

Van Shung Chong Holdings Limited
萬 順 昌 集 團 有 限 公 司

Stock Code 股票代號 : 1001

Building on our Foundation for Future Growth

建構豐盛未來



2011 年 報
Annual Report



MISSION STATEMENT

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

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

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Corporate Information

DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. Frank MUÑOZ

Independent Non-Executive Directors

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

COMPANY SECRETARY

Ms. TSE Sau Wai, FCS FCIS

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

SOLICITORS

ONC Lawyers (on Hong Kong Laws)
Conyers Dill & Pearman (on Bermuda Laws)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas, Hong Kong Branch
Chong Hing Bank Limited
CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

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

Hong Kong Registrar

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

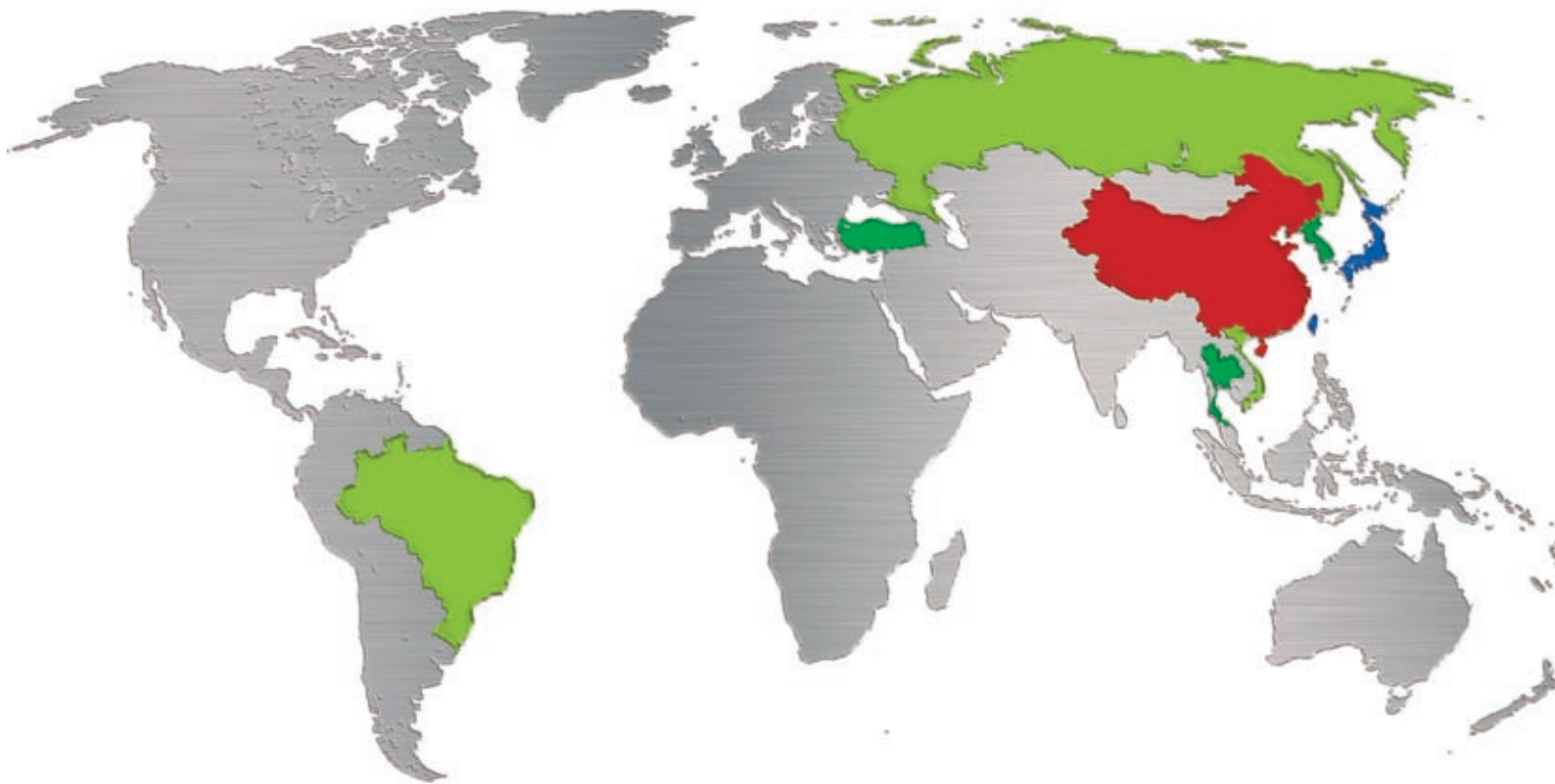
Rooms 4903-7, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

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

LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Stock Code : 1001

Our Selected Mills



China

Anshan Iron & Steel
Baosteel Corp.
Fushan New Steel
Guangzhou Doowon
Guangzhou Iron & Steel
Jiangsu Shagang
Jiangyin Changfa
Jinan Steel
Jining Yauanda
Laiwu Steel
Lianzhong Stainless
Maanshan Iron & Steel
Shenzhen Sinomaster Steel
Shougang
Tianjin Iron & Steel
Tianjin Tiantie
Wuhan Iron & Steel

Taiwan

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

Japan

Chiyoda Steel
JFE
Kobe
Kyoei
NSC
Tokyo Steel
Yamato

Thailand

Siam Yamato
SCT
Tata

Korea

Dongbu
Dongkuk
Hyundai

Turkey

ICDAS
IDC
Diler
Kaptan

Russia

Zapsib

Brazil

Gerdau SA

Vietnam

Shengli (Vietnam) Special Steel

Five-Year Financial Summary

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

CONSOLIDATED INCOME STATEMENT

	Year ended 31st March 2007 HK\$'000	Year ended 31st March 2008 HK\$'000	Year ended 31st March 2009 HK\$'000	Year ended 31st March 2010 HK\$'000	Year ended 31st March 2011 HK\$'000
Revenue	4,867,657	5,677,792	4,659,507	3,251,836	4,207,768
Operating profit/(loss)	136,781	73,601	(182,535)	136,326	69,564
Net finance costs	(43,328)	(51,790)	(47,697)	(18,668)	(23,268)
Profit/(loss) before income tax	93,453	47,047	(256,740)	104,762	52,904
Income tax (expense)/credit	(12,534)	(1,876)	6,546	(22,279)	(14,010)
Profit/(loss) for the year	80,919	45,171	(250,194)	82,483	38,894
Attributable to:					
Equity holders of the Company	70,627	31,317	(278,252)	75,221	31,032
Non-controlling interest	10,292	13,854	28,058	7,262	7,862
	80,919	45,171	(250,194)	82,483	38,894
Dividends	17,693	9,101	–	22,361	7,869

Note:

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

Five-Year Financial Summary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31st March 2007 HK\$'000	As at 31st March 2008 HK\$'000	As at 31st March 2009 HK\$'000	As at 31st March 2010 HK\$'000	As at 31st March 2011 HK\$'000
Non-current assets	333,467	427,866	357,977	313,942	238,979
Current assets	1,915,225	2,425,056	901,342	1,130,253	1,598,956
Current liabilities	(1,148,069)	(1,652,470)	(682,959)	(789,146)	(1,158,642)
Non-current liabilities	(93,220)	(122,548)	(14,824)	(4,063)	(1,501)
Net assets	1,007,403	1,077,904	561,536	650,986	677,792
Equity:					
Share capital	36,861	38,043	38,143	41,413	41,413
Reserves	745,734	797,688	500,184	579,744	603,243
Capital and reserves attributable to equity holders	782,595	835,731	538,327	621,157	644,656
Non-controlling interest	224,808	242,173	23,209	29,829	33,136
Total equity	1,007,403	1,077,904	561,536	650,986	677,792

Chairman's Statement



Dear Shareholders,



The financial year ended 31st March 2011, marks a major milestone for the Company as we celebrated our 50th anniversary. We have come a long way since the inception of our business in 1961, when we started trading commodities in Shanghai, before relocating our headquarters to Wuhan and then finally to Hong Kong. Today, we are proud of our reputation as a leading distributor of quality construction and industrial materials in Hong Kong and Mainland China, and looking forward to the vast opportunities ahead. ”

In 2011, we returned to our roots by launching a new building products distribution business in Wuhan, Hubei province, coming full circle on a business that first began half a century ago. It is the demonstration of such growth and promise that has underscored much of our journey thus far. I am pleased to report strong revenue growth for the year under review thanks to our strategy of returning back to the basics and concentrating on what we are best at: operating as the preferred suppliers of steel, scrap and iron related raw materials, building products and plastics resins by consistently delivering superior services and quality at competitive prices.

In line with this approach of consolidation, we wrapped up the divestment of our shares in Ryerson China Limited by selling our final 20 percent stake in our steel servicing center business in China to Ryerson, our joint US venture partner, part of a three-year divestment initiative. This represents the end of an era for VSC and marks our exit from the steel servicing business entirely as we plan to commit our full energies on running our steel trading operations in Hong Kong, Eastern, Southern and Central China.

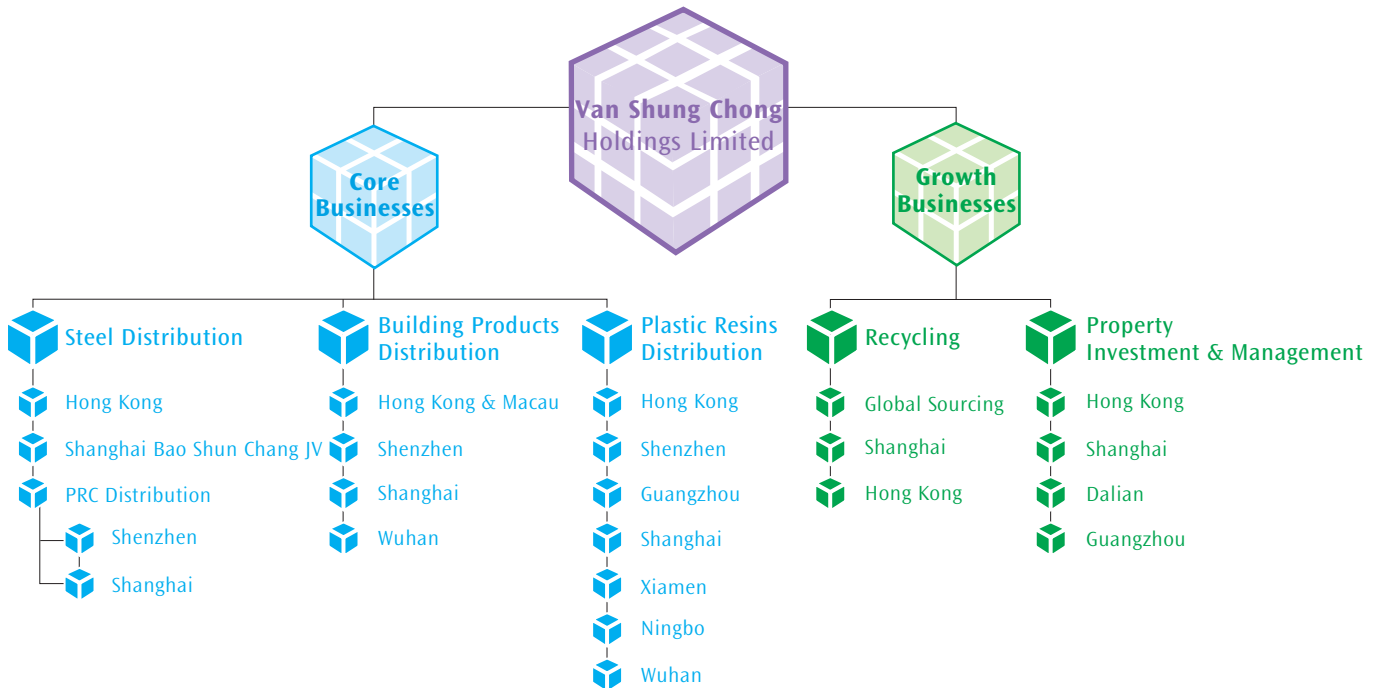
We are moving forward with a renewed sense of optimism given the vast steel trading business opportunities emerging out of Hong Kong's construction sector. These fresh opportunities will translate into several key infrastructure projects in the near future such as the West Kowloon Redevelopment Project, the proposed Hong Kong-Zhuhai-Macau Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Project which will connect with the National High-Speed Railway Network.

We are equally positive about opportunities in China particularly given the Chinese government's plan to develop the country's recycling industry as mapped out under its 12th Five-Year Plan. We have already begun to explore potential opportunities in the recycling area, and have in place an initial blueprint for the development of a steel scrap trading business.

These plans, at the end of the day, would, however, amount to nothing if it were not for the caliber of our people. We recognize that people are indeed at the core of everything we do. That's why we have focused on people development with much enthusiasm by launching a new mission statement and a reworked set of core values that aim to realign our organization and reinforce key factors underscoring the success of the Company.

Our new mission statement reinforces our commitment to providing sustainable profit to shareholders, a desirable working environment for employees, and quality services and values for customers and suppliers worldwide. It further solidifies our pledge in achieving global market leadership by leveraging on our strength in competitive sourcing, supply chain management

Chairman's Statement



and value-added services. Underpinning this commitment, and enhancing shareholders' value, is a new set of core values that encompasses Integrity & Honesty, Accountability, Embracing Change, Teamwork, and Excellence. These are deeply held beliefs that binds the organization together and resonate with every member of our workforce.

We have also invested significant resources on training including the development of a leadership and talent development programme in order to equip staff members to adequately tackle the emerging business opportunities. A further example of this commitment is the successful core team building weekend retreat in Dalian during the year and attended by key members of management in which critical ideas were discussed, and we examined the best ways in which to take the Company forward.

On a separate note, The Point at Jingan, our commercial property in the heart of Shanghai, continues to do well. In the year's rental reviews, it has benefitted enormously from the city's strong rental market, and we plan to maintain our investment in the property over the long term.

Looking ahead, we are better positioned than ever before to leverage upon the tremendous opportunities emerging from both Hong Kong and China, underscored, in particular, by the latter's steady economic growth, increase in domestic consumption and enhanced rate of urbanization.

Guided by a renewed sense of purpose and a more engaged workforce, I am confident the organization will emerge as a strong and better industry player in the future. It goes without saying that none of this would be possible without the support of our shareholders, workforce, partners, customers and suppliers. I would like to take this opportunity to thank them all for their unwavering commitment and hard work during the past year. I look forward to further collaborations and successes in the years ahead.

Andrew Cho Fai Yao
Chairman & Chief Executive Officer

17th June 2011





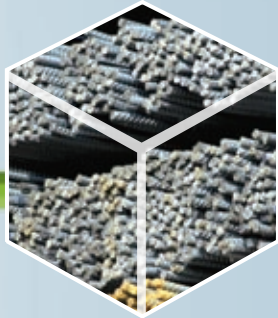
**Management
Discussion
and Analysis**

Management Discussion and Analysis

The financial year ended 31st March 2011 ("FY2011") was a developmental and transitional year for the VSC Group. Revenues grew significantly and that growth highlighted the need to further grow the top line while at the same time focusing on internal operational efficiencies. The year also highlighted the importance of reducing the Company's exposure to steel price fluctuations, and that is a priority for the financial year ending 31st March 2012 ("FY2012").

The revenue has grown to HK\$4.2 billion representing a growth of 29% over last year. This growth was mainly contributed by our Hong Kong Steel Business.

The overall gross profit margin of the VSC Group has decreased from 9.2% for the financial year ended 31st March 2010 ("FY2010") to this year's 4.5%. This decrease



is mainly contributed by our Hong Kong Steel Business as the volatile steel prices fluctuation gets reflected in our Steel Business' performance. The profit attributable to equity holders amounted to HK\$31 million.

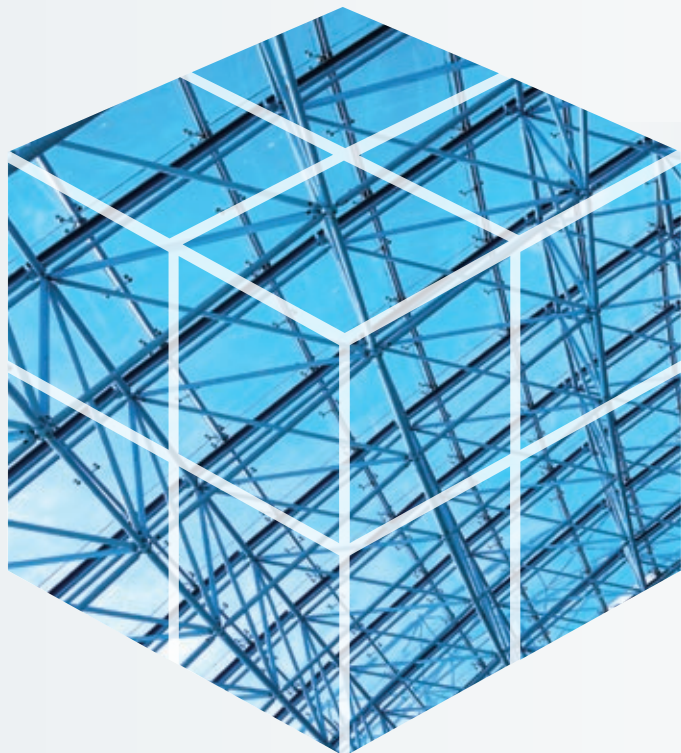
With strong emphasis on the working capital management discipline in all business units and divestiture of the remaining part of our investment in Ryerson China Limited, the leadership team has produced strong cash flows in FY2011. About HK\$15 million and HK\$126 million was generated from operating activities and investing activities respectively, increasing our year-end cash balance to HK\$486 million. This represents a 202% increase in our cash position over the same date in 2010. On operation efficiency of assets, the Days Sales Outstanding (average trade and bill receivables divided by revenue X 365 days) had slightly increased from about 37 days to about 39 days. Days of Supplies (average inventories divided by cost of sales X 365 days) ("DOS") improved from about 31 days to about 29 days.

The VSC Group's gearing ratio (net debt, which is total borrowings minus pledged bank deposits and cash and cash equivalents, divided by capital and reserves attributable to equity holders plus net debt) decreased from the last year's 24% to 10% at book close.

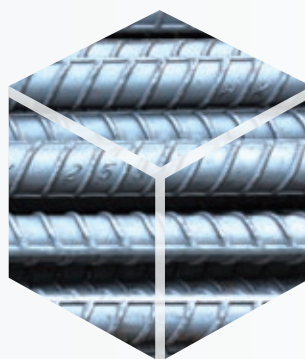
In FY2012, we will renew our focus and emphasis on internal controls within the VSC Group, as well as leverage best practices to minimize our risk exposure.



Management Discussion and Analysis



Steel Distribution



STEEL DISTRIBUTION

Steel distribution operations comprise stockholding business of rebar, structural steel and engineering products in Hong Kong and steel distribution in the PRC. The VSC Group has a 66.7% owned joint venture – Shanghai Bao Shun Chang, which engages in the distribution of domestic steel products in Eastern China.

Over the last couple of years, the market conditions have made the recycling of the steel value chain, within China, an attractive opportunity for the VSC Group to explore. While entering into the recycling industry and generating renewable resources to

support a cleaner, more sustainable environment, this strategic move would also enhance our core business steel rebar position by creating a natural hedging synergy between the two businesses. Overall from the VSC Group standpoint, we could also extend our participation in the steel value chain and create better synergies. As this is an attractive strategic direction for us, we look forward to continuing toward this direction and expanding in a major way within this industry in the near future.

Hong Kong Steel Distribution (“HK Steel Department”)

Sales quantity of the HK Steel Department increased by 75% year over year. With all the new infrastructure projects in Hong Kong and Greater China and the strong growth signals in the Hong Kong construction market, the demand of rebar and structural steel continued to increase progressively during the year under review. With a rebound of the economy in Hong Kong more and more large scale private and government projects have been launched, for instances The Next Generation Data Centre at Tseung Kwan

Management Discussion and Analysis

O Industrial Estate and the Central-Wanchai Bypass Works. The HK Steel Department seized the chance to increase market share by grabbing different kinds of projects. The total sales contracts on hand as of 31st March 2011 was 203,000 metric tonnes. Looking forward to FY2012, the team of HK Steel Department is confident of a strong volume growth path ahead.

With the launch of some of the 10 major infrastructure projects by the Hong Kong Government, including, The South Island Line, West Kowloon Cultural District Phase 1, West Island Line, The Shatin to Central Link Phase 1, The Guangzhou-Shenzhen-Hong Kong Express Rail Link, Kai Tak Development Plan and Hong Kong-Zhuhai-Macao Bridge, the construction market has been activated. It is expected that the demand of steel will further increase this year with these infrastructure projects.

The local property construction market looks strong as well. This provides a good opportunity for the VSC Group and we also expect to perform well in this market. Our overall market share has also increased due to our HK Steel Department winning more projects across all segments of the market. Recently, the VSC Group secured orders of MTR Express Rail Link No. 810B West Kowloon Terminus Station South and No. 824 Ngau Tam Mei to Tai Kong Po Tunnels. The VSC Group also received orders from clients that have been awarded government housing and private residential development projects.

The steel market remains very dynamic and the prices also volatile, thus we have adopted dual approach to these market conditions: a set of rigorous and disciplined risk management strategies plus a prudent, realistic reporting of the industry's dynamics to increase transparency.

Mainland China Steel Distribution (“PRC Steel Department”)

With the steady economy recovery from financial crisis, the China market looks stable and strong in the recent 2 years. By successfully shifting to a “direct” business

approach and developing the international market of fabrication projects, we have increased our profit margin and enhanced the working capital turnover significantly.

Examples of the successes in the above strategies include ongoing international projects in the Middle East as well as the international standard projects in Shandong and Sanmen nuclear power plants.

In the year ahead, we will continue to pursue business by following these strategies and increase our market share while minimising our working capital to gain a much higher return. We have also successfully streamlined our processes and re-engineered the team's costs structure to produce more efficiency and generate substantial operating costs savings.

Metals Recycling Business

Following up on last year's strategic planning and direction of the VSC Group to move into the metals recycling business, we have made a number of advances into this area, maintaining a cautious and prudent approach to minimize risks and protect the shareholders' value in the VSC Group. After setting up a dedicated business development team for metals recycling, we now have a strong pipeline of potential opportunities that can provide us with good options to move into the metals recycling area. This includes ferrous and also non-ferrous opportunities in North America and Greater China region. The due diligence process demonstrates the Company's discipline in risks management and commitment to enhancing shareholders' value.

We are also happy to report that the VSC Group now has trading business in China in both the ferrous and non-ferrous operations too. After a year of learning and accumulating valuable experience and knowledge, the metals recycling team is much more well poised to move into bigger and more impactful mergers and acquisitions, strategic alliances in both Greater China and also North America regions. We look forward with optimism to strong results and performance from the metals recycling business in FY2012.

Management Discussion and Analysis

Building Products Distribution



BUILDING PRODUCTS DISTRIBUTION

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

China Leisure Plus (PRC – Shanghai, Shenzhen, Wuhan, etc.)

In FY2011, China Leisure Plus recorded a growth of over 30% in profits of approximately HK\$4.55 million. On a revenue of HK\$250 million, this gross profit margin of over 11.3% has improved significantly over last year's 8.6%. By leveraging its strong sales team, and its extensive and increasing retail networks, the team has managed to increase its profitability as mentioned.

Looking back at FY2011, the China Leisure Plus leadership team has executed well on a number of its strategic growth initiatives. The Shenzhen flag-ship store was opened in the third quarter of FY2011 and all of TOTO's China leadership team was on hand to lend support. This will provide a renewed boost to our Shenzhen sales growth.

We completed a strategic acquisition of another TOTO distributor in Wuhan and the entire Hubei Province. This business is strong in both its retail and project sales and thus offers significantly enhanced profit margins for China Leisure Plus. The strategic alliance with TOSTEM has also been enhanced and we look forward to the strong growth of our TOSTEM distribution channels across entire China.

Management Discussion and Analysis

Strong management discipline has also helped achieve a low working capital especially in the inventory area of 30 days of DOS — This is something the team can be proud of. We are optimistic on the future of the building products operation in China as the leadership team has a strong track record in prior years.

Hong Kong Building Products Department

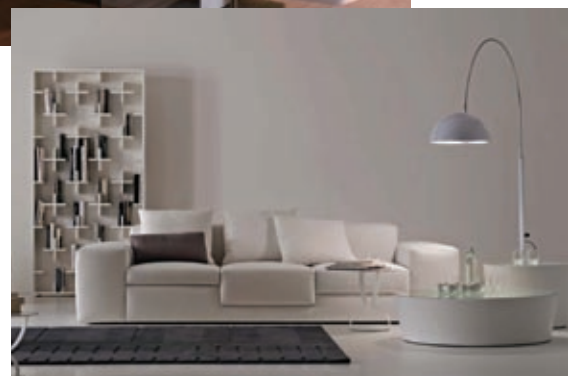
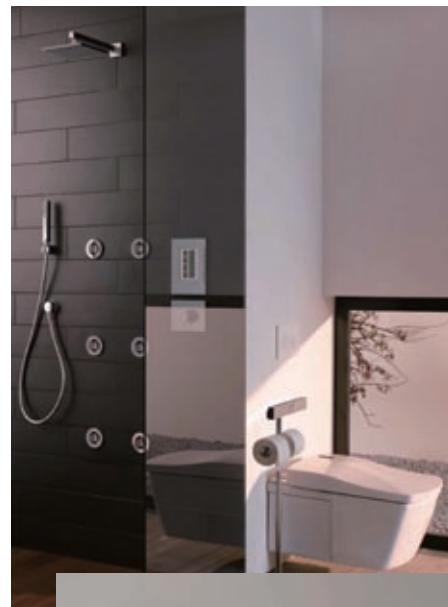
Hong Kong Building Products Department operates a retail showroom “Leisure Plus” in Wanchai, which aims at becoming an one-stop solution provider for customers who seek “Living in Green, Stylish and Relaxation”.

For the coming 10th anniversary, Leisure Plus is working closely with our supplier TOTO to open an additional major flag-ship outlet in Hong Kong as well as advertising landmark for the entire Greater China region’s customers. Leisure Plus is dedicated to introducing the best quality brands-TOTO sanitary wares and fittings from Japan, Arkitepo sofa from Italy, Santarossa kitchen cabinets and furniture from Italy, which can assist customers to experience the real comfort of living.

In FY2011, the team of Hong Kong Building Products Department has a record-breaking year. This stellar results was delivered in the midst of change-over and re-structuring of the team. Revenue increased by nearly 23% as against FY2010 and has also managed to deliver a very respectable gross profit margin of over 27%. The net profit is also at an overwhelming results of HK\$14 million, about 12% for profitability. With the Hong Kong market becoming extremely price competitive, we expect the gross profit margin to continue to erode. However, the team will explore and implement a number of sales and pricing strategies to mitigate the price erosion impact in FY2012.

This includes focusing on building the project team’s strength and adding to the strong pipeline and backlog orders, enhancing the operations efficiency and sales strategies to expand and grow the market in Hong Kong, including market positioning of Leisure Plus as the premium brand, working closely with TOTO, Arkitepo, Santarossa, etc. to project a “Living in Green, Stylish and Relaxation” image.

Major outstanding projects currently secured by the department on supplying sanitary wares include Ritz Carlton Hotel in International Commerce Centre, Lionrise, Hong Kong Exchange Square, Prince Building, Shatin and Happy Valley Racecourses of Jockey Club, LHT Tower and Shui On Centre.



Management Discussion and Analysis



Plastic Resins Distribution



Plastic Resins Distribution (“Plastics Department”)

Plastics Department distributes general and engineered plastic resins, and services various industries including home appliances and toy manufacturers through innovative materials management programs. Growing in the midst of changing market conditions, the Plastics Department has expanded its existing presence and is now actively selling in a number of cities in China, eg. Guangzhou, Shenzhen, Shanghai and Hong Kong.

In FY2011, we also expanded our presence in Eastern China region to Ningbo as well as Southern parts of China (eg. Xiamen) since many Chinese manufacturers have also moved inland due to expensive labor costs in the coastal China cities. These new offices helped contribute toward a revenue growth of over 41% and also 27% increase in the tonnage sold. The net profit has also increased by about HK\$1.7 million.

In the coming FY2012, we expect to open more offices in Western (Chongqing, Chengdu, Sichuan) and Middle (Hubei) parts of China before the end of this calendar year. The team will also continue to drive volume growth, concentrating on the execution of the dual strategy of: emphasizing both the higher end products of engineered plastics as well as increasing market share of the commodity plastics. The geographical focus on key customers as well as the “move to inland” strategy highly supported by the Central Government should also continue to serve us well going into 2012. We will also explore different channels development opportunities and new offerings to our customers such as recycled plastics.

Management Discussion and Analysis

Property Investment



PROPERTY INVESTMENT

The VSC Group entered into the property business by holding a 33.33% stake in an 11-storey office building in Jiang An District, Shanghai, where the VSC Group's PRC headquarter is located. Currently, the property has an occupancy rate of over 98%. The tenants consist of various international companies which provide a stable income for the property business. Our property management team will also explore the opportunities in providing property management and agent services to other projects. In addition, the capital appreciation of the asset in Shanghai has benefited the shareholders well and we have received several offers to purchase this real estate property from us.

As part of the FY2011 strategic plan, we intended to also increase our presence into real estate property. In line with this direction, we have reported Property Investment as a separate business segment in the 1st half of FY2011. We have also started exploring real estate investments beyond the first tier China cities as the major growth and expansion in China are now in those areas (namely the second and third tier cities in China). These potential opportunities include but are not limited to the North East region's major cities and the central region of China. We also have new presence in commercial real estate in Dalian too, we look forward to generating strong results from this project in the future.

Management Discussion and Analysis

OTHER INVESTMENT

The VSC Group has invested in a hotel business operating in the PRC. In addition to monitoring the expansion of this business, the VSC Group will also continue to search for other new potential investment or divestiture opportunities to enhance the development of business and enhancing the value of the Company’s shareholders.

Hotel business

The VSC Group owns a 44% interest in a business of budgeted hotel chain operating in the PRC, namely a8 Hotel (“a8”), which currently operates 3 hotels in Shanghai and 2 hotels in Guangzhou, with one more hotel in Shanghai joined a8 as a franchisee.

FY2011 has been a record-breaking year for a8 Hotel chain. This extraordinary stellar year for us has been partially buoyed up and helped by the World Expo held in Shanghai, nonetheless, our a8 team’s ability to handle the major increase in revenue and huge volume of customer traffic at virtually no increase in our headcount or cost structure has been most impressive.

Our strong a8 leadership team has proven itself in FY2011 in delivering financial results and excellent service quality despite the huge added demands from customers’ volume and traffic from Shanghai World Expo. Not to mention the operational excellence that has also helped deliver strong cash flow to the parent company and its investors. FY2011 has been a good year for a8 and also the hotel industry in Shanghai.



HUMAN CAPITAL

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

Alignment – Corporate Culture

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

Development – Building a Successful Team

With our core value – Integrity & Honesty, Accountability, Embracing Change, Teamwork and Excellence, we are also building up our core competency model for all our staff and this will be present in aspects of recruitment, performance

Management Discussion and Analysis



evaluation, reward management as well as training and development. Development will be our focus: our staff are always encouraged to be equipped with skills and expertise for the challenges and the new era. Various in-house training programs as well as management best practise training both through our in-house experts as well as external consultants were organised. The VSC Group also provides training subsidies to its employees to attend seminars and courses to enrich and update their knowledge. The management has committed to building our talents through the leadership development program and smart talent development program.

Rewards and Compensation

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

Social Responsibility

The Company believes in corporate social responsibility and responsible citizenship. Our staff is committed to participating in various charitable activities such as Corporate Challenge organized by Outward Bound. In

recognition of our combined efforts in giving back to the community and in fostering a caring environment, we have been awarded accreditation for Caring Company for 3 consecutive years and the Heart To Heart Company 2010 Logo.

Staffing

In March 2011, the VSC Group employed 418 staff. The Company is focusing on building an elite team to help lead the Company to future success. During the year under review, options to subscribe for 3,815,000 ordinary shares have been offered and granted to our employee under the share option scheme adopted on 12th November 2001.

FINANCIAL RESOURCES AND LIQUIDITY

1) Liquidity and Financing

The VSC Group's cash and cash equivalents were approximately HK\$486 million as at 31st March 2011 (2010: HK\$161 million) of which about 17.3% were in US dollar, about 12.2% were in Chinese Renminbi ("RMB"), about 70.4% were in HK dollar. Net cash flow generated from operating activities for the year was approximately HK\$15 million.

Management Discussion and Analysis

As at 31st March 2011, the VSC Group's total borrowings amounted to approximately HK\$600 million of which 100% were interest-bearing borrowings (2010: HK\$414 million). Net interest bearing borrowings, after deducting pledged bank deposits of approximately HK\$42 million (2010: HK\$57 million) and cash and bank deposits of approximately HK\$486 million (2010: HK\$161 million), amounted to approximately HK\$72 million (2010: HK\$196 million). Gearing ratio as at 31st March 2011, 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 decreased from 24% to 10% and current ratio was slightly decreased from 1.43 times to 1.38 times as compared to 31st March 2010. The VSC Group takes effort to maintain these financial ratios at current level, after taking into consideration of the current market situation and risk assessment on overall exposure against industry norm. The VSC Group's business operations were generally financed by cash generated from its business activities and bank facilities provided by its banks.

2) Treasury Policies

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

Facing the appreciation of RMB, the VSC Group will continue to match RMB payments

with RMB receipts to minimise the exchange exposure. As at 31st March 2011, about 74.0% of the VSC Group's interest-bearing borrowings were denominated in HK dollar, about 0.6% in US dollar and about 25.4% in RMB. Forward foreign exchange contracts would be entered into when suitable opportunities arise and when the management of the VSC Group consider appropriate, to hedge against major non-HK dollar currency exposures. As at 31st March 2011, the VSC Group had forward foreign exchange contracts to hedge principal repayment of future US dollar debts under letters of credit in the amount of approximately HK\$140 million and RMB518 million. All of the VSC Group's borrowings as at 31st March 2011 were on floating rate basis. The use of derivative financial instruments is strictly controlled and mainly used to hedge against the foreign currency exchange rate exposures in connection with the borrowings. It is the VSC Group's policy not to enter into derivative transactions for speculative purposes.

3) Contingent Liabilities

As at 31st March 2011, the VSC Group had no material contingent liability.

4) Charges on Assets

As at 31st March 2011, the VSC Group had certain charges on assets which included (i) inventories of approximately HK\$22 million pledged for certain of the VSC Group's short-term bank loans, (ii) certain inventories which were held under trust receipts bank loan arrangements, (iii) bank deposits of approximately HK\$31 million which were pledged as collateral for the VSC Group's banking facilities and approximately HK\$11 million were pledged for steel future contracts, and (iv) an investment property of approximately HK\$20 million was pledged as collaterals for certain of the VSC Group's bank borrowings.

Corporate Governance Report

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of Van Shung Chong Holdings Limited (the “Company”) is committed to maintaining high standards of corporate governance. It believes that high 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 2011, save for the deviations discussed below. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct (“Company’s Model Code”) regarding securities transactions by the directors of the Company (the “Directors”) on 31st March 2004. Various amendments have been made to the Company’s Model Code in order to conform with the amendments made to Appendix 10 of the Listing Rules effective 1st January 2009 and 1st April 2009. Having made specific enquiry of all Directors, they all confirmed that they have complied with the required standard set out in the Company’s Model Code during the year ended 31st March 2011. The Company’s Model Code also applies to other specified relevant employees of the VSC Group in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

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

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

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

Corporate Governance Report

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 general managers of respective business units, Human Resource Director, Chief Financial Officer and Chief Operating Officer under the leadership of the Chief Executive Officer.

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

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

Directors	Board meetings	Remuneration Committee meeting	Audit Committee meetings
<i>Executive Directors:</i>			
Mr. Andrew Cho Fai Yao (<i>Chairman</i>)	4/4	1/1	N/A
Mr. Fernando Sai Ming Dong	4/4	N/A	N/A
Mr. Kern Lim (appointed on 9th July 2010)	4/4	N/A	N/A
<i>Independent Non-Executive Directors:</i>			
Mr. Harold Richard Kahler	4/4	1/1	2/2
Mr. Kenny King Ching Tam	4/4	1/1	2/2
Mr. Xu Lin Bao	4/4	N/A	2/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

SPECIFIC TERMS OF NON-EXECUTIVE DIRECTORS

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

Corporate Governance Report

EXECUTIVE COMMITTEE

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

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

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

REMUNERATION COMMITTEE

The Remuneration Committee has been in place since 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

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

The VSC Group's consolidated financial statements for the year ended 31st March 2011 now reported on have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

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

Corporate Governance Report

Scope of the work of the Audit Committee is defined and approved by the Board in relation to various internal control and audit issues with a view to further improve our corporate governance. The Company adopted a new terms of reference of the Audit Committee on 20th March 2009 in order to conform with the amendments made to the CG Code. 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>.

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 & RISK MANAGEMENT

The Board and the Audit Committee are responsible for developing and maintaining the system of internal controls of the VSC Group to protect shareholders' interest and to safeguard the VSC Group's assets by setting appropriate policies and reviewing the effectiveness of major control procedures for financial, operational, compliance and risk management areas. The Board and the Audit Committee have reviewed the effectiveness of the VSC Group's system of internal controls on all major operations, including financial, operational and compliance controls and risk management functions, and have considered the adequacy of resources, qualifications and experience of staff of the VSC Group's accounting and financial function, and their training programs and budget, by reviewing the internal control reports prepared by the Internal Audit Department and management letters submitted by external auditors. Also, the Board and the Audit Committee met with the internal and external auditors and management to discuss findings from their works and resolution. The Board and the Audit Committee considered that the system of internal controls was operating effectively for the year ended 31st March 2011.

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 2011, PricewaterhouseCoopers, the external auditor of the Company, provided the following services to the VSC Group and their respective fees charges are set out below:

Types of services	HK\$'000
Audit fee for the VSC Group	1,700
Taxation services	54
Total	1,754

Corporate Governance Report

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

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

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

INVESTOR RELATIONS AND COMMUNICATION

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

Report of the Directors

The Board of Directors (the “Board”) of Van Shung Chong Holdings Limited (the “Company”) are pleased to present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (together the “VSC Group”) for the year ended 31st March 2011.

PRINCIPAL ACTIVITIES

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2011, the five largest customers of the VSC Group accounted for less than 30% of the VSC Group’s total revenue, while the five largest suppliers of the VSC Group accounted for approximately 45% of the VSC Group’s total purchases. In addition, the largest supplier of the VSC Group accounted for approximately 14% of the VSC Group’s total purchases.

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

RESULTS AND APPROPRIATIONS

Details of the VSC Group’s results for the year ended 31st March 2011 are set out in the consolidated income statement on page 39 of this annual report.

An interim cash dividend of HK1.3 cents per ordinary share was declared and paid during the year and the Board have resolved to recommend the payment of a final cash dividend of HK0.6 cents per ordinary share. Total cash dividend paid and payable for the year ended 31st March 2011 will amount to HK1.9 cents per ordinary share or approximately HK\$7,869,000 (2010: HK\$22,361,000).

SHARE CAPITAL AND SHARE OPTIONS

Details of share capital and share options of the Company are set out in Notes 30 and 31 respectively, to the accompanying consolidated financial statements.

RESERVES AND RETAINED EARNINGS

Movements in reserves and retained earnings of the VSC Group and the Company during the year are set out in Note 32 to the accompanying consolidated financial statements.

As at 31st March 2011, approximately HK\$53,986,000 (2010: HK\$53,986,000) of the Company’s reserves and approximately HK\$10,699,000 (2010: HK\$15,028,000) of the Company’s retained earnings were available for distribution to its equity holders.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year ended 31st March 2011.

Report of the Directors

PRE-EMPTIVE RIGHTS

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

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

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

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and associates are set out in Notes 18 and 19, respectively, to the accompanying consolidated financial statements.

BORROWINGS

Particulars of borrowings as at 31st March 2011 are set out in Note 29 to the accompanying consolidated financial statements.

PENSION SCHEMES

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

CHARITABLE DONATIONS

During the year, the VSC Group made charitable donations of approximately HK\$762,000 (2010: HK\$1,218,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

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

Non-executive Director

Mr. Frank Muñoz (appointed on 17th June 2011)

Independent Non-executive Directors

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

In accordance with the Company's Bye-laws 86(2) and 87(1), Mr. Frank Muñoz, Mr. Kenny King Ching Tam and Mr. Xu Lin Bao 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 2012.

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

Report of the Directors

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

As at 31st March 2011, the interests and short positions of the Directors and chief executives of the Company in the shares of HK\$0.10 each in the capital of the Company (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the

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

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

Name of Directors	Capacity	Attributable interest to the Directors	Number of Shares	Approximate percentage	Number of share options (Note b)	Aggregate interest
Mr. Andrew Cho Fai Yao ("Mr. Yao")	Interest of controlled corporation, Huge Top (Note a)	deemed interest (indirectly)	173,424,000	41.88%	–	173,424,000
	Beneficial owner	100% (directly)	2,512,000	0.61%	1,500,000	4,012,000
			175,936,000	42.49%	1,500,000	177,436,000
Mr. Fernando Sai Ming Dong	Beneficial owner	100% (directly)	142,000	0.03%	500,000	642,000
Mr. Harold Richard Kahler	Beneficial owner	100% (directly)	66,000	0.02%	1,000,000	1,066,000
Mr. Kern Lim	Beneficial owner	100% (directly)	–	–	3,815,000	3,815,000
Mr. Kenny King Ching Tam	Beneficial owner	100% (directly)	–	–	1,000,000	1,000,000
Mr. Xu Lin Bao	Beneficial owner	100% (directly)	–	–	1,000,000	1,000,000

Notes:

- a. As at 31st March 2011, Huge Top Industrial Ltd. ("Huge Top") held 173,424,000 Shares. Mr. Yao was one of the two directors of Huge Top while the remaining director of Huge Top was Ms. Miriam Che Li Yao who is the sister of Mr. Yao. Mr. Yao directly held approximately 11.90% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owned approximately 42.86% of the issued shares of Huge Top and was entitled to exercise more than one-third of

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

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

Report of the Directors

(ii) Long positions in associated corporation – Huge Top

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

Save as disclosed above, as at 31st March 2011, 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.

Report of the Directors

DIRECTORS' INTEREST IN CONTRACTS

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

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

Other than interests disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 31st March 2011, according to the register of interests kept by the Company under section 336 of the SFO, the following entities have interests or short positions in the Shares and underlying Shares which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Approximate percentage	Number of share options	Aggregate interest
Huge Top	Beneficial owner	173,424,000	41.88%	–	173,424,000
Perfect Capital	Interest of controlled corporation	173,424,000 (Note a)	41.88%	–	173,424,000
Ms. Miriam Che Li Yao	Interest of controlled corporation	173,424,000 (Note b)	41.88%	–	173,424,000
	Beneficial owner	2,000,000	0.48%	1,000,000	3,000,000
		175,424,000	42.36%	1,000,000	176,424,000
Penta Investment Advisers Limited	Investment manager	33,100,000	7.99%	–	33,100,000
John Zwaanstra	Interest of controlled corporation	33,100,000 (Note c)	7.99%	–	33,100,000

Report of the Directors

Notes:

- (a) As at 31st March 2011, Huge Top held 173,424,000 Shares. Perfect Capital owned approximately 42.86% of the issued shares of Huge Top and was entitled to exercise more than one-third of the voting power at general meetings of Huge Top and therefore was deemed to be interested in these Shares through Huge Top.
- (b) As at 31st March 2011, Huge Top held 173,424,000 Shares. Ms. Miriam Che Li Yao was one of the two directors of Huge Top while the remaining director of Huge Top was Mr. Yao who is the brother of Ms. Miriam Che Li Yao and therefore was deemed to be interested in these Shares through Huge Top.
- (c) As at 31st March 2011, Mr. John Zwaanstra had direct control over an investment manager Penta Investment Advisers Limited (“Penta”) and therefore was deemed to control the voting power of 33,100,000 Shares held in aggregate by Penta and its wholly-owned subsidiaries and other entities controlled by it.

Save as disclosed above, as at 31st March 2011, the Directors were not aware of any other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

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 2nd September 2010 (“2010 AGM”), the Company may initially grant options representing 41,412,825 Shares under the Share Option Scheme (i.e. approximately 10% of the issued share capital of the Company as at 2nd September 2010 (the date of the 2010 AGM) and approximately 10% of the issued share capital of the Company as at the date of this annual report).

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 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.

Report of the Directors

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 Option Scheme will expire on 11th November 2011.

Approval will be sought from the Shareholders at the forthcoming annual general meeting for the adoption of a new share option scheme and the termination of the Share Option Scheme (to the effect that no further Options shall be offered) with effect from the conclusion of the forthcoming annual general meeting. Details of the proposal are set out in the circular enclosed with this annual report to be despatched to the Shareholders together with the notice of the forthcoming annual general meeting.

Report of the Directors

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

Name or category of participant	Date of grant	Exercise period	Exercise price per Share	Number of share options				End of the year '000
				Beginning of the year '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	
Directors:								
Mr. Yao	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	1,500	–	–	–	1,500
Mr. Fernando Sai Ming Dong	19th September 2003	19th September 2005 to 18th September 2013	HK\$1.418	300	–	–	–	300
	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	200	–	–	–	200
Mr. Kenny King Ching Tam	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	–	–	–	1,000
Mr. Harold Richard Kahler	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	–	–	–	1,000
Mr. Xu Lin Bao	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	–	–	–	1,000
Mr. Kern Lim	19th July 2010	1st June 2012 to 18th July 2020	HK\$0.828	–	3,815	–	–	3,815
Sub-total				5,000	3,815	–	–	8,815
Employees:								
In aggregate	7th May 2003	7th May 2005 to 6th May 2013 (Note 2)	HK\$0.97	730	–	–	(30)	700
In aggregate	19th September 2003	19th September 2005 to 18th September 2013	HK\$1.418	1,000	–	–	–	1,000
In aggregate	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	700	–	–	–	700
In aggregate	18th September 2009	18th September 2011 to 17th September 2019 (Note 3)	HK\$0.586	5,600	–	–	(1,000)	4,600
In aggregate	13th October 2009	13th October 2009 to 12th October 2019	HK\$0.504	10,500	–	–	–	10,500
Sub-total				18,530	–	–	(1,030)	17,500
Others:								
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	1,000	–	–	–	1,000
In aggregate	13th October 2009	13th October 2009 to 12th October 2019	HK\$0.504	6,000	–	–	–	6,000
Sub-total				7,000	–	–	–	7,000
Total of Share Option Scheme				30,530	3,815	–	(1,030)	33,315

Report of the Directors

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.
3. The options to subscribe for Shares at a price of HK\$0.586 per Share are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 18th September 2011 to 17th September 2012, the option may be exercised up to 33.33% of such Shares.
 - (ii) During the period starting from 18th September 2012 to 17th September 2013, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 66.66% of such Shares.
 - (iii) During the period starting from 18th September 2013 to 17th September 2019, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised in full.

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

RELATED PARTY TRANSACTIONS

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

CONNECTED TRANSACTION

On 7th June 2010, Van Shung Chong Hong Limited (“VSCH”) and Tent Need Holdings Limited (“Tent Need”) entered into a sale and purchase agreement, pursuant to which VSCH agreed to sell and Tent Need agreed to purchase the Workshop 10 on the Ninth Floor of Kodak House II situated at No. 39 Healthy Street East,

Hong Kong (the “Property”) at a consideration of HK\$15,000,000 (the “Sale and Purchase Agreement”).

The ultimate owner of Tent Need is a connected person of the Company as he is the brother-in-law of Mr. Yao, the executive director of the Company and the sale of the Property by VSCH to Tent Need as provided in the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”).

The Property has been held to earn rental income for the VSC Group. The Directors consider that the disposal of the Property represents a favourable opportunity for the VSC Group to capitalise on recent market conditions to enhance the working capital of the VSC Group. The Directors consider that the disposal of the Property will provide the VSC Group with additional financial resources without any adverse impact on the business operation of the VSC Group.

COMPETING INTERESTS

For the year ended 31st March 2011, none of the Directors or the controlling shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete directly or indirectly with the businesses of the VSC Group or has any other conflict of interests with the VSC Group.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

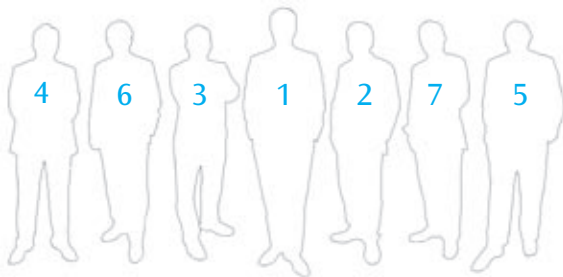
The accompanying consolidated financial statements were audited by PricewaterhouseCoopers. A resolution for their re-appointment as the Company’s auditor for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Andrew Cho Fai Yao
Chairman

Hong Kong, 17th June 2011

Directors' Profile



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

EXECUTIVE DIRECTORS

Mr. Andrew Cho Fai Yao

aged 45, is the chairman and chief executive officer of the Company. Mr. Yao graduated from the University of California, Berkeley and Harvard Graduate School of Business. He serves as a Standing Committee Member of the Shanghai China People's Political Consultative Conference, the Standing Committee Member of All-China Youth Federation, the Vice Chairman of Youth Federation of State-owned Enterprises and Shanghai Youth Federation, the Former Chairman of Hong Kong United Youth Association, the Board Member of Fudan University in Shanghai, the Court Member of The University of Hong Kong and the Member of the Barristers Disciplinary Tribunal Panel. He was awarded "Young Industrialist Award of Hong Kong" in 2004. He was awarded Justice of Peace by HKSAR in 2008. Mr. Yao is an independent non-executive director of Kader Holdings Company Limited which is a company listed on main board of The Stock Exchange of Hong Kong Limited. He is also a non-executive director of North Asia Strategic Holdings Limited which is a company listed on GEM board of The Stock Exchange of Hong Kong Limited. Mr. Yao is also a director of most of the subsidiaries of the Company.

Directors' Profile

Mr. Fernando Sai Ming Dong

aged 49, is an executive director of the Company responsible for general administration. He has over nineteen years' experience in international trading. Mr. Dong is extensively involved in warehouse management, property investment and the China operations of the VSC Group. He has also been assisting the VSC Group to establish new manufacturing facilities in both Hong Kong and Mainland China. Mr. Dong is also a member of the Chinese People's Political Consultative Conference Guangzhou Huangpu District Committee. Mr. Dong joined the VSC Group in 1987. He is also a director of some of the subsidiaries of the Company.

Mr. Kern Lim

aged 41, joined the Company on 1st June 2010 as the chief financial officer and chief operating officer and further be appointed as the executive director on 9th July 2010. He has over 15 years of experience in the finance sector, particularly in the field of mergers and acquisitions. From 2008 to 2009, Mr. Lim was vice president of finance of the Venetian Macao-Resort-Hotel and from 2006 to 2008, he was the global chief financial officer of Asimco Technologies Limited, a Cayman Islands company with operations in China. From 2003 to 2006, Mr. Lim was the chief financial officer of Eastman Kodak Company for the Asia Pacific region. Mr. Lim is the independent director and audit committee of Dapai International Holdings Co. Ltd. (formerly named as "China Zaino International Ltd."), a company listed on the Singapore Stock Exchange and the independent director, audit committee, chairman of remuneration and nomination committee of Mindray Medical International Limited, a company listed on the New York Stock Exchange. Mr. Lim is an independent director and audit committee of RDA Microelectronics, Inc., a company listed on the NASDAQ Global Market. Mr. Lim received his bachelor's degree in financial and management accounting from the Nanyang Technological University in Singapore and went on to attend various executive programs at prestigious business schools such as the Stanford Graduate School of Business and the Graduate School of Business in Harvard University. Mr. Lim is a certified public accountant and the member of Institute of Certified Public Accountants Singapore. Mr. Lim is also the Fellow Member of the Hong Kong Institute of Directors and the Full Member of Singapore Institute of Directors. Mr. Lim is also a director of one of the subsidiaries of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Frank Muñoz

aged 42, holds a bachelor's degree in electrical engineering. He is the president and chief executive officer of Ryerson China Limited and president of Ryerson Asia Limited. He is also the chairman of the operating committee of the joint venture of Ryerson China Group and Shinsho Corporation, and the board director of Guangzhou Baosteel Jing Chang Steel Processing Company Limited (a joint venture of Ryerson China Group, Shanghai Baosteel Corporation and Japan Mitsui & Co., Ltd.) in Nansha, China. Mr. Muñoz joined Ryerson Inc. in 1989 and has held various sales and operating positions. In 1994, he was part of the leadership team of Ryerson de Mexico SA de CV. From 1998 to 2006, he was the president and the chief operating officer of Ryerson de Mexico SA de CV. In 2006, he moved to China as the vice president of international of Ryerson Inc. and the board director of VSC-Ryerson China Limited (*Name changed to "Ryerson China Limited"*). Mr. Muñoz was a member of the executive and remuneration committees and the board director from April 2006 to June 2009, and the chairman of the board from October 2007 to June 2009 of Tata Ryerson India Limited (a joint venture of Ryerson Inc. and Tata Steel Ltd.). Mr. Muñoz is a member of American Chamber of Commerce in Shanghai. He is also the chairman of all the subsidiaries of Ryerson China Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Harold Richard Kahler

aged 64, 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. Kahler is also a director of one of the subsidiaries of the Company.

Mr. Kenny King Ching Tam

aged 62, 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 West China Cement Limited and a company listed on the GEM board of The Stock Exchange of Hong Kong Limited, namely, North Asia Strategic Holdings Limited.

Mr. Xu Lin Bao

aged 62, holds an EMBA degree from Fudan University, Shanghai. He is a senior qualified economist. Mr. Xu has been an administrative director of China Real Estate Association from 1999 to May 2006, the chairman of directors of the Committee of Management of China Real Estate Association from 1999 to June 2005, and currently the vice chairman of Real Estate Research Center of Shanghai Academy of Social Sciences and the chairman of directors of Yi-ju China Real Estate Research Center. Mr. Xu served as the vice chairman in Shanghai Real Estate Trade Association from 1999 to January 2006 and the chairman of directors in Shanghai Housing and Land Group from 1996 to December 2005.

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Independent Auditor's Report

獨立核數師報告

TO THE SHAREHOLDERS OF VAN SHUNG CHONG HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Van Shung Chong Holdings Limited (the “Company”) and its subsidiaries (together, the “VSC Group”) set out on pages 39 to 168, which comprise the consolidated and company statement of financial position as at 31st March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

致萬順昌集團有限公司 股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第39至168頁萬順昌集團有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一一年三月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合損益表、綜合全面損益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

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

核數師的責任

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

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

Independent Auditor's Report

獨立核數師報告

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the VSC Group as at 31st March 2011, 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, 17th June 2011

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零一一年三月三十一日的事務狀況及 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一一年六月十七日

Consolidated Income Statement

綜合損益表

For the year ended 31st March 2011 截至二零一一年三月三十一日止年度

	附註 Note	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Revenue	5	4,207,768	3,251,836	收入
Cost of sales	7	(4,018,827)	(2,953,474)	銷售成本
Gross profit		188,941	298,362	毛利
Other gains – net	6	44,426	5,239	其他收益 – 淨額
Selling and distribution expenses	7	(27,657)	(20,857)	銷售及分銷支出
General and administrative expenses	7	(136,164)	(146,418)	一般及行政支出
Operating profit		69,546	136,326	經營溢利
Finance income	10	858	1,314	財務收入
Finance costs	10	(24,126)	(19,982)	財務費用
Share of profits/(losses) of associates – net	19	6,626	(12,896)	應佔聯營公司溢利/ (虧損) – 淨額
Profit before income tax		52,904	104,762	除稅前溢利
Income tax expense	11	(14,010)	(22,279)	所得稅支出
Profit for the year		38,894	82,483	年度溢利
Attributable to:				應佔：
Equity holders of the Company	12	31,032	75,221	本公司股權持有人
Non-controlling interest		7,862	7,262	非控制性權益
		38,894	82,483	
Earnings per ordinary share for profit attributable to the equity holders of the Company during the year				本年度本公司股權持有人應佔溢利計算之每股普通股盈利
– Basic	14	HK7.49 cents 港仙	HK18.71 cents港仙	– 基本
– Diluted	14	HK7.34 cents 港仙	HK18.62 cents港仙	– 攤薄
Dividends	13	7,869	22,361	股息

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

附註為綜合財務報表整體之一部分。

Consolidated Statement of Comprehensive Income

綜合全面損益表

For the year ended 31st March 2011 截至二零一一年三月三十一日止年度

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Profit for the year	38,894	82,483	年度溢利
Other comprehensive income			其他全面收入
Currency translation differences	10,883	1,611	貨幣匯兌差額
Total comprehensive income for the year	49,777	84,094	年度全面收入總額
Total comprehensive income attributable to:			應佔全面收入總額：
– Equity holders of the Company	40,383	76,832	– 本公司股權持有人
– Non-controlling interest	9,394	7,262	– 非控制性權益
	49,777	84,094	

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

附註為綜合財務報表整體之一部分。

Statement of Financial Position

財務狀況表

As at 31st March 2011 於二零一一年三月三十一日

	附註 Note	綜合 Consolidated		本公司 Company		
		二零一一年 2011	二零一零年 2010	二零一一年 2011	二零一零年 2010	
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Non-current assets						非流動資產
Property, plant and equipment	15	16,130	21,441	–	–	物業、廠房及設備
Investment property	16	20,000	15,000	–	–	投資物業
Intangible asset	21	10,692	–	–	–	無形資產
Land use rights	17	10,728	10,930	–	–	土地使用權
Investments in subsidiaries	18	–	–	517,273	528,888	於附屬公司之投資
Investments in associates	19	156,184	241,304	–	–	於聯營公司之投資
Deferred income tax assets	20	22,951	25,267	–	–	遞延所得稅資產
Derivative financial instruments	22	2,294	–	–	–	衍生金融工具
Total non-current assets		238,979	313,942	517,273	528,888	非流動資產總額
Current assets						流動資產
Inventories	23	389,864	245,720	–	–	存貨
Trade and bill receivables	24	497,362	409,826	–	–	應收賬款及票據
Loan receivables	24	19,000	24,500	–	–	應收貸款
Prepayments, deposits and other receivables	25	142,032	178,756	61	–	預付款項、按金及其他應收賬款
Derivative financial instruments	22	103	990	–	–	衍生金融工具
Amounts due from associates	19	23,103	52,344	–	–	應收聯營公司
Pledged bank deposits	26	41,624	57,182	12,287	12,248	已抵押銀行存款
Cash and cash equivalents	26	485,868	160,935	438	381	現金及現金等值
Total current assets		1,598,956	1,130,253	12,786	12,629	流動資產總額
Current liabilities						流動負債
Trade and bill payables	27	313,935	247,473	–	–	應付賬款及票據
Receipts in advance		145,621	24,888	–	–	預收款項
Accrued liabilities and other payables	28	90,997	99,399	125	107	應計負債及其他應付賬款
Derivative financial instruments	22	13	–	13	–	衍生金融工具
Current income tax liabilities		7,932	7,105	–	–	流動所得稅負債
Borrowings	29	600,144	410,281	3,876	7,764	借貸
Total current liabilities		1,158,642	789,146	4,014	7,871	流動負債總額
Net current assets		440,314	341,107	8,772	4,758	流動資產淨額
Total assets less current liabilities		679,293	655,049	526,045	533,646	總資產減流動負債
Non-current liabilities						非流動負債
Derivative financial instruments	22	128	133	–	133	衍生金融工具
Deferred income tax liabilities	20	1,373	5	–	–	遞延所得稅負債
Borrowings	29	–	3,925	–	3,925	借貸
Total non-current liabilities		1,501	4,063	–	4,058	非流動負債總額
Net assets		677,792	650,986	526,045	529,588	資產淨額

Statement of Financial Position

財務狀況表

As at 31st March 2011 於二零一一年三月三十一日

	附註 Note	綜合 Consolidated		本公司 Company		
		二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Equity						權益
Capital and reserves attributable to equity holders of the Company						本公司股權持有人應佔股本及儲備
Share capital	30	41,413	41,413	41,413	41,413	股本
Reserves	32					儲備
– Proposed final dividend	13	2,485	9,939	2,485	9,939	– 建議末期股息
– Others		600,758	569,805	482,147	478,236	– 其他
		644,656	621,157	526,045	529,588	
Non-controlling interest		33,136	29,829	–	–	非控制性權益
Total equity		677,792	650,986	526,045	529,588	權益總額

姚祖輝
Yao Cho Fai, Andrew
主席
Chairman

林耿
Lim Kern
執行董事
Executive Director

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

附註為綜合財務報表整體之一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31st March 2011 截至二零一一年三月三十一日止年度

	本公司股權持有人應佔						權益總額
	Attributable to equity holders of the Company						
	股本	其他儲備	保留盈利	總額	非控制性權益	權益總額	
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity	
	千港元	千港元	千港元	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(附註30)	(附註32)	(附註32)				
	(Note 30)	(Note 32)	(Note 32)				
As at 1st April 2009	38,143	494,405	5,779	538,327	23,209	561,536	於二零零九年 四月一日
Profit for the year	–	–	75,221	75,221	7,262	82,483	年度溢利
Other comprehensive income							其他全面收入
– Currency translation differences	–	1,611	–	1,611	–	1,611	– 貨幣匯兌 差額
Total comprehensive income	–	1,611	75,221	76,832	7,262	84,094	全面收入總額
Transfer from retained earnings	–	407	(407)	–	–	–	轉撥自保留盈利
Issuance of shares							股份發行
– share placement	3,160	12,640	–	15,800	–	15,800	– 配股
Issuance of shares							股份發行
– exercise of share options	110	484	–	594	–	594	– 行使購股權
Lapse of share options	–	(11)	11	–	–	–	失效之購股權
Share option scheme							購股權計劃
– value of services	–	2,026	–	2,026	–	2,026	– 服務價值
Dividends paid to equity holders of the Company	–	–	(12,422)	(12,422)	–	(12,422)	已付本公司股權 持有人之股息
Dividends paid to a non-controlling shareholder of a subsidiary	–	–	–	–	(642)	(642)	已付一間附屬公司之 一位非控制性 股東之股息
As at 31st March 2010	41,413	511,562	68,182	621,157	29,829	650,986	於二零一零年 三月三十一日
As at 1st April 2010	41,413	511,562	68,182	621,157	29,829	650,986	於二零一零年 四月一日
Profit for the year	–	–	31,032	31,032	7,862	38,894	年度溢利
Other comprehensive income							其他全面收入
– Currency translation differences	–	9,351	–	9,351	1,532	10,883	– 貨幣匯兌 差額
Total comprehensive income	–	9,351	31,032	40,383	9,394	49,777	全面收入總額
Transfer from retained earnings	–	430	(430)	–	–	–	轉撥自保留盈利
Lapse of share options	–	(7)	7	–	–	–	失效之購股權
Share option scheme							購股權計劃
– value of services	–	793	–	793	–	793	– 服務價值
Dividends paid to equity holders of the Company	–	–	(15,323)	(15,323)	–	(15,323)	已付本公司股權 持有人之股息
Disposal of interest in an associate	–	(2,354)	–	(2,354)	–	(2,354)	出售一間聯營公司 之權益
Dividends paid to a non-controlling shareholder of a subsidiary	–	–	–	–	(6,431)	(6,431)	已付一間附屬公司之 一位非控制性股東 之股息
Capital contribution by a non-controlling shareholder of a subsidiary	–	–	–	–	344	344	一間附屬公司之 一位非控制性股東 之資本投入
As at 31st March 2011	41,413	519,775	83,468	644,656	33,136	677,792	於二零一一年 三月三十一日

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

附註為綜合財務報表整體之一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31st March 2011 截至二零一一年三月三十一日止年度

		二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
	附註 Note			
Cash flows from operating activities				經營活動之現金流
Cash generated from operations	33(a)	39,254	158,407	經營產生之現金
Interest received		858	1,314	已收利息
Interest paid		(16,057)	(10,612)	已付利息
Hong Kong profits tax (paid)/refunded		(2,042)	785	(已付)/收回香港 利得稅
China corporate income tax paid		(7,332)	(4,161)	已付中國企業所得稅
Macau profits tax paid		–	(88)	已付澳門利得稅
Net cash generated from operating activities		14,681	145,645	經營活動產生之 現金淨額
Cash flows from investing activities				投資活動之現金流
Purchase of property, plant and equipment		(1,620)	(7,695)	購置物業、廠房及設備
Proceeds from disposals of property, plant and equipment	33(b)	226	187	出售物業、廠房及 設備之所得款項
Acquisition of an intangible asset	33(e)	(5,940)	–	收購一項無形資產
Proceeds from disposal of interest in an associate	33(d)	136,290	–	出售一間聯營公司之 權益之所得款項
Proceeds from disposal of a club debenture		2,038	–	出售一項會籍之所得款項
Proceeds from disposal of available-for- sales financial assets upon disposal of a subsidiary	33(c)	–	2,211	出售一間附屬公司引致 出售可供出售之財務 資產之所得款項
Purchase of an investment property		(20,273)	–	購置一項投資物業
Proceeds from disposal of an investment property		15,000	23,448	出售一項投資物業之 所得款項
Amount recovered from a fully impaired available-for-sale financial asset		388	386	收回一項已全數減值之 可供出售之財務資產
Net cash inflow from investing activities		126,109	18,537	投資活動流入之 現金淨額

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31st March 2011 截至二零一一年三月三十一日止年度

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
附註 Note			
Cash flows from financing activities			融資活動之現金流
New bank loans	35,970	49,885	新增銀行貸款
Repayment of bank loans	(18,409)	(83,065)	償還銀行貸款
Net increase/(decrease) in trust receipt bank loans	168,395	(53,678)	信託收據銀行貸款之淨增加/(減少)
Decrease/(increase) in pledged bank deposits	15,558	(21,289)	已抵押銀行存款減少/(增加)
Dividends paid to equity holders of the Company	(15,323)	(12,422)	已付本公司股權持有人的股息
Dividends paid to a non-controlling shareholder of a subsidiary	(6,431)	(642)	已付一間附屬公司之一位非控制性股東之股息
Proceeds from issuance of shares – exercise of share options	–	594	股份發行 – 行使購股權之所得款項
Capital contribution by a non-controlling shareholder of a subsidiary	344	–	一間附屬公司之一位非控制性股東之資本投入
Proceeds from issuance of shares – share placement	–	15,800	股份發行 – 配股之所得款項
Net cash inflow/(outflow) from financing activities	180,104	(104,817)	融資活動流入/(流出)之現金淨額
Increase in cash and cash equivalents	320,894	59,365	現金及現金等值之增加
Cash and cash equivalents, beginning of the year	160,935	100,679	年初之現金及現金等值
Translation adjustments	4,039	891	匯兌調整
Cash and cash equivalents, end of the year	485,868	160,935	年終之現金及現金等值

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

附註為綜合財務報表整體之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 GENERAL INFORMATION

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

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

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17th June 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

1 一般資料

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

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

除另有指明外，本綜合財務報表以港元(「港元」)列示。本綜合財務報表已於二零一一年六月十七日經董事會核准刊發。

2 主要會計政策概要

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

2.1 編製基準

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

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

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

2 主要會計政策概要 (續)

2.1 編製基準 (續)

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

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

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

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)

(a) *New and amended standards and interpretation adopted by the VSC Group*

The following new standards and amendments to standards and interpretation are mandatory for the first time for the financial year beginning 1st April 2010.

HK – Int 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains Repayment on Demand Clause” has been applied retrospectively for annual periods beginning 1st April 2010. According to HK – Int 5, if a term loan agreement includes an overriding repayment on demand clause (“callable feature”), which gives the lender a clear and unambiguous unconditional right to demand repayment at any time at its sole discretion, a borrower shall classify the term loan as a current liability in its statement of financial position, as the borrower does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(a) *萬順昌集團已採納之新訂及修訂之準則及詮釋*

以下對準則及詮釋並為始於二零一零年四月一日起之財政年度之首年必須採納之新訂準則及修定。

於二零一零年四月一日開始之年度期間已應用香港 – 詮釋5「財務報表之呈列 – 借款人對包含按要償還條款之定期貸款之分類」。根據香港 – 詮釋5，如一項定期貸款協議包含一項凌駕要求償還條款，倘定期貸款協議載有凌駕一切之按要償還條款（「催繳權」）給予貸款人清晰明確之無條件權利可隨時全權酌情要求還款，借款人須就有關定期貸款於財務狀況表內歸類為流動負債，原因是借款人於該等協議下並不擁有無條件權利延遲至報告日至少十二個月後償債。

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)

(a) *New and amended standards and interpretation adopted by the VSC Group (Continued)*

The effect of the adoption of this interpretation is as below:

	綜合 Consolidated		本公司 Company		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Increase in borrowings					借貸增加
– current	8,442	–	–	–	– 當期
Decrease in borrowings					借貸減少
– non-current	(8,442)	–	–	–	– 非當期

HKFRS 3 (Revised), 'Business Combinations', and consequential amendments to HKAS 27, 'Consolidated and Separate Financial Statements', HKAS 28, 'Investments in Associates', and HKAS 31, 'Interests in Joint Ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on 1st April 2010.

香港財務報告準則第3號(經修訂)「業務合併」, 及對於香港會計準則第27號「合併和單獨財務報表」、香港會計準則第28號「聯營投資」及香港會計準則第31號「合營中的權益」之相應修改, 預期對收購日期為於二零一零年四月一日或之後開始之首個年度報告期間開始或之後之業務合併生效。

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(a) 萬順昌集團已採納之新訂及修訂準則及詮釋 (續)

採納此詮釋之影響如下：

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)

(a) *New and amended standards and interpretation adopted by the VSC Group (Continued)*

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised standard requires bargain purchase to be determined only at the acquisition date rather than at the previous stages. The determination of bargain purchase includes the previously held equity interest to be adjusted to fair value, with any gain or loss recorded in the consolidated income statement. See Note 21 for further details of the business combination that occurred in 2011.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(a) *萬順昌集團已採納之新訂及修訂準則及詮釋 (續)*

此項經修訂之準則繼續對業務合併應用購買法，但與香港財務報告準則第3號比較，有若干重大更改。例如，收購業務的所有付款必須按收購日期之公平價值記錄，而分類為或然付款之債務其後須在綜合全面損益表重新計量。個別收購基準有不同選擇方案，可按公平價值或按非控制性權益應佔被收購方淨資產之比例，計量被收購方之非控制性權益。所有收購相關成本必須支銷。

此項經修訂準則規定議價購買只能在收購日期而非之前階段釐定。議價購買之釐定包括其之前持有之權益，任何按公平價值調整之盈虧記錄於綜合損益表內。於二零一一年發生的業務合併的進一步詳情請參閱附註21。

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)

(a) *New and amended standards and interpretation adopted by the VSC Group (Continued)*

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (Revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

HKAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(a) *萬順昌集團已採納之新訂及修訂準則及詮釋 (續)*

香港會計準則第27號(經修訂)規定,倘控制權並無變動及該等交易將不再產生商譽或盈虧,與非控制性權益進行所有交易之影響將於權益中記錄。該準則亦訂明失去控制權時之會計處理方法。於實體之任何餘下權益將重新以公平價值計量,而盈虧則於損益中確認。當非控制性權益並無錄得虧絀結餘,香港會計準則第27號(經修訂)對本年度並無構成影響;概無於失去實體之控制權後仍保留與該實體權益之交易,亦概無與非控制性權益進行任何交易。

香港會計準則第1號(修訂),「財務報表之呈報」。此修訂澄清了透過發行權益而對負債進行潛在結算,則對該項負債被分類為流動或非流動並無關係的。透過修訂流動負債之定義,此修訂容許一項負債被分類為非流動,倘若主體具無條件權利在會計期間後最少12個月通過轉讓現金或其他資產延期結算,儘管交易對方於任何期間要求實體以股份結算。

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)

(a) *New and amended standards and interpretation adopted by the VSC Group (Continued)*

HKFRS 2 (Amendments), 'Group Cash-settled Share-based Payment Transactions', effective from 1st April 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) – Int 11, 'HKFRS 2 – Group and Treasury Share Transactions', the amendments expand on the guidance in HK(IFRIC) – Int 11 to address the classification of group arrangements that were not covered by that interpretation.

HKAS 36 (Amendment), 'Impairment of Assets', effective from 1st April 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(a) *萬順昌集團已採納之新訂及修訂準則及詮釋 (續)*

香港財務報告準則第2號(修訂)「集團現金結算股份付款交易」於二零一零年四月一日起生效。除收錄香港(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」及香港(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 – 集團及庫存股份交易」外，該項修訂本擴大香港(國際財務報告詮釋委員會)– 詮釋第11號之指引，針對該詮釋以往並未涵蓋之集團安排分類。

香港會計準則第36號(修訂)「資產減值」於二零一零年四月起生效。此修訂闡明就分配商譽進行減值測試可容許之最大現金產生單位(或單位群組)為一經營分部(定義見香港財務報告準則第8號「經營分部」第5段)– 即與其他經濟特性類似之分類進行合併前之分類個體。

香港會計準則第17號(修訂)「租賃」刪除有關租賃土地分類之特定指引，從而消除與租賃分類一般指引不一致之處。

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)

(a) *New and amended standards and interpretation adopted by the VSC Group (Continued)*

As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

The adoption of these new standard and amendments to standards, except for HK Int-5 as stated above, does not have any significant impact to the results and financial position of the VSC Group.

'Improvements to HKFRSs 2009', mainly comprises a collection of amendments to HKFRSs, including the HKAS 17 (Amendment) as described above. It is not expected to have a significant effect on the consolidated financial statements with adoption of these amendments.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(a) *萬順昌集團已採納之新訂及修訂準則及詮釋 (續)*

因此，租賃土地應採用香港會計準則第17號之一般原則，乃根據租賃是否將資產所有權附帶之絕大部分風險及回報轉移至承租人，以決定分類為融資租賃或經營租賃。

採納此等新訂準則及對準則之修訂，除香港一詮釋5外，對萬順昌集團之業績及財務狀況並無重大影響。

香港財務報告準則(2009)之年度改進計劃主要包括一系列對香港財務報告準則之修訂，如以上所闡述之香港會計準則第17號(修訂)。預期採納此等修訂不會對綜合財務報表有重大影響。

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)

(b) *New and amended standards and interpretations that are effective but not currently relevant to the VSC Group*

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1st April 2010, but are not currently relevant to the VSC Group:

HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distribution of Non-cash Asset of Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) *已生效之新訂及修訂之準則及詮釋但現時與萬順昌集團無關*

萬順昌集團已採納以下始於二零一零年四月一日起之財政年度之首年必須採納之新訂及修訂之準則及詮釋，但現時與萬順昌集團無關：

香港會計準則第32號 (修訂)	「供股分類」
香港會計準則第39號 (修訂)	「合資格對沖項目」
香港財務報告準則第1號 (經修訂)	「首次採納香港財務報告準則」
香港財務報告準則第1號 (修訂)	「首次採納者之額外豁免」
香港財務報告準則第5號 (修訂)	「持有待售的非流動資產及終止經營業務」
香港 (國際財務報告詮釋委員會) – 詮釋第9號	「嵌入式衍生工具的重估」
香港 (國際財務報告詮釋委員會) – 詮釋第16號	「海外業務投資淨額對沖」
香港 (國際財務報告詮釋委員會) – 詮釋第17號	「向擁有人分派非現金資產」
香港 (國際財務報告詮釋委員會) – 詮釋第18號	「獲客戶轉讓資產」

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group*

The following new standards, amendments and interpretations have been issued and are mandatory for the VSC Group's accounting periods beginning on or after 1st April 2011 or later periods, but the VSC Group has not early adopted them:

HKFRS 9, 'Financial Instruments', issued in November 2009 and December 2010. This standard is the first step in the process to replace HKAS 39, 'Financial Instruments: recognition and measurement'. HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the VSC Group's accounting for its financial assets. The standard is not applicable until 1st January 2013 but is available for early adoption.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋*

萬順昌集團無提前採納以下已頒佈並為始於二零一一年四月一日起之會計期間必須採納之新訂準則、修訂及詮釋：

香港財務報告準則第9號「金融工具」於二零零九年十一月及二零一零年十二月頒佈。此準則是為取代香港會計準則第39號「金融工具：確認和計量」之第一步。香港財務報告準則第9號介入對財務資產之分類及計量之新要求，將可能影響對萬順昌集團之財務資產之會計入賬法。此準則於二零一三年一月一日或之後開始的年度期間應用但容許提早採納。

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group (Continued)*

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The VSC Group is yet to assess HKFRS 9's full impact. The VSC Group will apply the standard from 1st April 2013.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋 (續)*

就財務負債而言，有關對財務負債重大變動按公平價值計入損益。特別是根據香港財務報告準則第9號，就按公平價值計入損益之財務負債而言，除非於其他全面收入中呈列負債之信貸風險改變之影響會於損益中產生或擴大會計錯配，否則，因負債之信貸風險改變而引致財務負債公平價值金額之變動乃於其他全面收入中呈列。財務負債之信貸風險引致之公平價值變動其後不會重新分類為損益。過往，根據香港會計準則第39號，按公平價值計入損益之財務負債之公平價值變動，乃全數於損益中呈列。

萬順昌集團已就香港財務報告準則第9號進行全面評估，萬順昌集團將於二零一三年四月一日開始採納此準則。

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group (Continued)*

HKAS 24 (Revised), 'Related Party Disclosures', issued in November 2009. It supersedes HKAS 24, 'Related Party Disclosures', issued in 2003. HKAS 24 (Revised) is mandatory for periods beginning on or after 1st April 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The VSC Group will apply the revised standard from 1st April 2011.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋 (續)*

香港會計準則第24號(經修訂)「關連人士披露」於二零零九年十一月頒佈。取代於二零零三年頒佈之香港會計準則第24號「關連人士披露」。香港會計準則第24號(經修訂)必須在二零一一年四月一日或之後開始之期間採用。容許全部或部分提早採納。

此修訂準則澄清和簡化了關連人士之定義，並刪除政府相關主體必須披露與政府和其他政府相關主體所有交易之規定。萬順昌集團將在二零一一年四月一日起應用此經修訂準則。

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group (Continued)*

HK (IFRIC) – Int 19, ‘Extinguishing Financial Liabilities with Equity Instruments’, effective from 1st July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

The VSC Group will apply the interpretation from 1st April 2011. It is not expected to have any impact on the VSC Group or the parent entity’s financial statements.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋 (續)*

於二零一零年七月一日起生效之香港(國際財務報告詮釋委員會)– 詮釋第19號「以股本工具抵銷財務負債」。此詮釋澄清當債務條款重新釐定及引致主體發行權益工具以清除全部或部分之債務(即「以股換債」)。將要求盈虧於損益內確認,以財務負債賬面金額及公平價值之差額計量。如權益工具之公平價值未能可靠計量,將以財務負債之公平價值計量以反映該權益工具之公平價值。

萬順昌集團將由二零一一年四月一日起應用此詮釋。預期不會對萬順昌集團或母公司之財務報表有任何影響。

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group (Continued)*

HKAS 12 (Revised), 'Income Taxes', issued in December 2010. It supersedes HK(SIC) – Int 21 'Income Taxes – Recovery of Revalued Non-Depreciable Assets', issued in 2004. HKAS 12 (Revised) is mandatory for periods beginning on or after 1st April 2012. Earlier application, in whole or in part, is permitted.

The revised standard clarifies that deferred income taxes on an investment property, carried under the fair value model in HKAS 40, will be measured presuming that an investment property is recovered entirely through sale. The presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. It is not expected to have a significant effect on the consolidated financial statements with adoption of this amendment. The VSC Group will apply the amended standard from 1st April 2012.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋 (續)*

於二零一零年十二月頒佈之香港會計準則第12號(經修訂)「所得稅」。此準則取代於二零零四年頒佈之香港(常設解釋委員會)解釋公告第21號「所得稅 – 收回已重估非折舊之資產」。香港會計準則第12號(經修訂)必須於二零一二年四月一日起或以後年度期間採納。容許全部或部分提早採納。

經修訂準則澄清，按香港會計準則第40號內公平價值模式列賬之投資物業，其遞延所得稅計量乃假定投資物業透過銷售悉數收回。倘投資物業之持有目的為不斷消耗投資物業內含之絕大部分經濟利益(而非透過銷售)，則此項假設可予駁回。採納此修訂預期不會對綜合財務報表有任何重大影響。萬順昌集團將於二零一二年四月一日起採納此修訂準則。

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group (Continued)*

Amendments to HKFRS 7 (Revised), 'Financial Instruments: Disclosures', issued in October 2010. The amendment will be effective for annual periods beginning on or after 1st July 2011, with earlier application permitted. The amendments require additional disclosures for risk exposures arising from transferred financial assets and no disclosures are required for prior periods. No significant change in disclosure in the consolidated financial statements is expected. The VSC Group will apply the amendment from 1st April 2012.

'Improvements to HKFRSs 2010', issued in May 2010. The amendments are primarily effective for annual periods beginning on or after 1st April 2011, with earlier application permitted.

The amendment comprises a collection of amendments to HKFRSs. It is not expected to have a significant effect on the consolidated financial statements with adoption of these amendments. The VSC Group will apply the amended standard from 1st April 2011.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋 (續)*

於二零一零年十月頒佈之香港財務報告準則第7號(經修訂)之修訂「金融工具：披露」。此修訂於二零一一年七月一日起或以後年度期間生效，並容許提早採納。此修訂要求由轉讓財務資產所產生之風險之額外披露，對過往期間並無此披露要求。預期不會對綜合財務報表之披露有重大影響。萬順昌集團將於二零一二年四月一日起採納此修訂。

香港財務報告準則(2010)之改進已於二零一零年五月頒佈。此修訂主要於二零一一年四月一日起或以後年度期間生效，並容許提早採納。

此等修訂包括一系列對香港財務報告準則之修訂。採納此等修訂預期不會對綜合財務報表有重大影響。萬順昌集團將於二零一一年四月一日起採納此修訂準則。

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)

- (c) *New standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the VSC Group (Continued)*

'Prepayments of a Minimum Funding Requirement' (amendments to HK (IFRIC) – Int 14). Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC) – Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1st April 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. It is not expected to have a significant effect on the consolidated financial statements with adoption of these amendments. The VSC Group will apply these amendments for the financial reporting period commencing on 1st April 2011.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *萬順昌集團無提前採納已頒佈但未生效之新訂準則、修訂及詮釋 (續)*

香港(國際財務報告詮釋委員會)－詮釋第14號之修訂「預付最低撥款規定」。如沒有此修訂，主體不容許就最低資金供款的自願性預付款確認為資產。當香港(國際財務報告詮釋委員會)－詮釋第14號發佈時，這不是預期中的，故對此詮釋作此修正。此修訂適用於二零一一年四月一日開始之年度期間，並容許提早採納。此修訂必須追溯應用於呈報之最早比較期間。採納此等修訂預期不會對綜合財務報表有重大影響。萬順昌集團將於二零一一年四月一日開始之報告期應用此等修訂。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31st March 2011.

(a) *Subsidiaries*

Subsidiaries are all 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. 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 non-controlling 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

綜合財務報表包括本公司及其所有附屬公司截至二零一一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轄其財政及經營政策之所有實體，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。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假定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假定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。

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)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the VSC Group.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9), if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with non-controlling interests

The VSC Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the VSC Group. Disposals to non-controlling interest result in gains and losses for the VSC Group and are recorded in the consolidated income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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抵銷。未實現虧損亦予以抵銷。

綜合財務報表中，附屬公司之會計政策於已按需要作出改變，以確保與萬順昌集團採用之政策符合一致。

在本公司之財務狀況表內，於附屬公司之投資按成本值扣除或有之減值虧損撥備列賬(附註2.9)。本公司將附屬公司之業績按已收及應收股息基準入賬。

(b) 與非控制性權益之交易

按萬順昌集團之政策，萬順昌集團與非控制性權益之交易均列為與萬順昌集團與外人仕進行之交易處理。出售予非控制性權益而導致萬順昌集團之盈虧於綜合損益表記賬。向非控制性進行採購而導致之商譽，相當於所支付之任何代價與相關應佔所收購附屬公司淨資產之賬面價值之差額。

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)

(c) 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 identified on acquisition, net of any accumulated impairment loss. See Note 2.9 for the impairment of non-financial assets including goodwill.

The VSC Group's share of its associates' post-acquisition profits or losses is recognised in the consolidation 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 associate.

2 主要會計政策概要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司

聯營公司是指凡萬順昌集團對其有重大影響力而無控制權的實體，一般附帶有20%至50%投票權之股權。於聯營公司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，並扣除任何累計減值虧損。詳見附註2.9，包括商譽之非財務資產之減值。

萬順昌集團應佔收購後聯營公司的溢利或虧損於綜合損益表中確認，而應佔收購後儲備之變動則於儲備賬中確認。投資賬面金額會根據累計之收購後儲備變動而作出調整。當萬順昌集團應佔一間聯營公司之虧損等於或超過其在該聯營公司之權益，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已作出付款。

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)

(c) Associates (Continued)

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.

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

2.3 Segment reporting

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

2 主要會計政策概要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司 (續)

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有減值證明，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。

於聯營公司之投資之攤薄收益或虧損已於綜合損益表中確認。

2.3 分部報告

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

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

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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 consolidated income statement, and other changes in the carrying amount are recognised in equity.

2 主要會計政策概要 (續)

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，港元為本公司之功能及萬順昌集團之呈列貨幣。

(b) *交易及結餘*

外幣交易採用交易日之滙率，或當項目經重新計量，換算為功能貨幣。結算此等交易產生的滙兌收益或虧損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收益或虧損於綜合損益表中確認。

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綜合損益表中確認，賬面金額之其他變動則於權益中確認。

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 (Continued)

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

(c) Group companies

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

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

2 主要會計政策概要 (續)

2.4 外幣換算 (續)

(b) 交易及結餘 (續)

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收益或虧損之一部分。非貨幣性財務資產(例如分類為可供出售之權益)之換算差額包括在權益中可供出售儲備內。

(c) 集團公司

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

- (i) 各財務狀況表呈列之資產及負債均以該財務狀況表結算日之收市匯率換算;
- (ii) 各損益表之收入及支出均按平均匯率換算(除非該平均價值並非於交易日主要匯率累計影響之合理近似值,在此情況下收入及支出乃按交易日之匯率換算);及
- (iii) 所有由此產生之匯兌差額確認為權益之獨立組成部分。

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)

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 consolidated income statement as part of the gain or loss on sale.

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 consolidated income statement during the financial year in which they are incurred.

2 主要會計政策概要 (續)

2.4 外幣換算 (續)

(c) 集團公司 (續)

於綜合賬目，換算境外實體之投資淨額及借貸及其他用以對沖該等投資其他貨幣工具所產生之滙兌差額乃計入股權持有人之權益內。當出售或部分出售境外業務時，計入權益內之滙兌差額於綜合損益表中確認為出售收益或虧損部分。

收購境外實體時產生之商譽及公平價值調整乃作為該境外實體之資產及負債處理，並以期終滙率換算。

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綜合損益表內支銷。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end 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 (Note 2.9).

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

2 主要會計政策概要 (續)

2.5 物業、廠房及設備 (續)

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

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

資產之剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。

若資產之賬面金額高於其估計可收回金額，其賬面金額即時撇減至可收回金額。(附註2.9)

出售之收益及虧損乃按所得款與其賬面金額之差額釐定，並已於綜合損益表中確認。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible asset

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries or businesses is included in 'intangible assets'. Goodwill 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 combination in which the goodwill arose identified according to operating segment.

2.7 Land use rights

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

2 主要會計政策概要 (續)

2.6 無形資產

商譽

商譽指購買成本超過於購買日歸屬於集團所購買附屬公司可辨認淨資產公平價值之數額。購買附屬公司或業務之商譽包括在「無形資產」內。商譽每年就減值進行測試，並按成本減累計減值虧損列賬。商譽之減值虧損不會轉回。出售某個主體之收益或虧損包括與其有關之商譽之賬面價值。

就減值測試而言，商譽會分配至現金產出單元。此項分配是根據經營分部對預期可從產生所辨認之商譽的業務合併中得益的現金產出單元或現金產出單元組而作出。

2.7 土地使用權

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment property

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

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

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

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

2 主要會計政策概要 (續)

2.8 投資物業 (續)

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

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

投資物業初步按其成本計量，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，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綜合損益表中確認。

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綜合損益表內支銷。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment property (Continued)

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.

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 consolidated income statement.

2 主要會計政策概要 (續)

2.8 投資物業 (續)

若投資物業變成業主自用，則重新分類為物業、廠房及設備，其物業之公平價值於重新分類當日轉為成本。

若一項物業、廠房及設備因其用途改變而成為一項投資物業，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權益中確認為物業、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，有關收益已於綜合損益表中確認。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets 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.

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

2 主要會計政策概要 (續)

2.9 於附屬公司，聯營公司及非財務資產之投資之減值

無特定使用期限之資產，如商譽，毋須攤銷，但此等資產每年均接受減值評估。當有任何事件或情況有所改變並顯示其賬面金額未能收回，資產會被進行減值檢查。資產賬面金額超越其可收回價值之數額確認為減值虧損。可收回價值為資產之公平價值減出售成本後之價值與其使用價值之間之較高者。為了評估資產減值，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。

當收到附屬公司或聯營公司之股息時，倘股息超過該附屬公司或聯營公司在股息宣派期間之全面收入總額，或在獨立財務報表之投資賬面金額超過綜合財務報表被投資方淨資產（包括商譽）之賬面金額，則必須對有關投資進行減值測試。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

(a) Classification

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the financial year end date. These are classified as non-current assets. The VSC Group's loans and receivables comprise "trade and bill receivables", "other receivables", "loan receivables", "amounts due from associates" and "cash and cash equivalents" in the consolidated statement of financial position (Note 2.14 and 2.15).

2 主要會計政策概要 (續)

2.10 財務資產

(a) 分類

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

(i) **按公平價值計入損益之財務資產**

按公平價值計入損益之財務資產為持作買賣之財務資產。如所收購之財務資產主要是為了在短期內出售，則劃分為此類別。衍生工具亦會被劃分為持作買賣，惟被指定為對沖項目者則除外。歸類為此類之資產會被劃分為流動資產。

(ii) **貸款及應收款**

貸款及應收款具固定或可確定付款金額，以及不會在活躍市場上市為非衍生財務資產。此等項目已計入流動資產之內，除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。萬順昌集團之貸款及應收款包括於綜合財務狀況表中之「應收賬款及票據」，「其他應收賬款」，「應收貸款」，「應收聯營公司」及「現金及現金等值」。(附註2.14及2.15)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(b) Recognition and measurement

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in the consolidated income statement, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the VSC Group's right to receive payments is established.

2 主要會計政策概要 (續)

2.10 財務資產 (續)

(b) 確認及計量

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

因「按公平價值計入損益之財務資產」類別內公平價值變動產生之收益或虧損於產生期間在綜合損益表內確認。當萬順昌集團收取付款之權利確立時，財務資產按公平價值計入損益之股息收入確認於綜合損益表內作為其收入之一部分。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(b) Recognition and measurement (Continued)

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 consolidated income statement; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as “other gains – net”.

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

2 主要會計政策概要 (續)

2.10 財務資產 (續)

(b) 確認及計量 (續)

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綜合損益表中確認；非貨幣性證券之滙兌差額則於其他全面收入中確認。被分類為可供出售之貨幣性證券及非貨幣性證券之公平價值變動，亦已於其他全面收入中確認。

當被分類為可供出售之證券出售或減值時，其已於權益確認之累計公平價值調整會作為「其他收益 – 淨額」計入綜合損益表內。

採用實際利息計算之可供出售證券之利息已於綜合損益表中確認。可供出售股本工具之股息將於萬順昌集團收取款項之權利已確立時於綜合損益表中確認為「其他收益 – 淨額」之一部分。

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 financial assets

Assets carried at amortised cost

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

The criteria that the VSC Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

2 主要會計政策概要 (續)

2.11 財務資產之減值

以攤銷成本列賬之資產

萬順昌集團於每個報告期末評估是否存在客觀證據證明某一財務資產或某一財務資產組合出現減值。只有存在客觀證據證明於首次確認資產後發生一宗或多宗事件導致出現減值(「虧損事項」)，而該宗(或該等)虧損事項對該項或該組財務資產的估計未來現金流量構成之影響可以合理估計，則有關之財務資產或財務資產組合會出現減值及產生減值虧損。

萬順昌集團用於釐定是否存在減值虧損客觀證據之標準如下：

- 發行人或債務人遇上嚴重財政困難；
- 違反合約，例如逾期或拖欠償還利息或本金；
- 集團基於與借款人的財政困難有關的經濟或法律原因，向借款人提供一般貸款人不會考慮的特惠條件；

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 financial assets (Continued)

Assets carried at amortised cost (Continued)

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The VSC Group first assesses whether objective evidence of impairment exists.

2 主要會計政策概要 (續)

2.11 財務資產之減值 (續)

以攤銷成本列賬之資產 (續)

- 借款人有可能破產或進行其他財務重組；
- 因為財政困難而使該財務資產的活躍市場不再存在；或
- 可觀察資料顯示，自初始確認後，某組合財務資產之估計未來現金流量有可計量之減少，雖然該減少尚未能在該組合之個別財務資產內確定，有關資料包括：
 - (i) 該組合之借款人之還款狀況之不利變動；
 - (ii) 與該組合資產逾期還款相關連的全國性或地方經濟狀況。

萬順昌集團首先評估減值之客觀證據是否存在。

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 financial assets (Continued)

Assets carried at amortised cost (Continued)

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

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

2 主要會計政策概要 (續)

2.11 財務資產之減值 (續)

以攤銷成本列賬之資產 (續)

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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 these derivative instruments are recognised immediately in the consolidated income statement within 'other gains – net'.

2.13 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 主要會計政策概要 (續)

2.12 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綜合損益表之「其他收益－淨額」中確認。

2.13 存貨

存貨按成本及與可變現淨價值兩者中之較低者入賬。成本以先入先出法計算。製成品及半製成品之成本，包括原材料、直接勞工工資，其他直接成本及有關之生產費用（根據正常操作能力），但不包括借貸成本。可變現淨價值根據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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade and other receivables

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.16 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 主要會計政策概要 (續)

2.14 應收及其他應收賬款

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

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

2.15 現金及現金等值

現金及現金等值包括手頭現金及於三個月內到期存於銀行之通知存款。

2.16 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。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Trade payables

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

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

2.18 Borrowings

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

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

2 主要會計政策概要 (續)

2.17 應付賬款

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

應付賬款最初按公平價值確認,及其後則採用實際利率法計量。

2.18 借貸

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

除非萬順昌集團擁有無條件權利延遲償還負債直至結算日後最少12個月,否則借貸界定為流動負債。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 consolidated income statement in the period in which they are incurred.

2.20 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial year end 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 主要會計政策概要 (續)

2.19 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分成本。所有其他借貸成本乃於產生之期間於綜合損益表扣除。

2.20 當期及遞延所得稅

期內稅項開支包括當期及遞延所得稅。稅項於綜合損益表中確認，惟若稅項與直接計入其他全面收入或權益之項目有關。

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。

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income tax (Continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, 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 non taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the financial year end 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)

2.20 當期及遞延所得稅 (續)

遞延所得稅乃利用負債法就資產與負債之稅基與其於綜合財務報表之賬面金額兩者之短暫差異作全數確認。然而，若遞延所得稅來自在交易（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差異抵銷而確認。

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差異而撥備，但假若萬順昌集團可以控制短暫差異撥回之時間，並大有可能在可預見未來不會撥回該短暫差異則除外。

Notes to the Consolidated Financial Statements

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income tax (Continued)

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

2.21 Employee benefits

(a) Retirement benefits

The VSC Group participates in several defined contribution retirement benefit schemes. A defined contribution plan is a pension plan 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 employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

2 主要會計政策概要 (續)

2.20 當期及遞延所得稅 (續)

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

2.21 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。萬順昌集團界定退休金為強制、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。預付供款按照現金退款或未來款項減少計算確認為資產。

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

2.21 Employee benefits (Continued)

(b) Bonus plans

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

(c) Share-based compensation

The VSC Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the VSC Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each financial year end date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2 主要會計政策概要 (續)

2.21 員工福利 (續)

(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慣例產生推定責任時，則會確認撥備。

(c) 以股份為基礎之補償

萬順昌集團設有多項以權益償付、以股份為基礎之補償計劃，據此，公司以萬順昌集團之股本工具（購股權）作為獲取僱員服務之代價。僱員為獲取授予購股權而提供之服務之公平價值確認為支出。將予支銷之總金額參考授予之購股權之公平價值釐定，不包括任何非市場服務及表現既定條件（例如盈利能力、銷售增長目標及公司於特定期間餘下之僱員）之影響。非市場既定條件包括關於預期歸屬之購股權數目之假設。所有支出總額於歸屬期間（即所有特定既定條件獲滿足之期間）內確認。在每個結算日，公司會根據非市場既定條件修訂其預期歸屬之購股權數目之估計。公司在綜合損益表內確認原估算修訂（如有）之影響，並對權益作出相應調整。

於購股權獲行使時，所收取之所得款項淨額（扣除直接應佔之交易成本）乃計入股本（面值）及股份溢價中。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (Continued)

(d) 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 financial year end date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.22 Provision

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

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

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

2 主要會計政策概要 (續)

2.21 員工福利 (續)

(d) 僱員應享假期

僱員之應享年假乃於應計予僱員時確認。僱員因提供服務產生之應享年假乃按截至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。

2.22 撥備

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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 consolidated 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.

2.24 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. Revenue is shown 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 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)

2.23 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，但會在綜合財務報表附註披露。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。

2.24 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。收入是經扣除增值稅、回扣退貨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。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。

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

Revenue is recognised as follows:

(a) *Sales of goods*

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

(b) *Service income*

Service income is recognised when the services are rendered.

(c) *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)

2.24 收入確認 (續)

收入確認如下：

(a) *銷售貨品*

當萬順昌集團實體已將貨品交付予客戶，客戶對銷售產品的渠道和價格擁有完全決定權，且沒有未履行的責任可能影響客戶對產品的接收時，貨品銷售即確認入賬。當產品已付運予至指定地點，過時和損失風險已轉讓予客戶，而客戶已根據銷售合約接收產品、或接收條款已作廢，或萬順昌集團有客觀證據顯示所有接收條款已經履行後，貨品交付才算產生。

(b) *服務收入*

服務收入會當服務產生時確認。

(c) *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)

2.24 Revenue recognition (Continued)

(d) *Dividend income*

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

(e) *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.

2.25 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), including upfront payment made for land use rights, are charged to the consolidated 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 consolidated statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2.26 Dividend distribution

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

2 主要會計政策概要 (續)

2.24 收入確認 (續)

(d) *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。

(e) *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。

2.25 營業租約

(a) *作為承租人*

如租約擁有權的重大部分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)，包括就土地使用權作出之預付款項，於租賃期內以直線法在綜合損益表中扣除。

(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綜合財務狀況表中顯示。租金收入於租賃期內以直線法記賬。

2.26 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及本公司之財務報表中列為負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) *Market risk*

(i) **Price risk**

The VSC Group is subject to commodity price risk because certain subsidiaries of the VSC Group are engaged in the trading of steel products. As at 31st March 2011, the VSC Group's had committed sales orders of approximately 201,000 metric tonnes (2010: 216,000 metric tonnes) for which the selling price is fixed, which exceeded the aggregate amount of on-hand inventories and committed purchase orders. Over the coming year, the VSC Group will be required to purchase steel products to fulfil these committed sales orders not covered by inventories and committed purchase orders. As the prices of steel products can fluctuate materially, the VSC Group's results may be affected significantly by future fluctuations in steel prices (Note 4(a)).

3 財務風險管理

3.1 財務風險因素

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

(a) *市場風險*

(i) **價格風險**

由於萬順昌集團之若干附屬公司從事鋼材產品貿易，故此萬順昌集團面對商品價格風險。於二零一一年三月三十一日，萬順昌集團已確定其銷售價格固定不變之銷售訂單約201,000公噸（二零一零年：216,000公噸）已超過手頭存貨及已確定之購貨訂單。來年，萬順昌集團將會為此沒有存貨及已確定之購貨訂單之鋼材產品之銷售訂單進行採購以履行合約。由於鋼材產品之價格波動甚大，萬順昌集團之業績將可能面對重大未來鋼材價格波動之影響（附註4(a)）。

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) *Market risk (Continued)*

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

The VSC Group has entered into steel future contracts to partly manage its steel price risk exposures. At 31st March 2011, if the price of steel future contracts strengthened/weakened by 10% with all other variables held constant, profit before income tax for the year would have been approximately HK\$1,110,000 (2010: HK\$5,403,000) higher/lower, mainly as a result of a fair value change on these steel future derivatives.

(ii) **Foreign exchange risk**

The VSC Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The VSC Group may use forward contracts with external financial institutions to partially hedge against its foreign exchange risk arising from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The VSC Group also mitigates the foreign exchange risk by maintaining HK\$, United States dollar (“US\$”) and Chinese Renminbi (“RMB”) bank accounts which are used by the VSC Group to pay for the transactions denominated in these currencies. Foreign exchange risks on financial assets and liabilities denominated in currencies other than RMB are insignificant to the VSC Group.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) *市場風險 (續)*

(i) **價格風險 (續)**

萬順昌集團已訂立鋼材期貨合約以管理部分面對鋼材價格風險。於二零一一年三月三十一日，若鋼材期貨合約之價格上升／下跌10%，而其他可變因素維持不變，年度除稅前溢利將會增加／減少約1,110,000港元（二零一零年：5,403,000港元），主要由於鋼材期貨衍生工具之公平價值變動所致。

(ii) **外匯風險**

萬順昌集團業務跨越多國，因此面對源於各種貨幣之外匯風險。對於未來商業貿易，確認資產及負債及外國業務淨投資造成之外匯風險，萬順昌集團可採用與對外金融機構訂立之遠期合約對沖部分風險。

萬順昌集團亦維持港元、美元（「美元」）及人民幣（「人民幣」）銀行賬戶以減少外匯風險，並採用相關銀行賬戶支付該等幣值之款項。除人民幣以外其他貨幣結算之財務資產及負債產生之外匯風險對萬順昌集團並無重大影響。

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Foreign exchange risk (Continued)

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

At 31st March 2011, if RMB had depreciated/appreciated by 5% against HK\$ with all other variables held constant, profit before income tax for the year would have been approximately HK\$4,255,000 (2010: HK\$3,561,000) lower/higher mainly as a result of foreign exchange losses on translation of RMB denominated monetary assets and liabilities.

The fair values of certain forward foreign exchange contracts are determined using the quoted US\$/HK\$ forward exchange rates. If US\$ appreciated against HK\$ by 1% with all other variables held constant, profit before income tax for the year would have been lower by approximately HK\$1,367,000 (2010: HK\$1,633,000). If US\$ depreciated against HK\$ by 1% with all other variables held constant, profit before income tax for the year would have been higher by approximately HK\$855,000 (2010: HK\$1,040,000).

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(ii) 外匯風險 (續)

萬順昌集團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頒佈外匯控制規例及法規。

於二零一一年三月三十一日，假若人民幣兌港元貶值／升值5%，而所有其他因素維持不變，則本年度除稅前溢利應減少／增加約4,255,000港元（二零一零年：3,561,000港元）。主要由於兌換以人民幣計值之貨幣資產及負債之滙兌虧損所引致。

若干遠期外匯合約之公平價值按掛牌港元兌美元遠期外匯匯率計算。假若美元兌港元升值1%，而所有其他因素維持不變，則本年度除稅前溢利應減少約1,367,000港元（二零一零年：1,633,000港元）。假若美元兌港元貶值1%，而所有其他因素維持不變，則本年度除稅前溢利應增加約855,000港元（二零一零年：1,040,000港元）。

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綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Foreign exchange risk (Continued)

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

(iii) Cash flow and fair value interest rate risk

The VSC Group's interest rate risk arises mainly from borrowings and interest rate instrument. Borrowings issued at variable rates expose the VSC Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The fair values of the interest rate instruments are determined using the interest rate spread between the US\$ constant maturity swap ("CMS") 10-year rate and the US\$ CMS 2-year rate. The Management considered that the risk relating to the interest rate spread above is not significant.

At 31st March 2011, if interest rates on floating rate borrowings had been 100 basis points higher/lower with all other variables held constant, profit before income tax for the year would have been approximately HK\$730,000 lower/higher (2010: HK\$1,964,000), mainly as a result of higher/lower interest expenses 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)

(ii) 外匯風險 (續)

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

(iii) 現金流量及公平價值利率風險

萬順昌集團之利率風險主要來自借貸及利率工具。浮息借貸使萬順昌集團面對現金流量利率風險部分則由浮息現金抵銷。

利率掉期工具之公平價值乃由美元10年及美元2年固定年期交換利率之利差所釐定。管理層已考慮以上相關於利差之風險並不重大。

於二零一一年三月三十一日，倘浮息借貸增加／減少100個基點，而所有其他可變因素維持不變，年度除稅前溢利將減少／增加約730,000港元(二零一零年：1,964,000港元)，主要由於浮息借貸的利息支出增加／減少所致。

Notes to the Consolidated Financial Statements

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk of the VSC Group mainly arises from pledged bank deposits, cash and cash equivalents and derivative financial instruments as well as credit exposures to customers such as trade and bill receivables, loan receivables, certain amount of other receivables and amounts due from associates.

The credit risk on pledged bank deposits, cash and cash equivalents and derivative financial instruments is limited because the VSC Group mainly places the deposits in and enters into derivative financial contracts with banks with high credit rating and management does not expect any losses from non-performance by banks.

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

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

萬順昌集團之信貸風險主要來自已抵押銀行存款、現金及現金等值及衍生金融工具，以及面對客戶之應收賬款及票據、應收貸款、若干其他應收賬款及應收聯營公司之信貸風險。

萬順昌集團主要將存款存於及訂立之衍生金融工具於高評級之銀行，管理層並不預期有關銀行會違約而導致任何虧損，故此，已抵押銀行存款、現金及現金及衍生金融工具等價物之信貸風險有限。

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之客戶。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款之可回收款額，藉此保證為不能回收之賬款計提適當減值虧損。

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)

As at 31st March 2011, the VSC Group has a concentration of credit risk given that the top 10 customers account for 48% (2010: 44%) of the VSC Group's total year end trade and bill receivables balance. Management considers that the credit risk in respect of these customers is currently low after considering the financial position and past experience with these customers. The VSC Group's historical experience in collection of trade and bill receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade and bill receivable has been made.

As at 31st March 2010 and 2011, the credit quality of other receivables has been assessed by reference to the historical information about the counterparty default rates. The existing counterparties do not have histories of defaults.

The VSC Group does not have significant exposure to the remaining credit risk.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

於二零一一年三月三十一日，萬順昌集團截至年終應收賬款及票據之結餘總額中，頭十名客戶佔當中之48% (二零一零年：44%)，故此，萬順昌集團有集中信貸風險。管理層經考慮該等客戶之財務狀況及交易往績後，認為有關該等客戶之信貸風險為低。根據過往經驗，萬順昌集團在收回應收賬款及票據方面所收回之金額，均在記錄撥備之範疇內，而董事認為，已就不可能收回的應收賬款及票據作充足之撥備。

於二零一零年及二零一一年三月三十一日，萬順昌集團之其他應收賬款之信貸質素已參考交易對手方之過往違約比率資料作出評估。現有交易對手未曾試過違約。

萬順昌集團並無重大餘下之信貸風險。

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

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities, due to the dynamic nature of the underlying business.

Management monitors rolling forecasts of the VSC Group's liquidity reserve which comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flows.

The liquidity of the VSC Group depends on the terms and conditions of new borrowings and re-financed existing borrowings. With long-standing relationships with a group of banks, management is confident that the VSC Group can secure sufficient banking facilities for its normal business operation.

Management believes that they are taking all the necessary measures to maintain sufficient liquidity reserve to support sustainability and growth of the VSC Group's business in the current circumstances and to repay outstanding borrowings when they fall due. Currently, the VSC Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(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透過充裕可用之信貸融資以應付多元化之業務性質。

管理層根據預期現金流量監控萬順昌集團的流動資金儲備之滾動預測。流動資金儲備包含未提取的借貸額及現金及現金等值。

萬順昌集團之流動資金取決於新造借貸之條款及條件及為現在借貸再融資。由於與一眾銀行有長期往來關係，管理層有信心萬順昌集團能夠取得充足銀行融資額以支持本身之業務營運。

管理層相信已執行所有必須之措施以維持充份之流動資金儲備，以支持萬順昌集團之業務在當前環境繼續營運及增長，以及於未償還借貸到期時償還借貸。目前，萬順昌集團結合業務產生的資金及銀行借貸，滿足本身之營運資金需求。

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)

The table below analyses the VSC Group's and the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the financial year end dates 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.

	即時還款 Repayable on demand 千港元 HK\$'000	少於1年 Less than 1 year 千港元 HK\$'000	1至2年 Between 1 and 2 years 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Consolidated					綜合
At 31st March 2011					於二零一一年三月三十一日
Trade and bill payables	–	313,935	–	313,935	應付賬款及票據
Receipts in advance	–	145,621	–	145,621	預收款項
Derivative financial instruments	–	13	128	141	衍生金融工具
Accrued liabilities and other payables	–	90,997	–	90,997	應計負債及其他應付賬款
Borrowings	10,746	589,398	–	600,144	借貸
Interest payable	601	18,648	–	19,249	應付利息
At 31st March 2010					於二零一零年三月三十一日
Trade and bill payables	–	247,473	–	247,473	應付賬款及票據
Receipts in advance	–	24,888	–	24,888	預收款項
Derivative financial instruments	–	–	133	133	衍生金融工具
Accrued liabilities and other payables	–	99,399	–	99,399	應計負債及其他應付賬款
Borrowings	–	410,281	3,925	414,206	借貸
Interest payable	–	10,479	–	10,479	應付利息

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)

下表載列萬順昌集團及本公司之財務負債及淨額結算衍生財務負債，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。十二個月內到期之結餘與其賬面結餘相等，而貼現之影響並不重大。

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3 FINANCIAL RISK
MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	即時還款 Repayable on demand 千港元 HK\$'000	少於1年 Less than 1 year 千港元 HK\$'000	1至2年 Between 1 and 2 years 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Company					
At 31st March 2011	本公司 於二零一一年三月三十一日				
Accrued liabilities and other payables	-	125	-	125	應計負債及 其他應付賬款
Derivative financial instruments	-	13	-	13	衍生金融 工具
Borrowings	-	3,876	-	3,876	借貸
At 31st March 2010	於二零一零年三月三十一日				
Accrued liabilities and other payables	-	107	-	107	應計負債及 其他應付賬款
Derivative financial instruments	-	-	133	133	衍生金融 工具
Borrowings	-	7,764	3,925	11,689	借貸

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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

	少於1年 Less than 1 year 千港元 HK\$'000	1至2年 Between 1 and 2 years 千港元 HK\$'000	2至5年 Between 2 and 5 years 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Consolidated					綜合
At 31st March 2011					於二零一一年三月三十一日
Term loans subject to repayment on demand clause	2,304	2,304	6,138	10,746	按還款條款之定期貸款
Interest payable	215	169	217	601	應付利息
At 31st March 2010					於二零一零年三月三十一日
Term loans subject to repayment on demand clause	–	–	–	–	按還款條款之定期貸款
Interest payable	–	–	–	–	應付利息

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)

下表載列包含要求償還條款之貸款按還款到期日之分析(包括按合約利率計算之利息支出),有關到期日是根據載列於貸款協議中已協定之還款時間表。董事會經考慮萬順昌集團之財務狀況,認為銀行不會行使其權利要求即時償還款項,並相信萬順昌集團將根據載列於貸款協議中之還款時間表償還此等定期貸款。

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綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

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

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 (including current and non-current borrowings as shown in the consolidated statement of financial position) less pledged bank deposits and cash and cash equivalents. Total capital is calculated as equity (excluding non-controlling interests), as shown in the consolidated statement of financial position, plus net debt.

3 財務風險管理 (續)

3.2 資金風險管理

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

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

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（包括已在綜合財務狀況表中之流動及非流動借貸）減已抵押銀行存款及現金及現金等值計算。資本總額以權益（不包括非控制性權益），如在綜合財務狀況表所示，加淨負債計算。

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

The gearing ratios at 31st March 2011 and at 31st March 2010 were as follows:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Total borrowings (Note 29)	600,144	414,206	借貸總額 (附註29)
Less: Cash and cash equivalents and pledged bank deposits (Note 26)	(527,492)	(218,117)	減：現金及現金等值及已 抵押銀行存款 (附註26)
Net debt	72,652	196,089	淨負債
Total equity (excluding non-controlling interest)	644,656	621,157	權益總額 (不包括非控制性 權益)
Total capital	717,308	817,246	資本總額
Gearing ratio	10%	24%	資本負債比率

The gearing ratio decreased during the year due to proceed from disposal of interest in an associate.

3 財務風險管理 (續)

3.2 資金風險管理 (續)

於二零一一年三月三十一日及二零一零年三月三十一日之資本負債比率如下：

本年度期間，資本負債比率下跌是由於出售一間聯營公司之權益之所得款項所致。

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The VSC Group uses the following hierarchies for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

3 財務風險管理 (續)

3.3 公平價值估算

萬順昌集團運用以下階系以釐定及披露金融工具之公平價值：

第一層：公平價值按相同資產在活躍市場之報價(未經調整)計算

第二層：公平價值按所有可觀察，不論直接或間接，在已記錄公平價值中有重大影響的輸入之估值技術計算

第三層：公平價值按所有並非根據可予觀察市場數據(非可觀察輸入)在已記錄公平價值中有重大影響的輸入之估值技術計算

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

Assets and liabilities measured at fair value as at 31st March 2011:

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

於二零一一年三月三十一日按公平價值計算之資產及負債：

Assets and liability measured at fair value as at 31st March 2010:

	第一層 Level 1 千港元 HK\$'000	第二層 Level 2 千港元 HK\$'000	第三層 Level 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Assets – Consolidated					資產 – 綜合
Steel future contracts	980	–	–	980	鋼材期貨合約
Forward foreign exchange contracts	–	10	–	10	遠期外匯合約
	980	10	–	990	
Liability – Consolidated					負債 – 綜合
Interest rate instrument	–	133	–	133	利率工具

於二零一零年三月三十一日按公平價值計算之資產及負債：

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

3 FINANCIAL RISK
MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

Liability measured at fair value as at 31st March 2011:

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

Liability measured at fair value as at 31st March 2010:

	第一層 Level 1 千港元 HK\$'000	第二層 Level 2 千港元 HK\$'000	第三層 Level 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
Liability – Company					負債 – 本公司
Interest rate instrument	–	133	–	133	利率工具

3 財務風險管理 (續)

3.3 公平價值估算 (續)

於二零一一年三月三十一日按
公平價值計算之負債：

於二零一零年三月三十一日按
公平價值計算之負債：

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Onerous contracts

As at 31st March 2011, the VSC Group had committed sales orders which exceeded the aggregate amount of on-hand inventories and committed purchase orders. Management expects the cost of certain future purchases to fulfil these sales orders will exceed the contracted selling prices of the sales orders and hence a provision for onerous contracts has been made.

In estimating the amount by which the cost of purchases are expected to exceed sales prices of committed sales orders, management takes into account the cost of on-hand inventory, the cost of committed purchase orders and the forecast market price of future purchases where this can be reliably estimated. For the sales orders which the management expects to fulfil after 31st August 2011, no provision has been made since management considers the loss, if any, arising from fulfilling such orders, cannot be reliably estimated at this time.

As at 31st March 2011, if steel prices had weakened/strengthened by 10% relative to the management's expected cost of purchase of steel inventories with all other variables held constant, profit before income tax for the year would have been approximately HK\$20,487,000 (2010: HK\$23,762,000) higher/lower.

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。具相當風險導致下一財政年度之資產及負債之賬面金額作重大調整之推算及假設將於下文論述。

(a) 有償契約

於二零一一年三月三十一日，萬順昌集團已確定之銷售訂單已超過手頭存貨及已確定之購貨訂單之總額。管理層預期將來用以滿足此等銷售訂單之若干採購成本會比銷售訂單所訂約之售價為高，因此已就有償契約作出撥備。

在推算採購成本比已確定銷售訂單之銷售價格之金額為高時，管理層已計算手頭存貨之成本、已確定購貨訂單之成本及按可靠推算未來市場對期貨採購之價格。由於管理層現時未能可靠地推算為滿足預期於二零一一年八月三十一日後履行之銷售訂單之虧損，如有，因此並沒有就此等訂單作撥備。

於二零一一年三月三十一日，若鋼材價格相對管理層預期採購鋼材存貨之成本（所有可變因素維持不變）下跌／上升10%，年度除稅前溢利將會增加／減少約20,487,000港元（二零一零年：23,762,000港元）。

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Net realisable value of inventories

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

(c) Trade and other receivables

The VSC Group's management determines the provision for impairment of trade and other receivable 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 financial year end date.

(d) Income taxes and deferred income tax

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

4 重要會計推算及判斷 (續)

(b) 存貨之可變現淨值

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

(c) 應收及其他應收賬款

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

(d) 所得稅及遞延所得稅

萬順昌集團主要須繳納香港、中國內地及澳門之所得稅。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負債。倘該等事宜之最終稅務結果與最初記錄之金額不符，有關差異將影響作出釐定期間內之所得稅及遞延所得稅撥備。

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The VSC Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each financial year end date. It could change significantly as a result of changes in market conditions in response to severe industry cycle. Management reassesses the estimations at each financial year end date.

(f) Estimated impairment of goodwill

The VSC Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 21).

4 重要會計推算及判斷 (續)

(d) 所得稅及遞延所得稅 (續)

倘管理層認為未來應課稅溢利可用作對銷暫時性差異或稅項虧損可予動用時，則會確認與若干暫時性差異及稅項虧損有關之遞延所得稅資產。倘預期結果與原先之推算不同，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。

(e) 衍生及其他金融工具之公平價值

非於活躍市場買賣之金融工具之公平價值乃以估值技術釐定。萬順昌集團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。其可因市場情況為應付嚴峻行業週期採取行動而大幅改變。管理層會於每個結算日重估該等推算。

(f) 商譽減值推算

萬順昌集團根據附註2.6之會計政策，每年就商譽進行減值測試。現金產生單位之可收回金額根據使用價值計算。此等計算需要使用推算(附註21)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION

The VSC Group's revenue consists of the following:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Sales of goods	4,204,052	3,244,042	貨品銷售
Revenue from installation contracts	–	3,401	安裝工程收入
Service income	3,070	3,282	服務收入
Rental income	646	1,111	租金收入
Total revenue	4,207,768	3,251,836	收入總額

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

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

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

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

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

During the year, the CODM determined that the result of "Property investment" shall be separated reported as the VSC Group planned to increase the investment on this front. The result of "Property investment" was previously included in the segment of "Other operations" in prior years. Certain last year figures have been reclassified to conform with the current year's presentation.

5 收入及分部資料

萬順昌集團之收入包括如下：

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Sales of goods	4,204,052	3,244,042	貨品銷售
Revenue from installation contracts	–	3,401	安裝工程收入
Service income	3,070	3,282	服務收入
Rental income	646	1,111	租金收入
Total revenue	4,207,768	3,251,836	收入總額

萬順昌集團按其營運性質及所提供之產品及服務管理其業務。

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

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

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

向主要營運決策者匯報源自對外人士之收入之計算方法與綜合財務報表一致。

本年度期間，由於萬順昌集團計劃增加「房地產投資」之投資，因此主要營運決策者決定就「房地產投資」之業績由往年包括在「其他業務」分部中獨立匯報。去年部分數字經重新分類以配合本年度之格式。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

5 收入及分部資料 (續)

萬順昌集團於截至二零一一年三月三十一日止年度按業務分部之業績分析如下：

	鋼材分銷 Steel distribution 千港元 HK\$'000	建築產品 Building products 千港元 HK\$'000	塑膠樹脂 Plastics resins 千港元 HK\$'000	房地產投資 Property investment 千港元 HK\$'000	其他業務 Other operations 千港元 HK\$'000	未分配 Unallocated 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
External revenue	3,465,874	370,156	371,092	646	-	-	4,207,768	對外收入
Operating profit/(loss)	34,955	24,533	12,531	(1,378)	39,667	(40,762)	69,546	經營溢利/(虧損)
Finance income	305	51	7	10	429	56	858	財務收入
Finance costs	(21,273)	(2,009)	(577)	(50)	(7)	(210)	(24,126)	財務費用
Share of profits/(losses) of associates – net	878	-	-	6,724	(976)	-	6,626	應佔聯營公司溢利 /(虧損) – 淨額
Profit/(loss) before income tax	14,865	22,575	11,961	5,306	39,113	(40,916)	52,904	除稅前溢利/(虧損)
Other gains/(losses) – net	(2,195)	450	364	(309)	43,113	3,003	44,426	其他收益/(虧損) – 淨額
Depreciation and amortisation	(1,520)	(1,791)	(38)	(1)	-	(3,803)	(7,153)	折舊及攤銷
Income tax (expense)/credit	(13,915)	(3,933)	(2,027)	407	(65)	5,523	(14,010)	所得稅(支出)/計入

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Analysis of the VSC Group's results by business segment for the year ended 31st March 2010 is as follows:

	鋼材分銷 Steel distribution 千港元 HK\$'000 (經重列) (Restated)	建築產品 Building products 千港元 HK\$'000 (經重列) (Restated)	塑膠樹脂 Plastics resins 千港元 HK\$'000 (經重列) (Restated)	房地產投資 Property investment 千港元 HK\$'000 (經重列) (Restated)	其他業務 Other operations 千港元 HK\$'000 (經重列) (Restated)	未分配 Unallocated 千港元 HK\$'000 (經重列) (Restated)	總額 Total 千港元 HK\$'000	
External revenue	2,621,004	366,161	261,730	1,028	1,913	-	3,251,836	對外收入
Operating profit/(loss)	130,968	17,311	10,522	10,079	(5,125)	(27,429)	136,326	經營溢利/(虧損)
Finance income	172	-	6	-	24	1,112	1,314	財務收入
Finance costs	(16,970)	(798)	(722)	-	(446)	(1,046)	(19,982)	財務費用
Share of (losses)/profits of associates – net	1,018	-	-	10,182	(24,096)	-	(12,896)	應佔聯營公司(虧損)/溢利 – 淨額
Profit/(loss) before income tax	115,188	16,513	9,806	20,261	(29,643)	(27,363)	104,762	除稅前溢利/(虧損)
Other gains/(losses) – net	(29,276)	5	(109)	10,448	885	23,286	5,239	其他收益/(虧損) – 淨額
Depreciation and amortisation	(1,143)	(1,774)	(40)	-	-	(3,965)	(6,922)	折舊及攤銷
Income tax (expense)/credit	(23,557)	(3,893)	(1,535)	(409)	(141)	7,256	(22,279)	所得稅(支出)/計入

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

本公司於香港營運。萬順昌集團之收入按地區市場分析如下：

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Revenue			收入
Mainland China	2,014,427	1,927,090	中國內地
Hong Kong	2,193,341	1,324,746	香港
Total revenue	4,207,768	3,251,836	收入總額

For the year ended 31st March 2011, revenue of approximately HK\$353,325,000 (2010: HK\$365,117,000) was derived from a single external customer.

截至二零一一年三月三十一日止年度，約353,325,000港元(二零一零年：365,117,000港元)之收入乃賺取自一位對外客戶。

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

6 OTHER GAINS – NET

6 其他收益 – 淨額

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Provision for onerous contracts	(5,483)	(32,429)	有償契約之撥備
Gain on disposal of interest in an associate	40,419	–	出售一間聯營公司之權益之收益
Gain on disposal of an investment property	–	10,448	出售一項投資物業之收益
Fair value loss on an investment property (Note 16)	(273)	–	一項投資物業之公平價值虧損(附註16)
Fair value gains on interest rate instruments	120	3,778	利率工具之公平價值收益
Net fair value change on forward foreign exchange contracts held for trading	2,257	(120)	持作買賣用途之遠期外匯合約之公平價值淨變動
Net fair value change on steel future contracts	(978)	980	鋼材期貨合約之公平價值淨變動
Realised loss on steel future contracts	(4,935)	–	鋼材期貨合約之變現虧損
Gain on disposal of a club debenture	2,038	–	出售一項會籍之收益
Gain on disposal of the available-for-sale financial assets upon disposal of a subsidiary	–	1,631	出售一間附屬公司引致出售可供出售之財務資產之收益
Net exchange gain	10,410	509	淨匯兌收益
Amount recovered from a fully impaired available-for-sale financial asset	388	386	收回一項已全數減值之可供出售之財務資產
Consulting services income (Note 36(a))	–	19,634	諮詢服務收入(附註36(a))
Sundry income	463	422	雜項收入
	44,426	5,239	

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

6 OTHER GAINS – NET
(Continued)

Disposal of interest in an associate

On 3rd June 2010, CAMP (B.V.I.) Holdings Limited (“CAMP BVI”), a wholly owned subsidiary of the VSC Group, entered into a share repurchase agreement with Ryerson Pan-Pacific LLC (“Ryerson”) to dispose the remaining 20% interest in Ryerson China Limited (“Ryerson China”) that was classified as investments in associates as at 31st March 2010.

The following table summarises the calculation of gain on disposal at the transaction date.

6 其他收益 – 淨額 (續)

出售一間聯營公司之權益

於二零一零年六月三日，萬順昌集團之一間全資附屬公司，CAMP (B.V.I.) Holdings Limited (「CAMP BVI」)，已與Ryerson Pan-Pacific LLC (「Ryerson」) 訂立股份購回協議，同意出售餘下於瑞爾盛中國有限公司 (「瑞爾盛中國」) 之20%權益，其已於二零一零年三月三十一日分類為於聯營公司之投資。

關於計算於交易日之出售收益已於以下列表內概述。

	二零一一年	
	2011	
	千港元	
	HK\$'000	
Cash consideration	136,290	現金代價
Investment in an associate	(98,225)	於一間聯營公司之投資
Release of investment revaluation reserve	117	撥回投資重估儲備
Release of cumulative foreign currency translation adjustments	2,237	撥回累計外幣匯兌調整
Gain on disposal of interest in an associate	40,419	出售一間聯營公司之權益之收益

Notes to the Consolidated Financial Statements

綜合財務報表附註

7 EXPENSES BY NATURE

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

7 按性質劃分之支出

包括在銷售成本、銷售及分銷支出與一般及行政支出內支出之分析如下：

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Raw material consumed and finished goods sold	4,019,698	3,018,978	原材料耗用 及製成品銷售
Write-back of provision of impairment of inventories	(871)	(65,504)	撤回存貨減值撥備
Depreciation of property, plant and equipment	6,951	6,720	物業、廠房及設備之折舊
(Gain)/loss on disposals of property, plant and equipment (Note 33(b))	(6)	1,372	出售物業、廠房及設備 之(收益)/虧損 (附註33(b))
Amortisation of land use rights	202	202	土地使用權之攤銷
Employee benefit expenses (Note 8)	73,293	76,645	僱員福利支出(附註8)
Operating lease rental expense in respect of land and buildings	14,586	14,709	土地及樓宇營業 租約租金
(Reversal of)/provision for impairment of trade receivables	(4,944)	8,267	應收賬款減值 (撥回)/撥備
Provision for impairment of other receivables	1,195	-	其他應收賬款 減值撥備
Auditor's remuneration	1,700	1,500	核數師酬金
Others	70,844	57,860	其他
Total cost of sales, selling and distribution expenses and general and administrative expenses	4,182,648	3,120,749	銷售成本、銷售及分銷 支出與一般及行政支出 總額

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

8 EMPLOYEE BENEFIT EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS)

8 僱員福利支出 (包含董
事酬金)

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Salaries and allowances	59,308	55,887	薪金及津貼
Bonus	4,706	13,904	花紅
Pension costs – defined contribution plans	4,780	3,099	退休金成本 – 界定供款計劃
Share option scheme – value of services	793	2,026	購股權計劃 – 服務價值
Welfare and benefits	3,706	1,729	利益及福利
	73,293	76,645	

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.

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

During the year ended 31st March 2011, the aggregate amount of the VSC Group's contributions to the aforementioned pension schemes was approximately HK\$4,780,000 (2010: HK\$3,099,000), net of forfeited contributions of approximately HK\$277,000 (2010: HK\$526,000). As at 31st March 2011, there is no unutilised forfeited contribution which could be utilised to reduce future contributions of the VSC Group (2010: nil).

9 DIRECTORS' AND SENIOR MANAGEMENT' EMOLUMENTS

(a) Directors' emoluments

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

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

8 僱員福利支出 (包含董事酬金) (續)

截至二零一一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4,780,000港元 (二零一零年：3,099,000港元)，淨沒收供款約277,000港元 (二零一零年：526,000港元)。於二零一一年三月三十一日，並無未被利用及已沒收供款額可用作減少萬順昌集團未來之供款 (二零一零年：無)。

9 董事及高級管理人員酬金

(a) 董事酬金

截至二零一一年三月三十一日止年度每位董事酬金如下：

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

9 DIRECTORS' AND SENIOR MANAGEMENT' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every Director for the year ended 31st March 2010 is set out below:

	袍金	薪金及津貼	酌情花紅 ⁽ⁱ⁾	僱主就退休 金計劃之供款	購股權計劃 — 服務價值	總額	
	Fees	Salaries and allowances	Discretionary bonus ⁽ⁱ⁾	Employer's contribution to pension scheme	Share option scheme — value of services	Total	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Executive directors							執行董事
Mr. Yao Cho Fai, Andrew	–	1,206	–	12	–	1,218	姚祖輝先生
Mr. Dong Sai Ming, Fernando	–	429	–	12	–	441	唐世銘先生
Independent non-executive directors							獨立非執行 董事
Dr. Chow Yei Ching	120	–	–	–	–	120	周亦卿博士
Mr. Harold Richard Kahler	349	–	–	–	–	349	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
	709	1,635	–	24	–	2,368	

Note:

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

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

No director waived any emolument during the year. Incentive payment of HK\$200,000 (2010: nil) as an inducement for a director was paid during the year.

(a) 董事酬金 (續)

截至二零一零年三月三十一日
止年度每位董事酬金如下：

附註：

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

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

本年度期間，並沒有董事放棄任何酬金。本年度期間，已付200,000港元（二零一零年：無）之酬金予一位董事以作鼓勵加入。

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

9 DIRECTORS' AND SENIOR MANAGEMENT' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the VSC Group include two directors (2010: one) whose emoluments are reflected in the analysis presented in Note 9(a) above. The emoluments paid/payable to the remaining three (2010: four) individuals during the year are as follows:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Salaries and allowances	3,515	4,958	薪金及津貼
Bonus	1,599	387	花紅
	5,114	5,345	

	二零一一年 2011	二零一零年 2010	
The emolument fell within the following bands:			酬金按組別分析如下：
– HK\$1,000,001 to HK\$1,500,000	1	3	– 1,000,001港元至1,500,000港元
– HK\$1,500,001 to HK\$2,000,000	1	–	– 1,500,001港元至2,000,000港元
– HK\$2,000,001 to HK\$2,500,000	1	1	– 2,000,001港元至2,500,000港元
	3	4	

Incentive payment of HK\$200,000 (2010: nil) as an inducement for a director was paid during the year.

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

9 董事及高級管理人員酬金 (續)

(b) 五名最高薪人士

萬順昌集團中五位最高薪人士其中包括兩位董事(二零一零年：一位)，彼之酬金分析已載於上文附註9(a)。其餘三位(二零一零年：四位)人士於本年度期間之已付／應付酬金如下：

本年度期間，已付200,000港元(二零一零年：無)之酬金予一位董事以作鼓勵加入。

本年度期間，並無支付任何酬金予該其餘四位最高薪人士以作鼓勵加入萬順昌集團或作離職補償。

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

10 FINANCE INCOME AND
COSTS

10 財務收入及費用

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Finance income			財務收入
Interest income:			利息收入：
– short-term bank deposits	702	341	– 短期銀行存款
– from receivables	156	973	– 來自應收款
	858	1,314	
Finance costs			財務費用
Interest expenses:			利息支出：
– bank borrowings wholly repayable within five years	(16,039)	(10,612)	– 須於五年內全數償還 之銀行借貸
Bank charges	(8,087)	(9,370)	銀行費用
	(24,126)	(19,982)	
Net finance costs	(23,268)	(18,668)	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 16.5% (2010: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") on 16th March 2007 and the State Council announced the Detail Implementation Regulations ("DIR") on 6th December 2007. According to the CIT Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1st January 2008. However, for enterprises which are established before the publication of the CIT Law and are entitled to preferential treatments of reduced income tax rate granted by relevant tax authorities, the income tax rate is gradually increased to 25% within 5 years after the effective date of the CIT Law. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term continue to enjoy such treatment until the fixed term expires. During the year, subsidiaries established in Mainland China are subject to China corporate income tax at rates ranging from 22% to 25% (2010: 20% to 25%).

The amount of income tax expense recorded in the consolidated income statement represents:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Current income tax			當期所得稅
– Hong Kong profits tax	(2,006)	(1,822)	– 香港利得稅
– China corporate income tax	(8,098)	(2,558)	– 中國企業所得稅
Deferred income tax (Note 20)	(3,906)	(17,493)	遞延所得稅(附註20)
Under provision in prior years	–	(406)	過往年度之低估撥備
	(14,010)	(22,279)	

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16.5% (二零一零年：16.5%) 作出撥備。

於二零零七年三月十六日，全國人民代表大會通過中華人民共和國企業所得稅法(「企業所得稅法」)，而國務院亦於二零零七年十二月六日頒佈條例實施細則(「條例實施細則」)。根據企業所得稅法，內地及外資企業之所得稅率自二零零八年一月一日起劃一為25%。然而，就於企業所得稅法頒佈前設立並享有相關稅務機關授予減免所得稅優惠稅率之企業而言，所得稅率自企業所得稅法生效之後5年內逐漸增至25%。目前有權於一段固定期間獲得標準所得稅率豁免或減免之企業，可繼續享有該項待遇，直至該段固定期限屆滿為止。本年度期間，於中國內地成立之附屬公司按稅率介乎22%至25% (二零一零年：20%至25%) 繳付中國企業所得稅。

於綜合損益表中確認之所得稅支出包括：

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 and before share of profits/(losses) of associates – net differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Profit before income tax and before share of profits/(losses) of associates – net	46,278	117,658	除稅及應佔聯營公司溢利／(虧損) – 淨額前溢利
Tax calculated at domestic tax rates applicable to profits in the respective countries	(9,851)	(20,529)	按個別國家適用之當地稅率計算之稅項
Income not subject to tax	1,227	2,209	無須課稅之收入
Expenses not deductible for tax purposes	(2,639)	(861)	不可扣稅之支出
Tax losses not recognised as deferred income tax assets	(3,108)	(2,692)	並無確認遞延所得稅資產之稅項虧損
Utilisation of previously unrecognised tax loss	361	–	抵銷以往未確認之稅項虧損
Under provision in prior years	–	(406)	過往年度之低估撥備
Income tax expense	(14,010)	(22,279)	所得稅支出

For the year ended 31st March 2011, the weighted average applicable tax rate was 21.3% (2010: 17.4%). The increase is due to the impact of the increase in profit of PRC's subsidiaries.

截至二零一一年三月三十一日止年度，加權平均適用稅率為21.3%（二零一零年：17.4%）。其增加是由於中國附屬公司之溢利上升所致。

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a profit of approximately HK\$10,987,000 (2010: HK\$10,687,000).

12 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利中包括本公司於本財務報表所說明約10,987,000港元之溢利（二零一零年：10,687,000港元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

13 DIVIDENDS

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Interim dividend of HK1.3 cents per ordinary share (2010: HK3 cents)	5,384	12,422	中期股息每股普通股1.3港仙 (二零一零年：3港仙)
Proposed final dividend of HK0.6 cents per ordinary share (2010: HK2.4 cents)	2,485	9,939	建議末期股息每股普通股 0.6港仙 (二零一零年：2.4港仙)
	7,869	22,361	

A final dividend for the year ended 31st March 2011 of HK0.6 cents per ordinary share, totalling HK\$2,485,000 (2010: HK\$9,939,000), has been recommended by the Directors for approval at the forthcoming Annual General Meeting of the Company. The proposed dividend has not been dealt with as dividend payable as at 31st March 2011.

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二零一一年三月三十一日止年度末期股息每股普通股0.6港仙，合共2,485,000港元（二零一零年：9,939,000港元）。該建議股息並沒有於二零一一年三月三十一日之賬目中列為應付股息。

14 EARNINGS PER ORDINARY SHARE

(a) Basic

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

	二零一一年 2011	二零一零年 2010	
Profit attributable to equity holders of the Company (HK\$'000)	31,032	75,221	本公司股權持有人應佔溢利(千港元)
Weighted average number of ordinary shares in issue ('000)	414,128	401,955	已發行普通股之加權平均數(千股)
Basic earnings per ordinary share (HK cents)	7.49	18.71	每股普通股基本盈利(港仙)

14 每股普通股盈利

(a) 基本

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

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

14 EARNINGS PER ORDINARY
SHARE (Continued)

(b) Diluted

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

14 每股普通股盈利 (續)

(b) 攤薄

計算每股普通股攤薄盈利乃按假設所有具潛在攤薄性質之普通股被全數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。

	二零一一年 2011	二零一零年 2010	
Profit attributable to equity holders of the Company and used to determine diluted earnings per ordinary share (HK\$'000)	31,032	75,221	本公司股權持有人應佔溢利及用以釐訂每股普通股攤薄盈利 (千港元)
Weighted average number of ordinary shares in issue ('000)	414,128	401,955	已發行普通股之加權平均數 (千股)
Adjustment for share options ('000)	8,630	1,978	調整購股權 (千份)
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	422,758	403,933	每股普通股攤薄盈利之普通股加權平均數 (千股)
Diluted earnings per ordinary share (HK cents)	7.34	18.62	每股普通股攤薄盈利 (港仙)

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

15 PROPERTY, PLANT AND
EQUIPMENT

15 物業、廠房及設備

	綜合 Consolidated					
	租賃物業 裝修、傢俬 及設備 Leasehold improvements, furniture and equipment	樓宇 Buildings	機器 Machinery	汽車 Motor vehicles	總額 Total	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Year ended 31st March 2010						截至二零一零年 三月三十一日止年度
Opening net book amount	3,849	16,114	438	1,616	22,017	期初賬面淨值
Additions	-	1,856	-	5,839	7,695	添置
Disposals	-	(1,138)	-	(421)	(1,559)	出售
Depreciation	(116)	(5,511)	(161)	(932)	(6,720)	折舊
Exchange differences	1	3	-	4	8	匯兌差額
Closing net book amount	3,734	11,324	277	6,106	21,441	期終賬面淨值
At 31st March 2010						於二零一零年 三月三十一日
Cost	4,403	35,029	5,559	10,382	55,373	成本
Accumulated depreciation	(669)	(23,705)	(5,282)	(4,276)	(33,932)	累計折舊
Net book amount	3,734	11,324	277	6,106	21,441	賬面淨值
Year ended 31st March 2011						截至二零一一年 三月三十一日止年度
Opening net book amount	3,734	11,324	277	6,106	21,441	期初賬面淨值
Additions	-	1,605	15	-	1,620	添置
Disposals	-	(220)	-	-	(220)	出售
Depreciation	(117)	(5,298)	(93)	(1,443)	(6,951)	折舊
Exchange differences	11	54	-	175	240	匯兌差額
Closing net book amount	3,628	7,465	199	4,838	16,130	期終賬面淨值
At 31st March 2011						於二零一一年 三月三十一日
Cost	4,419	35,890	5,574	10,007	55,890	成本
Accumulated depreciation	(791)	(28,425)	(5,375)	(5,169)	(39,760)	累計折舊
Net book amount	3,628	7,465	199	4,838	16,130	賬面淨值

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

本年度期間，折舊支出於綜合損益表之一般及行政支出中扣除。

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

16 INVESTMENT PROPERTY

16 投資物業

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
At 1st April	15,000	28,000	於四月一日
Addition	20,273	–	添置
Fair value loss	(273)	–	公平價值虧損
Disposal	(15,000)	(13,000)	出售
At 31st March	20,000	15,000	於三月三十一日

The rental income derived from the investment properties is approximately HK\$646,000 during the year (2010: HK\$1,111,000).

本年度期間，由投資物業所產生之租金收入約646,000港元（二零一零年：1,111,000港元）。

Details of the geographical locations and tenure are as follows:

地理位置及業權租賃期詳情如下：

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
In Hong Kong			於香港
– long-term leases of over 50 years	20,000	15,000	– 超逾50年之長期租約

An investment property was disposed during the year at a cash consideration of HK\$15,000,000. No gain or loss is resulted.

本年度期間，一項投資物業以15,000,000港元之現金代價售出。並無導致任何收益或虧損。

As at 31st March 2011, an investment property of approximately HK\$20,000,000 (2010: HK\$15,000,000) was stated at open market value as determined by the directors based on valuations assessed by an independent, professionally qualified valuer.

於二零一一年三月三十一日，一項約20,000,000港元（二零一零年：15,000,000港元）之投資物業由董事按獨立及專業合資格估值師所釐定之公開市值之估值列賬。

As at 31st March 2011, an investment property of approximately HK\$20,000,000 (2010: nil) was pledged as collaterals for certain of the VSC Group's bank borrowings.

於二零一一年三月三十一日，一項約20,000,000港元（二零一零年：無）之投資物業已抵押作為萬順昌集團若干銀行借貸之抵押品。

Notes to the Consolidated Financial Statements

綜合財務報表附註

17 LAND USE RIGHTS

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

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
At 1st April	10,930	11,132	於四月一日
Amortisation	(202)	(202)	攤銷
At 31st March	10,728	10,930	於三月三十一日

Details of the geographical locations and tenure are as follows:

萬順昌集團於土地使用權之權益包括預付營業租約款項及其賬面淨值分析如下：

地理位置及業權租賃期詳情如下：

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
In Hong Kong			於香港
– long-term leases of over 50 years	96	97	– 超逾50年之長期租約
In Mainland China			於中國內地
– long-term leases of over 50 years	10,632	10,833	– 超逾50年之長期租約
	10,728	10,930	

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

土地使用權之攤銷已包括在綜合損益表之一般及行政支出中。

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綜合財務報表附註

18 INVESTMENTS IN
SUBSIDIARIES

18 於附屬公司之投資

	本公司 Company	
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000
Unlisted shares, at cost	71,746	71,746
Due from subsidiaries	445,527	457,142
	517,273	528,888

The amounts due from subsidiaries are unsecured, non-interest bearing, denominated in HK\$ without predetermined repayment terms. The carrying amounts approximated their fair values and were not impaired as at 31st March 2010 and 2011.

Details of the principal subsidiaries as at 31st March 2011 are as follows:

應收附屬公司之金額為無抵押的、不計利息、以港元列賬及並無預定之還款期。於二零一零年及二零一一年三月三十一日，其賬面金額與其公平價值相約及沒有減值。

於二零一一年三月三十一日之主要附屬公司詳情如下：

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

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

18 INVESTMENTS IN
SUBSIDIARIES (Continued)

18 於附屬公司之投資
(續)

名稱	註冊成立／成立 及經營地點	已發行及繳足股本 ／註冊股本	萬順昌集團 應佔之股本 權益百分比(i)	主要業務
Name	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the VSC Group (i)	Principal activities
順昌金屬再生資源投資 有限公司	香港	1港元	100%	金屬再生資源業務
SC Metal Recycling Investments Limited	Hong Kong	HK\$1		Metal recycling business
上海寶順昌國際貿易 有限公司(iii)	中國內地	3,000,000美元	66.7%	存銷及買賣鋼材
Shanghai Bao Shun Chang International Trading Co., Ltd. (iii)	Mainland China	US\$3,000,000		Stockholding and trading of steel
東誠企業(香港) 有限公司	香港	10,000港元	100%	財務業務
Tomahawk Capital Ltd.	Hong Kong	HK\$10,000		Finance business
Van Shung Chong (B.V.I.) Limited	英屬處女群島	6美元	100%	投資控股
萬順昌行有限公司	British Virgin Islands 香港	US\$6 2,000港元普通股 10,000,000港元 無投票權遞延股(ii)	100%	Investment holding 買賣鋼材與及提供 管理服務
Van Shung Chong Hong Limited	Hong Kong	HK\$2,000 ordinary HK\$10,000,000 non-voting deferred (ii)		Trading of steel and provision of management services
順發貨倉有限公司	香港	200,000港元	100%	提供倉庫服務
Vantage Godown Company Limited	Hong Kong	HK\$200,000		Provision of warehousing services
萬順昌(中國)投資 有限公司	香港	2港元	100%	投資控股
VSC (China) Investment Ltd.	Hong Kong	HK\$2		Investment holding
萬順昌建築材料有限公司	香港	2港元	100%	買賣潔具、廚櫃及家具 及安裝廚櫃
VSC Building Products Company Limited	Hong Kong	HK\$2		Trading of sanitary wares, kitchen cabinets and home furniture and kitchen cabinet installation

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18 INVESTMENTS IN
SUBSIDIARIES (Continued)

18 於附屬公司之投資
(續)

名稱	註冊成立／成立 及經營地點	已發行及繳足股本 ／註冊股本	萬順昌集團 應佔之股本 權益百分比(i)	主要業務
Name	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the VSC Group (i)	Principal activities
萬順昌塑膠有限公司 VSC Plastics Company Limited	香港 Hong Kong	2港元 HK\$2	100%	買賣塑膠樹脂 Trading of plastics resins
萬順昌鋼鐵有限公司 VSC Steel Company Limited	香港 Hong Kong	38,000港元普通股 20,000,000港元 無投票權遞延股(ii) HK\$38,000 ordinary HK\$20,000,000 non-voting deferred (ii)	100%	存銷及買賣鋼材 Stockholding and trading of steel
萬順昌鋼鐵(深圳) 有限公司(iii) VSC Steel (Shenzhen) Co., Ltd. (iii)	中國內地 Mainland China	20,000,000港元 HK\$20,000,000	100%	存銷及買賣鋼材 Stockholding and trading of steel
亞萬鋼國際貿易(上海) 有限公司(iii) VSC Steel (Shanghai) Co., Ltd. (iii)	中國內地 Mainland China	7,280,000美元 US\$7,280,000	100%	存銷及買賣鋼材 Stockholding and trading of steel
金運貿易(深圳) 有限公司(iii) VSC Trading (Shezhen) Co., Ltd. (iii)	中國內地 Mainland China	2,400,000港元 HK\$2,400,000	100%	買賣塑膠樹脂 Trading of plastics resins
武漢三金建材有限公司(iii)	中國內地 Mainland China	人民幣3,000,000元 RMB3,000,000	90.1%	買賣潔具 Trading of sanitary wares
上海新施房地產經紀 有限公司(iii)	中國內地 Mainland China	500,000美元 US\$500,000	100%	物業代理 Property agent

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

18 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) 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. 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 Building Products (Shenzhen) Co., Ltd. and Leisure Plus Trading (Shenzhen) Co., Ltd. are wholly foreign owned enterprises established in Mainland China with an operating period of 20 years to 2028. 上海新施房地產經紀有限公司 is a wholly foreign owned enterprises established in Mainland China with an operating period of 10 years to 2020. 武漢三金建材有限公司 is an equity joint venture established in Mainland China with an operating period of 10 years to 2021.

18 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) 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。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。利尚派建材(深圳)有限公司及利尚派貿易(深圳)有限公司乃於中國內地成立之外資企業，經營期為20年，至二零二八年止。上海新施房地產經紀有限公司乃一間於中國內地成立之外資企業，經營期為10年，至二零二零年止。武漢三金建材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10年，至二零二一年止。

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

19 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES

19 於聯營公司之投資／
應收聯營公司

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
Investment cost	156,184	241,304	投資成本
Amounts due from associates	23,103	52,344	應收聯營公司

The movements of investments in associates are as follows:

於聯營公司之投資變動如下：

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
At 1st April	241,304	253,515	於四月一日
Disposal of interest in an associate	(98,225)	-	出售一間聯營公司之權益
Share of profits/(losses) of associates – net	6,626	(12,896)	應佔聯營公司溢利／(虧損) — 淨額
Exchange differences	6,479	685	匯兌差額
At 31st March	156,184	241,304	於三月三十一日

Notes to the Consolidated Financial Statements
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19 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:

19 於聯營公司之投資／
應收聯營公司 (續)

萬順昌集團於全非上市之聯營公司之應佔收入及業績及其總資產及負債如下：

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

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

19 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES
(Continued)

19 於聯營公司之投資／
應收聯營公司（續）

名稱	註冊及 已繳股本	成立／註冊地點	萬順昌集團應佔				萬順昌集團 應佔之股本 權益百分比 Percentage of equity interest attributable to the VSC Group
			Attributable to the VSC Group				
Name	Registered and paid up capital	Place of establishment/ incorporation	資產 Assets 千港元 HK\$'000	負債 Liabilities 千港元 HK\$'000	收入 Revenues 千港元 HK\$'000	溢利／ (虧損) Profit/(loss) 千港元 HK\$'000	
As at 31st March 2010 於二零一零年三月三十一日							
瑞爾盛中國有限公司(i) Ryerson China Limited (i)	15,000美元 US\$15,000	英屬處女群島 British Virgin Islands	169,127	(69,926)	200,462	2,044	20%
China Able Limited (ii)	26,190,000美元 US\$26,190,000	英屬處女群島 British Virgin Islands	237,721	(107,983)	14,997	10,182	33.3%
VSC Hotel Investments Limited (iii)	50美元 US\$50	英屬處女群島 British Virgin Islands	22,932	(26,258)	14,484	(26,140)	44%
Protection Asia Limited (iv)	1,000美元 US\$1,000	薩摩亞 Samoa	2,997	(63)	—	—	37.5%
常熟寶順昌鋼材加工 有限公司(v) Changshu Baoshunchang Steel Processing Co., Ltd. (v)	6,400,000美元 US\$6,400,000	中國內地 Mainland China	28,625	(19,194)	44,896	1,018	34.9%
			461,402	(223,424)	274,839	(12,896)	

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

19 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES
(Continued)

Notes:

- (i) The VSC Group disposed its 20% interest in Ryerson China on 3rd June 2010 (Note 6).
- (ii) China Able Limited (“China Able”) is a contractual joint venture which is held in equal shares between Fit Team Holdings Limited, a wholly owned subsidiary of the VSC Group since 26th March 2008, Nanyang Industrial (China) Limited, an independent third-party and Marvel Champ Investments Limited, another independent third-party. China Able was an associate of the VSC Group since May 2007.
- (iii) VSC Hotel Investments Limited (“VSC Hotel”) became an associate of the VSC Group when the VSC Group disposed of 50% of VSC Hotel on 25th July 2007 to Far Profit Limited, reducing its equity interest in VSC Hotel from 90% to 40%. Subsequently, the VSC Group further invested 4% in VSC Hotel, increasing its equity interest from 40% to 44% and a negative goodwill of approximately HK\$1,128,000 was recognised in the consolidated income statement in prior year.

19 於聯營公司之投資／
應收聯營公司 (續)

附註：

- (i) 萬順昌集團已於二零一零年六月三日出售於瑞爾盛中國之20%權益 (附註6)。
- (ii) China Able Limited (「China Able」) 乃一間由Fit Team Holdings Limited (其自二零零八年三月二十六日後，成為萬順昌集團之一間全資附屬公司)，Nanyang Industrial (China) Limited，為獨立第三者及Marvel Champ Investments Limited，為另一獨立第三者共同持有等額股份之合營企業。自二零零七年五月，China Able已成為萬順昌集團之一間聯營公司。
- (iii) 當萬順昌集團於二零零七年七月二十五日出售其於VSC Hotel Investments Limited (「VSC Hotel」) 之50%權益予Far Profit Limited，其於VSC Hotel之股本權益便由90%減少至40%後，VSC Hotel便成為萬順昌集團之一間聯營公司。其後，萬順昌集團進一步投資4%於VSC Hotel，其股本權益則由40%增至44%及已於往年度確認約1,128,000港元之負商譽於綜合損益表中。

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

19 INVESTMENTS IN
ASSOCIATES/AMOUNTS
DUE FROM ASSOCIATES
(Continued)

Notes: (Continued)

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

The amounts due from associates are unsecured, non-interest bearing and without pre-determined repayment terms. The carrying amounts approximated their fair values and were not impaired as at 31st March 2010 and 2011.

The amounts due from/(to) associates were denominated in the following currencies:

	綜合	
	二零一一年	二零一零年
	2011	2010
	千港元	千港元
	HK\$'000	HK\$'000
RMB	467	(3,869) 人民幣
HK\$	22,636	56,213 港元
	23,103	52,344

19 於聯營公司之投資／
應收聯營公司（續）

附註：（續）

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

應收聯營公司之金額為無抵押的、不計利息及並無預定之還款期。於二零一零年及二零一一年三月三十一日，其賬面金額與其公平價值相約及沒有減值。

應收／（應付）聯營公司之金額包含下列貨幣：

Notes to the Consolidated Financial Statements

綜合財務報表附註

20 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

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

	綜合		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
Deferred income tax assets:			遞延所得稅資產：
– Deferred income tax asset to be recovered after 12 months	14,542	16,341	– 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	8,409	8,926	– 將於十二個月內收回之遞延所得稅資產
	22,951	25,267	
Deferred income tax liabilities:			遞延所得稅負債：
– Deferred income tax liabilities to be settled after 12 months	(1,373)	(5)	– 將於十二個月後清償之遞延所得稅負債
Net deferred income tax assets	21,578	25,262	遞延所得稅資產淨額

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

淨遞延所得稅資產變動如下：

	綜合		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
At 1st April	25,262	42,728	於四月一日
Recognised in the consolidated income statement	(3,906)	(17,493)	已於綜合損益表中確認
Exchange differences	222	27	匯兌差額
At 31st March	21,578	25,262	於三月三十一日

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

20 DEFERRED INCOME TAX
ASSETS/(LIABILITIES)
(Continued)

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

Deferred income tax assets:

20 遞延所得稅資產／
(負債) (續)

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

遞延所得稅資產：

	綜合 Consolidated					
	投資物業之 公平價值虧損 Fair value losses of investment property 千港元 HK\$'000	撥備 Provisions 千港元 HK\$'000	累計稅項虧損 Cumulative tax losses 千港元 HK\$'000	減慢折舊 Decelerated depreciation 千港元 HK\$'000	總額 Total 千港元 HK\$'000	
At 1st April 2009	656	831	40,741	607	42,835	於二零零九年 四月一日
(Charged)/credited to the consolidated income statement	(408)	4,520	(21,612)	(47)	(17,547)	已於綜合損益表中 (扣除)／計入
Exchange differences	-	-	27	-	27	匯兌差額
At 31st March 2010	248	5,351	19,156	560	25,315	於二零一零年 三月三十一日
(Charged)/credited to the consolidated income statement	(248)	(5,351)	3,006	36	(2,557)	已於綜合損益表中 (扣除)／計入
Exchange differences	-	-	222	-	222	匯兌差額
At 31st March 2011	-	-	22,384	596	22,980	於二零一一年 三月三十一日

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

20 DEFERRED INCOME TAX
ASSETS/(LIABILITIES)
(Continued)

20 遞延所得稅資產／
(負債) (續)

Deferred income tax liabilities:

遞延所得稅負債：

	綜合		總額	
	預扣稅	加速折舊		
	Withholding tax	Accelerated depreciation	Total	
	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2009	–	(107)	(107)	於二零零九年四月一日
Credited to the consolidated income statement	–	54	54	已於綜合損益表中計入
At 31st March 2010	–	(53)	(53)	於二零一零年三月三十一日
(Charged)/credited to the consolidated income statement	(1,363)	14	(1,349)	已於綜合損益表中(扣除)／計入
At 31st March 2011	(1,363)	(39)	(1,402)	於二零一一年三月三十一日

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 2011, the deferred income tax assets recognised from tax loss of approximately HK\$19,367,000 (2010: HK\$11,091,000) can be carried forward indefinitely. The remaining tax losses will expire in five years from the year they were incurred.

遞延所得稅資產乃因應相關稅務利益透過未來應課稅溢利變現而就所結轉之稅項虧損作確認。於二零一一年三月三十一日，已就稅項虧損所確認之遞延所得稅資產約19,367,000港元(二零一零年：11,091,000港元)，該金額可以無限期結轉。餘下之稅項虧損將於產生後五年內失效。

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

20 DEFERRED INCOME TAX
ASSETS/(LIABILITIES)
(Continued)

The VSC Group did not recognise deferred income tax assets of approximately HK\$13,859,000 (2010: HK\$44,128,000) in respect of losses amounting to HK\$55,610,000 (2010: HK\$177,771,000) that can be carried forward against future taxable income. As at 31st March 2011, the cumulative tax losses of approximately HK\$1,651,000 (2010: HK\$8,543,000) can be carried forward indefinitely while tax losses of approximately HK\$53,959,000 (2010: HK\$169,228,000) will expire in five years from the year they were incurred.

Deferred income tax liabilities of approximately HK\$407,000 (2010: HK\$1,866,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Management currently has no intention to remit those earnings.

20 遞延所得稅資產／
(負債) (續)

萬順昌集團並無就55,610,000港元(二零一零年：177,771,000港元)之虧損確認約13,859,000港元(二零一零年：44,128,000港元)之遞延所得稅資產，該金額可以抵銷未來應課稅收。於二零一一年三月三十一日，累計稅項虧損約1,651,000港元(二零一零年：8,543,000港元)可以無限期結轉，而稅項虧損約53,959,000港元(二零一零年：169,228,000港元)將於產生後五年內失效。

就若干附屬公司之未轉移盈利之應付預扣稅未被確認為約407,000港元(二零一零年：1,866,000港元)之遞延所得稅負債。管理層現時並無意轉移其盈利。

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

21 BUSINESS COMBINATION

On 28th March 2011, the VSC Group acquired the distribution business of selling building products at a cash consideration of approximately HK\$10,692,000 from an independent third party (“the Acquisition”).

The initial accounting for the Acquisition was not completed at the end of the year because the fair values to be assigned to the identifiable assets can only be determined provisionally. As a result, the consideration of approximately HK\$10,692,000 was allocated to goodwill on a provisional basis. The VSC Group will recognise any adjustments to the goodwill upon completing the initial accounting for the Acquisition, which is expected to be finalised in year 2012.

21 業務合併

於二零一一年三月二十八日，萬順昌集團以約10,692,000港元之現金代價從獨立第三者收購銷售建築產品之分銷業務（「收購」）。

收購之初步會計處理於年末時並未完成，乃由於將分配至可識別資產之公平價值僅可暫時釐定。因此，約10,692,000港元之代價以暫時基準分配至商譽。萬順昌集團將於收購之初步會計處理完成後（預期於二零一二年落實）確認任何商譽調整。

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

22 DERIVATIVE FINANCIAL
INSTRUMENTS

22 衍生金融工具

	綜合 Consolidated				
	二零一一年 2011		二零一零年 2010		
	資產	負債	資產	負債	
	Assets	Liabilities	Assets	Liabilities	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Interest rate instrument (i)	-	13	-	133	利率工具 (i)
Forward foreign exchange contracts – held for trading (ii)	2,395	128	10	-	遠期外匯合約 — 持有作買賣用途 (ii)
Steel futures contracts (iii)	2	-	980	-	鋼材期貨合約 (iii)
Total	2,397	141	990	133	總額
Less non-current portion:					減去非當期部分：
Interest rate instrument	-	-	-	(133)	利率工具
Forward foreign exchange contracts – held for trading	(2,294)	(128)	-	-	遠期外匯合約 — 持有作買賣用途
Current portion	103	13	990	-	當期部分

	本公司 Company				
	二零一一年 2011		二零一零年 2010		
	資產	負債	資產	負債	
	Assets	Liabilities	Assets	Liabilities	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
Interest rate instrument (iv)	-	13	-	133	利率工具 (iv)
Less non-current portion:					減去非當期部分：
Interest rate instrument	-	-	-	(133)	利率工具
Current portion	-	13	-	-	當期部分

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

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

若被對沖項目之剩餘期間超過12個月，則衍生工具會分類為非流動資產或負債，而若被對沖項目之剩餘期間少於12個月，則為流動資產或負債。

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

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

22 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

- (i) The notional principal amount of the outstanding interest rate instrument at 31st March 2011 was approximately US\$50,000,000 (2010: US\$50,000,000). Fair value change on the interest rate instrument as of 31st March 2011 was recognised in other gains – net in the consolidated income statement. The committed payment under the interest rate instrument was approximately US\$500,000 (2010: US\$1,500,000) and the maturity date is 8th September 2011.
- (ii) The total notional principal amount of the outstanding forward foreign exchange contracts at 31st March 2011 was approximately US\$97,000,000 (2010: US\$14,000,000). Net fair value change on forward foreign exchange contracts as of 31st March 2011 was recognised in other gains – net in the consolidated income statement. The settlement dates are from 26th May 2011 to 25th February 2013.
- (iii) The notional principal amount of the outstanding steel future contracts at 31st March 2011 was approximately RMB9,590,000 (2010: RMB47,600,000). Net fair value change on steel future contracts as of 31st March 2011 was recognised in other gains – net in the consolidated income statement. The settlement date is 17th October 2011.
- (iv) The notional principal amount of the outstanding interest rate instrument at 31st March 2011 was approximately US\$50,000,000 (2010: US\$50,000,000). Fair value change on the interest rate instrument as of 31st March 2011 was recognised in other gains – net in the income statement. The committed payment under the interest rate instrument was approximately US\$500,000 (2010: US\$1,500,000) and the maturity date is 8th September 2011.

22 衍生金融工具 (續)

附註：

- (i) 於二零一一年三月三十一日，尚有之利率工具之設定本金額約50,000,000美元(二零一零年：50,000,000美元)。於二零一一年三月三十一日，利率工具之公平價值變動已於綜合損益表之其他收益－淨額中確認。已確認之利率工具付款額為約500,000美元(二零一零年：1,500,000美元)及到期日為二零一一年九月八日。
- (ii) 於二零一一年三月三十一日，尚有之遠期外匯合約之總設定本金額約97,000,000美元(二零一零年：14,000,000美元)。於二零一一年三月三十一日，遠期外匯合約之淨公平價值變動已於綜合損益表之其他收益－淨額中確認。結算日由二零一一年五月二十六日至二零一三年二月二十五日。
- (iii) 於二零一一年三月三十一日，尚有之鋼材期貨合約之設定本金額約人民幣9,590,000元(二零一零年：人民幣47,600,000元)。於二零一一年三月三十一日，鋼材期貨合約之淨公平價值變動已於綜合損益表之其他收益－淨額中確認。結算日為二零一一年十月十七日。
- (iv) 於二零一一年三月三十一日，尚有之利率工具之設定本金額約50,000,000美元(二零一零年：50,000,000美元)。於二零一一年三月三十一日，利率工具之公平價值變動已於損益表之其他收益－淨額中確認。已確認之利率工具付款額為約500,000美元(二零一零年：1,500,000美元)及到期日為二零一一年九月八日。

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

23 INVENTORIES

23 存貨

	綜合	
	Consolidated	
	二零一一年	二零一零年
	2011	2010
	千港元	千港元
	HK\$'000	HK\$'000
Work in progress relating to provision of services (i)	35,923	—
Finished goods	353,941	245,720
	389,864	245,720

The costs of inventories recognised as expenses and included in cost of sales in the consolidated income statement amounted to approximately HK\$4,019,698,000 (2010: HK\$3,018,978,000).

As at 31st March 2011, inventories of approximately HK\$21,507,000 (2010: HK\$30,993,000) were pledged as collaterals for certain of the VSC Group's bank borrowings, and certain inventories were held under trust receipts bank loan arrangements.

Notes:

- (i) The VSC Group entered into an agreement with an independent third party during the year. Pursuant to the agreement, the VSC Group will provide services in connection with sales and marketing activities ("the Project") of a property in the PRC ("the Property") and the profit to be received by VSC Group will depend on the amount of proceeds derived from the sales of the Property.

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

約4,019,698,000港元(二零一零年: 3,018,978,000港元)之存貨成本已確認為支出並已包括在綜合損益表之銷售成本中。

於二零一一年三月三十一日, 約21,507,000港元(二零一零年: 30,993,000港元)之存貨已抵押作為萬順昌集團銀行借貸之抵押品, 同時若干存貨以銀行信託收據貸款之安排下持有。

附註:

- (i) 本年度期間, 萬順昌集團與獨立第三者訂立協議。按照協議, 萬順昌集團將為提供位於中國之一幢物業(「該物業」)之銷售及市場推廣活動之相關服務(「項目」), 而萬順昌集團將按銷售該物業之所得款項收回其溢利。

項目產生之成本已撥為存貨, 當中並沒有包括毛利率或非應佔生產費用。

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

24 TRADE AND BILL
RECEIVABLES/LOAN
RECEIVABLES

(a) Trade and bill receivables

24 應收賬款及票據／應
收貸款

(a) 應收賬款及票據

		綜合 Consolidated		
		二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Trade and bill receivables				應收賬款及票據
– from third parties	507,220		410,967	– 來自第三方
– from an associate	–		13,881	– 來自一間聯營公司
Less: provision for impairment of trade receivables	(9,858)		(15,022)	減：應收賬款減值 撥備
Trade and bill receivables, net	497,362		409,826	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 60 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60日不等。

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

應收賬款及票據根據發票日期之賬齡分析如下：

		綜合 Consolidated		
		二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
0 to 60 days	430,632		371,468	0 – 60日
61 to 120 days	46,856		32,479	61 – 120日
121 to 180 days	15,574		4,729	121 – 180日
181 to 365 days	5,276		1,121	181 – 365日
Over 365 days	8,882		15,051	超過365日
	507,220		424,848	
Less: Provision for impairment of trade receivables	(9,858)		(15,022)	減：應收賬款減值 撥備
	497,362		409,826	

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

24 TRADE AND BILL
RECEIVABLES/LOAN
RECEIVABLES (Continued)

(a) Trade and bill receivables (Continued)

At 31st March 2011, included in trade and bill receivables were retentions from contract work of approximately HK\$4,832,000 (2010: HK\$2,798,000), which were not due for collection until satisfaction of the conditions specified in the underlying contracts.

At 31st March 2011, trade and bill receivables of approximately HK\$394,979,000 (2010: HK\$192,115,000) were fully performing and were from customers with no history of default.

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

24 應收賬款及票據／應
收貸款（續）

(a) 應收賬款及票據（續）

於二零一一年三月三十一日，約4,832,000港元（二零一零年：2,798,000港元）之合約工程之保固金包括在應收賬款及票據內，該等款項將直至達成合約所指明之條款後才可收回。

於二零一一年三月三十一日，應收賬款及票據約394,979,000港元（二零一零年：192,115,000港元）已從沒有拖欠還款記錄之客戶中全數履行。

應收賬款之減值撥備變動如下：

	綜合		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
At 1st April	15,022	16,685	於四月一日
Provision for impairment recognised in the consolidated income statement	1,704	9,348	已於綜合損益表中確認之減值撥備
Provision for impairment written back in the consolidated income statement	(6,648)	(1,081)	已於綜合損益表中撤回之減值撥備
Provision for impairment written off	(517)	(9,950)	撤銷減值撥備
Exchange differences	297	20	匯兌差額
At 31st March	9,858	15,022	於三月三十一日

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

24 TRADE AND BILL
RECEIVABLES/LOAN
RECEIVABLES (Continued)

(a) Trade and bill receivables (Continued)

As at 31st March 2011, trade receivables of approximately HK\$9,858,000 (2010: HK\$15,022,000) were impaired and provided for. The amount of net provision recovered in the consolidated income statement during the year was approximately HK\$4,944,000 (2010: HK\$8,267,000 recognised). The ageing analysis of these receivables is as follows:

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
0 to 60 days	388	147	0 – 60日
61 to 120 days	–	28	61 – 120日
121 to 180 days	–	254	121 – 180日
181 to 365 days	877	1,768	181 – 365日
Over 365 days	8,593	12,825	超過365日
	9,858	15,022	

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

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
0 to 60 days	77,840	176,851	0 – 60日
61 to 120 days	11,740	21,251	61 – 120日
121 to 180 days	2,314	3,897	121 – 180日
181 to 365 days	646	93	181 – 365日
Over 365 days	–	597	超過365日
	92,540	202,689	

24 應收賬款及票據／應
收貸款（續）

(a) 應收賬款及票據（續）

於二零一一年三月三十一日，應收賬款約9,858,000港元（二零一零年：15,022,000港元）已作減值及撥備。本年度期間，已於綜合損益表中收回之淨撥備約4,944,000港元（二零一零年：已確認8,267,000港元）。其應收賬款賬齡分析如下：

已過期但未減值之應收賬款賬齡分析如下：

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

24 TRADE AND BILL
RECEIVABLES/LOAN
RECEIVABLES (Continued)

(a) Trade and bill receivables (Continued)

The carrying amounts of net trade and bill receivables approximated their fair values as at 31st March 2010 and 2011.

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

	綜合 Consolidated	
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000
RMB	243,623	195,218 人民幣
HK\$	247,571	214,916 港元
US\$	16,026	14,714 美元
	507,220	424,848

(b) Loan receivables

A loan receivable of HK\$19,000,000 (2010: HK\$21,000,000) is secured by the following assets:

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

The carrying amount of this receivable approximated its fair values as at 31st March 2010 and 2011. It is denominated in HK\$, non-interest bearing and repayable on 5th December 2011.

As at 31st March 2011, no loan receivables were past due, impaired and provided for (2010: nil). No provision has been recognised in the consolidated income statement during the year (2010: nil).

24 應收賬款及票據／應
收貸款 (續)

(a) 應收賬款及票據 (續)

淨應收賬款及票據之賬面金額與其於二零一零年及二零一一年三月三十一日之公平價值相約。

應收賬款及票據之賬面金額包含下列貨幣：

(b) 應收貸款

一項19,000,000港元(二零一零年：21,000,000港元)之應收貸款由以下資產作抵押：

- 借款人持有之若干股本權益；及
- 借款人持有之一項應收貸款。

此應收貸款之賬面金額與其於二零一零年及二零一一年三月三十一日之公平價值相約。並以港元列賬、不計息及須於二零一一年十二月五日償還。

於二零一一年三月三十一日，沒有應收貸款已過期、減值及作撥備(二零一零年：無)。本年度期間，沒有於綜合損益表中確認之撥備(二零一零年：無)。

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

25 PREPAYMENTS, DEPOSITS AND
OTHER RECEIVABLES

25 預付款項、按金及其他
應收賬款

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
Prepayments for purchases	127,602	168,967	預付採購款項
Rental and other deposits	3,298	3,286	租金及其他按金
Value-added tax recoverable	–	1,257	可收回增值稅
Other receivables	4,924	2,660	其他應收賬款
Others	6,208	2,586	其他
	142,032	178,756	

The carrying amounts of prepayments, deposits and other receivables approximated their fair values as at 31st March 2010 and 2011. They were denominated in the following currencies:

預付款項、按金及其他應收賬款之賬面金額與其於二零一零年及二零一一年三月三十一日之公平價值相約。預付款項、按金及其他應收賬款包含下列貨幣：

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
RMB	129,624	174,150	人民幣
HK\$	7,848	3,421	港元
US\$	4,560	1,185	美元
	142,032	178,756	

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

25 PREPAYMENTS, DEPOSITS
AND OTHER RECEIVABLES
(Continued)

Movements on provision for impairment of prepayments, deposits and other receivables are as follows:

25 預付款項、按金及其他
應收賬款 (續)

預付款項、按金及其他應收賬款之
減值撥備變動如下：

	綜合		
	Consolidated	Consolidated	
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
At 1st April	–	13,954	於四月一日
Provision for impairment recognised in the consolidated income statement	1,195	–	已於綜合損益表中確認之減值撥備
Provision for impairment written-off	(1,195)	(13,954)	撤銷減值撥備
At 31st March	–	–	於三月三十一日

Notes to the Consolidated Financial Statements

綜合財務報表附註

26 PLEDGED BANK DEPOSITS/
CASH AND CASH
EQUIVALENTS26 已抵押銀行存款／現
金及現金等值

	綜合 Consolidated		本公司 Company		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Cash on hand	355	312	-	-	手頭現金
Cash at bank	191,460	160,623	438	381	銀行存款
Short-term bank deposits	335,677	57,182	12,287	12,248	短期銀行存款
	527,492	218,117	12,725	12,629	
Less: Pledged bank deposits	(41,624)	(57,182)	(12,287)	(12,248)	減：已抵押銀行存款
Cash and cash equivalents	485,868	160,935	438	381	現金及現金等值

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

已抵押銀行存款及現金及現金等值包含下列貨幣：

	綜合 Consolidated		本公司 Company		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
RMB	69,563	52,449	-	-	人民幣
HK\$	361,299	131,871	242	184	港元
US\$	96,465	33,643	12,483	12,445	美元
Euro	68	79	-	-	歐羅
Others	97	75	-	-	其他
	527,492	218,117	12,725	12,629	

The carrying amounts of pledged bank deposits and cash and cash equivalents approximated their fair values as at 31st March 2010 and 2011.

已抵押銀行存款及現金及現金等值之賬面金額與其於二零一零年及二零一一年三月三十一日之公平價值相約。

As at 31st March 2011, the VSC Group's bank deposits of approximately HK\$31,457,000 (2010: HK\$41,482,000) were pledged as collateral for the VSC Group's bank borrowings and approximately HK\$10,166,000 (2010: HK\$15,699,000) were pledged for steel future contracts.

於二零一一年三月三十一日，萬順昌集團約31,457,000港元（二零一零年：41,482,000港元）之銀行存款已抵押作為萬順昌集團銀行借貸之抵押品及約10,166,000港元（二零一零年：15,699,000港元）已作鋼材期貨合約之抵押品。

As at 31st March 2011, the Company's bank deposits of approximately HK\$12,287,000 (2010: HK\$12,248,000) were pledged as collateral for the banking facilities granted to a subsidiary of the Company.

於二零一一年三月三十一日，本公司約12,287,000港元（二零一零年：12,248,000港元）之銀行存款已為本公司之一間附屬公司所獲銀行融資作抵押品。

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綜合財務報表附註

26 PLEDGED BANK DEPOSITS/ CASH AND CASH EQUIVALENTS (Continued)

As at 31st March 2011, pledged bank deposits and cash and bank deposits totalling approximately HK\$69,563,000 (2010: HK\$52,449,000) were denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

27 TRADE AND BILL PAYABLES

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

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

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
0 to 60 days	311,435	242,003	0 – 60日
61 to 120 days	316	4,050	61 – 120日
121 to 180 days	–	83	121 – 180日
181 to 365 days	–	438	181 – 365日
Over 365 days	2,184	899	超過365日
	313,935	247,473	

The carrying amounts of trade and bill payables approximated their fair values as at 31st March 2010 and 2011. They were denominated in the following currencies:

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
RMB	63,101	45,146	人民幣
HK\$	57,016	123,911	港元
US\$	193,818	78,416	美元
	313,935	247,473	

26 已抵押銀行存款／現 金及現金等值（續）

於二零一一年三月三十一日，已抵押銀行存款及現金及銀行存款共約69,563,000港元（二零一零年：52,449,000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。

27 應付賬款及票據

與供應商之付款條款均以信用證或記賬方式進行。若干供應商之信貸期約30日。

應付賬款及票據根據發票日期之賬齡分析如下：

應付賬款及票據之賬面金額與其於二零一零年及二零一一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：

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綜合財務報表附註

28 ACCRUED LIABILITIES AND
OTHER PAYABLES

28 應計負債及其他應付賬款

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
Accrual for employee benefit expenses	5,416	17,274	應計僱員福利支出
Accrual for operating expenses	27,704	13,918	應計經營支出
Value-added tax payables	5,947	7,923	應付增值稅
Provision for onerous contracts	37,912	32,429	有償契約之撥備
Others	14,018	27,855	其他
	90,997	99,399	

The carrying amounts of accrued liabilities and other payables approximated their fair values as at 31st March 2010 and 2011. They will be matured within one year.

應計負債及其他應付賬款之賬面金額與其於二零一零年及二零一一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。

They were denominated in the following currencies:

應計負債及其他應付賬款包含下列貨幣：

	綜合		
	Consolidated		
	二零一一年	二零一零年	
	2011	2010	
	千港元	千港元	
	HK\$'000	HK\$'000	
RMB	44,150	47,658	人民幣
HK\$	46,695	51,577	港元
US\$	152	164	美元
	90,997	99,399	

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

29 BORROWINGS

29 借貸

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Non-current			非當期
– Long-term bank loans	–	3,925	– 長期銀行貸款
Current			當期
– Trust receipts bank loans, secured	416,198	247,803	– 信託收據銀行貸款，抵押的
– Short-term bank loans, secured	169,324	154,714	– 短期銀行貸款，抵押的
– Long-term bank loans, secured, current portion	3,876	7,764	– 長期銀行貸款，抵押的，當期部分
– Portion of mortgage loan from bank due for repayment within one year	2,304	–	– 一年內償還之部分銀行按揭貸款
– Portion of mortgage loan from bank due for repayment after one year which contains a repayable on demand clause	8,442	–	– 一年後償還附有即時償還條款之部分銀行按揭貸款
	600,144	410,281	
Total borrowings	600,144	414,206	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：

	綜合 Consolidated		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Within one year	591,702	410,281	1年內
Between one and two years	2,304	3,925	1至2年
Between two and five years	6,138	–	2至5年
	600,144	414,206	

Notes to the Consolidated Financial Statements

綜合財務報表附註

29 BORROWINGS (Continued)

The Company's borrowings are repayable as follows:

	本公司 Company	
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000
Within one year	3,876	7,764
Between one and two years	–	3,925
	3,876	11,689

The VSC Group's borrowings are secured by:

- (i) pledge of the VSC Group's inventories of approximately HK\$21,507,000 (2010: HK\$30,993,000) and certain of VSC Group's inventories held under trust receipts bank loan arrangements;
- (ii) pledge of the VSC Group's bank deposits of approximately HK\$31,457,000 (2010: HK\$41,482,000);
- (iii) pledge of the VSC Group's investment property of approximately HK\$20,000,000 (2010: nil); and
- (iv) guarantees provided by the Company of approximately HK\$1,457,754,000 (2010: HK\$1,069,635,000).

29 借貸 (續)

本公司之借貸還款期如下：

萬順昌集團之借貸由以下作抵押：

- (i) 萬順昌集團已作抵押之存貨約21,507,000港元(二零一零年：30,993,000港元)，及若干萬順昌集團之存貨為透過銀行信託收據貸款之安排持有；
- (ii) 萬順昌集團已作抵押之銀行存款約31,457,000港元(二零一零年：41,482,000港元)；
- (iii) 萬順昌集團已作抵押之投資物業約20,000,000港元(二零一零年：無)；及
- (iv) 本公司提供之擔保約1,457,754,000港元(二零一零年：1,069,635,000港元)。

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

29 BORROWINGS (Continued)

Borrowings were denominated in the following currencies:

	綜合 Consolidated		本公司 Company		
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
RMB	152,484	131,301	-	-	人民幣
HK\$	443,784	271,216	-	-	港元
US\$	3,876	11,689	3,876	11,689	美元
	600,144	414,206	3,876	11,689	

The effective interest rates of borrowings (per annum) at the financial year end dates are as follows:

	二零一一年 2011	二零一零年 2010	
RMB	5.2%	3.8%	人民幣
HK\$	2.4%	2.4%	港元
US\$	0.5%	0.5%	美元

The carrying amounts of the borrowings approximated their fair values as at 31st March 2010 and 2011.

借貸包含下列貨幣：

於結算日，借貸之實際利率（每年）如下：

借貸之賬面金額與其於二零一零年及二零一一年三月三十一日之公平價值相約。

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30 SHARE CAPITAL

30 股本

	法定 (每股0.10港元之普通股)		已發行及繳足 (每股0.10港元之普通股)		
	Authorised (Ordinary shares of HK\$0.10 each)		Issued and fully paid (Ordinary shares of HK\$0.10 each)		
	股份數目 Number of shares	面值 Nominal value	股份數目 Number of shares	面值 Nominal value	
	千股 '000	千港元 HK\$'000	千股 '000	千港元 HK\$'000	
As at 31st March 2010 and 31st March 2011	1,000,000	100,000	414,128	41,413	於二零一零年 三月三十一日及 二零一一年 三月三十一日

31 SHARE OPTIONS

The VSC Group has a share option scheme under which it may grant options to any person being an employee, agent, consultant or representative (including executive directors and non-executive directors) of the VSC Group to subscribe for shares in the Company, subject to a maximum of 30% of the issued share capital of the Company from time to time. 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.

31 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

31 SHARE OPTIONS (Continued)

Movements of share options were:

31 購股權 (續)

購股權變動如下：

授予日期 Date of grant	行使期 Exercise period	每股行使價 Exercise price per share 港元 HK\$	於二零一零年 四月一日		於二零一一年 三月三十一日	
			As at 1st April 2010 千股 '000	授予 Granted 千股 '000	沒收／失效 Forfeited/ lapsed 千股 '000	As at 31st March 2011 千股 '000
二零一零年七月十九日 19th July 2010	二零一二年六月一日至 二零二零年七月十八日 1st June 2012 to 18th July 2020	0.828	–	3,815	–	3,815
二零零九年十月十三日 13th October 2009	二零零九年十月十三日至 二零一九年十月十二日 13th October 2009 to 12th October 2019	0.504	16,500	–	–	16,500
二零零九年九月十八日 18th September 2009	二零一一年九月十八日至 二零一九年九月十七日 18th September 2011 to 17th September 2019	0.586	1,866	–	(333)	1,533
二零零九年九月十八日 18th September 2009	二零一二年九月十八日至 二零一九年九月十七日 18th September 2012 to 17th September 2019	0.586	1,867	–	(334)	1,533
二零零九年九月十八日 18th September 2009	二零一三年九月十八日至 二零一九年九月十七日 18th September 2013 to 17th September 2019	0.586	1,867	–	(333)	1,534
二零零八年六月十九日 19th June 2008	二零零八年六月十九日至 二零一八年六月十八日 19th June 2008 to 18th June 2018	0.780	3,000	–	–	3,000
二零零六年九月十三日 13th September 2006	二零零七年九月十三日至 二零一六年九月十二日 13th September 2007 to 12th September 2016	0.900	2,400	–	–	2,400
二零零三年九月十九日 19th September 2003	二零零五年九月十九日至 二零一三年九月十八日 19th September 2005 to 18th September 2013	1.418	1,300	–	–	1,300
二零零三年五月七日 7th May 2003	二零零五年五月七日至 二零一三年五月六日 7th May 2005 to 6th May 2013	0.970	730	–	(30)	700
二零零三年五月二日 2nd May 2003	二零零三年五月二日至 二零一三年五月一日 2nd May 2003 to 1st May 2013	0.980	1,000	–	–	1,000
			30,530	3,815	(1,030)	33,315

The fair value of share options granted was determined by the directors based on the valuations assessed by independent, professionally qualified valuers, using the Trinomial Model. The significant inputs into the model were share price at the grant date, exercise price, expected exit rate of employees and representatives, estimated trigger price of exercising of option, expected life of options, expected dividend payout rate and annual risk-free rate. The volatility measured is based on statistical analysis of daily share prices over a period of 500 weeks.

已授予之購股權之公平價值是由董事按獨立及專業合資格估值師採用三項式模型釐定。輸入該模型之重要數據包括授出日股價、行使價、預計僱員及其代表離職率、行使購股權之估計觸發價、購股權預計期限、預計派息率及年度無風險息率。波幅根據500星期內每日股價統計分析而量度。

Notes to the Consolidated Financial Statements

綜合財務報表附註

32 RESERVES

32 儲備

	綜合 Consolidated						累計外幣 匯兌調整	保留盈利 Retained earnings	總額 Total	
	股份溢價 Share premium	購股權 儲備 Share option reserve	資本贖回 儲備(iii) Capital redemption reserve (iii)	法定 儲備(i) Statutory reserves (i)	資本儲備 Capital reserve	投資 重估儲備 Investment revaluation reserve	Cumulative foreign currency translation adjustments			
At 1st April 2009	324,761	2,058	77,203	12,325	58,355	117	19,586	5,779	500,184	於二零零九年 四月一日
Profit for the year	-	-	-	-	-	-	-	75,221	75,221	年度溢利
Currency translation differences	-	-	-	-	-	-	1,611	-	1,611	貨幣匯兌差額
Issuance of shares - share placement (iv)	12,640	-	-	-	-	-	-	-	12,640	股份發行 - 配股(iv)
Issuance of shares - exercise of share options (iv)	484	-	-	-	-	-	-	-	484	股份發行 - 行使 購股權(iv)
Transfer upon exercise of share options (iv)	120	(120)	-	-	-	-	-	-	-	轉撥自行使購 股權(iv)
Lapse of share options	-	(11)	-	-	-	-	-	11	-	失效之購股權
Transfer from retained earnings	-	-	-	407	-	-	-	(407)	-	轉撥自保留盈利
Share option scheme - value of services	-	2,026	-	-	-	-	-	-	2,026	購股權計劃 - 服務價值
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(12,422)	(12,422)	已付本公司股權持 有人之股息
At 31st March 2010	338,005	3,953	77,203	12,732	58,355	117	21,197	68,182	579,744	於二零一零年 三月三十一日

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

32 RESERVES (Continued)

32 儲備 (續)

	綜合 Consolidated						累計外幣 匯兌調整	保留盈利	總額	
	購股權 儲備	資本贖回 儲備(iii)	法定 儲備(i)	資本儲備	投資 重估儲備	Cumulative foreign currency translation adjustments				
	Share option premium	Capital redemption reserve (iii)	Statutory reserves (i)	Capital reserve	Investment revaluation reserve	千港元	千港元	千港元	千港元	千港元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2010	338,005	3,953	77,203	12,732	58,355	117	21,197	68,182	579,744	於二零一零年 四月一日
Profit for the year	-	-	-	-	-	-	-	31,032	31,032	年度溢利
Currency translation differences	-	-	-	-	-	-	9,351	-	9,351	貨幣匯兌差額
Disposal of interest in an associate	-	-	-	-	-	(117)	(2,237)	-	(2,354)	出售一間聯營公司 之權益
Transfer from retained earnings	-	-	-	430	-	-	-	(430)	-	轉撥自保留盈利
Lapse of share options Share option scheme	-	(7)	-	-	-	-	-	7	-	失效之購股權 購股權計劃
- value of services	-	793	-	-	-	-	-	-	793	- 服務價值
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(15,323)	(15,323)	已付本公司 股權持有 人之股息
At 31st March 2011	338,005	4,739	77,203	13,162	58,355	-	28,311	83,468	603,243	於二零一一年 三月三十一日

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

32 RESERVES (Continued)

32 儲備 (續)

	本公司 Company					總額 Total	
	股份溢價 Share premium	購股權 儲備 Share option reserve	資本贖回 儲備(iii) Capital redemption reserve (iii)	繳入 盈餘(ii) Contributed surplus (ii)	保留盈利 Retained earnings		
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
At 1st April 2009	324,761	2,058	77,203	53,986	16,752	474,760	於二零零九年四月一日
Profit for the year	-	-	-	-	10,687	10,687	年度溢利
Issuance of shares							股份發行
- share placement (iv)	12,640	-	-	-	-	12,640	- 配股(iv)
Issuance of shares							股份發行
- exercise of share options (iv)	484	-	-	-	-	484	- 行使購股權(iv)
Transfer upon exercise of share options (iv)	120	(120)	-	-	-	-	轉撥自行行使購股權(iv)
Lapse of share options Share option scheme	-	(11)	-	-	11	-	失效之購股權 購股權計劃
- value of services	-	2,026	-	-	-	2,026	- 服務價值
Dividends paid	-	-	-	-	(12,422)	(12,422)	已付股息
At 31st March 2010	338,005	3,953	77,203	53,986	15,028	488,175	於二零一零年 三月三十一日
At 1st April 2010	338,005	3,953	77,203	53,986	15,028	488,175	於二零一零年四月一日
Profit for the year	-	-	-	-	10,987	10,987	年度溢利
Lapse of share options Share option scheme	-	(7)	-	-	7	-	失效之購股權 購股權計劃
- value of services	-	793	-	-	-	793	- 服務價值
Dividends paid	-	-	-	-	(15,323)	(15,323)	已付股息
At 31st March 2011	338,005	4,739	77,203	53,986	10,699	484,632	於二零一一年 三月三十一日

Notes to the Consolidated Financial Statements

綜合財務報表附註

32 RESERVES (Continued)

Notes:

- (i) Statutory reserves represent enterprise expansion reserve fund and general reserve fund set up by certain subsidiaries in Mainland China. As stipulated by regulations in Mainland China, the subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the enterprise expansion reserve fund and general reserve fund, at rates determined by their respective boards of directors. The general reserve fund may be used for making up losses and increasing capital, while the enterprise expansion reserve fund may be used for increasing capital.
- (ii) Under the Companies Act 1981 of Bermuda, contributed surplus is distributable to equity holders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.
- (iii) The capital redemption reserve was established upon repurchase of shares in prior years.
- (iv) As at 31st March 2010, the increase in share premium was due to the exercise of certain share options by employees and share placement during that year.

32 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溢利（經抵銷過往年度虧損）撥出部分至企業發展儲備基金及一般儲備基金，比率乃由各自董會釐定。一般儲備基金可用作抵銷虧損及增加股本，而企業發儲備基金可用作增加股本。
- (ii) 根據百慕達一九八一年公司法，繳入盈餘可分派予股權持有人，惟倘本公司在宣派或支付股息或從繳入盈餘作出分派後，(i)本公司不能或在作出支付後將不能支付到期債項，或(ii)其資產之可變現價值將會因而少於其債項及其已發行股本及股份溢價賬目的合計總額，則本公司不可作出上述的宣派、支付或分派。
- (iii) 資本贖回儲備之產生是由於往年回購股份所引致。
- (iv) 於二零一零年三月三十一日，股份溢價增加是由於僱員於該年度期間行使若干之購股權及配股所引致。

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 CONSOLIDATED STATEMENT OF CASH FLOWS

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

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Profit before income tax	52,904	104,762	除稅前溢利
Share of (profits)/losses of associates – net	(6,626)	12,896	應佔聯營公司(溢利)/虧損 – 淨額
Interest income	(858)	(1,314)	利息收入
Interest expenses	16,039	10,612	利息支出
Depreciation of property, plant and equipment	6,951	6,720	物業、廠房及設備之折舊
(Gain)/loss on disposals of property, plant and equipment	(6)	1,372	出售物業、廠房及設備之(收益)/虧損
Amortisation of land use right	202	202	土地使用權之攤銷
Gain on disposal of an investment property	–	(10,448)	出售一項投資物業之收益
Fair value loss of an investment property	273	–	一項投資物業之公平價值虧損
Gain on disposal of interest in an associate	(40,419)	–	出售一間聯營公司之權益之收益
Gain on disposal of a club debenture	(2,038)	–	出售一項會籍之收益
Gain on disposal of available-for-sale financial assets upon disposal of a subsidiary	–	(1,631)	出售一間附屬公司引致出售可供出售之財務資產之收益
Amount recovered from a fully impaired available-for-sale financial asset	(388)	(386)	收回一項已全數減值之可供出售之財務資產
Change in fair values of derivative financial instruments	(1,399)	(4,638)	衍生金融工具之公平價值變動
Share option scheme – value of services	793	2,026	購股權計劃 – 服務價值
Operating profit before working capital changes	25,428	120,173	營運資金變動前之經營溢利
(Increase)/decrease in inventories	(144,144)	13,977	存貨(增加)/減少
Decrease in amounts due from customers on installation contract work	–	700	應收客戶之安裝合約工程減少
Increase in trade and bill receivables	(87,536)	(152,637)	應收賬款及票據增加
Decrease/(increase) in loan receivables	5,500	(3,500)	應收貸款減少/(增加)
Decrease/(increase) in prepayments, deposits and other receivables	36,724	(14,767)	預付款項、按金及其他應收賬款減少/(增加)
Decrease in amounts due from associates	29,241	9,721	應收聯營公司減少
Decrease in amounts due to an associate	–	(1,568)	應付一間聯營公司減少
Increase in trade and bill payables	66,462	165,786	應付賬款及票據增加
Increase/(decrease) in receipts in advance	120,733	(35,087)	預收款項增加/(減少)
(Decrease)/increase in accrued liabilities and other payables	(13,154)	55,609	應計負債及其他應付賬款(減少)/增加
Net cash generated from operations	39,254	158,407	經營產生之現金淨額

33 綜合現金流量表

(a) 除稅前溢利與經營產生之現金淨額對賬如下：

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

33 CONSOLIDATED STATEMENT
OF CASH FLOWS (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Net book amount	220	1,559	賬面淨值
Gain/(loss) on disposals of property, plant and equipment	6	(1,372)	出售物業、廠房及設備之 收益/(虧損)
Proceeds from disposals of property, plant and equipment	226	187	出售物業、廠房及設備之 所得款項

- (b) 在綜合現金流量表中，出售物業、廠房及設備之所得款項包括：

- (c) In the consolidated statement of cash flows, proceeds from disposal of available-for-sale financial assets upon disposal of a subsidiary comprise:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Net assets disposed			出售之淨資產
Available-for-sale financial assets	-	580	可供出售之財務資產
Gain on disposal of the available-for-sale financial assets upon disposal of a subsidiary	-	1,631	出售一間附屬公司引致 出售可供出售之財務 資產之收益
Cash consideration received	-	2,211	已收之現金代價

- (c) 於綜合現金流量表中，出售一間附屬公司引致出售可供出售之財務資產之所得款項包括：

- (d) In the consolidated statement of cash flows, proceeds from disposal of interest in an associate comprise:

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Net assets disposed	95,871	-	出售之淨資產
Gain on disposal of interest in an associate	40,419	-	出售一間聯營公司之權益 之收益
Cash consideration received	136,290	-	已收之現金代價

- (d) 於綜合現金流量表中，出售一間聯營公司之權益之所得款項包括：

The VSC Group disposed of its entire interest in Ryerson China to a third party at a consideration of approximately HK\$136,290,000 during the year.

本年度期間，萬順昌集團以約136,290,000港元之代價出售全部於瑞爾盛中國之權益予第三者。

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

33 CONSOLIDATED STATEMENT
OF CASH FLOWS (Continued)

(e) Significant non-cash transactions

Out of the consideration of approximately HK\$10,692,000 for the Acquisition in Note 21, approximately HK\$4,752,000 remained a consideration payable as of 31st March 2011 and was subsequently settled after 31st March 2011.

33 綜合現金流量表 (續)

(e) 非現金重大交易

於附註21，該收購之代價為約10,692,000港元，其中約4,752,000港元於二零一一年三月三十一日確認為應付代價，並於二零一一年三月三十一日後償付。

34 GUARANTEES

34 擔保

	本公司 Company	
	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000
Guarantees provided by the Company in respect of banking facilities of its subsidiaries	1,457,754	1,069,635

本公司就其附屬公司
所獲銀行融資而提供之
擔保

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

35 COMMITMENTS

(a) Commitments under operating leases

(i) Lessor

Total commitments receivable under the non-cancellable operating lease agreement in respect of rent-out premise is analysed as follows:

綜合 Consolidated	
二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000
Not later than one year	120
	325 未逾1年

(ii) Lessee

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

綜合 Consolidated	
二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000
Not later than one year	13,522
Later than one year and not later than five years	16,636
Later than five years	198
	30,356
	10,083 未逾1年 逾1年及 未逾5年 758 逾5年 16,146

35 承擔

(a) 營業租約承擔

(i) 出租人

就出租物業而訂立之不可撤銷營業租約之應收承擔總額分析如下：

(ii) 承租人

就承租物業而訂立之不可撤銷營業租約之應付承擔總額分析如下：

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

35 COMMITMENTS (Continued)

(b) Commitments under derivative contracts

As at 31st March 2011, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$18,000,000 (2010: US\$14,000,000) for approximately HK\$140,184,000 (2010: HK\$108,696,000). The settlement dates are from 26th May 2011 to 31st July 2012.

As at 31st March 2011, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$79,000,000 (2010: nil) for approximately RMB517,889,000 (2010: nil). The settlement dates are from 27th June 2012 to 25th February 2013.

As at 31st March 2011, the VSC Group had outstanding steel future contracts to purchase 2,000 metric tonnes of rebar at approximately RMB9,590,000 (2010: RMB47,600,000). The settlement date is 17th October 2011.

As at 31st March 2011, the VSC Group had an outstanding interest rate instrument with a notional principal amount of approximately US\$50,000,000 (2010: US\$50,000,000). The committed payment under the interest rate instrument was approximately US\$500,000 (2010: US\$1,500,000) and the maturity date is 8th September 2011.

As at 31st March 2011, the Company had an outstanding interest rate investment with a notional principal amount of approximately US\$50,000,000 (2010: US\$50,000,000). The committed payment under the interest rate instrument was approximately US\$500,000 (2010: US\$1,500,000) and the maturity date is 8th September 2011.

35 承擔 (續)

(b) 衍生合約承擔

於二零一一年三月三十一日，萬順昌集團尚有約140,184,000港元(二零一零年：108,696,000港元)未行使之遠期外匯貨幣合約以用作購買約18,000,000美元(二零一零年：14,000,000美元)。結算日為由二零一一年五月二十六日至二零一二年七月三十一日。

於二零一一年三月三十一日，萬順昌集團尚有約人民幣517,889,000元(二零一零年：無)未行使之遠期外匯貨幣合約以用作購買約79,000,000美元(二零一零年：無)。結算日為由二零一二年六月二十七日至二零一三年二月二十五日。

於二零一一年三月三十一日，萬順昌集團尚有約人民幣9,590,000元(二零一零年：人民幣47,600,000元)未行使之鋼材期貨合約以用作購買約2,000公噸鋼筋。結算日為二零一一年十月十七日。

於二零一一年三月三十一日，萬順昌集團尚有一項設定本金額約50,000,000美元(二零一零年：50,000,000美元)未行使之利率工具。已確認之利率工具付款額為約500,000美元(二零一零年：1,500,000美元)及到期日為二零一一年九月八日。

於二零一一年三月三十一日，本公司尚有一項設定本金額約50,000,000美元(二零一零年：50,000,000美元)未行使之利率工具。已確認之利率工具付款額為約500,000美元(二零一零年：1,500,000美元)及到期日為二零一一年九月八日。

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

36 RELATED PARTY TRANSACTIONS

(a) Transactions

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

		二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Consulting services provided to a then associate	(i)	–	19,634	向一間已出售之聯營公司提供之諮詢服務
Management services provided to an associate	(i)	57	–	向一間聯營公司提供之管理服務
Management services provided to a then associate	(i)	–	227	向一間已出售之聯營公司提供之管理服務
Sales of goods to an associate	(i)	225,860	251,414	向一間聯營公司銷售貨品
Rental income received from a then associate	(ii)	57	114	已收一間已出售之聯營公司之租金收入
Rental expenses paid to an associate	(ii)	2,591	6,554	已付一間聯營公司之租金支出
Interest received from a then associate	(iii)	60	973	已收一間已出售之聯營公司之利息

Notes:

- (i) Consulting and management services were provided and goods were sold at prices mutually agreed by both parties.
- (ii) Rental income and expenses were determined by reference to open market rental.
- (iii) Interest income was determined at a rate of approximately 2% (2010: 2%) per annum on overdue balances due from a then associate which is disposed during the year.

附註：

- (i) 所提供之諮詢及管理服務及所銷售之貨品皆按雙方達成協議之價格收取。
- (ii) 租金收入及支出乃參考公開市場之租值而釐訂。
- (iii) 利息收入乃以年利率約2% (二零一零年：2%) 按本年度期間已出售之一間聯營公司之過期結餘計算。

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

36 RELATED PARTY
TRANSACTIONS (Continued)

(b) Key management compensation

36 與關連人士之交易
(續)

(b) 主要管理層報酬

	二零一一年 2011 千港元 HK\$'000	二零一零年 2010 千港元 HK\$'000	
Salaries and allowances	9,639	8,004	薪金及津貼
Bonus	3,544	427	花紅
Pension costs – defined contribution schemes	212	168	退休金成本 – 界定供款計劃
	13,395	8,599	

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