二零零八年三月三十一日，約17,509,000港元(二零零七年：12,554,000港元)之租賃土地及土地使用權已作若干萬順昌集團之銀行借貸之抵押品(附註31)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 GOODWILL

18 商譽

	Consolidated	
	綜合	
	HK\$'000	
	千港元	
At 1st April 2006		於二零零六年四月一日
Cost	17,318	成本
Accumulated impairment	(10,543)	累計減值
Net book amount	6,775	賬面淨值
Year ended 31st March 2007		二零零七年 三月三十一日止年度
Opening net book amount	6,775	期初賬面淨值
Acquisition of certain interests in a subsidiary	24,427	收購於一間附屬公司之 若干權益
Closing net book amount	31,202	期終賬面淨值
At 31st March 2007		於二零零七年 三月三十一日
Cost	41,745	成本
Accumulated impairment	(10,543)	累計減值
Net book amount	31,202	賬面淨值

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 GOODWILL (CONTINUED)

18 商譽(續)

	Consolidated 綜合 HK\$'000 千港元	
Year ended 31st March 2008		二零零八年 三月三十一日止年度
Opening net book amount	31,202	期初賬面淨值
Impairment (Note 6)	(14,617)	減值(附註6)
Closing net book amount	16,585	期終賬面淨值
At 31st March 2008		於二零零八年 三月三十一日
Cost	41,745	成本
Accumulated impairment	(25,160)	累計減值
Net book amount	16,585	賬面淨值

The impairment loss of goodwill for the year ended 31st March 2008 is included in other losses in the income statement. Impairment loss arose as a consequence of decrease in the recoverable amount of cash-generating unit ("CGU") based on a five-year cash flow projections.

Impairment tests for goodwill

Goodwill is allocated to the VSC Group's CGUs identified according to the business segments. The VSC Group's goodwill is allocated to CAMP.

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 the VSC Group's management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

截至二零零八年三月三十一日止年度之商譽減值虧損已包括在損益表之其他虧損中。減值虧損乃由於按五年現金流量預測現金產生單位之可收回價值減少所引致。

商譽之減值測試

商譽乃根據業務分部分配至萬順昌集團現金產生單位。萬順昌集團之商譽分配至中國先進材料加工。

現金產生單位之可收回金額乃按使用價值計算。該計算方法使用按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。超過五年期間之現金流量乃使用以下之估計增長率推斷而來。增長率不會超過其商業現金產生單位運作之長期平均增長率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 GOODWILL (CONTINUED)

Impairment tests for goodwill (continued)

Key assumptions under value-in-use calculations are:

Gross margin	6%–8% per annum	每年	毛利率
Growth rate	6% per annum	每年	增長率
Discount rate	10% per annum	每年	折現率

The VSC Group's management determined budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect risks relating to the relevant segments.

18 商譽(續)

商譽之減值測試(續)

使用價值計算之主要假設為：

萬順昌集團之管理層根據過往表現及其對市場發展之預測釐訂預算毛利率。所採用之加權平均增長率與工業報告內之預測一致。所採用之折現率並未計及稅項，並反映相關分部之風險。

19 INVESTMENTS IN SUBSIDIARIES

19 於附屬公司之投資

	Company		
	本公司		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Unlisted shares, at cost	71,746	71,746	非上市股份，按成本
Due from subsidiaries	442,013	457,466	應收附屬公司
	513,759	529,212	

The amounts due from subsidiaries are unsecured, non-interest bearing and without predetermined repayment terms. The carrying amounts approximated their fair values and were not impaired as at 31st March 2008 (2007: Nil).

應收附屬公司之金額無抵押的，不計利息及並無預定之還款期。於二零零八年三月三十一日，其賬面金額與其公平價值相約，並沒有減值(二零零七年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the principal subsidiaries as at 31st March 2008 are as follows:

19 於附屬公司之投資(續)

於二零零八年三月三十一日之主要附屬公司詳情如下：

Name 名稱	Place of incorporation and operations 註冊成立及經營地點	Issued and fully paid share capital/ registered share capital 已發行及繳足股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之股本權益百分比(i)	Principal activities 主要業務
*Dongguan Van Shung Chong Steel Products Co., Ltd. (iii) 東莞萬順昌鋼鐵製品有限公司(iii)	Mainland China 中國內地	HK\$36,190,000 36,190,000港元	60%	Processing of rolled flat steel products 卷鋼產品加工
Fit Team Holdings Limited	British Virgin Islands 英屬處女群島	US\$10,050,002 10,050,002美元	100%	Investment holding 投資控股
*Guangzhou Shenchang Metal Products Co., Ltd. (iii) 廣州神昌金屬製品有限公司(iii)	Mainland China 中國內地	RMB46,500,000 人民幣46,500,000元	42%	Processing of rolled flat steel products 卷鋼產品加工
*Leisure Plus International Trading (Shanghai) Co., Ltd. (iii) 利尚派國際貿易(上海)有限公司(iii)	Mainland China 中國內地	US\$200,000 200,000美元	100%	Trading of sanitary wares 買賣潔具
*Leisure Plus Trading (Shenzhen) Co., Ltd. (iii) 利尚派貿易(深圳)有限公司(iii)	Mainland China 中國內地	HK\$3,000,000 3,000,000港元	100%	Trading of sanitary wares 買賣潔具
*Shanghai Bao Shun Chang International Trading Co., Ltd. (iii) 上海寶順昌國際貿易有限公司(iii)	Mainland China 中國內地	US\$3,000,000 3,000,000美元	66.7%	Stockholding and trading of steel 存銷及買賣鋼材

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED) 19 於附屬公司之投資(續)

Name 名稱	Place of incorporation and operations 註冊成立及經營地點	Issued and fully paid share capital/ registered share capital 已發行及繳足股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之股本權益百分比(i)	Principal activities 主要業務
*Tianjin Van Shung Chong Metal Products Co., Ltd. (iii) 天津萬順昌金屬制品有限公司(iii)	Mainland China 中國內地	HK\$33,000,000 33,000,000港元	57%	Processing of rolled flat steel products 卷鋼產品加工
Tomahawk Capital Limited 東誠企業(香港)有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100%	Finance business 財務業務
V&R Global Trading Co., Ltd.	British Virgin Islands 英屬處女群島	US\$1 1美元	60%	Sourcing of steel products 鋼材產品採購
Van Shung Chong (B.V.I.) Limited	British Virgin Islands 英屬處女群島	US\$6 6美元	100%	Investment holding 投資控股
Van Shung Chong Hong Limited 萬順昌行有限公司	Hong Kong 香港	HK\$2,000 ordinary HK\$10,000,000 non-voting deferred (ii) 2,000港元普通股 10,000,000港元無投票權遞延股(ii)	100%	Trading of steel, and provision of management services 買賣鋼材與及提供管理服務
Vantage Godown Company Limited 順發貨倉有限公司	Hong Kong 香港	HK\$200,000 200,000港元	100%	Provision of warehousing services 提供倉庫服務
Vanyee Building Products (Macau) Co., Ltd. 萬義建築材料(澳門)有限公司	Macau 澳門	MOP 900,000 900,000澳門元	82%	Trading of sanitary wares 買賣潔具

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED) 19 於附屬公司之投資(續)

Name 名稱	Place of incorporation and operations 註冊成立及經營地點	Issued and fully paid share capital/ registered share capital 已發行及繳足股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之股本權益百分比(i)	Principal activities 主要業務
*VJY Telecommunication Equipment (Shenzhen) Company Limited (iii) 萬嘉源通訊設備(深圳)有限公司(iii)	Mainland China 中國內地	HK\$16,500,000 16,500,000港元	100%	Manufacturing of enclosure systems 製造系統設備外殼
*VSC Advanced Material (Kunshan) Co., Ltd. (iii) 萬順昌高新材料(昆山)有限公司(iii)	Mainland China 中國內地	US\$8,000,000 8,000,000美元	54%	Processing of rolled flat steel products and metal fabrication 卷鋼產品加工及軋金
VSC Building Products Company Limited 萬順昌建築材料有限公司	Hong Kong 香港	HK\$2 2港元	100%	Trading of sanitary wares and kitchen cabinets and kitchen cabinet installation 買賣潔具及廚櫃及安裝廚櫃
VSC Plastics Company Limited 萬順昌塑膠有限公司	Hong Kong 香港	HK\$2 2港元	100%	Trading of plastics resins 買賣塑膠樹脂
VSC-Ryerson China Limited 萬順昌 — 瑞爾盛中國有限公司	British Virgin Islands 英屬處女群島	US\$15,000 15,000美元	60%	Investment holding 投資控股
VSC Shinsho Company Limited 萬順昌神商有限公司	Hong Kong 香港	US\$9,646,200 9,646,200美元	42%	Trading of processed rolled flat steel products 買賣加工卷鋼產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED) 19 於附屬公司之投資(續)

Name 名稱	Place of incorporation and operations 註冊成立及經營地點	Issued and fully paid share capital/ registered share capital 已發行及繳足股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之股本權益百分比(i)	Principal activities 主要業務
*VSC Steel (Shenzhen) Co., Ltd. (iii) 萬順昌鋼鐵(深圳)有限公司(iii)	Mainland China 中國內地	HK\$20,000,000 20,000,000港元	100%	Stockholding and trading of steel 存銷及買賣鋼材
*VSC Steel (Shanghai) Co., Ltd. (iii) 亞萬鋼國際貿易(上海)有限公司(iii)	Mainland China 中國內地	US\$6,480,000 6,480,000美元	100%	Stockholding and trading of steel 存銷及買賣鋼材
VSC Steel Company Limited 萬順昌鋼鐵有限公司	Hong Kong 香港	HK\$38,000 ordinary HK\$20,000,000 non-voting deferred (ii) 38,000港元普通股 20,000,000港元無投票權遞延股(ii)	100%	Stockholding and trading of steel 存銷及買賣鋼材
VSC Steel Products Company Limited 萬順昌鋼鐵制品有限公司	Hong Kong 香港	HK\$2 2港元	60%	Trading of processed rolled flat steel products 買賣加工卷鋼產品
*VSC Trading (Shezhen) Co., Ltd (iii) 金運貿易(深圳)有限公司(iii)	Mainland China 中國內地	HK\$2,400,000 2,400,000港元	100%	Trading of plastics resins and stockholding of sanitary wares 買賣塑膠及存銷潔具

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.

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes: (continued)

- (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) Dongguan Van Shung Chong Steel Products Co., Ltd. is a contractual joint venture established in Mainland China with an operating period of 24 years to 2019. Guangzhou Shenchang Metal Products Co., Ltd. is a co-operation joint venture established in Mainland China with an operating period of 50 years to 2043. Leisure Plus International Trading (Shanghai) Co., Ltd. and VSC Steel (Shanghai) Co., Ltd. are wholly foreign owned enterprises established in Mainland China with an operating period of 20 years to 2023. Shanghai Bao Shun Chang International Trading Co., Ltd. is an equity joint venture established in Mainland China with an operating period of 20 years to 2014. Tianjin Van Shung Chong Metal Products Co., Ltd. is a 57% foreign owned enterprise established in Mainland China with an operating period of 50 years to 2052. VJY Telecommunication Equipment (Shenzhen) Company Limited is a wholly foreign owned enterprise established in Mainland China with an operating period of 15 years to 2016. VSC Advanced Material (Kunshan) Co., Ltd. is a 54% foreign owned enterprise established in Mainland China with an operating period of 50 years to 2056. VSC Steel (Shenzhen) Co., Ltd. is a wholly foreign owned enterprise established in Mainland China with an operating period of 30 years to 2035. VSC Trading (Shenzhen) Co., Ltd. is a wholly foreign owned enterprise established in Mainland China with an operating period of 20 years to 2024. Leisure Plus Trading (Shenzhen) Co., Ltd. is a wholly foreign owned enterprise established in Mainland China with an operating period of 20 years to 2027.

* The English names of these subsidiaries represent the best effort by management of the VSC Group in translating their registered Chinese names as they do not have official English names.

The above lists the principal subsidiaries which principally affected the results or formed a substantial portion of the net assets of the VSC Group. To give details of other subsidiaries would, in the opinion of the Company's Directors and the VSC Group's management, result in particulars of excessive length.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31st March 2008.

19 於附屬公司之投資(續)

附註：(續)

- (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) 東莞萬順昌鋼鐵制品有限公司乃一間於中國內地成立之中外合營企業，經營期為24年，至二零一九年止。廣州神昌金屬制品有限公司乃一間於中國內地成立之中外合作企業，經營期為50年，至二零四三年止。利尚派國際貿易(上海)有限公司及亞萬鋼國際貿易(上海)有限公司乃於中國內地成立之外資企業，經營期為20年，至二零二三年止。上海寶順昌國際貿易有限公司乃一間於中國內地成立之合資合營企業，經營期為20年，至二零一四年止。天津萬順昌金屬制品有限公司乃一間於中國內地成立外資擁有57%股權之企業，經營期為50年，至二零五二年止。萬嘉源通訊設備(深圳)有限公司乃一間於中國內地成立之外資企業，經營期為15年，至二零一六年止。萬順昌高新材料(昆山)有限公司乃一間於中國內地成立外資擁有54%股權之企業，經營期為50年，至二零五六年止。萬順昌鋼鐵(深圳)有限公司乃一間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。金運貿易(深圳)有限公司乃一間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。利尚派貿易(深圳)有限公司乃一間於中國內地成立之外資企業，經營期為20年，至二零二七年止。

* 由於該等附屬公司並無正式英文名稱，其英文名稱乃係萬順昌集團之管理人員據其註冊中文名稱作最佳翻譯。

上述已列出主要影響萬順昌集團之業績或組成萬順昌集團淨資產之大部份主要附屬公司。本公司之董事及萬順昌集團之管理層認為提供其他附屬公司之詳情將使篇幅過於冗長。

於二零零八年三月三十一日止年度之任何期間，各附屬公司並無任何已發行貸款資本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20 INVESTMENTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES 20 於聯營公司之投資／應收聯營公司

	Consolidated		
	綜合		
	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Share of net assets	155,951	5,832	應佔之淨資產
Goodwill	2,931	—	商譽
Investment cost	158,882	5,832	投資成本
Amounts due from associates	16,927	510	應收聯營公司

The movements of share of net assets of associates are as follows:

應佔聯營公司之淨資產之變動如下：

	Consolidated		
	綜合		
	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
At 1st April	5,832	5,832	於四月一日
Additional investments in associates	62,257	—	增加於聯營公司之投資
Increase in investment in an associate to a subsidiary (Note 35(e))	(57,425)	—	增持於一間聯營公司之投資成為一間附屬公司(附註35(e))
Deemed acquisition of an associate through increase in investment in an associate to a subsidiary (Note 35(e))	119,115	—	視作收購一間聯營公司透過增持於一間聯營公司之投資成為一間附屬公司(附註35(e))
Decrease in investment in a subsidiary and recognise it as an associate (Note 35(d))	2,979	—	減持於一間附屬公司之投資及確認為一間聯營公司(附註35(d))
Share of associates' results			應佔聯營公司之業績
— share of profit	12,783	—	— 應佔溢利
— negative goodwill	12,453	—	— 負商譽
Exchange difference	888	—	滙兌差額
At 31st March	158,882	5,832	於三月三十一日

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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：

Name	Registered and paid-up share capital	Place of incorporation	Attributable to the VSC Group				Percentage of equity interest attributable to the VSC Group
			Assets	Liabilities	Revenues	Profit	
名稱	註冊及已繳股本	註冊成立地點	資產	負債	收入	溢利	萬順昌集團應佔之股本權益百分比
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	
			千港元	千港元	千港元	千港元	
As at 31st March 2008							
於二零零八年三月三十一日							
Fit Team Holdings Limited (i)	US\$10,050,002	British Virgin Islands	—	—	1,025	18,230	50%
(up to 26th March 2008 when it became a subsidiary)	10,050,002美元	英屬處女群島					
(直至二零零八年三月二十六日成為一間附屬公司為止)							
China Able Limited (ii)	US\$26,190,000	British Virgin Islands	219,068	(99,953)	—	—	33.3%
	26,190,000美元	英屬處女群島					
VSC Hotel Investments Limited (iii)	US\$50	British Virgin Islands	51,216	(22,043)	3,528	6,066	44%
	50美元	英屬處女群島					
Protection Asia Limited (iv)	US\$1,000	Samoa	2,978	(2,975)	53	—	37.5%
	1,000美元	薩摩亞					
*Changshu Baoshunchang Electromechanical Manufacturing Co., Ltd. (v)	US\$6,400,000	Mainland China	23,970	(16,310)	34,857	940	34.9%
常熟寶順昌機電製造有限公司(v)	6,400,000美元	中國內地					
			297,232	(141,281)	39,463	25,236	
As at 31st March 2007							
於二零零七年三月三十一日							
*Changshu Baoshunchang Electromechanical Manufacturing Co., Ltd. (v)	US\$6,400,000	Mainland China	11,706	(5,874)	—	—	34.9%
常熟寶順昌機電製造有限公司(v)	6,400,000美元	中國內地					

* The English name of the associate represents the best effort by management of the VSC Group in translating the registered Chinese name as it does not have an official English name

* 由於該聯營公司並無正式英文名稱，其英文名稱乃係萬順昌集團之管理人員據其註冊中文名稱作最佳翻譯。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

Notes:

- (i) Fit Team Holdings Limited ("Fit Team") was a company of which 50% of its equity interest was held by the VSC Group starting from 18th May 2007 and it was recognised by the VSC Group as an associate. On 26th March 2008, the VSC Group has further acquired the remaining 50% equity interest of Fit Team and it was recognised by the VSC Group as a wholly owned subsidiary since then. The share of the associate's profit ceased on the date of the further acquisition and it was consolidated to the VSC Group.
- (ii) China Able Limited ("China Able") is a contractual joint venture which is held in equal shares between Fit Team, 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 became an associate of the VSC Group since 26th March 2008 on which Fit Team became the subsidiary of the VSC Group.
- (iii) VSC Hotel Investments Limited ("VSC Hotel") became an associate of the VSC Group when the VSC Group disposed 50% VSC Hotel on 25th July 2007 to Far Profit Limited ("Far Profit"), 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% and negative goodwill of approximately HK\$1,128,000 was recognised. A call option was granted by the shareholder of Far Profit in February 2008 which allowed the VSC Group to acquire 100% equity interest of Far Profit from 1st November 2008 to 30th April 2010. If the existing shareholding in VSC Hotel remains unchanged, VSC Hotel will become the subsidiary of the VSC Group upon the exercise of the call option.
- (iv) Protection Asia Limited became an associate of the VSC Group when 37.5% of its equity interest was acquired by CAMP (B.V.I.) Holdings Limited, a wholly owned subsidiary of the VSC Group, on 1st September 2007. Goodwill of approximately HK\$2,931,000 arose from the investment in this associate.
- (v) Changshu Baoshunchang Electromechanical Manufacturing 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.

20 於聯營公司之投資／應收聯營公司(續)

附註：

- (i) 自二零零七年五月十八日起，萬順昌集團擁有Fit Team Holdings Limited (「Fit Team」)之50%股本權益及確認為萬順昌集團之一間聯營公司。於二零零八年三月二十六日，萬順昌集團進一步收購Fit Team餘下之50%股本權益並自此確認Fit Team成為萬順昌集團之一間全資附屬公司。應佔聯營公司之溢利因此在進一步收購當日結束，並綜合於萬順昌集團內。
- (ii) China Able Limited (「China Able」)乃一間由Fit Team(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。自二零零八年三月二十六日，當Fit Team成為萬順昌集團之一間附屬公司後，China Able亦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 (「Far Profit」)，其權益由90%減少至40%，Far Profit因此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，並提高其股本權益由40%至44%及確認約1,128,000港元之負商譽。Far Profit之股東於二零零八年二月授予萬順昌集團一個認購權，允許萬順昌集團於二零零八年十一月一日至二零一零年四月三十日期間收購Far Profit 100%之股本權益。如果VSC Hotel之股權維持不變，當萬順昌集團行使其認購權，VSC Hotel便會成為萬順昌集團之附屬公司。
- (iv) 自二零零七年九月一日起，當萬順昌集團之一間全資附屬公司，CAMP (B.V.I.) Holdings Limited，收購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。約2,931,000港元之商譽由於投資此聯營公司所引致。
- (v) 常熟寶順昌機電制造有限公司自從二零零五年十一月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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

The amounts due from associates are unsecured, non-interest bearing and without pre-determined repayment terms.

The carrying amounts approximated their fair values and were not impaired as at 31st March 2008 and 2007. The amounts due from associates were denominated in Chinese Renminbi.

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 taxes relate to the same fiscal authority. The balances shown in the balance sheet, after appropriate offsetting, are as follows:

20 於聯營公司之投資／應收聯營公司(續)

應收聯營公司為無抵押的，不計利息及並無預定之還款期。

於二零零八年及二零零七年三月三十一日，其賬面金額與其公平價值相約，並沒有減值。應收聯營公司以人民幣列賬。

21 遞延所得稅資產／(負債)

遞延所得稅資產及負債只可在現行所得稅資產及負債有合法權利下及遞延所得稅為同一稅務機關下，方可互相抵銷。經適當抵銷後於資產負債表上之結餘如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Deferred income tax assets:			遞延所得稅資產：
— Deferred income tax asset to be recovered after 12 months	27,208	7,131	— 將於十二個月後收回之遞延所得稅資產
— Deferred income tax asset to be recovered within 12 months	4,187	16,198	— 將於十二個月內收回之遞延所得稅資產
	31,395	23,329	
Deferred income tax liabilities:			遞延所得稅負債：
— Deferred income tax liabilities to be settled after 12 months	(2,268)	(2,301)	— 將於十二個月後清償之遞延所得稅項負債
Net deferred income tax assets	29,127	21,028	遞延所得稅資產淨額

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

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

21 遞延所得稅資產／(負債)(續)

淨遞延所得稅資產變動如下：

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
At 1st April	21,028	14,811	於四月一日
Recognised in the income statement (Note 11)	6,596	6,217	已於損益表中確認 (附註11)
Exchange differences	1,503	—	滙兌差額
At 31st March	29,127	21,028	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 tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred 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：

	Consolidated					Total	
	Fair value losses of investment properties	Provisions	Cumulative tax losses	Decelerated depreciation			
	投資物業之公平價值虧損	撥備	累計稅項虧損	減慢折舊		總額	
	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	
At 1st April 2006	—	6,982	11,307	—	18,289		於二零零六年四月一日
Credited/(charged) to the income statement	853	(2,843)	6,571	497	5,078		已於損益表中計入／(扣除)
At 31st March 2007/1st April 2007	853	4,139	17,878	497	23,367		於二零零七年三月三十一日／二零零七年四月一日
(Charged)/credited to the income statement	(198)	(2,523)	9,400	(32)	6,647		已於損益表中(扣除)／計入
Exchange differences	—	195	1,308	—	1,503		滙兌差額
At 31st March 2008	655	1,811	28,586	465	31,517		於二零零八年三月三十一日

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

Deferred tax liabilities:

21 遞延所得稅資產／(負債)(續)

遞延所得稅負債：

	Accelerated depreciation	Consolidated 綜合 Fair value gains of investment properties 投資物業 之公平價 值收益	Total	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
At 1st April 2006	(1,286)	(2,192)	(3,478)	於二零零六年四月一日
Credited to the income statement	1,139	—	1,139	已於損益表中計入
At 31st March 2007/ 1st April 2007	(147)	(2,192)	(2,339)	於二零零七年三月 三十一日／ 二零零七年四月一日
Charged to the income statement	(13)	(38)	(51)	已於損益表中扣除
At 31st March 2008	(160)	(2,230)	(2,390)	於二零零八年三月 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 2008, the deferred income tax assets recognised from tax loss of approximately HK\$10,815,000 (2007: HK\$9,648,000) can be carried forward indefinitely.

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。於二零零八年三月三十一日，已就稅項虧損所確認之遞延所得稅資產約10,815,000港元(二零零七年：9,648,000港元)，該金額可以無限期結轉。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

The VSC Group did not recognise deferred income tax assets of approximately HK\$19,772,000 (2007: HK\$4,233,000) in which approximately HK\$4,479,000 arose from change in the tax rates during the year, in respect of losses amounting to approximately HK\$85,906,000 (2007: HK\$23,696,000) that can be carried forward against future taxable income. As at 31st March 2008, the cumulative tax losses of approximately HK\$4,857,000 (2007: HK\$21,333,000) can be carried forward indefinitely while tax losses of approximately HK\$81,049,000 (2007: HK\$2,363,000) will expire in five years.

21 遞延所得稅資產／(負債)(續)

萬順昌集團並無就約85,906,000港元之虧損(二零零七年: 23,696,000港元)確認約19,772,000港元(二零零七年: 4,233,000港元)之遞延所得稅資產,其中約4,479,000港元由稅率轉變所引致,該金額可以結轉後期作未來應課稅收。於二零零八年三月三十一日,累計稅項虧損約4,857,000港元(二零零七年: 21,333,000港元)可以無限期結轉後期而稅項虧損約81,049,000港元(二零零七年: 2,363,000港元)將於五年內失效。

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

22 可供出售之財務資產

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Listed securities — equity securities in Hong Kong	—	5,822	上市證券 — 香港股本證券
Unlisted securities	7,055	7,170	非上市證券
	7,055	12,992	
Market value of listed securities	—	5,822	上市證券之市值

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED) 22 可供出售之財務資產(續)

Movements were:

變動為：

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
At 1st April	12,992	13,372	於四月一日
Additions	—	4	添置
Disposals	(6,098)	(277)	出售
Impairment	(595)	(1,473)	減值
Net revaluation surplus recognised in reserve (Note 34)	756	1,366	已於儲備中確認之淨重估盈餘(附註34)
At 31st March	7,055	12,992	於三月三十一日

As at 31st March 2007, investment in shares listed in Hong Kong mainly represents approximately 6.6% equity interests in North Asia Strategic Holdings Limited, a company incorporated in Bermuda amounting to approximately HK\$5,132,000. The shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

於二零零七年三月三十一日，於香港上市之股份投資主要包括於百慕達註冊成立之北亞策略控股有限公司約6.6%之股本權益，投資額約為5,132,000港元。其於香港聯合交易所有限公司創業板上市。

As at 31st March 2008, unlisted available-for-sale financial assets were stated at fair values as determined by the directors based on valuations assessed by Grant Sherman Appraisal Limited, independent qualified valuers. As at 31st March 2008, the VSC Group has an impairment provision on an available-for-sale financial asset of approximately HK\$595,000 (2007: HK\$1,473,000).

於二零零八年三月三十一日，非上市之可供出售之財務資產由董事按獨立合資格估值師中證評估有限公司所釐定之公平價值之估值列賬。於二零零八年三月三十一日，萬順昌集團已為一項約595,000港元(二零零七年：1,473,000港元)之可供出售之財務資產作減值撥備。

All available-for-sale financial assets were denominated in United States Dollar.

所有可供出售之財務資產以美元列賬。

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

	Consolidated				
	綜合				
	2008		2007		
	二零零八年		二零零七年		
	Assets	Liabilities	Assets	Liabilities	
資產	負債	資產	負債		
HK\$'000	HK\$'000	HK\$'000	HK\$'000		
千港元	千港元	千港元	千港元		
A call option granted by a third party to acquire a company (Note (20(iii)))	10,190	—	—	—	第三者授予用作收購一間公司之認購權(附註20(iii))
Call/put options granted to/by a third party to dispose certain interests in a subsidiary (Note 36)	1,310	1,212	57,270	56,027	授予第三者／第三者授予用作出售於一間附屬公司若干權益之認購權／認沽權(附註36)
Interest rate instrument (Note (i))	—	1,378	—	7,592	利率工具(附註(i))
Currency swap instruments (Note (ii))	4,537	—	—	—	貨幣掉期工具(附註(ii))
Forward foreign exchange contracts — held for trading (Note (iii))	629	3,319	1,704	—	遠期外匯合約 — 持有作買賣用途(附註(iii))
Total	16,666	5,909	58,974	63,619	總額
Less non-current portion:					減去非當期部份：
Call/put options granted to/by a third party to dispose certain interests in a subsidiary (Note 36)	(1,310)	(1,212)	(57,270)	(56,027)	授予第三者／第三者授予用作出售於一間附屬公司若干權益之認購權／認沽權(附註36)
Interest rate instrument	—	(1,378)	—	(7,592)	利率工具
Current portion	15,356	3,319	1,704	—	當期部份

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

23 衍生金融工具 (續)

	Company				
	本公司				
	2008		2007		
	二零零八年		二零零七年		
	Assets	Liabilities	Assets	Liabilities	
資產	負債	資產	負債		
HK\$'000	HK\$'000	HK\$'000	HK\$'000		
千港元	千港元	千港元	千港元		
Interest rate instrument	—	1,378	—	7,592	利率工具
Currency swap instruments	3,564	—	—	—	貨幣掉期工具
	3,564	1,378	—	7,592	
Less non-current portion:					減去非當期部份：
Interest rate instrument	—	(1,378)	—	(7,592)	利率工具
Current portion	3,564	—	—	—	當期部份

The fair value of a 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.

若被對沖項目之剩餘期間超過12個月，則對沖衍生工具之公平價值分類為非流動資產或負債，而若被對沖項目的剩餘期間少於12個月，則分類為流動資產或負債。

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

衍生工具之信貸質素，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) The notional principal amount of the outstanding interest rate instrument at 31st March 2008 were approximately HK\$28,608,000 (2007: HK\$42,692,000). Gains on the interest rate instrument as of 31st March 2008 were recognised in other gains in the income statement.
- (ii) The total notional principal amounts of the outstanding currency swap contracts at 31st March 2008 were approximately RMB389,340,000 (2007: Nil). Net fair value gains on currency swap contracts as of 31st March 2008 were recognised in other gains in the income statement.
- (iii) The total notional principal amounts of the outstanding forward foreign exchange contracts at 31st March 2008 were approximately HK\$452,724,000 (2007: HK\$344,239,000). Net fair value losses on forward foreign exchange contracts as of 31st March 2008 were recognised in the other losses in the income statement.

The valuations of the call option granted by a third party to acquire a company and the call/put options granted to/by a third party to dispose certain interests of a subsidiary are determined by the directors based on the valuations assessed by Vigers Appraisal & Consulting Limited, independent qualified valuers.

23 衍生金融工具 (續)

附註：

- (i) 於二零零八年三月三十一日，尚有之利率工具之設定本金額約28,608,000港元(二零零七年：42,692,000港元)。於二零零八年三月三十一日，利率工具之收益已確認於損益表之其他收益上。
- (ii) 於二零零八年三月三十一日，尚有之貨幣掉期合約之總設定本金額約人民幣389,340,000元(二零零七年：無)。於二零零八年三月三十一日，貨幣掉期合約之淨公平價值收益已確認於損益表之其他收益上。
- (iii) 於二零零八年三月三十一日，尚有之遠期外匯合約之總設定本金額約452,724,000港元(二零零七年：344,239,000港元)。於二零零八年三月三十一日，遠期外匯合約之淨公平價值虧損已確認於損益表之其他虧損上。

第三者授予用以收購一間公司之認購權及授予第三者或第三者授予用以出售於一間附屬公司之若干權益之認購權／認沽權均由董事按獨立合資格估值師威格斯評值及顧問有限公司之估值釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

24 INVENTORIES

24 存貨

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Raw materials	261,683	208,872	原材料
Work in progress	12,409	19,761	半製成品
Finished goods	541,285	359,239	製成品
	815,377	587,872	

The costs of inventories recognised as expenses and included in cost of sales in the income statement amounted to approximately HK\$5,294,822,000 (2007: HK\$4,449,055,000).

As at 31st March 2008, inventories of approximately HK\$152,414,000 (2007: HK\$62,724,000) were pledged as collaterals for certain of the VSC Group's bank borrowing, and certain inventories were held under trust receipts bank loan arrangements (Note 31).

約5,294,822,000港元(二零零七年: 4,449,055,000港元)存貨成本已確認為支出並已包括在損益表之銷售成本中。

於二零零八年三月三十一日,約152,414,000港元(二零零七年: 62,724,000港元)之存貨被抵押作為萬順昌集團若干銀行借貸之抵押品,同時若干存貨是以銀行信託收據貸款之安排下持有(附註31)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 DUE FROM CUSTOMERS ON INSTALLATION CONTRACT WORK 25 應收客戶之安裝合約工程

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Costs plus recognised profits less foreseeable losses	163,078	162,785	成本加已確認之溢利減可預見虧損
Less: Progress billings received and receivable	(160,378)	(158,850)	減：已收及應收之進度賬款
	2,700	3,935	

As at 31st March 2008, the amount due from customers on installation contract work has aged over 365 days. The carrying amount approximated its fair value and it was not impaired. It is the industry's practice that the remaining balance will be settled after 3 to 5 years.

於二零零八年三月三十一日，應收客戶之安裝合約工程之賬齡已超過365日。其賬面金額與其公平價值相約。由於行業慣例於三至五年後才收回餘款，因此並沒有進行減值。

26 TRADE AND BILL RECEIVABLES/LOAN RECEIVABLES 26 應收賬款及票據／應收貸款

(a) Trade and bill receivables

(a) 應收賬款及票據

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Trade and bill receivables	816,333	789,094	應收賬款及票據
Less: provision for impairment of trade receivables	(21,535)	(19,742)	減：應收賬款減值撥備
Trade and bill receivables, net	794,798	769,352	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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 TRADE AND BILL RECEIVABLES/LOAN RECEIVABLES (CONTINUED)

(a) Trade and bill receivables (continued)

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

26 應收賬款及票據／應收貸款(續)

(a) 應收賬款及票據(續)

應收賬款及票據根據發票日期之賬齡分析如下：

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
0 to 60 days	623,513	558,971	0 — 60日
61 to 120 days	146,660	161,031	61 — 120日
121 to 180 days	16,641	13,837	121 — 180日
181 to 365 days	11,989	23,649	181 — 365日
Over 365 days	17,530	31,606	超過365日
	816,333	789,094	
Less: Provision for impairment of trade receivables	(21,535)	(19,742)	減：應收賬款減值撥備
	794,798	769,352	

Included in trade and bill receivables as at 31st March 2008 were retentions from installation contract work of approximately HK\$1,626,000 (2007: HK\$1,654,000), which were not due for collection until satisfaction of the conditions specified in the underlying contracts.

There is no concentration of credit risk with respect to trade and bill receivables as there are a large number of widely dispersed customers.

於二零零八年三月三十一日，包括在應收賬款及票據內約1,626,000港元(二零零七年：1,654,000港元)為安裝合約工程之保固金，該等款項將直至達成合約所指明之條款後才可收回。

由於擁有眾多分散之顧客，應收賬款及票據並無信貸集中風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 TRADE AND BILL RECEIVABLES/LOAN RECEIVABLES (CONTINUED)

(a) Trade and bill receivables (continued)

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

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
At 1st April	19,742	15,105	於四月一日
Provision recognised in the income statement	19,676	14,589	已於損益表中確認之撥備
Provision written back in income statement	(3,764)	(7,148)	已於損益表中撤回之撥備
Provision written off	(14,848)	(2,946)	撇銷撥備
Exchange difference	729	142	滙兌差額
At 31st March	21,535	19,742	於三月三十一日

As at 31st March 2008, trade receivables of approximately HK\$21,535,000 (2007: HK\$19,742,000) were impaired. The amount of net provision recognised in the income statement during the year was approximately HK\$15,912,000 (HK\$7,441,000). The ageing analysis of these receivables is as follows:

於二零零八年三月三十一日，應收賬款約減值21,535,000港元（二零零七年：19,742,000港元）。在本年度期間，已於損益表中確認之淨撥備金額約15,912,000港元（二零零七年：7,441,000港元）。其應收賬款賬齡分析如下：

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
0 to 60 days	1,860	—	0—60日
61 to 120 days	2,307	—	61—120日
121 to 180 days	247	—	121—180日
181 to 365 days	1,833	73	181—365日
Over 365 days	15,288	19,669	超過365日
	21,535	19,742	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 TRADE AND BILL RECEIVABLES/LOAN RECEIVABLES (CONTINUED)

(a) Trade and bill receivables (continued)

The ageing analysis of trade receivables past due but not impaired is as follows:

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
0 to 60 days	267,777	211,032	0 — 60日
61 to 120 days	23,176	52,583	61 — 120日
121 to 180 days	4,156	13,482	121 — 180日
181 to 365 days	6,170	21,125	181 — 365日
Over 365 days	817	8,381	超過365日
	302,096	306,603	

The carrying amounts of net trade and bill receivables approximated their fair values as at 31st March 2008.

淨應收賬款及票據之賬面金額與其於二零零八年三月三十一日之公平價值相約。

Trade and bill receivables were denominated in the following currencies:

應收賬款及票據包含下列貨幣：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Chinese Renminbi	317,610	372,965	人民幣
Hong Kong dollar	272,274	271,320	港元
United States dollar	225,841	141,728	美元
Other	608	3,081	其他
	816,333	789,094	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 TRADE AND BILL RECEIVABLES/LOAN RECEIVABLES (CONTINUED)

(b) Loan receivables

Loan receivable of approximately HK\$21,000,000 is secured by certain assets of the borrower. The remaining loan receivable of approximately HK\$1,472,000 is unsecured and interest bearing at prime rate quoted by the Hong Kong and Shanghai Banking Corporation Limited. These loan receivables are repayable by December 2008 and the carrying amounts approximated their fair values as at 31st March 2008. They were denominated in the following currencies:

26 應收賬款及票據／應收貸款（續）

(b) 應收貸款

約21,000,000港元之應收貸款由借款人之若干資產作抵押。其餘約1,472,000港元之應收貸款為無抵押的及按香港上海滙豐銀行所報之最優惠利率計息。應收貸款須於二零零八年十二月償還，及其賬面金額與其於二零零八年三月三十一日之公平價值相約。應收貸款包含下列貨幣：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Hong Kong dollar	21,000	—	港元
United States dollar	1,472	—	美元
	22,472	—	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

27 預付款項、按金及其他應收賬款

	Consolidated		
	綜合		
	2008	2007	
	二零零八年 HK\$'000 千港元	二零零七年 HK\$'000 千港元	
Prepayment for purchases	238,544	138,340	預付採購款項
Rental and other deposits	4,508	5,110	租金及其他按金
Dividends receivable	4,075	1,923	應收股息
Value added tax recoverable	6,611	4,116	可收回增值稅
Consideration receivable arising from disposals of certain interest in a subsidiary	—	7,800	出售於一間附屬公司之若干權益所引致之應收代價
Other receivables and advances	18,097	60,495	其他應收賬款及墊款
Others	2,921	3,082	其他
	274,756	220,866	
Less: Provision for impairment of other receivables	(10,442)	(3,438)	減：其他應收賬款減值撥備
	264,314	217,428	

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

其他應收賬款減值撥備之變動如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年 HK\$'000 千港元	二零零七年 HK\$'000 千港元	
At 1st April	3,438	1,103	於四月一日
Provision recognised in the income statement	14,797	5,752	已於損益表中確認之撥備
Provision written off	(7,793)	(3,417)	撤銷撥備
At 31st March	10,442	3,438	於三月三十一日

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

As at 31st March 2008, other receivables of approximately HK\$10,442,000 (2007: HK\$3,438,000) has aged over 365 days and were impaired. The amount of provision recognised in the income statement during the year was approximately HK\$14,797,000 (2007: HK\$5,752,000).

The credit quality of other receivables neither past due nor impaired has been assessed by reference to the historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The carrying amounts of prepayments, deposits and other receivables approximated their fair values as at 31st March 2008. They were denominated in the following currencies:

27 預付款項、按金及其他應收賬款(續)

於二零零八年三月三十一日，約10,442,000港元(二零零七年：3,438,000港元)之其他應收賬款已超過365日並已減值。在本年度期間，已於損益表中確認之撥備約14,797,000港元(二零零七年：5,752,000港元)。

並無逾期亦無減值之其他應收賬款之信貸質素，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。

預付款項、按金及其他應收賬款之賬面金額與其於二零零八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：

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Chinese Renminbi	255,093	204,189	人民幣
United States dollar	13,100	10,885	美元
Hong Kong dollar	6,563	5,792	港元
	274,756	220,866	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28 PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

28 已抵押銀行存款／現金及現金等值

	Consolidated		Company		
	綜合		本公司		
	2008	2007	2008	2007	
	二零零八年	二零零七年	二零零八年	二零零七年	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	
Cash on hand	432	368	—	—	手頭現金
Cash at bank	214,634	195,115	693	613	銀行存款
Short-term bank deposits	270,946	138,941	15,317	11,388	短期銀行存款
	486,012	334,424	16,010	12,001	
Maximum exposure to credit risk	485,580	334,056	16,010	12,001	最高信貸風險損失

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：

	Consolidated		Company		
	綜合		本公司		
	2008	2007	2008	2007	
	二零零八年	二零零七年	二零零八年	二零零七年	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	
Hong Kong dollar	68,032	24,141	514	432	港元
Chinese Renminbi	115,230	119,430	—	—	人民幣
United States dollar	301,442	187,732	15,496	11,569	美元
Euro	1,021	738	—	—	歐羅
Others	287	2,383	—	—	其他
	486,012	334,424	16,010	12,001	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

As at 31st March 2008, bank deposits of approximately HK\$213,028,000 (2007: HK\$26,081,000) were pledged as collateral for the VSC Group's bank borrowings and of approximately HK\$1,549,000 (2007: HK\$3,769,000) was restricted as custom deposits in Mainland China.

As at 31st March 2008, bank deposits approximately HK\$15,317,000 (2007: HK\$11,388,000) were pledged as collateral for the Company.

As at 31st March 2008, cash and cash equivalents and bank deposits totalling approximately HK\$115,230,000 (2007: HK\$119,430,000) were denominated in Chinese Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

The effective interest rate on bank deposits was 3.5% (2007: 3.8%) per annum. These deposits have an average maturity period of 30 days (2007: 30 days).

29 TRADE AND BILL PAYABLES

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

Ageing analysis of trade and bill payables is as follows:

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
0 to 60 days	357,358	228,077	0 — 60日
61 to 120 days	25,416	42,860	61 — 120日
121 to 180 days	8,864	21,412	121 — 180日
181 to 365 days	9,092	3,350	181 — 365日
Over 365 days	687	5,332	超過365日
	401,417	301,031	

28 已抵押銀行存款／現金及現金等值(續)

於二零零八年三月三十一日，約213,028,000港元(二零零七年：26,081,000港元)之銀行存款作為萬順昌集團銀行信貸之抵押品，及約1,549,000港元(二零零七年：3,769,000港元)之限制現金為中國內地海關保證金。

於二零零八年三月三十一日，銀行存款約15,317,000港元(二零零七年：11,388,000港元)已作本公司之抵押品。

於二零零八年三月三十一日，萬順昌集團之現金及現金等值及銀行存款中約有115,230,000港元(二零零七年：119,430,000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。

銀行存款之實際年利率為3.5%(二零零七年：3.8%)。此等存款之平均到期日為30天(二零零七年：30天)。

29 應付賬款及票據

與供應商均以信用證或記賬方式進行。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：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 TRADE AND BILL PAYABLES (CONTINUED)

The carrying amounts of trade and bill payables approximated their fair values as at 31st March 2008. Trade and bill payables were denominated in the following currencies:

29 應付賬款及票據(續)

應付賬款及票據之賬面金額與其於二零零八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：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Hong Kong dollar	22,263	23,634	港元
Chinese Renminbi	49,882	85,785	人民幣
United States dollar	329,272	191,612	美元
	401,417	301,031	

30 ACCRUED LIABILITIES AND OTHER PAYABLES

30 應計負債及其他應付賬款

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Accrual for employment costs	15,817	4,944	應計僱員成本
Accrual for operating expenses	28,906	25,813	應計經營支出
Value added tax payables	16,896	9,830	應付增值稅
	61,619	40,587	

The carrying amounts of accrued liabilities and other payables approximated their fair values as at 31st March 2008. They will be mature within one year.

應計負債及其他應付賬款之賬面金額與其於二零零八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將於一年內到期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30 ACCRUED LIABILITIES AND OTHER PAYABLES (CONTINUED)

They were denominated in the following currencies:

30 應計負債及其他應付賬款(續)

包含下列貨幣：

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Chinese Renminbi	45,122	30,324	人民幣
Hong Kong dollar	16,497	10,263	港元
	61,619	40,587	

The Company's accrued liabilities represents accrual for operating expenses. The carrying amounts of these accrued liabilities approximated their fair values as at 31st March 2008. They will be mature within one year. They were denominated in Hong Kong dollar.

本公司之應計負債為應計經營支出。應計負債之賬面金額與其於二零零八年三月三十一日之公平價值相約。應計負債以港元列賬並將於一年內到期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 BORROWINGS

31 借貸

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Non-current			非當期
— Long-term bank loans, secured	117,690	27,300	— 長期銀行貸款，抵押的
Current			當期
— Trust receipts bank loans, secured	751,302	472,835	— 信託收據銀行貸款，抵押的
— Short-term bank loans, secured	281,957	203,052	— 短期銀行貸款，抵押的
— Long-term bank loan, secured, current portion	31,780	7,800	— 長期銀行貸款，抵押的，當期部份
	1,065,039	683,687	
Total borrowings	1,182,729	710,987	借貸總額

The VSC Group's borrowings are repayable as follows:

萬順昌集團之借貸還款期如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Within one year	1,065,039	683,687	1年內
Between one and two years	62,900	7,800	1至2年
Between two and five years	54,790	19,500	2至5年
	1,182,729	710,987	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 BORROWINGS (CONTINUED)

The Company's borrowings which are classified as non-current bank borrowings are repayable as follows:

	Company		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Between one and two years	7,780	7,800	1至2年
Between two and five years	11,670	19,500	2至5年
	19,450	27,300	

The VSC Group's borrowings are secured by:

- (i) pledge of buildings of the VSC Group of approximately HK\$29,964,000 (2007: HK\$12,645,000) (Note 15);
- (ii) pledge of leasehold land and land use rights of the VSC Group approximately HK\$17,509,000 (2007: HK\$12,554,000) (Note 17);
- (iii) pledge of the VSC Group's inventories of approximately HK\$152,414,000 (2007: HK\$62,724,000) and certain of VSC Group's inventories held under trust receipts bank loan arrangements (Note 24);
- (iv) pledge of the VSC Group's bank deposits of approximately HK\$213,028,000 (2007: HK\$26,081,000) (Note 28); and
- (v) guarantees provided by the Company of approximately HK\$1,227,347,000 (2007: HK\$1,426,787,000) (Note 37).

31 借貸(續)

本公司之借貸分類為非流動銀行借貸者，還款期如下：

萬順昌集團之借貸由下列各項作抵押：

- (i) 萬順昌集團之抵押樓宇約29,964,000港元(二零零七年：12,645,000港元)(附註15)；
- (ii) 萬順昌集團之抵押租賃土地及土地使用權約17,509,000港元(二零零七年：12,554,000港元)(附註17)；
- (iii) 萬順昌集團之抵押存貨約152,414,000港元(二零零七年：62,724,000港元)，同時若干存貨為透過銀行信託收據貸款之安排持有(附註24)；
- (iv) 萬順昌集團之抵押銀行存款約213,028,000港元(二零零七年：26,081,000港元)(附註28)；及
- (v) 本公司提供之擔保約1,227,347,000港元(二零零七年：1,426,787,000港元)(附註37)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 BORROWINGS (CONTINUED)

Borrowings were denominated in the following currencies:

31 借貸(續)

借貸包含下列貨幣：

	Consolidated		Company		
	綜合		本公司		
	2008	2007	2008	2007	
	二零零八年	二零零七年	二零零八年	二零零七年	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	
Hong Kong dollar	744,904	453,203	—	—	港元
United States dollar	256,528	112,955	27,230	35,100	美元
Chinese Renminbi	181,297	144,829	—	—	人民幣
	1,182,729	710,987	27,230	35,100	

The effective annual interest rates of borrowings at the balance sheet dates are as follows:

於結算日，借貸之實際年利率如下：

	2008	2007	
	二零零八年	二零零七年	
Hong Kong dollar	2.8%	4.9%	港元
United States dollar	3.8%	5.9%	美元
Chinese Renminbi	6.9%	5.7%	人民幣

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 SHARE CAPITAL

32 股本

	Company				
	本公司				
	2008		2007		
	二零零八年		二零零七年		
	Number of shares	Nominal value	Number of shares	Nominal value	
股份數目	面值	股份數目	面值		
'000	HK\$'000	'000	HK\$'000		
千股	千港元	千股	千港元		
Authorised (Ordinary shares of HK\$0.10 each)	1,000,000	100,000	1,000,000	100,000	法定(每股面值0.10港元之普通股)
Issued and fully paid (Ordinary shares of HK\$0.10 each)	380,428	38,043	368,605	36,861	已發行及繳足(每股面值0.10港元之普通股)

As at 31st March 2008, the increase in share capital was due to the exercise of certain share options by the employees during the year.

於二零零八年三月三十一日，股本增加是由於員工於本年度期間行使若干之購股權。

33 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 of 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.

33 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%(行使購股權所發行股份除外)。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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 SHARE OPTIONS (CONTINUED)

Movement of share options were:

33 購股權(續)

購股權變動如下：

Date of grant 授予日期	Exercise period 行使期	Subscription price per share 每股行使價 HK\$ 港元	Beginning of year 年初 '000 千份	Exercised 行使 '000 千份	Lapsed 失效 '000 千份	End of Year 年終 '000 千份
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	0.9	8,700	(2,668)	(1,732)	4,300
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	1.418	1,300	—	—	1,300
7th May 2003 二零零三年五月七日	7th May 2005 to 6th May 2013 二零零五年五月七日至 二零一三年五月六日	0.97	4,605	(2,905)	(200)	1,500
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	0.98	7,250	(6,250)	—	1,000
			21,855	(11,823)	(1,932)	8,100

The fair value of options granted in previous year was determined by the directors based on the valuations assessed by Vigers Appraisal & Consulting Limited, independent valuers, using the Binomial Model. The significant inputs into the model were share price at the grant date, exercise price, expected exit rate of employee, 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 one year.

於往年已授予之購股權之公平價值是由董事按獨立估值師威格斯評值及顧問有限公司採用二項式模型釐定。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。波幅根據一年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

34 RESERVES

34 儲備

	Consolidated									
	綜合									
	Share premium (iii)	Share option reserve	Capital redemption reserve	Statutory reserves(i)	Capital reserve	Investment revaluation reserve	Cumulative foreign currency translation adjustments	Retained earnings	Total	
	股份溢價 (iii)	購股權儲備	資本贖回儲備	法定儲備(i)	資本儲備	投資重估儲備	滙兌調整	保留盈利	總額	
	HK\$'000	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	千港元	
At 1st April 2007	313,596	2,047	77,203	12,593	58,355	1,616	5,727	274,597	745,734	於二零零七年 四月一日
Profit for the year	—	—	—	—	—	—	—	31,317	31,317	年度溢利
Transfer from retained earnings	—	—	—	3,518	—	—	—	(3,518)	—	轉撥自保留盈利
Change in fair value of available-for-sale financial assets	—	—	—	—	—	756	—	—	756	可供出售之財務資產 之公平價值變動
Disposal of available-for-sale financial assets	—	—	—	—	—	(1,616)	—	—	(1,616)	出售可供出售之財務 資產
Issuance of shares (iii)	10,162	—	—	—	—	—	—	—	10,162	股份發行 (iii)
Share option scheme – value of services	—	652	—	—	—	—	—	—	652	購股權計劃 — 服務價值
Dividends paid to equity holders of the Company	—	—	—	—	—	—	—	(13,983)	(13,983)	已付本公司股權持有 人之股息
Currency translation differences	—	—	—	—	—	—	24,666	—	24,666	貨幣滙兌差額
At 31st March 2008	323,758	2,699	77,203	16,111	58,355	756	30,393	288,413	797,688	於二零零八年 三月三十一日
Representing:										包括：
Proposed dividend								4,946		建議股息
Others								283,467		其他
								288,413		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 RESERVES (CONTINUED)

34 儲備(續)

Consolidated										
綜合										
	Share premium	Share option reserve	Capital redemption reserve	Statutory reserves(i)	Capital reserve	Investment revaluation reserve	Cumulative foreign currency adjustments	Retained earnings	Total	
	股份溢價	購股權儲備	資本贖回儲備	法定儲備(i)	資本儲備	投資重估儲備	累計外幣滙兌調整	保留盈利	總額	
	HK\$'000	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	千港元	
At 1st April 2006	313,596	1,071	77,203	11,126	58,355	250	(608)	217,601	678,594	於二零零六年四月一日
Profit for the year	—	—	—	—	—	—	—	70,627	70,627	年度溢利
Transfer from retained earnings	—	—	—	1,467	—	—	—	(1,467)	—	轉撥自保留盈利
Change in fair value of available-for-sale financial assets	—	—	—	—	—	1,366	—	—	1,366	可供出售之財務資產之公平價值變動
Share option scheme – value of services	—	976	—	—	—	—	—	—	976	購股權計劃 – 服務價值
Dividends paid to equity holders of the Company	—	—	—	—	—	—	—	(12,164)	(12,164)	已付本公司股權持有人之股息
Currency translation differences	—	—	—	—	—	—	6,335	—	6,335	貨幣滙兌差額
At 31st March 2007	313,596	2,047	77,203	12,593	58,355	1,616	5,727	274,597	745,734	於二零零七年三月三十一日
Representing:										包括:
Proposed dividend								9,584		建議股息
Others								265,013		其他
								274,597		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 RESERVES (CONTINUED)

34 儲備(續)

	Company						
	本公司						
	Share premium (iii)	Share option reserve	Capital redemption reserve	Contributed surplus (ii)	Retained earnings	Total	
	股份溢價 (iii)	購股權儲備	資本贖回儲備	繳入盈餘(ii)	保留盈利	總額	
	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	
At 1st April 2006	313,596	1,071	77,203	53,986	11,841	457,697	於二零零六年 四月一日
Profit for the year	—	—	—	—	15,007	15,007	年度溢利
Share option scheme — value of services	—	976	—	—	—	976	購股權計劃 — 財務價值
Dividends paid	—	—	—	—	(12,164)	(12,164)	已付股息
At 31st March 2007	313,596	2,047	77,203	53,986	14,684	461,516	於二零零七年 三月三十一日
Representing:							包括:
Proposed dividend					9,584		建議股息
Others					5,100		其他
					14,684		
At 1st April 2007	313,596	2,047	77,203	53,986	14,684	461,516	於二零零七年 四月一日
Profit for the year	—	—	—	—	8,141	8,141	年度溢利
Issuance of shares	10,162	—	—	—	—	10,162	股份發行
Share option scheme — value of services	—	652	—	—	—	652	購股權計劃 — 財務價值
Dividends paid	—	—	—	—	(13,983)	(13,983)	已付股息
At 31st March 2008	323,758	2,699	77,203	53,986	8,842	466,488	於二零零八年 三月三十一日
Representing:							包括:
Proposed dividend					4,946		建議股息
Others					3,896		其他
					8,842		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 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 years 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) As at 31st March 2008, the increase in share premium was due to the exercise of certain share options by the employees during the year.

34 儲備(續)

附註：

- (i) 法定儲備乃按中國內地若干附屬公司之企業發展儲備基金及一般儲備基金所設立。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)中撥出部份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) 於二零零八年三月三十一日，股份溢價之增加由於員工於本年度期間行使若干之購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before income tax to net cash (used in)/generated from operations is as follows:

35 綜合現金流量表

(a) 除稅前溢利與經營(所用)/產生之現金淨額對賬如下:

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Profit before income tax	47,047	93,453	除稅前溢利
Share of profit of associates	(25,236)	—	應佔聯營公司溢利
Interest income	(9,312)	(4,982)	利息收入
Interest expense	46,821	41,383	利息支出
Depreciation of property, plant and equipment	22,130	20,205	物業、廠房及設備之折舊
Loss on disposals of property, plant and equipment	5,096	1,044	出售物業、廠房及設備之虧損
Amortisation of leasehold land and land use right	563	466	租賃土地及土地使用權之攤銷
Fair value gains on investment properties	(1,900)	(2,000)	投資物業之公平價值收益
Loss on disposal of a subsidiary	—	3,430	出售一間附屬公司之虧損
Gain on deemed disposal of certain interest in a subsidiary	(4,091)	(26,024)	視作出售於一間附屬公司之若干權益之收益
Gain on disposal of certain interest in a subsidiary	—	(7,020)	出售於一間附屬公司之若干權益之收益

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

35 綜合現金流量表 (續)

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Dividend income from available-for-sale financial assets	(2,763)	(1,945)	可供出售之財務資產之股息收入
Gain on disposals of available-for-sale financial assets	(6,947)	(336)	出售可供出售之財務資產之收益
Impairment loss of an available-for-sale financial asset	595	1,473	一項可供出售之財務資產之減值虧損
Negative goodwill arising from increase in investment in an associate to a subsidiary	(20,765)	—	增持於一間聯營公司之投資成為一間附屬公司所引致之負商譽
Negative goodwill arising from increase in investment in an associate	(1,128)	—	增持於一間聯營公司之投資所引致之負商譽
Change in fair value of derivative financial instruments	(15,402)	(2,275)	衍生金融工具之公平價值變動
Impairment of goodwill	14,617	—	商譽減值
Share option scheme— value of services	652	976	購股權計劃—服務價值
Operating profit before working capital changes	49,977	117,848	營運資金變動前之經營溢利
Increase in inventories	(227,505)	(73,769)	存貨增加
Decrease in due from customers on installation contract work	1,235	4,390	應收客戶之安裝合約工程減少
Increase in trade and bill receivables	(25,446)	(39,849)	應收賬款及票據增加
Increase in prepayments, deposits and other receivables	(52,624)	(42,848)	預付款項、按金及其他應收賬款增加
Increase in loan receivables	(22,472)	—	應收貸款增加
Increase in amounts due from associates	(28,039)	(510)	應收聯營公司增加

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

35 綜合現金流量表(續)

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Increase in trade and bill payables	100,386	111,364	應付賬款及票據增加
Decrease in due to customers on installation contract work	—	(102)	應付客戶之安裝合約工程減少
Decrease in amount due to an associate	—	(9,396)	應付一間聯營公司減少
Increase in receipts in advance	4,339	49,490	預收款項增加
Increase in accrued liabilities and other payables	21,032	7,006	應計負債及其他應付賬款增加
Dividend payable to a minority shareholder of a subsidiary	—	(149)	應付一間附屬公司之一位少數股東之股息
Written back of dividend payable to a minority shareholder of a subsidiary	—	707	撤回應付一間附屬公司之一位少數股東之股息
Net cash (used in)/generated from operations	(179,117)	124,182	經營(所用)/產生之現金淨額

(b) In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

(b) 在綜合現金流量表中，出售物業、廠房及設備之所得款項為：

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Net book amount	5,439	1,949	賬面淨值
Loss on disposals of property, plant and equipment	(5,096)	(1,044)	出售物業、廠房及設備之虧損
Proceeds from disposals of property, plant and equipment	343	905	出售物業、廠房及設備之所得款項

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) During the year, CAMP (Kunshan) Limited (“CAMP (Kunshan)”), a subsidiary of the VSC Group, issued 2,500 shares at par value of US\$200 per share to Shinsho Corporation for a consideration of approximately HK\$9,103,000. Consequently, 10% equity interest of CAMP (Kunshan) Limited was deemed disposed to Shinsho Corporation. VSC Group’s effective interest in CAMP (Kunshan) Limited reduced from 60% to 54% after disposal. Gain on this deemed disposal is as follows:

35 綜合現金流量表 (續)

(c) 本年度期間，CAMP (Kunshan) Limited (「CAMP (Kunshan)」)，萬順昌集團其中一間附屬公司，發行2,500股，每股面值200美元之股份予神鋼商事株式會社，代價約9,103,000港元。因此，萬順昌集團視作出售10%之股本權益予神鋼商事株式會社。萬順昌集團於CAMP (Kunshan)之有效權益由60%減至54%。此項視作出售之收益如下：

	HK\$'000 千港元	
Net assets at the date of the deemed disposal	41,016	視作出售當日之淨資產
Consideration for the shares issued	9,103	已發行股份之代價
Enlarged net assets	50,119	經擴大之淨資產
Interest disposed	10%	已出售之權益
Net assets deemed disposed	5,012	視作出售之淨資產
Consideration received from the deemed disposal	9,103	視作出售之已收代價
Less: net assets deemed disposed	(5,012)	減：視作出售之淨資產
Gain on deemed disposal of certain interest in CAMP (Kunshan)	4,091	視作出售CAMP (Kunshan)若干權益之收益

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

- (d) During the year, the VSC Group disposed 50% of VSC Hotel, a subsidiary, for a consideration of approximately HK\$3,723,000, reducing the VSC Group's equity interests in VSC Hotel from 90% to 40% and the VSC Group recognised it as an associate since then.

Details of the net assets of VSC Hotel as at the date of disposal are as follows:

	HK\$'000 千港元	
Prepayments, deposits and other receivables	90	預付款項、按金及其他應收賬款
Amounts due from VSC Group's subsidiaries	7,357	應收萬順昌集團附屬公司
Net assets at the date of disposal	7,447	出售當日之淨資產
Interest disposed	50%	已出售之權益
Net assets disposed	3,723	已出售之淨資產
Consideration received from the disposal	3,723	出售之已收代價
Investment in an associate subsequent to the disposal	2,979	出售後於一間聯營公司之投資

35 綜合現金流量表(續)

- (d) 本年度期間，萬順昌集團出售一間附屬公司，VSC Hotel之50%權益，代價約3,723,000港元，因此萬順昌集團於VSC Hotel之股本權益由90%減少至40%，並自此確認VSC Hotel成為一間聯營公司。

出售VSC Hotel 當日之淨資產詳情如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

- (e) During the year, the VSC Group acquired additional interest in an associate, Fit Team, at a consideration of approximately HK\$36,660,000, bringing the VSC Group's equity interest in Fit Team from 50% to 100% and the VSC Group recognised it as a subsidiary since then.

Details of the fair value of additional net assets acquired in Fit Team and the related negative goodwill are as follows:

35 綜合現金流量表(續)

- (e) 本年度期間，萬順昌集團增加收購於一間聯營公司，Fit Team之權益，其代價約36,660,000港元，因此萬順昌集團於Fit Team之股本權益由50%增加至100%，並自此確認Fit Team為萬順昌集團之一間附屬公司。

收購Fit Team所得之額外淨資產之公平價值及其相關負商譽之詳情如下：

	HK\$'000 千港元	
Investment in an associate	119,115	於一間聯營公司之投資
Amounts due to the VSC Group's subsidiaries	(4,265)	應付萬順昌集團之附屬公司
Net assets at the date of acquisition	114,850	收購當日之淨資產
Additional interest acquired	50%	已增持之額外權益
Additional net assets acquired	57,425	已收購之額外淨資產
Consideration paid for the acquisition	(36,660)	已付之收購代價
Negative goodwill recognised in the income statement	20,765	已於損益表中確認之負商譽

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 DEEMED DISPOSAL OF CERTAIN INTERESTS IN SUBSIDIARIES

During the year ended 31st March 2007, the VSC Group has diluted its equity interest in VSC-Ryerson China Limited (“VSC-Ryerson”) as a consequence of VSC-Ryerson issuing new shares to Ryerson Pan-Pacific LLC (“Ryerson”) (the “deemed disposal”). Thereafter, the VSC Group has a 60% equity interest in VSC-Ryerson; while Ryerson has a 40% interest in VSC-Ryerson.

In connection with the deemed disposal, a call option has been granted by CAMP (B.V.I.) Holdings Limited (“CAMP (BVI)”), a subsidiary of the VSC Group, which allow Ryerson to further acquire 20% equity interest of VSC-Ryerson from CAMP (BVI) earliest in 2009. In addition, a put option has been granted to CAMP (BVI) by Ryerson which allow CAMP (BVI) to sell further 20% equity interests of VSC-Ryerson to Ryerson earliest in 2009 if Ryerson has exercised the call option granted by CAMP (BVI).

As at 31st March 2007, the valuations of the call option and the put option were amounted to approximately HK\$56,027,000 and HK\$57,270,000, respectively. The net fair value gains of approximately HK\$7,211,000 was included in the other gains in the income statement for the year ended 31st March 2007.

As at 31st March 2008, the valuation of the call option and the put option were amounted to approximately HK\$1,212,000 and HK\$1,310,000, respectively. The net fair value losses of approximately HK\$1,145,000 was included in the other losses in the income statement for the year ended 31st March 2008.

36 視作出售於附屬公司之若干權益

於二零零七年三月三十一日止年度，由於 VSC-Ryerson China Limited (「VSC-Ryerson」) 發行新股予 Ryerson Pan-Pacific LLC (「Ryerson」)，萬順昌集團因此攤薄其於 VSC-Ryerson 之權益 (「視作出售」)。因此，萬順昌集團擁有 VSC-Ryerson 60% 之股本權益；而 Ryerson 則擁有 VSC-Ryerson 40% 之股本權益。

在視作出售事項中，萬順昌集團附屬公司，CAMP (B.V.I.) Holdings Limited (「CAMP (BVI)」)，已授予一個認購權，允許 Ryerson 最早於二零零九年向 CAMP (BVI) 進一步收購 VSC-Ryerson 20% 之股本權益。此外，Ryerson 亦向 CAMP (BVI) 授予一個認沽權，允許 CAMP (BVI) 最早於二零零九年向 Ryerson 進一步出售 VSC-Ryerson 20% 之股本權益 (如果 Ryerson 行使 CAMP (BVI) 授予之所有認購權)。

於二零零七年三月三十一日，認購權及認沽權之估值分別為約 56,027,000 港元及 57,270,000 港元。淨公平價值收益約 7,211,000 港元已包括在截至二零零七年三月三十一日止年度之損益表之其他收益中。

於二零零八年三月三十一日，認購權及認沽權之估值分別為約 1,212,000 港元及 1,310,000 港元。淨公平價值虧損約 1,145,000 港元已包括在截至二零零八年三月三十一日止年度損益表之其他虧損中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 GUARANTEES

37 擔保

	Consolidated		Company		
	綜合		本公司		
	2008	2007	2008	2007	
	二零零八年	二零零七年	二零零八年	二零零七年	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	
Performance bonds	1,416	1,652	—	—	履約擔保書
Guarantees provided by the Company in respect of banking facilities of its subsidiaries	—	—	1,227,347	1,426,787	本公司就其附屬公司所獲銀行融資而提供之擔保
	1,416	1,652	1,227,347	1,426,787	

38 COMMITMENTS

38 承擔

(a) Capital commitments

Capital commitments in respect of property, plant and equipment are as follows:

(a) 資本承擔

關於物業、廠房及設備之資本承擔如下：

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Contracted but not provided for	611	3,756	已訂約但未確認

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

38 COMMITMENTS (CONTINUED)

(b) Commitments under operating leases

Total commitments payable under various non-cancellable operating lease agreements in respect of rental premises and motor vehicles are analysed as follows:

	Consolidated		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Not later than one year	14,417	6,775	未逾1年
Later than one year and not later than five years	16,290	6,926	逾1年及未逾5年
Later than five years	1,854	2,186	逾5年
	32,561	15,887	

(c) Commitments under derivative contracts

As at 31st March 2008, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$58,500,000 (2007: US\$44,600,000) for approximately HK\$452,724,000 (2007: HK\$344,239,000), for the purpose of hedging against the VSC Group's commitments arising from its trading activities.

As at 31st March 2008, the VSC Group had outstanding currency swap contracts to purchase approximately US\$54,000,000 (2007: Nil) for approximately RMB389,340,000 (2007: Nil), for the purpose of hedging against the VSC Group's commitments arising from its trading activities.

38 承擔(續)

(b) 營業租約承擔

就承租物業及汽車而訂立之不可撤銷營業租約之應付承擔總額分析如下：

(c) 衍生合約承擔

於二零零八年三月三十一日，萬順昌集團尚有約452,724,000港元(二零零七年：344,239,000港元)未行使之遠期外匯貨幣合約以用作購買約58,500,000美元(二零零七年：44,600,000美元)，目的為萬順昌集團於貿易活動有關之承諾作出對沖。

於二零零八年三月三十一日，萬順昌集團尚有約人民幣389,340,000元(二零零七年：無)未行使之貨幣掉期合約以用作購買約54,000,000美元(二零零七年：無)，目的為萬順昌集團於貿易活動有關之承諾作出對沖。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

39 RELATED PARTY TRANSACTIONS

(a) Transactions

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
Management services provided to an associate	(ii)	12,500	—	向一間聯營公司提供之管理服務 (ii)
Purchase of goods from a related party	(i)(ii)	173,443	170,670	向一關連人士採購貨品 (i)(ii)
Rental expenses paid to an associate	(iii)	497	—	已付一聯營公司之租金支出 (iii)
Interest paid to a related party	(i)(iv)	2,297	2,201	已付一關連人士之利息 (i)(iv)

Notes:

- (i) This company relates to Shinsho Corporation, the 30% minority shareholder of VSC Shinsho Company Limited, a subsidiary of the VSC Group.
- (ii) Management services were provided and goods were purchased at prices mutually agreed by both parties.
- (iii) Rental expenses were determined by reference to open market rental.
- (iv) Interest expenses are determined at a rate of approximately 6% (2007: 5%) per annum on overdue balances.

附註：

- (i) 該公司與神鋼商事株式會社有關連，其為萬順昌神商有限公司擁有30%權益之少數股東，並為萬順昌集團之附屬公司。
- (ii) 所提供之管理服務及貨品採購皆按雙方達成協議之價格收取。
- (iii) 租金支出參考公開市值之租金而釐訂。
- (iv) 利息支出乃按年利率約6%（二零零七年：5%）計算過期結餘之利息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

39 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Year-end balances (included in trade payables)

	Consolidated		
	綜合		
	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Payable to a related party (i)	91,570	68,757	應付一關連人士(i)

Notes:

- (i) This company relates to Shinsho Corporation, the 30% minority shareholder of VSC Shinsho Company Limited, a subsidiary of the VSC Group.

附註：

- (i) 該公司與神鋼商事株式會社有關連，其為萬順昌神商有限公司擁有30%權益之少數股東，並為萬順昌之附屬公司。

(c) Key management compensation

	2008	2007	
	二零零八年	二零零七年	
	HK\$'000	HK\$'000	
	千港元	千港元	
Salaries and allowances	10,372	8,857	薪金及津貼
Bonus	3,407	1,137	花紅
Pension costs — defined contribution schemes	103	156	退休金成本—界定供款計劃
Share option scheme — value of services	440	555	購股權計劃—服務價值
	14,322	10,705	

(c) 主要管理層報酬

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