



年報

Annual Report 2012/13



VSC 万顺昌

Van Shung Chong Holdings Limited

萬 順 昌 集 團 有 限 公 司

Stock Code 股票代號 : 1001

Sustainable Transformation

For over 50 years, VSC has grown from a Hong Kong steel trader to a national player in China. We have grown our market share in construction steel and added investments in high-end coil distribution and processing. We have diversified our product offer to include engineering plastics and complemented our construction materials offer to include BUILDING & DESIGN SOLUTIONS (kitchen, bathroom and bedroom). Our growth strategy has always included a strong sense of community and commitment to people. VSC's history has been built on values like integrity, honesty and respect.

VSC is engaged in a rigorous transformation to capture the untapped value of the entire organization and to establish ourselves as a value-creation leader in the industries we choose to be in. By transforming our business into a more efficient, more agile, more entrepreneurial and shareholder-focused enterprise, we are preparing ourselves for a future of profitable and sustainable growth. We are focused on delivering continuous and consistent value to shareholders, customers and all stakeholders. Our transformation journey is in the early stage but has already started to deliver improvements. We have worked to improve how we allocate and use capital. We will work to create a path to continuous value creation and sustainable transformation. We are implementing a robust talent management system. Our objective is creating an organization that is flatter and closer to the markets we serve. Our new talent management and upgrade process is also allowing us to establish succession and create expertise to support expansion, diversification and a differentiated value proposition. Every new employee must increase the average and all employees are being challenged to deliver on objectives. We have modified our reward and remuneration systems to incentivize the right type of growth and to encourage behavior that is aligned with our aspirations and values. Every employee has goals that contribute to the delivery of our annual plan and will receive feedback in a timely manner as to their results.

We are determined to build on our history to create a brighter future. We will be a relevant player in the markets we choose to be in and deliver shareholder value across all lines of business. Each business we run must be independent and self-funded. We will consider acquisitions based on our ability to deliver improvements, availability of talent as well as our ability to deliver on synergies that provide shareholders an acceptable return. Our value proposition will evolve accordingly to assure that our customers think of us first when requiring our products and services. Every business opportunity will be reviewed with a long-term view, with a focus on bottom line, return on assets and long-term viability.

We seek to continue to strengthen our leadership position in the market by growing profitably through our integrated positions along the value chain of steel, plastics and building & design solutions.

As we look forward, we will:

- Drive continuous improvement in all businesses;
- Work with customers to develop integrated value-added solutions that are tailored to their specific requirements;
- Differentiate our value proposition in construction steel by investing in processing capacity to help improve the inefficiencies of the supply chain that exists today in the Hong Kong market;
- Strengthen our capital structure to increase our financial flexibility;
- Maximize return on assets by continuing to look at inventory reduction strategies and on time collection of trade receivables;
- Explore acquisitions that complement our current business and provide access to talent;
- Roll out our talent management process;
- Recruit, retain, train and develop managers that are strategic thinkers and can execute on our growth initiatives and aspirations;
- Invest in training that allows us to upgrade our talent pool;
- Review rewards and incentives, including stock options;
- Continue to align commission systems with growth aspirations;
- Continue to make safety a condition of employment;
- Deploy a value-based culture throughout our entire organization.

We have a mandate and we will deliver. We will create a company that generates sustainable and superior shareholder returns.

MISSION

VSC will deliver on our vision by being responsible and relevant in the markets we choose to participate in. We will deliver sustainable shareholder value and the best total value solution to customers through excellent service, an efficient supply chain, financing and value-added processing. We will be knowledgeable of the market and the needs of our target customers. We will hire people that raise the average and will invest in the development of all of our employees.

VISION

VSC will be a preferred investment option for our SHAREHOLDERS. We will consistently execute on our strategies to provide desired returns on investment and sustainable growth. All strategies will have robust analysis and the proper market intelligence to assure delivery of our promises to our board of directors.

VSC will be a preferred supplier to CUSTOMERS. They will think of us when needing our products. Their purchasing experience will always be pleasant, informative and helpful in meeting their objectives.

VSC will be a preferred employer. We will hire only people that raise the average. We will hire for attitude and invest in development of our EMPLOYEES to create loyalty and love of company. We will provide a safe and pleasant working environment with constant learning and growth opportunities.

VALUES

- Shareholder Value
- Customer Loyalty
- Integrity
- Honesty and Respect
- Responsiveness and Dedication
- Clear and Measurable Goals
- Safe and Enjoyable Working Environment
- Embrace of Change
- Ambition and Confidence to Excel
- Teamwork



Corporate Information

Board of Directors

Executive Directors

Mr. YAO Cho Fai Andrew (*Chairman*)
Mr. Frank MUÑOZ (*Chief Executive Officer*)

Non-Executive Director

Mr. DONG Sai Ming Fernando

Independent Non-Executive Directors

Mr. TAM King Ching Kenny
Mr. XU Lin Bao
Mr. TSE Lung Wa Teddy

Company Secretary

Ms. LAM Yee Fan, ACS ACIS

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Solicitors

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

Principal Bankers

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

Share Registrars and Transfer Offices

Principal Registrar

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
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



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Who We Are



Van Shung Hong Holdings Limited and its subsidiaries (collectively the “VSC Group”) is a leading supply chain manager of STEEL, PLASTICS and BUILDING & DESIGN SOLUTIONS (“BDS”). BDS is primarily focused on architect and designer needs for projects (kitchen, bathroom and bedroom for hotel, hospital, residential, airport, etc). We provide processing, inventory management and logistics for steel and plastics. We provide inventory management, logistics, technical support and installation for building and design products.

VSC Group owns 66.7% and is the operating partner of Bao Shun Chang (“BSC”), a coil processing and distribution company in Eastern China. BSC was founded in 1993 and serves automotive, home appliances, construction and energy sectors. Baosteel Development Company Limited owns 33.3% of BSC.

VSC Group has minority investments in property and a budget hotel chain in Shanghai and is the operating partner in both.

VSC Group was founded in 1961 as a distributor and trader of construction steel serving the Hong Kong market. Over years, VSC Group has expanded its reach into Mainland China, diversified its product offer and continues to improve its value proposition to serve the growing needs of the markets served. Our objective is to be a relevant player in the markets we choose to participate by delivering long-term value to our shareholders.

“Van Shung Chong” stands for “CONTINUOUS PROGRESS and PROSPERITY” in Chinese.

VSC Group is listed on The Stock Exchange of Hong Kong Limited under stock code 1001.

Highlights

Significant Increase in Bank Support

- Strong balance sheet
- Significant improvement in performance
- Trust in business model and strategy
- Strength of Hong Kong construction market and our position to serve market needs
- Trust in our Mainland China expansion model

Continuous Improvement Across All Lines of Business

- Construction Steel gross profit margin improved from 1.5% to 12.0% compared to last year
- Coil Processing and Distribution (Bao Shun Chang) gross profit margin improved from 2.8% to 3.0% compared to last year
- Plastics revenue increased 23.9% vs. last year and gross profit margin improved from 3.6% in the first half of the current year to 4.1% in the second half of the current year
- Building & Design Solutions started operations in Changsha in November 2012 and total revenue grew by 11.4% and gross profit margin improved from 17.7% in the first half of the current year to 19.5% in the second half of the current year
- VSC Group's earnings before interests and tax ("EBIT") was HK\$117 million vs. HK\$21 million in last year
- Quarter over quarter improvement in gross margin and operating assets starting in the second quarter of the current year for all lines of business
- Return on assets (EBIT/Operating assets) was 22.4% as of 31st March 2013

New Investments

- Changsha Building & Design Solutions
- Hong Kong Architectural & Design Centre
- Customer Relationship Management and Business Intelligence Systems

Talent Management System Implemented

- Complete review of job descriptions
- Documentation of measurable goals for all employees
- Clear rewards program based on performance
- Talent ranking based on achievement of goals and competencies

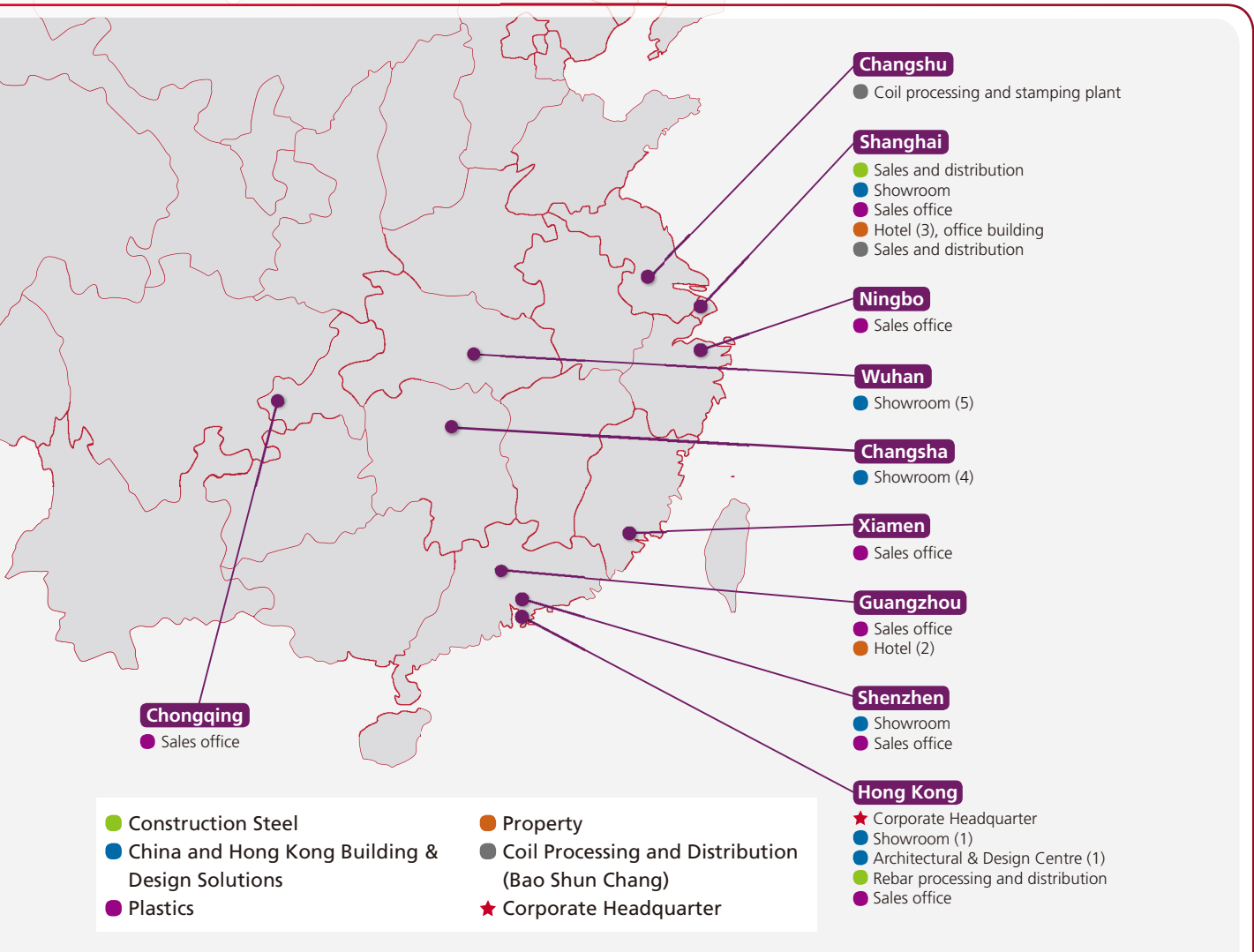
Compliance and Business Ethics Culture

- Review and update of all policies and procedures
- New corporate practices and ethics code
- Safety as condition of employment
- Confidentiality contract for all employees

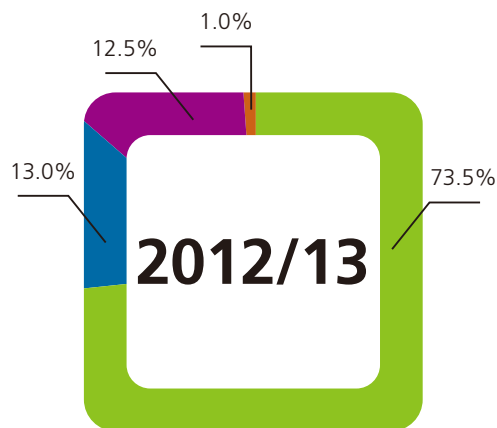
New Mission, Vision and Values

- Guiding principles for decisions and actions
- Clear way forward
- Basis for company culture

Our Network



Revenue by Lines of Business



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 2009 HK\$'000	Year ended 31st March 2010 HK\$'000	Year ended 31st March 2011 HK\$'000	Year ended 31st March 2012 HK\$'000	Year ended 31st March 2013 HK\$'000
Revenue	4,659,507	3,251,836	4,207,768	4,432,081	3,760,620
Operating profit/(loss)	(182,535)	136,326	69,564	21,311	117,373
Net finance costs	(47,697)	(18,668)	(23,268)	(23,716)	(20,087)
Profit/(loss) before income tax	(256,740)	104,762	52,904	6,060	100,815
Income tax (expense)/credit	6,546	(22,279)	(14,010)	4,787	(29,355)
Profit/(loss) for the year	(250,194)	82,483	38,894	10,847	71,460
Attributable to:					
Equity holders of the Company	(278,252)	75,221	31,032	6,283	71,600
Non-controlling interest	28,058	7,262	7,862	4,564	(140)
	(250,194)	82,483	38,894	10,847	71,460
Dividends	–	22,361	7,869	7,454	21,525

Consolidated Statement of Financial Position

	As at 31st March 2009 HK\$'000	As at 31st March 2010 HK\$'000	As at 31st March 2011 HK\$'000	As at 31st March 2012 HK\$'000	As at 31st March 2013 HK\$'000
Non-current assets	357,977	313,942	238,979	261,030	269,475
Current assets	901,342	1,130,253	1,598,956	1,528,920	1,509,695
Current liabilities	(682,959)	(789,146)	(1,158,642)	(1,097,100)	(1,028,215)
Non-current liabilities	(14,824)	(4,063)	(1,501)	(1,127)	(817)
Net assets	561,536	650,986	677,792	691,723	750,138
Equity:					
Share capital	38,143	41,413	41,413	41,413	41,377
Reserves	500,184	579,744	603,243	617,494	673,747
Capital and reserves attributable to equity holders	538,327	621,157	644,656	658,907	715,124
Non-controlling interest	23,209	29,829	33,136	32,816	35,014
Total equity	561,536	650,986	677,792	691,723	750,138

Note:

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

Chairman's Statement



Dear Shareholders,

2012-2013 was a new chapter of growth for the VSC Group marked by a series of important management changes aimed at strengthening our senior leadership and placing us on track to delivering profitable and sustainable growth.

This new era of prosperity has been reflected in our remarkable results. The VSC Group recorded a net profit of approximately HK\$71 million for the current year, up 558.8% from the last year. The Board has recommended a final dividend of HK2.9 cents per ordinary share to shareholders.

During the current year, we made the crucial decision to separate the roles of chairman and chief executive, a corporate governance provision, to enhance the independent oversight of management and more closely align the Board with shareholders.

As Chairman of the Board, I remain committed to our strategy of strengthening our core trading and distribution business through complementary value-added services, particularly in Hong Kong and Mainland China that will meet our long-term objectives and the interests of our shareholders.

I am extremely pleased to welcome Frank Muñoz who became Chief Executive Officer ("CEO") of the VSC Group in November 2012. As former President and CEO of Ryerson China Limited and our non-executive director for the last two years, Frank has great international experience having worked in US, Mexico, India and China. He is very familiar with the fast growing China market having worked there since 2006 and overseen numerous Ryerson joint ventures with Chinese companies.

Grace Luk has also joined as our new Chief Financial Officer. She has held key management positions with a number of listed companies and has extensive experience in private equity, financial management and auditing. I am confident that Grace will bring a new perspective to VSC with her expertise in balance sheet management, treasury and investor relationships.

To help us face that many challenges of globalization and the volatility of the steel market, we have appointed Helen Luk as our director of financial planning and risk analysis. This is a new role created to identify risks and ensure high priority issues are aggressively tackled and cost effectively managed thereby minimizing risks and allowing the VSC Group's objectives to be achieved optimally.

There are also new appointments at the Board level including Teddy Tse as an independent non-executive director. A former Senior Vice President of Cargill Ferrous International, Teddy has vast experience in the international steel market especially in Mainland China. His track record in leading Cargill steel trading to become a dominant industry player will be invaluable to the VSC Group's strategic development in the future. Teddy will chair our newly created corporate practices committee. This committee will focus on reducing risk of performing operations as to enhance the value of VSC. Fernando Dong, who became a non-executive director, will continue to bring his trading expertise to the VSC Group's China operations.

Chairman's Statement

Lastly, Harold Richard Kahler retired from our Board after 9 years of dedicated service. I am extremely grateful for his guidance, support and many contributions.

Indeed, there is a renewed sense of optimism paving the way for the future with our share price at HK\$1.24, its highest level in 5.5 years, supported by a strong profit base, consistent dividend yields, a share repurchasing exercise and improved investor and media relationships.

Hong Kong continues to thrive. Work on the Hong Kong-Macau-Zhuhai bridge has started and numerous other projects are in the pipeline including construction of the high speed rail to Guangzhou, the MTR Shatin-Central Link, and build the re-positioning of the old Kai Tak airport as a new commercial district.

These opportunities are not without their challenges, however. In Hong Kong, the manpower shortage and high labour costs persist. We are working hard to address these issues in terms of optimization and allocation of resources over the next year.

With the recent change of leadership in Mainland China, the continued support of economic reform and the opening of new markets, opportunities in Mainland China remain buoyant especially in the value-added processing sectors. We will continue to focus on higher end products and value-added services to support the evolving needs of the markets we serve. However, we remain cautious as the country still faces an excess of supply amid the tightening of monetary and fiscal policies as well as the demand and production mismatch.

On a final note, I am very honoured to have recently been elected as the Deputy to the 12th National People's Congress (NPC) of PRC. The position will allow me to serve Hong Kong and Mainland China in a legislative perspective. It will allow me to make recommendations that will drive the continuous development of Hong Kong and Mainland China.

Of course, none of our achievements would have been possible without the commitment, support and hard work of our shareholders, partners, customers and staff over the last year and I wish to thank every single one of them.

The VSC Group has begun a new era of prosperity, growth and leadership. I look forward to continuing this journey in the years ahead.

Yao Cho Fai Andrew

Chairman and Executive Director

20th June 2013

CEO's Statement



MR. CHAIRMAN, DIRECTORS, SHAREHOLDERS, STAKEHOLDERS AND COLLEAGUES,

I am pleased to report the results of the VSC Group for the financial year starting from April 2012 to March 2013 ("current year").

I became Chief Executive Officer on 1st November 2012 and at the request of our Board, set out to implement a process of transformation focused on **BOTTOM LINE IMPROVEMENT, RETURN ON CAPITAL, RISK MANAGEMENT, GEOGRAPHIC, PRODUCT and PROCESS DIVERSIFICATION** as well as **TALENT UPGRADE**.

While we are pleased with our progress thus far, our journey has just begun. We are still a distance from our full potential as a company. We have set aggressive but achievable aspirations.

We are happy to report significant improvements compared to last year. Earnings before interest and tax ("EBIT") was approximately HK\$117 million in current year versus approximately HK\$21 million in last year and net profit was approximately HK\$71 million in current year versus approximately HK\$11 million in last year. Return on assets (EBIT/operating assets) was 22.4% as every business was able to reduce inventories and trade receivables while improving margin. Gross profit margin was 9.4% in current year versus 3.9% for last year.

Our Steel Group, which comprises Hong Kong construction products and Shanghai Bao Shun Chang coil processing and distribution, represented 73.5% of total revenue. Building & Design Solutions (kitchen, bathroom and bedroom) represented 13.0% of total revenue and Plastics represented 12.5% of total revenue. Our new organization is allowing us to pursue growth with industries that are more difficult to serve but where margin is higher. We have also implemented economic value-added analysis of orders to assure business we take provides an acceptable return. In the second half of current year, we saw our efforts start to pay off as gross profit margin improved from 7.3% in first half of current year to 12.0% in second half of current year. Steel revenue in current year was 23.4% below last year as we, very deliberately, implemented a margin management model that called for us to be more selective of business based on economic value-added. Gross profit margin for Steel was 8.6% in current year versus 2.1% in last year.

Our Building & Design Solutions business (kitchen, bathroom and bedroom) exceeded expectations and annual plan. Our revenue in this business grew by 11.4%. In November 2012, we opened four new showrooms in Changsha and in early 2013 we opened a 10,000 square feet Architectural & Design ("A&D") Centre in Hong Kong. We look to continue to focus on project-based

CEO's Statement

business. Our new A&D Centre was conceived after global benchmarking of world-class players in this market. We are now able to cater to all needs of architects, designers and contractors by providing space, technology and technical support in a beautiful setting that showcases our products and value proposition.

Plastics turnover grew by 23.9% but net profit margin remained flat. We have changed course and are now more selective of business and industries served, especially for mature markets like Hong Kong and Guangdong Province. We have chosen to pursue growth in Central China and Northern China. This new strategy is already delivering results as our gross profit margin increased from 3.6% in the first half of the current year to 4.1% in the second half.

We have put forward a mandate that each business must be independently successful and self-funded. Success was clearly defined and is based on delivery of annual operating plan in EBIT and return on assets. Structural and organizational changes have been made to assure that each business is able to deliver sustainable and profitable growth. Our leadership team and staff will be rewarded based on delivery of plan in revenue, profit and return on capital. While it is still early, we are happy to report improvements across all lines of business in margin enhancement, expense management, funding availability and operating asset management.

Our transformation journey is in the early stage. We are determined to build on our history to create a brighter future. We took important steps to solidify our organization and create a platform for continued improvement. Our talent upgrade and management program is allowing us to address succession and create a much-needed bench to support expansion, diversification and a differentiated value proposition. Every job description has been reviewed and modified to reflect our aspirations and goals. All

employees have clear and measurable goals and receive frequent feedback via formal performance evaluations and automated reports showing performance versus goals. With a clear understanding from our employees as to our mission, vision and aspirations, we aim to provide shareholders and stakeholders with improved results and visible improvement.

Our results have been prepared in accordance with the Hong Kong Financial Reporting Standards. Accounting policies and criteria were applied consistently and appropriately to the circumstances of the VSC Group, and financial information reflects the situation and results of the VSC Group.

I want to thank our chairman, board of directors, shareholders, customers and stakeholders for their trust and support, and our staff for their loyalty and dedication.

We will continue to work to deliver value to shareholders by becoming a great investment option. We will provide a safe and pleasant working environment and career development opportunities for our employees. We will provide a differentiated value proposition for customers.

Frank Muñoz

Executive Director and Chief Executive Officer

20th June 2013

Financial Overview and Staffing

Results

The VSC Group's results showed significant improvements in the current year as a series of new measures and initiatives were implemented. Gross profit for the current year was approximately HK\$355 million, up by 107.4% compared to last year, despite a decrease of current year's revenue of 15.2% from last year. The VSC Group recorded a net profit of approximately HK\$71 million, a significant improvement from last year's net profit of approximately HK\$11 million. Return on assets (EBIT/Operating assets) was 22.4% as every business was able to reduce inventories and trade receivables while improving margins. Gross profit margin and net profit margin were 9.4% and 1.9% respectively, significantly higher than 3.9% and 0.2% respectively of last year.

Profit attributable to the equity holders of the Company was approximately HK\$72 million (2012: HK\$6 million). Basic earnings per ordinary share was HK17.3 cents (2012: HK1.52 cents). The Board recommends to declare of a final dividend of HK2.9 cents per ordinary share for the current year (2012 final: HK1.8 cents).

Liquidity and Financing

The VSC Group's cash and cash equivalents were approximately HK\$460 million as at 31st March 2013 (2012: HK\$267 million) of which about 7.8% were in US dollar, about 25.5% were in Chinese Renminbi ("RMB"), about 66.7% were in HK dollar. Net cash flow generated from operating activities for the year was approximately HK\$274 million.

As at 31st March 2013, the VSC Group's total borrowings amounted to approximately HK\$581 million of which 100% were interest bearing borrowings (2012: HK\$654 million). Net interest bearing borrowings, after deducting pledged bank deposits of approximately HK\$97 million (2012: HK\$134 million) and cash and bank deposits of approximately HK\$460 million (2012: HK\$267 million), amounted to approximately HK\$24 million (2012: HK\$253 million). Gearing ratio as at 31st March 2013, 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 27.7% to 3.1% and current ratio was slightly increased from 1.39 times to 1.47 times as compared to 31st March 2012. 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.

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 2013, about 83.5% of the VSC Group's interest-bearing borrowings were denominated in HK dollar, about 0.7% in US dollar and about 15.8% 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 2013, 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 RMB276 million. All of the VSC Group's borrowings as at 31st March 2013 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.

Contingent Liabilities

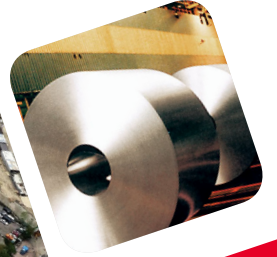
As at 31st March 2013, the VSC Group had no material contingent liability.

Charges on Assets

As at 31st March 2013, the VSC Group had certain charges on assets which included (i) bank deposits of approximately HK\$47 million which were pledged as collateral for the VSC Group's banking facilities and approximately HK\$50 million were pledged for performance bonds, and (ii) an investment property of approximately HK\$22 million was pledged as collaterals for certain of the VSC Group's bank borrowings.

Staffing

As at 31st March 2013, the VSC Group employed 384 staff. The Company is focusing on building an elite team to help lead the Company to future success. During the current year under review, options to subscribe for 11,215,000 ordinary shares have been offered and granted to our directors and employees under the share option scheme adopted on 11th August 2011.



Looking Forward



Looking Forward



The global market will continue to have imbalance between demand and production. China will have the largest imbalance because of size. China will also continue to lead the world in growth and speed of change.

We expect capacity in steel and plastics to continue to be greater than demand, especially in the Asia region. Many emerging economies are investing in steel making as a way to industrialize and are replacing imports from countries like China, South Korea and Japan. Plastics production is also growing at a faster rate than demand in China. As exports of plastics products have slowed, the imbalance has grown. Even as raw material prices have stabilized and increased, the imbalance between demand and production has caused steel and plastics prices to decrease without correlation with raw materials. Our best solution to the imbalance is to continue to monitor the market and control inventories accordingly.

We expect the Hong Kong, Macau and Mainland China construction markets to remain strong for the next 3 to 5 years. Our Steel Group and our Building & Design Solutions Group are poised and ready to take full advantage of the opportunities. We will invest in value-added processing, logistics services and supply chain efficiency to help our construction steel customers reduce scrap, reduce on-site accidents and consolidate supply. In Building & Design Solutions, we will differentiate our offer to architects and designers through our new Architectural & Design ("A&D") Centre concept. Our new Hong Kong A&D Centre, opened in April 2013, allows us to provide architects and designers a unique value proposition that provides product options, technical support and space to work in. We plan to perfect this concept and roll it out to our Mainland China operations.

Our Coil Processing and Distribution Group serves high growth industries and sells, surface critical product. We look to continue to use our "back-to-back" pricing model to minimize risk due to sudden price changes. We have a great opportunity to expand our reach to go beyond Eastern China as the customers we serve are expanding into other regions of China.

In our Plastics Group, we will continue to use our economic value-added model to determine what business we pursue. We will also continue to address our inventory strategy so as to eliminate risk of price cycles. We will also expand our reach beyond Southern and Eastern China into Central and Northern China. We will work to introduce new products and pursue business with high-growth industries that require technical support and inventory management solutions.

Our Property Group will continue to explore investment options in Mainland China. We are committed to using our existing platform and experience to continue to deliver a great return to our shareholders.

Talent management will continue to be one of our most important tasks. We will continue to implement rewards systems that are aligned with our growth aspirations. We will review employee competencies and ability to deliver on goals to drive our training and recruitment initiatives. Every employee must be capable of meeting set objectives and have the competencies needed to deliver value.

Looking Forward



As we look forward, we will:

Drive continuous improvement in all businesses;

Work with customers to develop integrated value-added solutions that are tailored to their specific requirements;

Differentiate our value proposition in construction steel by investing in processing capacity to help improve the inefficiencies of the supply chain that exists today in the Hong Kong market;

Strengthen our capital structure to increase our financial flexibility;

Maximize return on assets by continuing to look at inventory reduction strategies and on time collection of trade receivables;

Explore acquisitions that compliment our current business and provide access to talent;

Roll out our talent management process;

Recruit, retain, train and develop managers that are strategic thinkers and can execute on our growth initiatives and aspirations;

Invest in training that allows us to upgrade our talent pool;

Review rewards and incentives, including stock options;

Continue to align commission systems with growth aspirations;

Continue to make safety a condition of employment;

Deploy a values based culture throughout our entire organization.

We have a mandate and we will deliver. We will create a company that generates sustainable and superior shareholder returns.

Corporate Governance Report

Corporate Governance

The board of directors (the "Board") of Van Shung Chong Holdings Limited (the "Company") is committed to maintain high standards of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (the "VSC Group") to manage business risks, enhance transparency, maintain high standards of accountability and protect shareholders' interest in general. The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31st March 2013 (the "year"), 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 (the "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 from time to time. 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. 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 two 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 executive directors are responsible for managing the overall business. They are mainly involve in the formulation and execution of the corporate strategies. The non-executive director and independent non-executive directors consist of eminent business executives from Hong Kong and Mainland China, 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. Non-executive director and 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

Four Board committees, namely the Executive Committee, the Remuneration Committee, the Nomination Committee and the Audit Committee, have been established to oversee various aspects of the VSC Group's affairs. The Board has delegated the execution and daily operations of the VSC Group's business to general managers of respective business units, chief operating officer, chief financial officer and human resource director under the leadership of the chief executive officer.

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

The number of Board meetings, Remuneration Committee meetings, Audit Committee meetings, Nomination Committee meeting and annual general meeting attended by each director during the year is as follows:

Directors	Board Meetings	Remuneration Committee Meetings	Audit Committee Meetings	Nomination Committee Meeting	Annual General Meeting
<i>Executive Directors:</i>					
Mr. Yao Cho Fai Andrew (<i>Chairman</i>)	4/4	3/3	N/A	1/1	1/1
Mr. Frank Muñoz (re-designated from a non-executive director to an executive director and been appointed as the chief executive officer on 1st November 2012)	4/4	N/A	N/A	N/A	1/1
Mr. Lim Kern (resigned on 31st December 2012)	1/3	N/A	N/A	N/A	1/1
<i>Non-Executive Director:</i>					
Mr. Dong Sai Ming Fernando (re-designated from an executive director to a non-executive director on 17th August 2012)	4/4	N/A	N/A	N/A	1/1
<i>Independent Non-Executive Directors:</i>					
Mr. Harold Richard Kahler (retired on 17th August 2012)	1/1	1/1	1/1	N/A	1/1
Mr. Tam King Ching Kenny	4/4	3/3	2/2	1/1	1/1
Mr. Xu Lin Bao	4/4	3/3	2/2	1/1	1/1
Mr. Tse Lung Wa Teddy (appointed on 17th August 2012)	3/3	1/1	1/1	N/A	N/A

Corporate Governance Report

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of legal actions against the directors and officers within the VSC Group.

Chairman and Chief Executive

The CG Code provision A.2.1 stipulates that the roles of the chairman and the chief executive 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. Yao Cho Fai Andrew during the period from 1st April 2012 to 31st October 2012. Details of this deviation and considered reason have been set out in the corporate governance report in the 2012 annual report of the Company dated 22nd June 2012. Mr. Yao ceased to act as the chief executive officer of the Company but remains as the chairman of the Board and Mr. Frank Muñoz has been appointed as the chief executive officer of the Company with effect from 1st November 2012. The VSC Group is under the process of transformation and the Board considers that vesting the roles in different individuals is essential in ensuring a balance of power and authority and in upholding independence, accountability and responsibility with respect to the management of the Company.

The chairman provides leadership for the Board, ensuring its effectiveness in all aspects of its role. The chief executive officer, supported by the management team, provides planning and implementation.

Board meetings for each year are scheduled in advance to give all directors an opportunity to attend, and are structured to encourage open discussion.

Specific Terms of Non-Executive Directors

The CG Code provision A.4.1 stipulates that 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 who retired as an independent non-executive director of the Company on 17th August 2012) are not appointed for a specific term. They are (including all other directors) however, subject to retirement by rotation and re-election at least once every three years according to the Company's Bye-laws.

Executive Committee

Executive Committee has been in place since March 2006 and now consists of all executive directors with Mr. Yao Cho Fai Andrew as chairman and Mr. Frank Muñoz (appointed on 1st November 2012) as member. Mr. Dong Sai Ming Fernando and Mr. Lim Kern ceased to be members on 17th August 2012 and 31st December 2012 respectively.

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

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

The Company adopted a new terms of reference of the Executive Committee on 16th March 2012 in order to conform with the amendments made to the CG Code in relation to corporate governance functions and it is responsible for performing the corporate governance duties as follows:

- (i) implementing and compliance with the laws, regulations, listing rules, bye-laws, internal regulations applicable to the Company;
- (ii) providing a means for timely and accurate disclosure of information;
- (iii) ensuring effective communication with the Company's shareholders;
- (iv) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- (v) reviewing and monitoring the training and continuous professional development of directors and senior management;
- (vi) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

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- (vii) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (viii) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the year, the Executive Committee has carried out the duties on the corporate governance functions of the Company in accordance with its terms of reference.

Remuneration Committee

The Remuneration Committee has been in place since July 2005 and comprises the independent non-executive director Mr. Xu Lin Bao as chairman, the executive director Mr. Yao Cho Fai Andrew and two independent non-executive directors, Mr. Tam King Ching Kenny and Mr. Tse Lung Wa Teddy (appointed on 17th August 2012) as members. Mr. Harold Richard Kahler ceased to be a member on 17th August 2012. 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 Remuneration Committee has adopted the model where it has delegated responsibility to determine the remuneration packages of individual executive directors and senior management as well as reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. The Remuneration Committee also makes recommendation to the Board on the remuneration of the non-executive directors. No director or any of his associates may be involved in any decisions as to his own remuneration. The Company adopted a new terms of reference of the Remuneration Committee on 16th March 2012 in order to conform with the amendments made to the CG Code and was posted to the Company's website at <http://www.vschk.com> and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

During the year, the Remuneration Committee has reviewed and determined the remuneration packages of the executive directors and made recommendations to the Board as to the remuneration policy and structure for senior management of the Company.

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. Tam King Ching Kenny as chairman and Mr. Xu Lin Bao and Mr. Tse Lung Wa Teddy (appointed on 17th August 2012) as members. Mr. Harold Richard Kahler ceased to be a member on 17th August 2012. Mr. Tam King Ching Kenny is an independent non-executive director with appropriate professional accounting expertise as required under Rule 3.10 of the Listing Rules.

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

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

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

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During the year, 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. The Audit Committee has reviewed the VSC Group's interim and annual consolidated financial statements for the year and was content that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

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

Nomination Committee

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

Minutes of committee meetings will be taken by the company secretary and, together with any supporting committee papers, are available to all Board members.

During the year, the Nomination Committee has reviewed the board composition, the appointment and re-appointment of directors and also considered any proposed changes to the Board to complement the Company's corporate strategy.

The attendance record of the Nomination Committee meeting is stated in the table under "Board of directors".

Corporate Governance Function

While the Board is and remains principally responsible for the corporate governance functions of the Company, it has delegated the relevant duties to the Executive Committee to ensure the proper performance of corporate governance functions of the Company. In this connection, the terms of reference of the Executive Committee (as revised on 16th March 2012) includes various duties relating to corporate governance matters which are set out in paragraph "Executive Committee".

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. During the year, the Company has engaged an independent professional firm to perform an internal control review of the VSC Group. 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 audit reports prepared by the independent professional firm 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 2013.

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Auditor's Remuneration

During the year ended 31st March 2013, 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	1,960
Taxation services	63
Total	2,023

Responsibility for Preparation and Reporting of Accounts

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

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

Investor Relations and Communication

The VSC Group is committed to promoting transparency and maintaining effective communication with shareholders, investors, analysts and the press. The management periodically meets with existing and potential investors to make corporate presentations. The VSC Group also promotes communications with non-institutional shareholders through public announcements of key developments of the Company as prescribed under the Listing Rules, annual general meeting and other general meetings of the Company. Such general meetings are

presided over and led by the chairman, supported by other directors. Our user-friendly website, <http://www.vschk.com>, provides investors with the latest news, corporate profile, business information and financial information including announcements and annual and interim reports. The VSC Group continues to maintain a high level of transparency in information disclosures. A shareholders' communication policy has been established on 16th March 2012.

Directors' Training

Pursuant to the CG Code, directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the year, all directors have attended the training seminars conducted by the Hong Kong Institute of Chartered Secretaries, the external legal advisers of the Company or other professional institutions on the new inside information disclosure regime under Part XVA of the Securities and Futures Ordinance and other topics relevant to the duties of a listed company director. Moreover, the Company has provided directors the reading materials on legal and regulatory subjects relevant to the Company's business or to the directors' duties and responsibilities for their reference and studying.

During the year, all directors confirmed that they have complied with the related CG Code.

Company Secretary

Ms. Tse Sau Wai ("Ms. Tse"), the company secretary of the Company has taken more than 15 hours of relevant professional training during the year. Ms. Tse resigned as the company secretary of the Company with effect from 8th April 2013.

Ms. Lam Yee Fan has been appointed as the company secretary of the Company on 20th June 2013. For details of Ms. Lam, please refer to page 37 of this annual report.

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Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Shareholders' Rights

The Board endeavours to maintain an on-going dialogue with shareholders. The Company encourages the shareholders to attend the general meetings and the chairmen of the Board and the board committees should attend the annual general meeting ("AGM") to answer questions.

(A) Convening a Special General Meeting by Shareholders

Pursuant to Bye-law 58 of the Company's Bye-laws and section 74 of the Companies Act 1981 (as amended) of Bermuda (the "Companies Act"), shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors. Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the Company.

(B) Putting Forward Proposals at General Meetings

Sections 79 and 80 of the Companies Act allow certain shareholder(s) to make requisition to the Company to give notice to the shareholders in respect of any resolution which is intended to be moved at an AGM of the Company or circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company. Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of shareholders:

- (a) to give to the shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;
- (b) to circulate to the shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The number of shareholders necessary to make the above-mentioned requisitions to the Company shall be:

- (a) either any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
- (b) not less than one hundred shareholders.

Notice of any such intended resolution shall be given, and any such statement shall be circulated, to shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such shareholder in any manner

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permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give any notice of resolution or to circulate any statement. Pursuant to section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned in the above unless:

- (a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company:
 - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
 - (ii) in the case of any other requisition, not less than one week before the meeting; and
- (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures in the above (i.e. the giving of notice of resolution and/or circulation of statement).

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy

has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

(C) Making Enquiry

Shareholders should direct their enquiries about their shareholdings to the Company's share registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For other enquiries, shareholders may send written enquiries to the Company, for the attention of company secretary by mail to Rooms 4903-7, 49/F., Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong.

The procedures for proposing a person for election as a director are made available at the Company's website (<http://www.vschk.com>).

Report of the Directors

The board of directors (the "Board") of Van Shung Chong Holdings Limited (the "Company") are pleased to present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "VSC Group") for the year ended 31st March 2013.

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 2013, the five largest customers of the VSC Group accounted for less than 16% of the VSC Group's total revenue, while the five largest suppliers of the VSC Group accounted for approximately 53% 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 2013 are set out in the consolidated income statement on page 41 of this annual report.

An interim cash dividend of HK2.3 cents per ordinary share was declared and paid during the year and the Board has resolved to recommend the payment of a final cash dividend of HK2.9 cents per ordinary share. Total cash dividend payable for the year ended 31st March 2013 will amount to HK5.2 cents per ordinary share or approximately HK\$21,525,000 (2012: HK\$7,454,000).

Share Capital and Share Options

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

Reserves and Retained Earnings

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

As at 31st March 2013, approximately HK\$53,986,000 (2012: HK\$53,986,000) of the Company's reserves and approximately HK\$17,327,000 (2012: HK\$20,054,000) of the Company's retained earnings were available for distribution to its equity holders.

Purchase, Sale or Redemption of Shares

During the year ended 31st March 2013, pursuant to the mandate to repurchase shares of the Company obtained from the Company's shareholders at the annual general meeting of the Company held on 17th August 2012, the Company repurchased an aggregate of 1,450,000 ordinary shares on The Stock Exchange of Hong Kong Limited for an aggregate consideration of HK\$1,166,260 (before expenses) and all these shares were subsequently cancelled by the Company.

Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per share (HK\$)		Aggregate consideration (before expenses) (HK\$)
		Highest	Lowest	
		October 2012	558,000	
January 2013	248,000	1.00	0.99	247,080
February 2013	644,000	1.00	0.98	640,780
Total	1,450,000			1,166,260

Report of the Directors

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31st March 2013.

Pre-Emptive Rights

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

Property, Plant and Equipment, Investment Property and Land Use Rights

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

Subsidiaries and Associates

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

Borrowing

Particulars of borrowings as at 31st March 2013 are set out in Note 30 to the accompanying consolidated financial statements.

Pension Schemes

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

Charitable Donations

During the year, the VSC Group made charitable donations of approximately HK\$4,000 (2012: HK\$631,000).

Directors and Directors' Service Contracts

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

Executive Directors

Mr. Yao Cho Fai Andrew, *Chairman*

Mr. Frank Muñoz, *Chief Executive Officer*

(re-designated from a non-executive director to an executive director and been appointed as the Chief Executive Officer on 1st November 2012)

Mr. Lim Kern (resigned on 31st December 2012)

Non-executive Director

Mr. Dong Sai Ming Fernando

(re-designated from an executive director to a non-executive director on 17th August 2012)

Independent Non-executive Directors

Mr. Harold Richard Kahler (retired on 17th August 2012)

Mr. Tam King Ching Kenny

Mr. Xu Lin Bao

Mr. Tse Lung Wa Teddy (appointed on 17th August 2012)

In accordance with the Company's Bye-laws 86(2) and 87(1), Mr. Frank Muñoz, Mr. Tam King Ching Kenny and Mr. Tse Lung Wa Teddy will retire from office at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at such meeting.

After Mr. Harold Richard Kahler's retirement on 17th August 2012, he acted as a consultant of the Company until 31st December 2014.

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 2013, 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. Yao Cho Fai Andrew ("Mr. Yao")	Interest of controlled corporation, Huge Top (Note a)	deemed interest (indirectly)	173,424,000	41.91%	–	173,424,000
		Beneficial owner	2,512,000	0.61%	1,500,000	4,012,000
			175,936,000	42.52%	1,500,000	177,436,000
Mr. Frank Muñoz	Beneficial owner	100% (directly)	–	–	4,000,000	4,000,000
Mr. Dong Sai Ming Fernando	Beneficial owner	100% (directly)	142,000	0.03%	500,000	642,000
Mr. Harold Richard Kahler (retired on 17th August 2012)	Beneficial owner	100% (directly)	66,000	0.02%	1,000,000	1,066,000
Mr. Lim Kern (resigned on 31st December 2012)	Beneficial owner	100% (directly)	–	–	7,630,000	7,630,000
Mr. Tam King Ching Kenny	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 2013, 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. Yao Che Li Miriam 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	36	42.86%
		(indirectly)		
	Beneficial owner	100% (directly)	10	11.90%
			46	54.76%
Mr. Dong Sai Ming Fernando	Beneficial owner	100% (directly)	13	15.48%

Save as disclosed above, as at 31st March 2013, none of the directors, chief executives of the Company and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (include interests and short positions which they are taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

Directors' Interest in Contracts

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

Persons who have Interests or Short Positions which are Discloseable under Divisions 2 and 3 of Part XV of the SFO

Other than interests disclosed in the section headed "directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 31st March 2013, according to the register of interests kept by the Company under section 336 of the SFO, the following entities have interests or short positions in the Shares and underlying Shares which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Report of the Directors

Name	Capacity	Number of Shares	Approximate percentage	Number of share options	Aggregate interest
Huge Top	Beneficial owner	173,424,000	41.91%	–	173,424,000
Perfect Capital	Interest of controlled corporation	173,424,000 (Note a)	41.91%	–	173,424,000
Ms. Yao Che Li Miriam	Interest of controlled corporation	173,424,000 (Note b)	41.91%	–	173,424,000
	Beneficial owner	2,000,000	0.48%	1,000,000	3,000,000
		175,424,000	42.39%	1,000,000	176,424,000

Notes:

- (a) As at 31st March 2013, 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 2013, Huge Top held 173,424,000 Shares. Ms. Yao Che Li Miriam 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. Yao Che Li Miriam and therefore was deemed to be interested in these Shares through Huge Top.

Save as disclosed above, as at 31st March 2013, the directors were not aware of any other persons (other than directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Share Option Scheme

The share option scheme adopted since 12th November 2001 (the "2001 Share Option Scheme") was terminated on 11th August 2011 and a share option scheme had been adopted since 11th August 2011 (the "2011 Share Option Scheme") at the 2011 annual general meeting of the Company ("2011 AGM"). Upon termination of the 2001 Share Option Scheme, no further options will be granted thereunder but in all other respects, the provisions of the 2001 Share Option Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. The terms of the 2011 Share Option Scheme are contained in a circular sent to shareholders of the Company in July 2011. Summary of the 2011 Share Option Scheme was as follows:

1. Purpose of the 2011 Share Option Scheme

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

2. Participants of the 2011 Share Option Scheme

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

Report of the Directors

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

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

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

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

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

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

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

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

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

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

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

8. The Basis of Determining the Exercise Price

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

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

9. The Remaining Life of the 2011 Share Option Scheme

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

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

Report of the Directors

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

Name or category of participant	Date of grant	Exercise period	Exercise price per Share	Number of share options				End of the year
				Beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	
				'000	'000	'000	'000	'000
Directors:								
Mr. Yao	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	1,500	-	-	-	1,500
Mr. Dong Sai Ming Fernando	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. Tam King Ching Kenny	19th June 2008	19th June 2008 to 18th June 2018	HK\$0.78	1,000	-	-	-	1,000
Mr. Harold Richard Kahler (retired on 17th August 2012)	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. Lim Kern (resigned on 31st December 2012)	19th July 2010	1st June 2012 to 18th July 2020	HK\$0.828	3,815	-	-	(3,815)	-
	1st August 2011	1st August 2013 to 31st July 2015	HK\$0.692	3,815	-	-	-	3,815
Sub-total				12,630	-	-	(3,815)	8,815
Employees:								
In aggregate	7th May 2003	7th May 2005 to 6th May 2013 (Note 2)	HK\$0.97	700	-	-	(200)	500
In aggregate	19th September 2003	19th September 2005 to 18th September 2013	HK\$1.418	1,000	-	-	-	1,000
In aggregate	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	600	-	(100)	(200)	300
In aggregate	18th September 2009	18th September 2011 to 17th September 2019 (Note 3)	HK\$0.586	4,250	-	(830)	(2,084)	1,336
In aggregate	13th October 2009	13th October 2009 to 12th October 2019	HK\$0.504	10,500	-	-	-	10,500
Sub-total				17,050	-	(930)	(2,484)	13,636
Others:								
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	1,000	-	-	-	1,000
In aggregate	13th October 2009	13th October 2009 to 12th October 2019	HK\$0.504	6,000	-	-	-	6,000
Sub-total				7,000	-	-	-	7,000
Total of 2001 Share Option Scheme				36,680	-	(930)	(6,299)	29,451

Report of the Directors

Notes:

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

The share options outstanding under the 2011 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				
				Beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	End of the year
				'000	'000	'000	'000	'000
Directors:								
Mr. Lim Kern (resigned on 31st December 2012)	7th September 2012	1st August 2014 to 31st July 2016	HK\$0.49	-	3,815	-	-	3,815
Mr. Frank Muñoz	16th November 2012	16th November 2013 to 15th November 2022 (Note 2)	HK\$0.67	-	4,000	-	-	4,000
Sub-total				-	7,815	-	-	7,815
Employees:								
In aggregate	16th November 2012	16th November 2012 to 15th November 2022 (Note 3)	HK\$0.67	-	3,400	(160)	-	3,240
Total of 2011 Share Option Scheme				-	11,215	(160)	-	11,055

Report of the Directors

Notes:

1. For the 2011 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\$0.67 per Share granted to Mr. Frank Muñoz are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 16th November 2013 to 15th November 2014, the option may be exercised up to 25% of such Shares.
 - (ii) During the period starting from 16th November 2014 to 15th November 2015, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 50% of such Shares.
 - (iii) During the period starting from 16th November 2015 to 15th November 2016, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised up to 75% of such Shares.
 - (iv) During the period starting from 16th November 2016 to 15th November 2022, the option may (to the extent not exercised in accordance with (i) and (ii) and (iii) above) be exercised in full.
3. The options to subscribe for Shares at a price of HK\$0.67 per Share granted to Employees are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 16th November 2012 to 15th November 2013, the option may be exercised up to 20% of such Shares.
 - (ii) During the period starting from 16th November 2013 to 15th November 2014, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 40% of such Shares.
 - (iii) During the period starting from 16th November 2014 to 15th November 2015, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised up to 60% of such Shares.
 - (iv) During the period starting from 16th November 2015 to 15th November 2016, the option may (to the extent not exercised in accordance with (i), (ii) and (iii) above) be exercised up to 80% of such Shares.
 - (v) During the period starting from 16th November 2016 to 15th November 2022, the option may (to the extent not exercised in accordance with (i), (ii), (iii) and (iv) above) be exercised in full.

Related Party Transactions

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

Competing Interests

For the year ended 31st March 2013, 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. There was no change in auditors of the Company in any of the preceding three years.

On behalf of the Board

Yao Cho Fai Andrew

Chairman and Executive Director

Hong Kong, 20th June 2013

Directors' Profile



1. Mr. Yao Cho Fai Andrew
2. Mr. Frank Muñoz
3. Mr. Dong Sai Ming Fernando
4. Mr. Tam King Ching Kenny
5. Mr. Xu Lin Bao
6. Mr. Tse Lung Wa Teddy

Executive Directors

Mr. Yao Cho Fai Andrew

aged 47, is the chairman of the Company. Mr. Yao graduated from the University of California, Berkeley and Harvard Graduate School of Business. He serves as the Deputy to the 12th National People's Congress (NPC) of PRC, Member of the Shanghai China People's Political Consultative Conference, the Standing Committee Member of All-China Youth Federation, the Board Member of Fudan University in Shanghai and the Member of the Barristers Disciplinary Tribunal Panel. He was awarded "Young Industrialist Award of Hong Kong" in 2004. He was awarded Justice of Peace by HKSAR in 2008. Mr. Yao is an independent non-executive director of Kader Holdings Company Limited which is a company listed on main board of The Stock Exchange of Hong Kong Limited. Mr. Yao is also a director of most of the subsidiaries of the Company.

Directors' Profile

Mr. Frank Muñoz

aged 44, is the chief executive officer of the Company. Mr. Muñoz holds a bachelor's degree in electrical engineering. He was the president and chief executive officer of Ryerson China Limited and president of Ryerson Asia Limited. He was 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 1988 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 directors 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 has been a member of American Chamber of Commerce in Shanghai and Monterrey Mexico. He was also the chairman of all the subsidiaries of Ryerson China Limited. He is also a director of some of the subsidiaries of the Company.

Non-Executive Director

Mr. Dong Sai Ming Fernando

aged 51, is a non-executive director of the Company. He has over twenty years' experience in international trading. Mr. Dong was extensively involved in warehouse management, property investment and the China operations of the VSC Group. He had 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 was also a director of some of the subsidiaries of the Company.

Independent Non-Executive Directors

Mr. Tam King Ching Kenny

aged 64, he joined the VSC Group in September 2004. He is a practising Certified Public Accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Tam is serving as a member of the Small and Medium Practitioners Leadership Panel and Practice Review Committee in the Hong Kong Institute of Certified Public Accountants. He is also a Past President of The Society of Chinese Accountants and Auditors. Mr. Tam also serves as an independent non-executive director of five other listed companies on the main board of The Stock Exchange of Hong Kong Limited, namely, CCT Telecom Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited and West China Cement Limited. Mr. Tam was an independent non-executive director of North Asia Strategic Holdings Limited, a company listed on the GEM board of The Stock Exchange of Hong Kong Limited from September 2004 to February 2013.

Directors' Profile

Mr. Xu Lin Bao

aged 64, 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.

Mr. Tse Lung Wa Teddy

aged 49, graduated with BA (Hon.) from University of Hong Kong in 1987, major in Economics and Philosophy. He is a business and commercial professional with extensive work experience gained in international steel arena and particularly in China region. He worked for Cargill Hong Kong Limited since 1992 till April 2012 and spent most of his time in steel sector. Mr. Tse was promoted to be the Senior Vice President of Cargill Ferrous International since 2008. He managed different trading books for various ferrous commodities globally, both physical and derivative markets and cross products arbitrage, business strategy and business risk management. He has successful track record of driving business growth to lead Cargill steel trading become the global market leader in the industry, particularly in commodities such as iron and steel related and mineral and resource international trading and distribution. He also worked as Vice President of Cargill Energy, Transportation and Industrial Asia business unit for China market since 2010 till April 2012. Mr. Tse is now the vice chairman of Smart Timing Steel Limited from July 2012 till now.

Leadership Profile

Mr. Lau Chi Chiu Patrick

Managing Director – Hong Kong Steel and International Trading

Mr. Lau Chi Chiu Patrick, aged 46, joined VSC in 1991. Mr. Lau has held various sales and marketing positions in our Plastics and Steel Group. He was the General Manager of Plastics business from April 2003 to November 2011 and the General Manager of Steel business in Hong Kong and International Trading from December 2011 to May 2013. Mr. Lau holds a Bachelor degree in Commerce (Marketing & Management) from Curtin University of Technology in Australia.

Mr. Jiang Zhong Xian

Managing Director – Shanghai Bao Shun Chong

Mr. Jiang Zhong Xian, aged 50, is the Managing Director of Shanghai Bao Shun Chong International Trading Company Limited (Shanghai Bao Shun Chong). He joined Shanghai Bao Shun Chong, a joint venture of VSC and Shanghai Baosteel Development Co., Ltd., in 1993. Mr. Jiang graduated from Northeastern University with a Bachelor degree in Mechanical Engineering and holds a Master degree in EMBA degree in China Europe International Business School. He has worked in Shanghai Baosteel for over 29 years and has more than 22 years of experience in steel trading. Mr. Jiang is the vice chairman of Shanghai Federation of Industry & Commerce Steel Chamber of Commerce and the chairman of Pre-Painted Galvanised Steel Chamber of Commerce (彩塗商會) with extensive knowledge in the domestic and international steel market.

Mr. Leong Chit Bun Leo

Managing Director – Building & Design Solutions

Mr. Leong Chit Bun Leo, aged 42, joined VSC in 2013. Prior to joining VSC, Mr. Leong was the Sales Director, North Asia of Honeywell Building Solutions. He has over 20 years of experience in sales, account management and business development in Asia. Mr. Leong received his Master degree in Business Administration from Murdoch University in Perth, Australia and Bachelor degrees in Engineering and Commerce from the University of Western Australia.

Mr. Leung Lin Cheong Louis

Managing Director – Real Estate Development

Mr. Leung Lin Cheong Louis, aged 47, joined VSC in 2007. He has acquired over 28 years of work experience in the real estate industry with various prominent listed property developers and leading international property consultants in Hong Kong and China. Mr. Leung received a Master degree in International Real Estate from the Hong Kong Polytechnic University. Apart from being a fellow member of the Royal Institution of Chartered Surveyors, and Registered Professional Surveyor (General Practice) in Hong Kong, he is also a full member of the Hong Kong Institute of Surveyors, member of the Hong Kong Institute of Real Estate Administrators, fellow member of Hong Kong Institute of Real Estate, Chartered Marketer, fellow member of the UK Chartered Institute of Marketing.

Mr. Lau Shui Kee Eric

General Manager – Plastic Resins

Mr. Lau Shui Kee Eric, aged 37, joined VSC in 2013. Mr. Lau was the Sales Director (Industrial Sales) – Asia Pacific of Alcoa International (Asia) Limited. He has over 13 years of experience in sales, marketing and business development in Asia. Mr. Lau holds a Master degree in Business Administration from The University of Canberra and a Bachelor degree in Mechanical Engineering from The University of New South Wales in Australia.

Leadership Profile

Ms. Luk Pui Yin Grace

Chief Financial Officer

Ms. Luk Pui Yin Grace, aged 48, joined VSC in 2013. Ms. Luk started her career in the audit field and has held positions as Director, Financial Controller and Vice President in various multinational companies with her last position being the Chief Operating Officer and Chief Financial Officer of North Asia Strategic Holdings Limited (listed on the Growth Enterprise Market of the Hong Kong Stock Exchange). She received her Bachelor degree in Business Administration from the Chinese University of Hong Kong. She is a fellow of the UK Association of Chartered Certified Accountant, an associate of both the UK Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants.

Ms. Lam Yee Fan Karen

Company Secretary

Ms. Lam Yee Fan Karen, aged 45, joined VSC as Company Secretary in 2013. Ms. Lam has over 20 years of experience in company secretarial practices and corporate governance in various companies that are listed on the Hong Kong Stock Exchange and/or NASDAQ. Prior to joining VSC, Ms. Lam was the Company Secretary of North Asia Strategic Holdings Limited (listed on the Growth Enterprise Market of the Hong Kong Stock Exchange). Ms. Lam holds a Master degree of Corporate Finance from The Hong Kong Polytechnic University, a Bachelor degree of Arts in Accountancy from the City University of Hong Kong and a Bachelor degree in Laws from the Peking University. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Ms. Lau Ching Han Charity

Human Resources Director

Ms. Lau Ching Han Charity, aged 51, was the Senior Human Resources Manager of VSC from 2005 to 2008 and became the Human Resources Director of VSC in 2009. Ms. Lau has over 25 years of experience in human resources and administration. Prior to joining VSC, she was the Human Resources Director of Hong Kong Educational Publishing House Ltd and the Senior Human Resources Manager of Karin Technology Holdings Ltd. Ms. Lau holds a Diploma in Personnel Management from the Hong Kong Polytechnic University and a Master degree of Science in Human Resources from the University of Ireland, Dublin as well as the Certification of Human Resources Professional of China. She is an associate member of The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators and a member of Hong Kong Institute of Human Resources Management.

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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 41 to 146, which comprise the consolidated and company statement of financial position as at 31st March 2013, 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

(於百慕達註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核列載於第41至146頁之萬順昌集團有限公司(「貴公司」)及其附屬公司(合稱「萬順昌集團」)之綜合財務報表，當中包括於二零一三年三月三十一日之綜合及公司財務狀況表與截至該日止年度之綜合損益表、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之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港《公司條例》之披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平之反映，及落實其認為編製綜合財務報表所必要之內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述。

核數師之責任

我們之責任是根據我們之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。我們不會就本報告內容向任何其他人士負責或承擔任何責任。

我們已根據香港會計師公會頒佈之香港審計準則進行審核。該等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 2013, 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, 20th June 2013

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定程序取決於核數師之判斷，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之風險。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反映相關之內部控制，以設計適當之審計程序，但目的並非對公司內部控制之有效性發表意見。審核亦包括評價董事所採用會計政策之合適性及所作會計估計之合理性，以及評價綜合財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證充足和適當地為我們之審核意見提供基礎。

意見

我們認為，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 貴公司及萬順昌集團於二零一三年三月三十一日之事務狀況及萬順昌集團截至該日止年度之溢利及現金流量，並已按照香港《公司條例》之披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一三年六月二十日

Consolidated Income Statement

綜合損益表

For the year ended 31st March 2013 截至二零一三年三月三十一日止年度

		Note 附註	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Revenue	收入	5	3,760,620	4,432,081
Cost of sales	銷售成本	7	(3,405,558)	(4,260,894)
Gross profit	毛利		355,062	171,187
Other gains – net	其他收益—淨額	6	534	47,463
Selling and distribution expenses	銷售及分銷支出	7	(31,494)	(34,040)
General and administrative expenses	一般及行政支出	7	(206,729)	(163,299)
Operating profit	經營溢利		117,373	21,311
Finance income	財務收入	10	1,412	1,584
Finance costs	財務費用	10	(21,499)	(25,300)
Share of profits of associates – net	應佔聯營公司溢利—淨額	20	3,529	8,465
Profit before income tax	除稅前溢利		100,815	6,060
Income tax (expense)/credit	所得稅(支出)/計入	11	(29,355)	4,787
Profit for the year	年度溢利		71,460	10,847
Attributable to:	應佔：			
Equity holders of the Company	本公司股權持有人	14	71,600	6,283
Non-controlling interest	非控制性權益		(140)	4,564
			71,460	10,847
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之每股普通股盈利			
– Basic	—基本	14	HK17.30 cents 港仙	HK1.52 cents港仙
– Diluted	—攤薄	14	HK17.14 cents 港仙	HK1.51 cents港仙
Dividends	股息	13	21,525	7,454

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

附註為該等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 2013 截至二零一三年三月三十一日止年度

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Profit for the year	年度溢利	71,460	10,847
Other comprehensive income:	其他全面收入：		
Change in fair value of available-for-sale financial asset	可供出售之財務資產之公平價值變動	(190)	147
Currency translation differences	貨幣匯兌差額	1,119	10,325
Other comprehensive income for the year	年度其他全面收入	929	10,472
Total comprehensive income for the year	年度全面收入總額	72,389	21,319
Total comprehensive income attributable to:	應佔全面收入總額：		
– Equity holders of the Company	– 本公司股權持有人	72,408	15,570
– Non-controlling interest	– 非控制性權益	(19)	5,749
		72,389	21,319

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

附註為該等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 2013 於二零一三年三月三十一日

	Note 附註	Consolidated 綜合		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Non-current assets					
Property, plant and equipment	15	14,767	15,355	-	-
Investment property	16	22,000	22,000	-	-
Land use rights	17	10,324	10,526	-	-
Intangible assets	18	18,136	10,659	-	-
Investments in subsidiaries	19	-	-	514,543	523,935
Investments in associates	20	182,592	169,552	-	-
Deferred income tax assets	21	15,204	32,493	-	-
Available-for-sale financial asset	22	255	445	-	-
Amount due from an associate	20	6,197	-	-	-
Total non-current assets		269,475	261,030	514,543	523,935
Current assets					
Inventories	24	365,717	396,858	-	-
Trade and bill receivables	25	423,490	563,976	-	-
Loan receivable	25	19,000	19,000	-	-
Prepayments, deposits and other receivables	26	117,825	122,862	66	68
Derivative financial instruments	23	1,059	629	-	-
Amounts due from associates	20	24,773	24,081	-	-
Pledged bank deposits	27	97,428	134,066	12,050	-
Cash and cash equivalents	27	460,403	267,448	8,928	12,588
Total current assets		1,509,695	1,528,920	21,044	12,656
Current liabilities					
Trade and bill payables	28	340,141	340,013	-	-
Receipts in advance		48,328	62,642	-	-
Accrued liabilities and other payables					
	29	47,856	38,558	70	44
Current income tax liabilities		10,860	2,099	-	-
Borrowings	30	581,030	653,788	-	-
Total current liabilities		1,028,215	1,097,100	70	44
Net current assets		481,480	431,820	20,974	12,612
Total assets less current liabilities		750,955	692,850	535,517	536,547
Non-current liability					
Deferred income tax liabilities	21	817	1,127	-	-
Net assets		750,138	691,723	535,517	536,547

Statement of Financial Position

財務狀況表

As at 31st March 2013 於二零一三年三月三十一日

	Note 附註	Consolidated 綜合		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Equity					
Capital and reserves attributable to equity holders of the Company	本公司股權持有人應佔股本及儲備				
Share capital	股本	31	41,413	41,377	41,413
Reserves	儲備	33			
– Proposed final dividend	– 建議末期股息	13	7,454	12,000	7,454
– Others	– 其他		610,040	482,140	487,680
			715,124	658,907	535,517
Non-controlling interest	非控制性權益		35,014	–	–
Total equity	權益總額		750,138	691,723	536,547

Yao Cho Fai Andrew

姚祖輝

Chairman

主席

Frank Muñoz

Executive Director

執行董事

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

附註為該等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 2013 截至二零一三年三月三十一日止年度

		Attributable to equity holders of the Company 本公司股權持有人應佔				Non-	Total
		Share capital 股本 HK\$'000 千港元 (Note 31) (附註31)	Other reserves 其他儲備 HK\$'000 千港元 (Note 33) (附註33)	Retained earnings 保留盈利 HK\$'000 千港元 (Note 33) (附註33)	Total 總額 HK\$'000 千港元	controlling interest 非控制性權益 HK\$'000 千港元	equity 權益總額 HK\$'000 千港元
As at 1st April 2011	於二零一一年四月一日	41,413	519,775	83,468	644,656	33,136	677,792
Profit for the year	年度溢利	-	-	6,283	6,283	4,564	10,847
Other comprehensive income	其他全面收入						
- Change in fair value of available-for-sale financial asset	- 可供出售之財務資產之公平價值變動	-	147	-	147	-	147
- Currency translation differences	- 貨幣匯兌差額	-	9,140	-	9,140	1,185	10,325
Total comprehensive income	全面收入總額	-	9,287	6,283	15,570	5,749	21,319
Contributions by and distributions to owners of the VSC Group recognized directly in equity	萬順昌集團擁有人之注資及獲得之分派直接於權益確認						
- Transfer from retained earnings	- 轉撥自保留盈利	-	269	(269)	-	-	-
- Lapse of share options	- 失效之購股權	-	(19)	19	-	-	-
- Share option scheme - value of services	- 購股權計劃 - 服務價值	-	1,166	-	1,166	-	1,166
- Dividends paid to equity holders of the Company	- 已付本公司股權持有人之股息						
- 2011 final dividend	- 二零一一年末期股息	-	-	(2,485)	(2,485)	-	(2,485)
- Dividends paid to a non-controlling shareholder of a subsidiary	- 已付一間附屬公司之一位非控制性股東之股息	-	-	-	-	(6,069)	(6,069)
Total contributions by and distributions to owners of the VSC Group	萬順昌集團擁有人之注資及獲得之分派總額	-	1,416	(2,735)	(1,319)	(6,069)	(7,388)
As at 31st March 2012	於二零一二年三月三十一日	41,413	530,478	87,016	658,907	32,816	691,723

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31st March 2013 截至二零一三年三月三十一日止年度

		Attributable to equity holders of the Company 本公司股權持有人應佔				Non-controlling interest	Total equity
		Share capital	Other reserves	Retained earnings	Total	非控制性權益	權益總額
		股本	其他儲備	保留盈利	總額		權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
		(Note 31)	(Note 33)	(Note 33)			
		(附註31)	(附註33)	(附註33)			
As at 1st April 2012	於二零一二年四月一日	41,413	530,478	87,016	658,907	32,816	691,723
Profit for the year	年度溢利	-	-	71,600	71,600	(140)	71,460
Other comprehensive income	其他全面收入						
- Change in fair value of available-for-sale financial asset	- 可供出售之財務資產之公平價值變動	-	(190)	-	(190)	-	(190)
- Currency translation differences	- 貨幣匯兌差額	-	998	-	998	121	1,119
Total comprehensive income	全面收入總額	-	808	71,600	72,408	(19)	72,389
Contributions by and distributions to owners of the VSC Group recognized directly in equity	萬順昌集團擁有人之注資及獲得之分派直接於權益確認						
- Transfer from retained earnings	- 轉撥自保留盈利	-	425	(425)	-	-	-
- Lapse of share options	- 失效之購股權	-	(1,735)	1,735	-	-	-
- Share option scheme - value of services	- 購股權計劃 - 服務價值	-	2,748	-	2,748	-	2,748
- Acquisition of a subsidiary	- 收購一間附屬公司	-	-	-	-	12,014	12,014
- Loss on control of a subsidiary	- 失去一間附屬公司之控制權	-	(1,469)	-	(1,469)	(9,159)	(10,628)
- Share repurchased and cancelled	- 購回及註銷股份	(145)	145	(1,175)	(1,175)	-	(1,175)
- Exercise of share options	- 行使購股權	109	575	-	684	-	684
- Dividends paid to equity holders of the Company	- 已付本公司股權持有人之股息						
- 2012 final dividend	- 二零一二年末期股息	-	-	(7,454)	(7,454)	-	(7,454)
- 2013 interim dividend	- 二零一三年中期股息	-	-	(9,525)	(9,525)	-	(9,525)
- Dividends paid to a non-controlling shareholder of a subsidiary	- 已付一間附屬公司之一位非控制性股東之股息	-	-	-	-	(638)	(638)
Total contributions by and distributions to owners of the VSC Group	萬順昌集團擁有人之注資及獲得之分派總額	(36)	689	(16,844)	(16,191)	2,217	(13,974)
As at 31st March 2013	於二零一三年三月三十一日	41,377	531,975	141,772	715,124	35,014	750,138

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

附註為該等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 2013 截至二零一三年三月三十一日止年度

	Note 附註	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	
Cash flows from operating activities	經營活動之現金流量			
Cash generated from/(used in) operations	經營產生/(所用)之現金	34(a)	299,753	(134,366)
Interest received	已收利息		1,412	1,584
Interest paid	已付利息		(21,499)	(25,300)
Hong Kong profits tax refunded/(paid)	已退還/(已付)香港利得稅		401	(4,001)
China corporate income tax paid	已付中國企業所得稅		(5,957)	(6,639)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額		274,110	(168,722)
Cash flows from investing activities	投資活動之現金流量			
Purchase of property, plant and equipment	購置物業、廠房及設備		(24,116)	(6,128)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備之所得款項	34(b)	603	410
Acquisition of a business	收購一項業務	35	(8,041)	-
Proceeds from disposal of interest in a subsidiary	出售於一間附屬公司之權益之所得款項	34(c)	3,509	-
Purchase of an available-for-sale financial asset	購置一項可供出售之財務資產		-	(298)
Dividend received from an associate	已收一間聯營公司之股息		2,107	1,078
Loan to an associate	向一間聯營公司提供之貸款		(12,395)	-
Net cash outflow from investing activities	投資活動流出之現金淨額		(38,333)	(4,938)
Cash flows from financing activities	融資活動之現金流量			
New bank loans	新增銀行貸款		67,417	11,097
Repayment of bank loans	償還銀行貸款		(84,141)	(80,397)
Net (decrease)/increase in trust receipt bank loans	信託收據銀行貸款之淨(減少)/增加		(56,387)	122,944
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少/(增加)		36,397	(92,442)
Dividends paid to equity holders of the Company	已付本公司股權持有人之股息		(16,979)	(2,485)
Dividends paid to a non-controlling shareholder of a subsidiary	已付一間附屬公司之一位非控制性股東之股息		(638)	(6,069)
Capital injection by non-controlling shareholdings of a subsidiary	一間附屬公司之非控制性股東之注資		11,911	-
Shares repurchased	購回股份		(1,175)	-
Exercise of share options	行使購股權		684	-
Net cash outflow from financing activities	融資活動流出之現金淨額		(42,911)	(47,352)
Increase/(decrease) in cash and cash equivalents	現金及現金等值之增加/(減少)		192,866	(221,012)
Cash and cash equivalents, beginning of the year	年初之現金及現金等值		267,448	485,868
Translation adjustments	匯兌調整		89	2,592
Cash and cash equivalents, end of the year	年終之現金及現金等值		460,403	267,448

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

附註為該等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 20th June 2013.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

1 一般資料

萬順昌集團有限公司(「本公司」)於一九九四年一月十二日在百慕達註冊成立為有限公司，並根據百慕達一九八一年公司法，成為一間豁免公司。自一九九四年二月十八日起，本公司股份於香港聯合交易所有限公司主板上市。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司及其附屬公司(「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。

除另有說明外，該等綜合財務報表以港元(「港元」)列示。該等綜合財務報表已於二零一三年六月二十日經董事會核准刊發。

2 主要會計政策概要

編製該等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

該等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，並已就按公平價值計入損益之財務資產及財務負債重估(包括衍生工具)以及投資物業(按公平價值列賬)作出修訂。

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

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

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

2 主要會計政策概要(續)

2.1 編製基準(續)

萬順昌集團從事鋼材產品買賣並面對商品價格風險。於審批該等綜合財務報表當日，萬順昌集團已確定之銷售訂單超過手頭上之存貨及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該等綜合財務報表附註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之潛在影響。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。

編製該等符合香港財務報告準則之綜合財務報表需要使用若干關鍵性會計推算。此亦需要管理層在應用萬順昌集團會計政策之過程中行使其判斷。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) The following new standards, amendments and interpretations to existing standards are mandatory for the annual period beginning on or after 1st April 2012, but are currently not relevant to the VSC Group:

Amendment to HKFRS 7	Financial instruments: Disclosures
Amendment to HKFRS 1	First time adoption
Amendment to HKAS 12	Income taxes

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

Amendment to HKAS 1	Financial statements presentation (effective for annual periods beginning on or after 1st July 2012)
HKAS 19 (Amendment)	Employee benefits (effective for annual periods beginning on or after 1st January 2013)
HKAS 27 (Revised 2011)	Separate financial statements (effective for annual periods beginning on or after 1st January 2013)
HKAS 28 (Revised 2011)	Associates and joint ventures (effective for annual periods beginning on or after 1st January 2013)

2 主要會計政策概要(續)

2.1 編製基準(續)

- (a) 以下對現有準則之新訂準則、修訂及詮釋須在始於二零一二年四月一日或之後之年度期間採納，但現時與萬順昌集團無關：

香港財務報告準則第7號之修訂	金融工具：披露
香港財務報告準則第1號之修訂	首次採納
香港會計準則第12號之修訂	所得稅

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

香港會計準則第1號之修訂	財務報表之列報 (於二零一二年七月一日或之後開始之年度期間生效)
香港會計準則第19號(修訂)	僱員福利(於二零一三年一月一日或之後開始之年度期間生效)
香港會計準則第27號 (二零一一年經修訂)	獨立財務報表(於二零一三年一月一日或之後開始之年度期間生效)
香港會計準則第28號 (二零一一年經修訂)	聯營公司及合營公司(於二零一三年一月一日或之後開始之年度期間生效)

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

Amendment to HKAS 32	Financial instruments: Presentation (effective for annual periods beginning on or after 1st January 2014)
HKFRS 9	Financial instruments (effective for annual periods beginning on or after 1st January 2015)
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures (effective for annual periods beginning on or after 1st January 2015)
HKFRS 10	Consolidated financial statements (effective for annual periods beginning on or after 1st January 2013)
HKFRS 11	Joint arrangements (effective for annual periods beginning on or after 1st January 2013)

2 主要會計政策概要(續)

2.1 編製基準(續)

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

香港會計準則第32號之修訂	金融工具：列報 (於二零一四年一月一日或之後開始之年度期間生效)
香港財務報告準則第9號	金融工具(於二零一五年一月一日或之後開始之年度期間生效)
香港財務報告準則第7號及香港財務報告準則第9號(修訂)	強制性生效日期及過渡性披露 (於二零一五年一月一日或之後開始之年度期間生效)
香港財務報告準則第10號	綜合財務報表(於二零一三年一月一日或之後開始之年度期間生效)
香港財務報告準則第11號	合營安排(於二零一三年一月一日或之後開始之年度期間生效)

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 12	Disclosures of interests in other entities (effective for annual periods beginning on or after 1st January 2013)
HKFRS 13	Fair value measurement (effective for annual periods beginning on or after 1st January 2013)
Amendment to HKFRS 1	First time adoption (effective for annual periods beginning on or after 1st January 2013)
Amendment to HKFRS 7	Financial instruments: Disclosures (effective for annual periods beginning on or after 1st January 2013)
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1st January 2013)
HK (IFRIC) – Int 21	Levies (effective for annual periods beginning on or after 1st January 2014)

2 主要會計政策概要(續)

2.1 編製基準(續)

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

香港財務報告準則第12號	在其他實體權益之披露(於二零一三年一月一日或之後開始之年度期間生效)
香港財務報告準則第13號	公平價值計量(於二零一三年一月一日或之後開始之年度期間生效)
香港財務報告準則第1號之修訂	首次採納(於二零一三年一月一日或之後開始之年度期間生效)
香港財務報告準則第7號之修訂	金融工具：披露(於二零一三年一月一日或之後開始之年度期間生效)
香港(國際財務報告詮釋委員會) – 詮釋第20號	露天礦生產階段之剝採成本(於二零一三年一月一日或之後開始之年度期間生效)
香港(國際財務報告詮釋委員會) – 詮釋第21號	徵收(於二零一四年一月一日或之後開始之年度期間生效)

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

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries

(a) Consolidation

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

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

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

Business combinations

The VSC Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the VSC Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 主要會計政策概要(續)

2.2 附屬公司

(a) 綜合賬目

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

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

集團內公司間之交易、交易結餘及收支予以抵銷。於資產確認來自集團內公司間交易之溢利及虧損亦予以抵銷。附屬公司之會計政策已按需要作出改變，以確保與萬順昌集團採用之政策一致。

業務合併

萬順昌集團進行業務合併時採用收購會計法入賬。收購附屬公司之轉讓代價為所轉讓資產、對被收購方之前擁有人所產生負債及萬順昌集團所發行股權之公平價值。所轉讓代價包括或然代價安排產生之任何資產或負債之公平價值。於業務合併時所收購之可識別資產及所承擔之負債及或然負債，初步按收購日之公平價值計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Separate financial statements

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

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

2.3 Associates

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

2 主要會計政策概要(續)

2.2 附屬公司(續)

(a) 綜合賬目(續)

業務合併(續)

收購相關成本於產生時列為開支。

商譽初步按轉讓代價之總額超出收購所得可識別資產淨值及所承擔負債之公平價值之數額計量。倘此代價低於所收購附屬公司資產淨值之公平價值，則有關差額於損益確認。

(b) 獨立財務報表

於附屬公司之投資按成本扣除減值列賬。成本亦包括投資直接應佔之成本。附屬公司之業績由本公司按已收股息及應收賬款基準入賬。

如股息超過宣派股息期內附屬公司之全面收入總額，或如在獨立財務報表之投資賬面金額超過綜合財務報表中被投資公司資產淨額(包括商譽)之賬面金額，則於獲取股息時須對於附屬公司之投資作減值測試。

2.3 聯營公司

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

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

2 Summary of significant accounting policies (Continued)

2.3 Associates (Continued)

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

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

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

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

2.4 Segment reporting

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

2 主要會計政策概要(續)

2.3 聯營公司(續)

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

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

萬順昌集團與其聯營公司間之上游和下游交易之溢利及虧損，在萬順昌集團之綜合財務報表中確認，但僅以無關連投資者於聯營公司之權益為限。除非該交易提供證據顯示所轉讓資產有所減值，否則未實現虧損亦予以抵銷。聯營公司之會計政策已按需要作出改變，以確保與萬順昌集團採用之政策一致。

於聯營公司投資之攤薄收益及虧損於綜合損益表中確認。

2.4 分部報告

營運分部以向主要營運決策者(「主要營運決策者」)提供內部呈報一致之方法呈報，其負責營運分部之資源分配及表現評估及被視為制定策略性決定之執行董事。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 主要會計政策概要(續)

2.5 外幣換算

(a) 功能及呈列貨幣

萬順昌集團各實體之財務報表所列項目均以該實體營運所在主要經濟環境之貨幣計量(「功能貨幣」)。綜合財務報表以港元呈報，港元為本公司之功能貨幣及萬順昌集團之呈列貨幣。

(b) 交易及結餘

外幣交易採用交易或估值(重新計量項目)當日之匯率，換算為功能貨幣。結算此等交易及將外幣計值之貨幣資產及負債以年終匯率換算，而產生之匯兌收益及虧損於綜合損益表中確認。所有匯兌收益及虧損於綜合損益表「其他收益－淨額」內呈列。

非貨幣性財務資產及負債(如以按公平價值計入損益持有之權益)之換算差額確認為公平價值收益或虧損之一部分。非貨幣性財務資產(如分類為可供出售之權益)之換算差額包括在其他全面收入內。

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

2 Summary of significant accounting policies (Continued)

2.5 Foreign currency translation (Continued)

(c) Group companies

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

- (i) assets and liabilities for each 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 other comprehensive income.

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

2 主要會計政策概要(續)

2.5 外幣換算(續)

(c) 集團公司

功能貨幣不同於所有萬順昌集團實體(當中並無惡性通脹經濟貨幣)業績及財務狀況呈列貨幣均按以下方法換算為呈列貨幣:

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

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

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

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

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

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

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

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

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

2 主要會計政策概要(續)

2.6 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購項目直接應佔之開支。

其後成本僅在於與該項目有關之未來經濟利益有可能流入萬順昌集團，而該項目之成本能可靠計量時，計入資產賬面金額或確認為獨立資產(視適用情況而定)。已更換零件之賬面金額已被剔除入賬。所有其他維修及保養於其產生之財政年度內於綜合損益表內支銷。

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

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

資產之剩餘價值及可使用年期在每個報告期末進行檢討，及在適當時調整。

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

出售之收益及虧損透過比較所得款項與其賬面金額釐定，並於綜合損益表「其他收益－淨額」中確認。

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

2 Summary of significant accounting policies (Continued)

2.7 Intangible assets

(a) Goodwill

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

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

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

(b) Distribution rights

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

2 主要會計政策概要(續)

2.7 無形資產

(a) 商譽

商譽於收購附屬公司及聯營公司時產生，指轉讓代價超過被收購方在其可識別淨資產、負債及或然負債淨公平價值及在被收購方非控制性權益之公平價值之權益。

就減值測試而言，在業務合併中收購之商譽會分配至各現金產生單位(「現金產生單位」)或現金產生單位群組(即預期可從合併中獲取協同利益)。獲分配商譽之各單位或單位群組，指在實體內商譽被監察作內部管理用途之最低層次。商譽會在營運分部層面上被監察。

商譽之減值檢討會每年進行，或如有事件或情況改變顯示存在潛在減值，則需更頻密地檢討。商譽之賬面金額與可收回金額(使用價值與公平價值減出售成本之較高者)進行比較。任何減值須即時確認為支出且其後不得撥回。

(b) 分銷權

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.8 Land use rights

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

2.9 Investment property

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

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

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

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

2 主要會計政策概要(續)

2.8 土地使用權

土地使用權之前期預付款項以營業租約列賬。其按土地使用權期間以直線基準於綜合損益表確認，或當出現減值時，於綜合損益表中確認減值。

2.9 投資物業

持作長期租金收益或作資本增值或兩者兼備，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之土地及以融資租賃持有之樓宇。以營業租約持有之土地，如符合投資物業其餘定義，則按投資物業分類及記賬。營業租約猶如其為融資租賃而記賬。

投資物業最初按其成本計量，包括相關交易成本。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。公平價值以活躍市場價格為基準，如有需要就特定資產之性質、地點或狀況之任何差異作出調整。如並無此項資料，外部估值師須使用其他估值方法，例如較不活躍市場之近期價格或貼現現金流量預測法。公平價值變動於綜合損益表中確認。

其後開支僅在與該項目有關之未來經濟利益有可能流入萬順昌集團，而該項目之成本能可靠計量時，在資產賬面金額中扣除。所有其他維修及保養成本在產生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)

2.10 Impairment of non-financial assets

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

2.11 Financial assets

(a) Classification

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

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

2 主要會計政策概要(續)

2.10 非財務資產之減值

無特定使用期限之資產(例如商譽)毋須攤銷，惟須每年進行減值評估。當有事件或情況改變顯示賬面金額未能收回，須予攤銷之資產會進行減值檢討。資產賬面金額超過其可收回金額之數額確認為減值虧損。可收回金額為資產公平價值減出售成本與使用價值之間之較高者。就評估減值而言，資產分組至可分開識別現金流量(現金產生單位)之最低層次。商譽以外出現減值之非財務資產會於每個報告日就可能撥回之減值進行審閱。

2.11 財務資產

(a) 分類

萬順昌集團將其財務資產分為以下類別：按公平價值計入損益、貸款及應收賬款以及可供出售。其分類乃取決於收購財務資產之目的。管理層會於初步確認時釐定其財務資產分類。

- (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目的為在短期內出售，則分類為此類別。衍生工具亦會被分類為持作買賣，惟被指定為對沖項目則除外。此類別資產若預期在十二個月內結算，則分類為流動；否則分類為非流動。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(a) Classification (Continued)

- (ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The VSC Group's loans and receivables comprise "trade and bill receivables", "prepayments, deposits and other receivables", "loan receivable", "amounts due from associates", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position (Note 2.15 and 2.16).
- (iii) Available-for-sale financial asset
Available-for-sale financial asset is non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 主要會計政策概要(續)

2.11 財務資產(續)

(a) 分類(續)

- (ii) 貸款及應收賬款
貸款及應收賬款具固定或可釐定付款，以及並無在活躍市場報價之非衍生財務資產。此等項目包括在流動資產內，而已償付或預期於報告期末起計超過十二個月後方償付之金額(分類為非流動資產)則除外。萬順昌集團之貸款及應收賬款包括於綜合財務狀況表之「應收賬款及票據」、「預付款項、按金及其他應收賬款」、「應收貸款」、「應收聯營公司」、「已抵押銀行存款」及「現金及現金等值」(附註2.15及2.16)。
- (iii) 可供出售之財務資產
可供出售之財務資產為被指定作此類別或並無分類為任何其他類別之非衍生工具。除非該投資到期或管理層擬於報告期末後十二個月內處置該投資，否則此等資產包括在非流動資產內。

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

2 Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(b) Recognition and measurement

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

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

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

2 主要會計政策概要(續)

2.11 財務資產(續)

(b) 確認及計量

買賣經常性財務資產在交易當日(即萬順昌集團承諾購買或出售資產之日)確認。投資初步以公平價值加所有非按公平價值計入損益列賬之財務資產交易成本確認。按公平價值計入損益列賬之財務資產初步按公平價值確認，交易成本則於綜合損益表支銷。倘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轉移所有權之絕大部分風險及回報，財務資產將被剔除入賬。可供出售之財務資產及按公平價值計入損益之財務資產其後以公平價值列賬。貸款及應收賬款採用實際利息方法，以攤銷成本列賬。

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

分類為可供出售之貨幣及非貨幣性證券公平價值變動，於其他全面收入確認。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確立時作為「其他收益－淨額」之一部分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)

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

2 主要會計政策概要(續)

2.12 財務資產之減值

(a) 以攤銷成本列賬之資產

萬順昌集團於每個報告期末評估是否存在客觀證據證明某一財務資產或某一財務資產組合出現減值。只有當存在客觀證據顯示於初步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)虧損事項對財務資產或財務資產組合之估計未來現金流量構成之影響能可靠地估計，則有關財務資產或財務資產組合出現減值及產生減值虧損。

減值證據可包括債務人或一組債務人遭遇嚴重財政困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流量出現可計量減少，例如與違約有關連之拖欠情況或經濟狀況改變。

對於貸款及應收賬款類別，虧損金額按資產賬面金額與按財務資產原實際利率貼現之估計未來現金流量(不包括仍未產生之未來信用虧損)現值兩者間之差額計量。資產之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，則計量任何減值虧損之貼現率為按合約釐定之現時實際利率。在實際應用中，萬順昌集團可使用可觀察之市場價格，按工具之公平價值計量減值。

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

2 Summary of significant accounting policies (Continued)

2.12 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

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

(b) Assets classified as available-for-sale

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

2.13 Derivative financial instruments

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

2 主要會計政策概要(續)

2.12 財務資產之減值(續)

(a) 以攤銷成本列賬之資產(續)

如在其後期間，減值虧損金額減少，而此減少可客觀與確認減值後發生之事件(例如債務人之信用評級有所改善)有關連，則之前已確認之減值虧損可在綜合損益表中確認撥回。

(b) 分類為可供出售之資產

萬順昌集團在每個報告期末評估是否有客觀證據證明某一財務資產或某一財務資產組合出現減值。對於分類為可供出售之股本投資，倘證券之公平價值大幅或持續跌至低於其成本，亦視為資產減值之證據。倘可供出售之財務資產存在此等證據，累計虧損 – 按收購成本與當時公平價值之差額，減該財務資產之前在損益確認之任何減值虧損計量 – 自權益中剔除並在損益中確認。在綜合損益表之股本工具確認之減值虧損不會透過綜合損益表撥回。

2.13 衍生金融工具

衍生工具於訂立衍生工具合約之日按公平價值初步確認，其後按公平價值重新計量。確認由此產生之收益或虧損方法，視乎該衍生工具是否被指定為對沖工具，倘被指定為對沖工具，則視乎受對沖項目之性質而定。由於萬順昌集團訂立之衍生工具不合資格採用對沖會計法處理，該等衍生工具之公平價值變動會即時於綜合損益表「其他收益 – 淨額」中確認。

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

2 Summary of significant accounting policies (Continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade and other receivables

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

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

2.16 Cash and cash equivalents

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

2.17 Share capital

Ordinary shares are classified as equity.

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

2 主要會計政策概要(續)

2.14 存貨

存貨按成本及與可變現淨價值兩者中之較低者入賬。成本以先入先出法釐定。其不包括借貸成本。可變現淨價值為正常業務中之估計銷售價格減適用可變銷售支出。

2.15 應收及其他應收賬款

應收賬款為在日常業務中就已銷售商品或已提供服務而應收客戶之款項。如預期於一年或以內(或倘較長,則在業務正常經營週期中)收回應收及其他應收賬款,則分類為流動資產。否則,該等賬款呈列為非流動資產。

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

2.16 現金及現金等值

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

2.17 股本

普通股分類為權益。

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減(扣除稅項)。

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

2 Summary of significant accounting policies (Continued)

2.18 Trade payables

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

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

2.19 Borrowings

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

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

2.20 Borrowing costs

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

2 主要會計政策概要(續)

2.18 應付賬款

應付賬款為在正常業務中就從供應商購買之貨品或服務之付款責任。如付款於在一年或以內(或倘較長,則在業務正常經營週期中)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。

應付賬款初步按公平價值確認,其後則採用實際利率法按攤銷成本計量。

2.19 借貸

借貸初步按公平價值扣除已產生之交易成本確認,其後則按攤銷成本列賬;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。

除非萬順昌集團有無條件權利於報告日後延遲償還負債最少十二個月,否則借貸分類為流動負債。

2.20 借貸成本

因收購、建造或生產資產(需要相當長時間準備作擬定用途或出售)而直接產生之一般及特定借貸成本撥作為該資產成本之一部分。所有其他借貸成本均於產生期間自綜合損益表扣除。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.21 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

2 主要會計政策概要(續)

2.21 當期及遞延所得稅

期內稅項支出包括當期及遞延所得稅。稅項於綜合損益表中確認，惟與直接在其他全面收入或直接在權益確認之項目有關者除外。在該情況下，稅項亦分別在其他全面收入或直接在權益中確認。

(a) 當期所得稅

當期所得稅支出根據本公司之附屬公司及聯營公司營運及產生應課稅收入之國家於報告日已頒佈或實質頒佈之稅務法例計算。管理層就適用稅務法規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。

(b) 遞延所得稅

內在差異

遞延所得稅使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產生之短暫差異確認。然而，倘遞延稅項負債來自對商譽之初始確認，則不予確認。倘遞延所得稅來自在交易(不包括業務合併)中對資產或負債之初步確認，而在交易時不影響會計或應課稅溢利或虧損，則不作記賬。遞延所得稅採用在報告日已頒佈或實質頒佈，並在變現有關遞延所得稅資產或償付遞延所得稅負債時預期將會適用之稅率(及法例)釐定。

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

2 Summary of significant accounting policies (Continued)

2.21 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Inside basis differences (Continued)

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

Outside basis differences

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

(c) Offsetting

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

2.22 Employee benefits

(a) Pension obligation

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

2 主要會計政策概要(續)

2.21 當期及遞延所得稅(續)

(b) 遞延所得稅(續)

內在差異(續)

遞延所得稅資產在很有可能將未來應課稅溢利與可動用之短暫差異抵銷情況下確認。

外在差異

遞延所得稅就於附屬公司及聯營公司之投資所產生之短暫差異作出撥備，惟倘萬順昌集團可以控制短暫差異之撥回時間，及很可能在可預見未來不會撥回該短暫差異之遞延所得稅負債除外。

(c) 抵銷

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

2.22 僱員福利

(a) 退休金債務

萬順昌集團設有界定供款計劃。此等計劃一般透過向保險公司或受託管理基金付款而注資，並按定期精算計算釐定其數額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.22 Employee benefits (Continued)

(a) Pension obligation (Continued)

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

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

(b) Termination benefits

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

2 主要會計政策概要(續)

2.22 僱員福利(續)

(a) 退休金債務(續)

界定供款計劃為萬順昌集團向一間獨立實體支付固定供款之退休福利計劃。倘基金不具備足夠資產，無法就本期及過往期間之僱員服務向所有僱員支付福利，則萬順昌集團並無法律或推定責任作進一步供款。

萬順昌集團以強制、合約或自願基準向公開或私人管理之退休保險計劃作出供款。萬順昌集團作出供款後，即無進一步付款責任。供款於到期應付時確認為僱員福利支出。預付供款在出現現金退款或可扣減未來付款情況下確認為資產。

(b) 辭退福利

辭退福利於萬順昌集團在正常退休日期前終止僱用，或當僱員接受自願遣散以換取此等福利時支付。萬順昌集團在能證明以下終止承諾時確認辭退福利：該實體根據一項詳細之正式計劃終止現有僱員之僱用而並無撤回之可能。倘提出一項方案以鼓勵自願遣散，辭退福利將按預期接受方案之僱員數目計算。在報告期末後超過十二個月支付之福利應貼現至其現值。

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

2 Summary of significant accounting policies (Continued)

2.22 Employee benefits (Continued)

(c) Bonus plans

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

(d) Employee leave entitlements

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

2.23 Share-based payments

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

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

2 主要會計政策概要(續)

2.22 僱員福利(續)

(c) 花紅計劃

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

(d) 僱員應享假期

僱員應享年假於應計予僱員時確認。僱員於截至報告日因提供服務應享之年假估計負債已計提撥備。僱員應享病假及分娩假期於支取時方才確認。

2.23 以股份為基礎之支付

萬順昌集團設有多項以權益償付、以股份為基礎之補償計劃，據此，實體獲取僱員服務，作為萬順昌集團股本工具(購股權)之代價。為換取購股權授出而獲取之僱員服務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公平價值釐定：

- 包括任何市場表現條件(例如實體之股價)；
- 不包括任何服務及非市場表現歸屬條件(例如盈利能力、銷售增長目標及實體於特定時期餘下之僱員)之影響；及
- 包括任何非歸屬條件(例如僱員儲蓄規定)之影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.23 Share-based payments (Continued)

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

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

2.24 Provision

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

2 主要會計政策概要(續)

2.23 以股份為基礎之支付(續)

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

當購股權獲行使時,本公司將發行新股。所收取之所得款項(扣除任何直接應佔交易成本)計入股本(面值)及股份溢價中。

2.24 撥備

當萬順昌集團因過往事件而產生現有法律或推定責任;很有可能須流出資源以償付責任;且金額已可靠估計,則會就環境復原、重組成本及法律索償確認撥備。重組撥備包括租賃終止罰款及僱員離職付款。不會就未來經營虧損確認撥備。

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

2 Summary of significant accounting policies (Continued)

2.24 Provision (Continued)

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.

2.25 Revenue recognition

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

2 主要會計政策概要(續)

2.24 撥備(續)

如有多項類似責任，則考慮責任之整體類別釐定其須在償付中流出資源之可能性。即使在同一類別責任所包含之任何一個項目資源流出之可能性極低，仍須確認撥備。

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

2.25 收入確認

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

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

2 Summary of significant accounting policies (Continued)

2.25 Revenue recognition (Continued)

Revenue is recognised as follows:

(a) Sales of goods

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

(b) Service income

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

(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)

2.25 收入確認(續)

收入確認如下：

(a) 貨品銷售

當集團實體已將產品交付予客戶，客戶對銷售產品之渠道及價格擁有完全決定權，且並無未履行之責任可影響客戶接受產品時，會確認貨品銷售。當產品已付運予至指定地點，陳舊及虧損之風險已轉讓予客戶，而客戶已根據銷售合約接收產品、或接收條款已作廢，或萬順昌集團有客觀證據顯示所有接收標準已獲達成後，貨品交付才算產生。

(b) 服務收入

對於服務銷售，收入經參考特定交易之完成階段後在提供服務之會計期內確認，並按已提供實際服務佔將予提供之總服務比例評估。

(c) 租金收入

租金收入於相關租賃期以直線基準確認。

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

2 Summary of significant accounting policies (Continued)

2.26 Interest income

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

2.27 Dividend income

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

2.28 Operating leases

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

2.29 Dividend distribution

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

2 主要會計政策概要(續)

2.26 利息收入

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

2.27 股息收入

股息收入於確定有權收取款項時確認。

2.28 營業租約

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

2.29 股息分派

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 Financial risk management

3.1 Financial risk factors

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

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

(a) Market risk

(i) Price risk

The VSC Group is subject to commodity price risk because certain subsidiaries of the VSC Group are engaged in the trading of steel products. As at 31st March 2013, the VSC Group's had committed sales orders of approximately 248,000 metric tonnes (2012: 170,000 metric tonnes) of steel products for which the selling price is fixed, which exceeded the aggregate amount of on-hand inventories and committed purchase orders. Over the coming year, the VSC Group will be required to purchase steel products to fulfil these committed sales orders not covered by inventories and committed purchase orders. As the prices of steel products can fluctuate materially, the VSC Group's results may be affected significantly by future fluctuations in steel prices (Note 4 (a)).

3 財務風險管理

3.1 財務風險因素

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

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

(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。於二零一三年三月三十一日，萬順昌集團確定其銷售價格固定不變之銷售訂單約248,000公噸(二零一二年：170,000公噸)之鋼材產品已超過手頭存貨及已確定之購貨訂單。來年，萬順昌集團將須採購鋼材產品以履行無存貨之已確定銷售訂單及已確定之購貨訂單。由於鋼材產品之價格可大幅波動，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))。

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

- (i) Price risk (Continued)
The VSC Group is subject to price risk from its investment in listed shares. Management does not consider the risk significant since the carrying value of the listed shares is immaterial.
- (ii) Foreign exchange risk
The VSC Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar ("US\$") and the Chinese Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

- (i) 價格風險(續)
萬順昌集團承受其投資於上市股份之價格風險。但由於上市股份之賬面金額無足輕重，因此管理層認為有關風險並不重大。
- (ii) 外匯風險
萬順昌集團業務跨越多國，因此面對源於各種貨幣之外匯風險，主要涉及美元(「美元」)及人民幣(「人民幣」)。外匯風險源於未來商業交易、已確認資產及負債及外國業務淨投資。

管理層已訂立政策，要求集團公司管理對其功能貨幣有關之外匯風險。萬順昌集團公司需要透過萬順昌集團司庫對沖其全部外匯風險。為管理來自未來商業交易及已確認資產及負債之外匯風險，萬順昌集團實體利用遠期合約，透過集團司庫進行交易。外匯風險於未來商業交易，或已確認資產或負債以非屬該實體功能貨幣之外幣計值時產生。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Foreign exchange risk (Continued)

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

At 31st March 2013, if HK\$ had weakened/strengthened by 2% against the RMB with all other variables held constant, profit before income tax would have been approximately HK\$2,889,000 (2012: HK\$1,762,000) higher/lower, mainly as a result of foreign exchange gains/(losses) on translation of RMB-denominated monetary assets and liabilities.

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 2% with all other variables held constant, profit before income tax for the year would have been higher by approximately HK\$11,000 (2012: HK\$5,000). If RMB depreciated against US\$ by 2% with all other variables held constant, profit before income tax for the year would have been lower by approximately HK\$136,000 (2012: HK\$4,000).

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 外匯風險(續)

萬順昌集團持有若干境外經營投資，其資產淨額承受外幣匯兌風險。來自萬順昌集團境外經營資產淨額所產生之貨幣風險，主要以相關外幣計值之借貸進行管理。

於二零一三年三月三十一日，假若港元兌人民幣下跌／上升2%，而所有其他可變因素維持不變，則除稅前溢利應增加／減少約2,889,000港元(二零一二年：1,762,000港元)，乃主要由於兌換以人民幣計值之貨幣資產及負債之匯兌收益／(虧損)所致。

若干遠期外匯合約之公平價值按掛牌人民幣兌美元遠期匯率釐定。假若人民幣兌美元升值2%，而所有其他可變因素維持不變，則本年度除稅前溢利應增加約11,000港元(二零一二年：5,000港元)。假若人民幣兌美元貶值2%，而所有其他可變因素維持不變，則本年度除稅前溢利應減少約136,000港元(二零一二年：4,000港元)。

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

- (iii) Cash flow and fair value interest rate risk
The VSC Group's interest rate risk arises mainly from borrowings. Borrowings issued at variable rates expose the VSC Group to cash flow interest rate risk.

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

At 31st March 2013, 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\$5,810,000 lower/higher (2012: HK\$6,538,000), 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)

- (iii) 現金流量及公平價值利率風險
萬順昌集團之利率風險主要來自借貸。浮息借貸使萬順昌集團面對現金流量利率風險。

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

於二零一三年三月三十一日，倘浮息借貸之利率增加／減少100個基點，而所有其他可變因素維持不變，本年度除稅前溢利將減少／增加約5,810,000港元(二零一二年：6,538,000港元)，乃主要由於浮息借貸之利息支出增加／減少所致。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

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

As at 31st March 2013, the VSC Group has a concentration of credit risk given that the top 10 customers account for 34% (2012: 42%) 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 receivables has been made.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險

信貸風險是按照組合方式管理，有關應收賬款餘額之信貸風險除外。在授與每個新客戶之標準付款期、送貨條款及條件前，每一個地方實體應負責管理及分析其每一新客戶之信貸風險。信貸風險來自現金及現金等值、衍生金融工具及於銀行及財務機構之存款，以及面對客戶之信貸風險，包括未償還之應收賬款及已確定之交易。對於銀行及財務機構，只有具較高信貸評級之獨立評級機構才會被接納。

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

於二零一三年三月三十一日，考慮到頭十名客戶佔萬順昌集團截至年終應收賬款及票據結餘總額當中之34%(二零一二年：42%)，萬順昌集團具集中信貸風險。管理層經考慮該等客戶之財務狀況及交易往績後，認為有關該等客戶之信貸風險目前為低。萬順昌集團在收回應收賬款及票據方面所收回之金額之往績經驗，均在記錄撥備之範疇內，而董事認為，已就不可收回之應收賬款及票據作足夠之撥備。

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

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

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the VSC Group treasury. VSC Group treasury invests surplus cash in time deposits, marketable securities, and choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the VSC Group held cash and cash equivalents of approximately HK\$460,403,000 (2012: HK\$267,448,000) (Note 27) and trade and bill receivables of approximately HK\$423,490,000 (2012: HK\$563,976,000) (Note 25) that are expected to readily generate cash inflows for managing liquidity risk.

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險

現金流量預測是在萬順昌集團之各經營實體執行，並由集團財務總計。萬順昌集團財務監察萬順昌集團流動資金需求之滾動預測，確保有足夠現金應付經營需要，亦同時始終維持充足之未提取承諾借貸融資(附註30)，以使萬順昌集團不違反任何借貸限額或任何借貸融資契諾。此等預測考慮到萬順昌集團債務融資計劃、契諾合規及符合內部綜合財務狀況表比率目標。

當經營實體持有之剩餘現金超過營運資本管理所需餘額時，會轉撥至萬順昌集團司庫。萬順昌集團司庫將剩餘現金投資於定期存款及有價證券，並透過選擇上述預測所決定具有適當到期日或足夠流動性之工具，提供充足空間。於報告日，萬順昌集團持有現金及現金等值約460,403,000港元(二零一二年：267,448,000港元)(附註27)及應收賬款及票據約423,490,000港元(二零一二年：563,976,000港元)(附註25)，預期可即時產生現金流入以管理流動資金風險。

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 (Continued)

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

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

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

		Repayment on demand 即時還款 HK\$'000 千港元	Less than 1 year 少於1年 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Consolidated	綜合			
At 31st March 2013	於二零一三年三月三十一日			
Trade and bill payables	應付賬款及票據	–	340,141	340,141
Receipts in advance	預收款項	–	48,328	48,328
Accrued liabilities and other payables	應計負債及其他應付賬款	–	43,856	43,856
Borrowings	借貸	6,118	574,912	581,030
Interest payable	應付利息	115	16,038	16,153
		6,233	1,023,275	1,029,508
At 31st March 2012	於二零一二年三月三十一日			
Trade and bill payables	應付賬款及票據	–	340,013	340,013
Receipts in advance	預收款項	–	62,642	62,642
Accrued liabilities and other payables	應計負債及其他應付賬款	–	38,558	38,558
Borrowings	借貸	8,442	645,346	653,788
Interest payable	應付利息	203	20,592	20,795
		8,645	1,107,151	1,115,796

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)

		Repayment on demand 即時還款 HK\$'000 千港元	Less than 1 year 少於1年 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Company	本公司			
At 31st March 2013	於二零一三年三月三十一日			
Accrued liabilities and other payables	應計負債及其他應付賬款	–	70	70
At 31st March 2012	於二零一二年三月三十一日			
Accrued liabilities and other payables	應計負債及其他應付賬款	–	44	44

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

下表概述按貸款協議所載經協定還款時間表附有即時償還條款之貸款到期分析。金額包括按合約利率計算之利息付款。董事經考慮萬順昌集團之財務狀況後，認為銀行不大可能行使其酌情權要求即時償還款項，並相信將根據貸款協議所載經協定還款時間表償還此等定期貸款。

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)

		Less than 1 year 少於1年 HK\$'000 千港元	Between 1 and 2 years 1至2年 HK\$'000 千港元	Between 2 and 5 years 2至5年 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Consolidated	綜合				
At 31st March 2013	於二零一三年三月三十一日				
Term loans subject to repayment on demand clause	附有即時償還條款之定期貸款	2,350	2,380	1,388	6,118
Interest payable	應付利息	66	40	9	115
		2,416	2,420	1,397	6,233
At 31st March 2012	於二零一二年三月三十一日				
Term loans subject to repayment on demand clause	附有即時償還條款之定期貸款	2,324	2,324	3,794	8,442
Interest payable	應付利息	89	65	49	203
		2,413	2,389	3,843	8,645

3.2 Capital risk management

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

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

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

3.2 資金風險管理

萬順昌集團管理資金之目標為保障萬順昌集團持續經營之能力，以為股東提供回報及為其他持份者提供利益，並保持一個最佳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之股息金額、退回資本予股東、發行新股份或出售資產以減債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 Financial risk management (Continued)

3.2 Capital risk management (Continued)

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

The gearing ratios at 31st March 2013 and 2012 were as follows:

3 財務風險管理(續)

3.2 資金風險管理(續)

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

於二零一三年及二零一二年三月三十一日之資本負債比率如下：

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Total borrowings (Note 30)	借貸總額(附註30)	581,030	653,788
Less: Cash and cash equivalents and pledged bank deposits (Note 27)	減：現金及現金等值以及已抵押銀行存款(附註27)	(557,831)	(401,514)
Net debt	淨負債	23,199	252,274
Total equity (excluding non-controlling interest)	權益總額(不包括非控制性權益)	715,124	658,907
Total capital	資本總額	738,323	911,181
Gearing ratio	資本負債比率	3%	28%

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 Financial risk management (Continued)

3.3 Fair value estimation

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

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

The following table presents the VSC Group's assets that are measured at fair value at 31st March 2013.

3 財務風險管理(續)

3.3 公平價值估算

下表利用估值法分析按公平價值入賬之金融工具。不同階系之定義如下：

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

下表顯示萬順昌集團於二零一三年三月三十一日按公平價值計量之資產。

		Level 1 第一層 HK\$'000 千港元	Level 2 第二層 HK\$'000 千港元	Level 3 第三層 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Assets – Consolidated	資產 – 綜合				
Available-for-sale financial asset – shares listed on The Stock Exchange of Hong Kong Limited	可供出售之財務資產 – 於香港聯合交易所有限公司上市之股份	255	–	–	255
Forward foreign exchange contracts	遠期外匯合約	–	1,059	–	1,059
		255	1,059	–	1,314

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)

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

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

4 Critical accounting estimates and judgements

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

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

3 財務風險管理(續)

3.3 公平價值估算(續)

下表顯示萬順昌集團於二零一二年三月三十一日按公平價值計量之資產。

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

4 重要會計推算及判斷

根據過往經驗及其他因素(包括在現況下相信為未來事件之合理預期)持續對推算及判斷作出評估。

萬順昌集團就未來作出推算及假設。顧名思義，由此而生之會計推算極少與相關實際結果相同。下文論述具有會導致須對下一個財政年度之資產及負債之賬面金額作出重大調整之重大風險推算及假設。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 Critical accounting estimates and judgements (Continued)

(a) Onerous contracts

As at 31st March 2013, the VSC Group had committed sales orders which exceeded the aggregate amount of on-hand inventories and committed purchase orders. If the cost of certain future purchases to fulfil these sales orders exceeds the contracted selling prices of the sales orders, a provision for onerous contracts would be made. In estimating the amount by which the cost of purchases are expected to exceed sales prices of committed sales orders, management takes into account the cost of on-hand inventory, the cost of committed purchase orders and the forecast market price of future purchases where this can be reliably estimated. For the sales orders which the management expects to fulfil after 30th September 2013, 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 2013, the VSC Group recognised a provision for onerous contract of HK\$4,000,000 (2012: Nil).

(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 selling products of similar nature. It could change significantly as a result of changes in customer demand relevant to steel and competitor actions in response to severe industry cycle. Management reassesses the estimations at each reporting date.

4 重要會計推算及判斷(續)

(a) 有償契約

於二零一三年三月三十一日，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總額。倘用以履行此等銷售訂單之若干未來採購成本比銷售訂單所訂約之售價為高，則會就有償契約作出撥備。在推算預期採購成本超出已確定銷售訂單之售價金額時，管理層會計及手頭存貨之成本、已確定購貨訂單之成本及按可靠推算之期貨採購之市場預測價格。就管理層預期於二零一三年九月三十日後履行之銷售訂單而言，由於管理層現時未能可靠推算履行有關訂單產生之虧損(如有)，故並無就此等訂單作出撥備。

於二零一三年三月三十一日，萬順昌集團確認有償契約撥備為4,000,000港元(二零一二年：無)。

(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之推算售價減推算完成成本及可變銷售支出。該等推算乃基於現時市況以及銷售類似性質產品之過往經驗。其可因客戶對鋼材之需求轉變及競爭對手為應付嚴峻行業週期採取之行動而大幅改變。管理層會於每個報告日重估該等推算。

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

4 Critical accounting estimates and judgements (Continued)

(c) Trade and other receivables

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

(d) Income taxes and deferred income tax

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

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.

4 重要會計推算及判斷(續)

(c) 應收及其他應收賬款

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

(d) 所得稅及遞延所得稅

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

倘管理層認為可動用未來應課稅溢利以對銷短暫差異或稅項虧損，則會確認與若干短暫差異及稅項虧損有關之遞延所得稅資產。倘預期結果與原先之推算不同，該差異將會對遞延所得稅資產確認及有關推算出現變動期間內之所得稅費用構成影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 Critical accounting estimates and judgements (Continued)

(e) Fair value of derivatives and other financial instruments

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

(f) Estimated impairment of goodwill

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

(g) Impairment of amount due from an associate

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, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of CGUs have been determined based on value in use calculations. These calculations require the use of estimates.

For the year ended 31st March 2013, the VSC Group recognized an impairment charge of HK\$8,000,000 arose from the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the weighted average cost of capital. If the budget growth rate used in the value in use calculation has been 1% lower than management estimates, the VSC Group would have recognized a further impairment charge by HK\$6,800,000. If the estimated discount rate had been 1% higher than management's estimates, the VSC Group would have recognized a further impairment charge of HK\$1,300,000.

4 重要會計推算及判斷(續)

(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公平價值以估值技術釐定。萬順昌集團應用其判斷以選擇不同方法及主要基於各報告期間存在之市況作出假設。

(f) 商譽減值推算

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

(g) 應收一間聯營公司減值

萬順昌集團於每個報告期末，根據附註2.12所述之會計政策，評估是否存在客觀證據就某一財務資產或某一財務資產組合出現減值。現金產生單位之可收回金額透過計算使用價值決定。此等計算需要使用推算。

截至二零一三年三月三十一日止年度，萬順昌集團確認資產賬面金額與按加權平均資本成本貼現而估計未來現金流量之現值兩者之差額產生的減值支出8,000,000港元。倘用於計算使用價值的預算增長率低於管理層推算之1%，萬順昌集團會確認額外減值支出6,800,000港元。倘估計貼現率高於管理層推算之1%，萬順昌集團會確認額外減值支出1,300,000港元。

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:

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Sales of goods	貨品銷售	3,718,563	4,426,525
Service income	服務收入	41,601	5,166
Rental income	租金收入	456	390
Total revenue	收入總額	3,760,620	4,432,081

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 and design solutions;
- (iii) Plastic resins; and
- (iv) Property investment.

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

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

5 收入及分部資料

萬順昌集團之收入包括如下：

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Sales of goods	貨品銷售	3,718,563	4,426,525
Service income	服務收入	41,601	5,166
Rental income	租金收入	456	390
Total revenue	收入總額	3,760,620	4,432,081

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，乃根據由萬順昌集團之主要營運決策者所審閱用以制定策略性決定之報告釐定。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) 建築產品及設計方案；
- (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量評估營運分部表現。此計量基準不包括營運分部中非經常性支出之影響，如法律費用及單獨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量方法與綜合財務報表一致。

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 2013 is as follows:

5 收入及分部資料(續)

萬順昌集團於截至二零一三年三月三十一日止年度按業務分部之業績分析如下：

		Steel distribution	Building and design solutions 建築產品及 設計方案	Plastic resins	Property investment	Unallocated	Total
		鋼材分銷 HK\$'000 千港元	HK\$'000 千港元	塑膠樹脂 HK\$'000 千港元	房地產投資 HK\$'000 千港元	未分配 HK\$'000 千港元	總額 HK\$'000 千港元
External revenue	對外收入	2,765,346	490,524	472,170	32,580	–	3,760,620
Operating profit/(loss)	經營溢利/(虧損)	173,764	31,560	6,067	4,932	(98,950)	117,373
Finance income	財務收入	1,161	90	149	5	7	1,412
Finance costs	財務費用	(14,025)	(5,829)	(1,396)	(80)	(169)	(21,499)
Share of profits/(losses) of associates – net	應佔聯營公司溢利/ (虧損) – 淨額	(289)	–	–	4,424	(606)	3,529
Profit/(loss) before income tax	除稅前溢利/(虧損)	160,611	25,821	4,820	9,281	(99,718)	100,815
Other gains/(losses) – net	其他收益/(虧損) – 淨額	4,293	681	672	(41)	(5,071)	534
Depreciation and amortisation	折舊及攤銷	(2,209)	(1,762)	(72)	(5)	(2,300)	(6,348)
Income tax (expense)/credit	所得稅(支出)/計入	(36,385)	(5,406)	(802)	(4,804)	18,042	(29,355)

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 2012 is as follows:

5 收入及分部資料(續)

萬順昌集團於截至二零一二年三月三十一日止年度按業務分部之業績分析如下：

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

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 Revenue and segment information (Continued)

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

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Revenue	收入		
Mainland China	中國內地	1,525,161	1,861,020
Hong Kong	香港	2,235,459	2,571,061
Total revenue	收入總額	3,760,620	4,432,081

5 收入及分部資料(續)

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：

6 Other gains – net

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
(Provision for)/write-back of provision for onerous contracts	有償契約之(撥備)/撥備撤回	(4,000)	37,912
Loss on disposal of investment in a subsidiary (Note 34)	出售於一間附屬公司之投資之虧損(附註34)	(2,448)	–
Gain on deemed disposal of investment in a subsidiary (Note 20(v))	視作出售於一間附屬公司之投資之收益(附註20(v))	1,354	–
Fair value gain on an investment property (Note 16)	一項投資物業之公平價值收益(附註16)	–	2,000
Fair value gain on interest rate instruments	利率工具之公平價值收益	–	13
Net fair value change on forward foreign exchange contracts held for trading	持作買賣用途之遠期外匯合約之公平價值淨變動	430	(1,638)
Net fair value change on steel future contracts	鋼材期貨合約之公平價值淨變動	–	(2)
Realised loss on steel future contracts	鋼材期貨合約之變現虧損	(843)	(3,827)
Net exchange gain	淨匯兌收益	3,206	11,187
Sundry income	雜項收入	2,835	1,818
		534	47,463

6 其他收益－淨額

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：

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Cost of finished goods sold	製成品銷售成本	3,407,400	4,255,124
(Write-back of provision)/provision for impairment of inventories	存貨減值(撥備撤回)/撥備	(1,842)	5,770
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	5,553	6,770
Gain on disposals of property, plant and equipment (Note 34(b))	出售物業、廠房及設備之收益 (附註34(b))	(566)	(96)
Amortisation of intangible assets and land use rights	無形資產及土地使用權之攤銷	795	634
Employee benefit expenses (Note 8)	僱員福利支出(附註8)	120,709	94,387
Operating lease rental expenses in respect of retail outlets, offices and warehouses	零售商舖、辦公室及貨倉營業租約租金	24,675	20,568
Provision/(write-back of provision) for impairment of trade receivables	應收賬款減值撥備/(撥備撤回)	2,212	(2,448)
Provision for impairment of an amount due from an associate (Note 20)	應收一間聯營公司減值撥備 (附註20)	8,000	-
Auditor's remuneration	核數師酬金	1,960	1,880
Others	其他	74,885	75,644
Total cost of sales, selling and distribution expenses and general and administrative expenses	銷售成本、銷售及分銷支出與一般及行政支出總額	3,643,781	4,458,233

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)

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	80,398	71,080
Bonus	花紅	24,203	10,836
Pension costs – defined contribution plans	退休金成本 – 界定供款計劃	7,322	6,718
Share option scheme – value of services	購股權計劃 – 服務價值	2,748	1,166
Welfare and benefits	利益及福利	6,038	4,587
		120,709	94,387

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.

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僱員薪金之5%向該計劃作每月供款。終止僱用之僱員未歸屬之利益均由萬順昌集團用作減少未來供款。

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計劃條例所界定按該僱員有關收入之5%向該計劃作每月供款。

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

8 Employee benefit expenses (including directors' emoluments) (Continued)

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

During the year ended 31st March 2013, the aggregate amount of the VSC Group's contributions to the aforementioned pension schemes was approximately HK\$7,322,000 (2012: HK\$6,718,000), net of forfeited contributions of approximately HK\$240,000 (2012: HK\$252,000). As at 31st March 2013, there is no unutilised forfeited contribution which could be utilised to reduce future contributions of the VSC Group (2012: Nil).

8 僱員福利支出(包含董事酬金) (續)

誠如中國內地規則及法規所規定，萬順昌集團須為其設立於中國內地之附屬公司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之基本薪金及服務年期按有關政府法規計算得出。除該等供款外，萬順昌集團毋須另行支付任何實際退休金或退休後福利。該等國家資助退休計劃須負責向退休僱員支付全部退休金。

截至二零一三年三月三十一日止年度，萬順昌集團對上述退休金計劃作出之供款總額約為7,322,000港元(二零一二年：6,718,000港元)，淨沒收供款約240,000港元(二零一二年：252,000港元)。於二零一三年三月三十一日，並無未動用已沒收供款可用作減少萬順昌集團未來之供款(二零一二年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

9 Directors' and senior management's emoluments

(a) Directors' emoluments

The remuneration of every director for the year ended 31st March 2013 is set out below:

9 董事及高級管理人員酬金

(a) 董事酬金

截至二零一三年三月三十一日止年度，每位董事薪酬載列如下：

		Fees	Salaries and allowances	Discretionary bonus ⁽ⁱ⁾	Employer's contribution to pension scheme	Share option scheme - value of services	Total
		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
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Chief executive and executive directors	行政總裁及執行董事						
Mr. Yao Cho Fai Andrew (resigned as the chief executive officer on 1st November 2012 and remained as an executive director)	姚祖輝先生 (於二零一二年十一月一日辭任行政總裁並留任為執行董事)	-	1,963	100	15	-	2,078
Mr. Frank Muñoz (appointed as the chief executive officer and re-designated from a non-executive director to an executive director on 1st November 2012)	Frank Muñoz先生 (於二零一二年十一月一日委任為首席執行官及由非執行董事調任為執行董事)	-	1,091	780	6	793	2,670
Executive director	執行董事						
Mr. Lim Kern (resigned on 31st December 2012)	林耿先生 (於二零一二年十二月三十一日辭任)	-	2,645	1,600	47	1,376	5,668
Non-executive directors	非執行董事						
Mr. Dong Sai Ming Fernando (re-designated from an executive director to a non-executive director on 17th August 2012)	唐世銘先生 (於二零一二年八月十七日由執行董事調任為非執行董事)	-	429	36	15	-	480
Mr. Frank Muñoz (re-designated from a non-executive director to an executive director on 1st November 2012)	Frank Muñoz先生 (於二零一二年十一月一日由非執行董事調任為執行董事)	275	-	-	-	-	275
Independent non-executive directors	獨立非執行董事						
Mr. Tam King Ching Kenny	譚競正先生	225	-	-	-	-	225
Mr. Xu Lin Bao	徐林寶先生	207	-	-	-	-	207
Mr. Harold Richard Kahler (retired on 17th August 2012)	Harold Richard Kahler先生 (於二零一二年八月十七日卸任)	263	-	-	-	-	263
Mr. Tse Lung Wa Teddy (appointed on 17th August 2012)	謝龍華先生 (於二零一二年八月十七日委任)	112	-	-	-	-	112
		1,082	6,128	2,516	83	2,169	11,978

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

9 Directors' and senior management's emoluments (Continued)

(a) Directors' emoluments (Continued)

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

		Fees	Salaries and allowances	Discretionary bonus ⁽ⁱ⁾	Employer's contribution to pension scheme	Share option scheme – value of services	Total
		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
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Chief executive and executive director	行政總裁及執行董事						
Mr. Yao Cho Fai Andrew	姚祖輝先生	-	1,206	-	12	-	1,218
Executive directors	執行董事						
Mr. Dong Sai Ming Fernando	唐世銘先生	-	428	36	12	-	476
Mr. Lim Kern	林耿先生	-	2,808	-	94	1,166	4,068
Non-executive director	非執行董事						
Mr. Frank Muñoz (appointed on 17th June, 2011)	Frank Muñoz先生 (於二零一一年六月十七日委任)	95	-	-	-	-	95
Independent non-executive directors	獨立非執行董事						
Mr. Harold Richard Kahler	Harold Richard Kahler先生	351	-	-	-	-	351
Mr. Tam King Ching Kenny	譚競正先生	120	-	-	-	-	120
Mr. Xu Lin Bao	徐林寶先生	120	-	-	-	-	120
		686	4,442	36	118	1,166	6,448

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.

9 董事及高級管理人員酬金(續)

(a) 董事酬金(續)

截至二零一二年三月三十一日止年度，每位董事薪酬如下：

		Fees	Salaries and allowances	Discretionary bonus ⁽ⁱ⁾	Employer's contribution to pension scheme	Share option scheme – value of services	Total
		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
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Chief executive and executive director	行政總裁及執行董事						
Mr. Yao Cho Fai Andrew	姚祖輝先生	-	1,206	-	12	-	1,218
Executive directors	執行董事						
Mr. Dong Sai Ming Fernando	唐世銘先生	-	428	36	12	-	476
Mr. Lim Kern	林耿先生	-	2,808	-	94	1,166	4,068
Non-executive director	非執行董事						
Mr. Frank Muñoz (appointed on 17th June, 2011)	Frank Muñoz先生 (於二零一一年六月十七日委任)	95	-	-	-	-	95
Independent non-executive directors	獨立非執行董事						
Mr. Harold Richard Kahler	Harold Richard Kahler先生	351	-	-	-	-	351
Mr. Tam King Ching Kenny	譚競正先生	120	-	-	-	-	120
Mr. Xu Lin Bao	徐林寶先生	120	-	-	-	-	120
		686	4,442	36	118	1,166	6,448

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—服務價值為購股權計劃項下於各授出日期計量並於綜合損益表列作開支之購股權公平價值，而不論購股權是否獲行使。

Notes to the Consolidated Financial Statements

綜合財務報表附註

9 Directors' and senior management's emoluments (Continued)

(a) Directors' emoluments (Continued)

No director waived any emolument during the year. No incentive payment (2012: Nil) as an inducement for joining the VSC Group or compensation for loss of office was paid to any directors during the year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the VSC Group include three directors (2012: two) whose emoluments are reflected in the analysis presented in Note 9(a) above. The emoluments paid/payable to the remaining two (2012: three) individuals during the year are as follows:

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	3,425	4,194
Bonus	花紅	1,615	377
		5,040	4,571
		2013 二零一三年	2012 二零一二年
The emolument fell within the following bands:	酬金介乎以下範圍：		
– HK\$1,000,001 to HK\$1,500,000	– 1,000,001港元至 1,500,000港元	–	2
– HK\$1,500,001 to HK\$2,000,000	– 1,500,001港元至 2,000,000港元	1	–
– HK\$2,000,001 to HK\$2,500,000	– 2,000,001港元至 2,500,000港元	–	1
– HK\$2,500,001 to HK\$3,500,000	– 2,500,001港元至 3,500,000港元	1	–
		2	3

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

9 董事及高級管理人員酬金(續)

(a) 董事酬金(續)

本年度，概無董事放棄任何酬金，亦無(二零一二年：無)已付酬金予任何董事以作鼓勵加入萬順昌集團或離職補償。

(b) 五名最高薪人士

萬順昌集團五名最高薪人士包括三位董事(二零一二年：兩位)，彼等之酬金於上文附註9(a)所列分析中反映。本年度已付／應付其餘兩位(二零一二年：三位)人士之酬金如下：

本年度，並無支付／應付任何酬金予五名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

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Finance income	財務收入		
Interest income:	利息收入：		
– short-term bank deposits	– 短期銀行存款	1,412	1,584
<hr/>			
Finance costs	財務費用		
Interest expenses:	利息支出：		
– bank borrowings wholly repayable within five years	– 須於五年內全數償還之銀行借貸	(18,073)	(21,580)
Bank charges	銀行費用	(3,426)	(3,720)
		(21,499)	(25,300)
<hr/>			
Net finance costs	淨財務費用	(20,087)	(23,716)

11 Income tax (expense)/credit

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

11 所得稅(支出)／計入

本公司獲豁免繳納百慕達稅項至二零一六年。

香港利得稅乃根據產生自或來自香港之估計應課稅溢利按稅率16.5%(二零一二年：16.5%)作出撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

11 Income tax (expense)/credit (Continued)

During the year, subsidiaries established in Mainland China are subject to China corporate income tax at 25% (2012: 24% to 25%).

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

11 所得稅(支出)／計入(續)

本年度，於中國內地成立之附屬公司按稅率 25% (二零一二年：24%至25%) 繳付中國企業所得稅。

於綜合損益表中列賬之所得稅(支出)／計入包括：

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Current income tax	當期所得稅		
– Hong Kong profits tax	– 香港利得稅	(4,125)	(1,571)
– China corporate income tax	– 中國企業所得稅	(9,995)	(7,174)
Deferred income tax (Note 21)	遞延所得稅(附註21)	(15,050)	9,576
(Under)/over provision in prior years	過往年度之(低估)／高估撥備	(185)	3,956
		(29,355)	4,787

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

11 Income tax (expense)/credit (Continued)

The tax on the VSC Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities is as follows:

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Profit before income tax	除稅前溢利	100,815	6,060
Tax calculated at domestic tax rates applicable to (profit)/loss in the respective countries	按個別國家之(溢利)/虧損所適用之當地稅率計算之稅項	(29,902)	1,045
Income not subject to tax	毋須課稅之收入	1,155	1,033
Expenses not deductible for tax purposes	不可扣稅之支出	(700)	(231)
Tax losses not recognised as deferred income tax assets	並無確認遞延所得稅資產之稅項虧損	(19)	(934)
Derecognition of deferred income tax assets	終止確認遞延所得稅資產	(115)	(325)
Withholding tax on Mainland China unremitted earnings	於中國內地未分派盈利之預扣稅	411	243
(Under)/over provision in prior years	過往年度之(低估)/高估撥備	(185)	3,956
Income tax (expense)/credit	所得稅(支出)/計入	(29,355)	4,787

For the year ended 31st March 2013, the weighted average applicable tax rate was 29.7% (2012: 17.2%). The increase is due to the impact of the increase in profit of Mainland China and Hong Kong's subsidiaries.

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\$13,692,000 (2012: HK\$11,821,000).

11 所得稅(支出)/計入(續)

萬順昌集團除稅前溢利之稅項與按綜合實體溢利適用之加權平均稅率計算之理論金額有所差異，詳情如下：

截至二零一三年三月三十一日止年度，加權平均適用稅率為29.7%（二零一二年：17.2%）。其增加是由於中國內地及香港附屬公司之溢利增加所致。

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包括本公司財務報表中約13,692,000港元之溢利（二零一二年：11,821,000港元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

13 Dividends

13 股息

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Interim dividend of HK2.3 cents (2012: Nil) per ordinary share	中期股息每股普通股2.3港仙 (二零一二年：無)	9,525	-
Proposed final dividend of HK2.9 cents (2012: HK1.8 cents) per ordinary share	建議末期股息每股普通股2.9港仙 (二零一二年：1.8港仙)	12,000	7,454
		21,525	7,454

A final dividend for the year ended 31st March 2013 of HK2.9 cents (2012: HK1.8 cents) per ordinary share, totalling approximately HK\$12,000,000 (2012: HK\$7,454,000) has been recommended by the directors for approval at the forthcoming Annual General Meeting of the Company. The proposed final dividend has not been dealt with as dividend payable as at 31st March 2013.

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二零一三年三月三十一日止年度末期股息每股普通股2.9港仙(二零一二年：1.8港仙)，合共約12,000,000港元(二零一二年：7,454,000港元)。建議末期股息並無於二零一三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.

14 每股普通股盈利

(a) 基本

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本年度已發行普通股之加權平均數計算。

		2013 二零一三年	2012 二零一二年
Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利 (千港元)	71,600	6,283
Weighted average number of ordinary shares in issue ('000)	已發行普通股之加權平均數 (千股)	413,984	414,128
Basic earnings per ordinary share (HK cents)	每股普通股基本盈利(港仙)	17.30	1.52

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

每股普通股攤薄盈利乃按假設具潛在攤薄性質之普通股獲全數轉換而相應調整發行在外普通股之加權平均數計算。本公司具潛在攤薄性質之普通股因購股權而產生，其計算根據尚未行使購股權所附認購權之貨幣價值作出，用以釐定原應以公平價值(釐定為本公司股份之全年平均市場股價)收購之股份數目。上文計算得出之股份數目與假設購股權獲行使而已發行之股份數目作比較。

		2013 二零一三年	2012 二零一二年
Profit attributable to equity holders of the Company and used to determine diluted earnings per ordinary share (HK\$'000)	本公司股權持有人應佔溢利及用以釐定每股普通股攤薄盈利(千港元)	71,600	6,283
Weighted average number of ordinary shares in issue ('000)	已發行普通股之加權平均數(千股)	413,984	414,128
Adjustment for share options ('000)	調整購股權(千份)	3,742	1,372
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	每股普通股攤薄盈利之普通股加權平均數(千股)	417,726	415,500
Diluted earnings per ordinary share (HK cents)	每股普通股攤薄盈利(港仙)	17.14	1.51

Notes to the Consolidated Financial Statements

綜合財務報表附註

15 Property, plant and equipment

15 物業、廠房及設備

		Consolidated 綜合				
		Buildings 樓宇 HK\$'000 千港元	Leasehold improvements, furniture and equipment 租賃物業裝修、 傢俬及設備 HK\$'000 千港元	Machinery 機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2011	於二零一一年四月一日					
Cost	成本	4,419	35,890	5,574	10,007	55,890
Accumulated depreciation	累計折舊	(791)	(28,425)	(5,375)	(5,169)	(39,760)
Net book amount	賬面淨值	3,628	7,465	199	4,838	16,130
Year ended 31st March 2012	截至二零一二年三月三十一日止年度					
Opening net book amount	期初賬面淨值	3,628	7,465	199	4,838	16,130
Additions	添置	–	4,613	–	1,515	6,128
Disposals	出售	–	(25)	–	(289)	(314)
Depreciation	折舊	(118)	(5,597)	(62)	(993)	(6,770)
Exchange differences	匯兌差額	10	37	–	134	181
Closing net book amount	期終賬面淨值	3,520	6,493	137	5,205	15,355
At 31st March 2012	於二零一二年三月三十一日					
Cost	成本	4,433	40,407	5,574	10,575	60,989
Accumulated depreciation	累計折舊	(913)	(33,914)	(5,437)	(5,370)	(45,634)
Net book amount	賬面淨值	3,520	6,493	137	5,205	15,355
Year ended 31st March 2013	截至二零一三年三月三十一日止年度					
Opening net book amount	期初賬面淨值	3,520	6,493	137	5,205	15,355
Additions	添置	3,698	3,774	13,532	3,112	24,116
Attributable to disposal of a subsidiary	出售一間附屬公司而產生	(3,680)	(1,328)	(12,539)	(1,584)	(19,131)
Disposals	出售	–	(16)	–	(19)	(35)
Depreciation	折舊	(135)	(2,739)	(716)	(1,963)	(5,553)
Exchange differences	匯兌差額	–	4	–	11	15
Closing net book amount	期終賬面淨值	3,403	6,188	414	4,762	14,767
At 31st March 2013	於二零一三年三月三十一日					
Cost	成本	4,434	42,046	5,919	11,614	64,013
Accumulated depreciation	累計折舊	(1,031)	(35,858)	(5,505)	(6,852)	(49,246)
Net book amount	賬面淨值	3,403	6,188	414	4,762	14,767

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

本年度，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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period	於報告期初	22,000	20,000
Fair value change	公平價值變動	-	2,000
At 31st March	於三月三十一日	22,000	22,000

The rental income derived from the investment property is approximately HK\$456,000 during the year (2012: HK\$390,000).

本年度，投資物業產生之租金收入約為456,000港元(二零一二年：390,000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：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
In Hong Kong	於香港		
- long-term leases of over 50 years	- 超逾50年之長期租約	22,000	22,000

As at 31st March 2013, an investment property of approximately HK\$22,000,000 (2012: HK\$22,000,000) was stated at open market value as determined by the directors based on valuations assessed by an independent, professional qualified valuer.

於二零一三年三月三十一日，一項約22,000,000港元(二零一二年：22,000,000港元)之投資物業由董事按獨立及專業合資格估值師所評估之估值釐定之公開市值列賬。

As at 31st March 2013, an investment property of approximately HK\$22,000,000 (2012: HK\$22,000,000) was pledged as collaterals for certain of the VSC Group's bank borrowings (Note 30).

於二零一三年三月三十一日，一項約22,000,000港元(二零一二年：22,000,000港元)之投資物業已作抵押，作為萬順昌集團若干銀行借貸之抵押品(附註30)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

17 Land use rights

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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period	於報告期初	10,526	10,728
Amortisation	攤銷	(202)	(202)
At 31st March	於三月三十一日	10,324	10,526

Details of the geographical locations and tenure are as follows:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
In Hong Kong	於香港		
– long-term leases of over 50 years	– 超逾50年之長期租約	96	96
In Mainland China	於中國內地		
– long-term leases of over 50 years	– 超逾50年之長期租約	10,228	10,430
		10,324	10,526

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

17 土地使用權

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：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period	於報告期初	10,526	10,728
Amortisation	攤銷	(202)	(202)
At 31st March	於三月三十一日	10,324	10,526

地理位置及業權租賃期詳情如下：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
In Hong Kong	於香港		
– long-term leases of over 50 years	– 超逾50年之長期租約	96	96
In Mainland China	於中國內地		
– long-term leases of over 50 years	– 超逾50年之長期租約	10,228	10,430
		10,324	10,526

土地使用權之攤銷支出已計入綜合損益表之「一般及行政支出」。

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

18 Intangible assets

18 無形資產

		Consolidated 綜合		
		Goodwill 商譽 HK\$'000 千港元	Distribution rights 分銷權 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2011	於二零一一年四月一日			
Cost	成本	6,463	4,229	10,692
Accumulated amortisation	累計攤銷	–	–	–
Net book amount	賬面淨值	6,463	4,229	10,692
Year ended 31st March 2012	截至二零一二年三月三十一日止年度			
Opening net book amount	期初賬面淨值	6,463	4,229	10,692
Amortisation	攤銷	–	(432)	(432)
Exchange differences	匯兌差額	245	154	399
Closing net book amount	期終賬面淨值	6,708	3,951	10,659
At 31st March 2012	於二零一二年三月三十一日			
Cost	成本	6,708	4,389	11,097
Accumulated amortisation	累計攤銷	–	(438)	(438)
Net book amount	賬面淨值	6,708	3,951	10,659
Year ended 31st March 2013	截至二零一三年三月三十一日止年度			
Opening net book amount	期初賬面淨值	6,708	3,951	10,659
Additions (Note 35)	添置(附註35)	4,263	3,778	8,041
Amortisation	攤銷	–	(593)	(593)
Exchange differences	匯兌差額	22	7	29
Closing net book amount	期終賬面淨值	10,993	7,143	18,136
At 31st March 2013	於二零一三年三月三十一日			
Cost	成本	10,993	8,181	19,174
Accumulated amortisation	累計攤銷	–	(1,038)	(1,038)
Net book amount	賬面淨值	10,993	7,143	18,136

Amortisation expense of approximately HK\$593,000 (2012: HK\$432,000) is included in the “general and administrative expenses” in the consolidated income statement.

攤銷支出約593,000港元(二零一二年：432,000港元)已計入綜合損益表之「一般及行政支出」。

Notes to the Consolidated Financial Statements

綜合財務報表附註

18 Intangible assets (Continued)

Impairment tests for goodwill

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

Key assumptions used for value in use calculations:

Growth rate	16% – 18%
Post-tax discount rate	18%
Gross margin	25% – 27%

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

If the compound annual growth rate of revenue or gross margin in the first five-year period applied had been 1% lower or the discount rate applied had been 1% higher than management's estimates as at 31st March 2013 with all other variables held constant, no impairment provision would be required for the goodwill associated with the CGU as at 31st March 2013.

18 無形資產(續)

商譽減值測試

商譽分配至萬順昌集團之現金產生單位，即銷售建築產品之分銷業務。現金產生單位之可收回金額透過計算使用價值釐定。此計算利用現金流量預測法根據由管理層批准涵蓋五年期之財務預算計算得出。五年期後之現金流量按下述估計比率加以推斷。增長率並不超過經營現金產生單位業務之長期平均增長率。

計算使用價值所用之重要假設：

增長率	16%至18%
稅後貼現率	18%
毛利率	25%至27%

管理層根據過往表現及其對市場發展之預期釐定收入之年均增長率。所用貼現率反映與相關分部有關之特定風險。

如按管理層於二零一三年三月三十一日之估算，首五年期間所應用之收入或毛利年均複合增長率減少1%或所應用之貼現率增加1%，而所有其他可變因素維持不變，則於二零一三年三月三十一日毋須就與現金產生單位有關之商譽作出減值撥備。

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

19 Investments in subsidiaries

19 於附屬公司之投資

		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	72,238	71,746
Due from subsidiaries	應收附屬公司	442,305	452,189
		514,543	523,935

The amounts due from subsidiaries are unsecured, non-interest bearing, denominated in HK\$ without predetermined repayment terms. The carrying amounts approximated to their fair values and were not impaired as at 31st March 2012 and 2013.

應收附屬公司之金額為無抵押、不持息、以港元計值及並無預定還款期。於二零一二年及二零一三年三月三十一日，其賬面金額與其公平價值相若，且並無減值。

Details of the principal subsidiaries as at 31st March 2013 are as follows:

於二零一三年三月三十一日，主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ establishment and kind of legal entity 註冊成立/成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔 股本權益百分比(i)	Principal activities and place of operations 主要業務及經營地點
Fit Team Holdings Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限責任公司	US\$10,050,002 10,050,002美元	100%	Investment holding in Hong Kong 於香港投資控股
Leisure Plus Building Products (Shenzhen) Co., Ltd. (iii) 利尚派建材(深圳)有限公司(iii)	Mainland China, limited liability company 中國內地， 有限責任公司	HK\$10,000,000 10,000,000港元	100%	Trading of sanitary wares in Mainland China 於中國內地買賣潔具
Leisure Plus International Trading (Shanghai) Co., Ltd. (iv) 利尚派國際貿易(上海)有限公司(iv)	Mainland China, limited liability company 中國內地， 有限責任公司	US\$3,140,000 3,140,000美元	100%	Trading of sanitary wares in Mainland China 於中國內地買賣潔具
Leisure Plus Trading (Shenzhen) Co., Ltd. (iii) 利尚派貿易(深圳)有限公司(iii)	Mainland China, limited liability company 中國內地， 有限責任公司	HK\$5,000,000 5,000,000港元	100%	Trading of sanitary wares in Mainland China 於中國內地買賣潔具

Notes to the Consolidated Financial Statements

綜合財務報表附註

19 Investments in subsidiaries (Continued)

19 於附屬公司之投資(續)

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

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

19 Investments in subsidiaries (Continued)

19 於附屬公司之投資(續)

Name 名稱	Place of incorporation/ establishment and kind of legal entity 註冊成立/成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔 股本權益百分比(i)	Principal activities and place of operations 主要業務及經營地點
VSC Plastics Company Limited 萬順昌塑膠有限公司	Hong Kong, limited liability company 香港, 有限責任公司	HK\$2 2港元	100%	Trading of plastic resins in Hong Kong 於香港買賣塑膠樹脂
VSC Steel Company Limited 萬順昌鋼鐵有限公司	Hong Kong, limited liability company 香港, 有限責任公司	HK\$38,000 ordinary HK\$20,000,000 non-voting deferred (ii) 38,000港元普通股 20,000,000港元 無投票權遞延股份(ii)	100%	Stockholding and trading of steel in Hong Kong 於香港存銷及買賣鋼材
VSC Steel (Shanghai) Co., Ltd. (iv) 亞萬鋼國際貿易(上海)有限公司(iv)	Mainland China, limited liability company 中國內地, 有限責任公司	US\$7,280,000 7,280,000美元	100%	Stockholding and trading of steel in Mainland China 於中國內地存銷及買賣鋼材
VSC Trading (Shenzhen) Co., Ltd. (vii) 金運貿易(深圳)有限公司(vii)	Mainland China, limited liability company 中國內地, 有限責任公司	HK\$20,000,000 20,000,000港元	100%	Trading of plastic resins in Mainland China 於中國內地買賣塑膠樹脂
武漢三金建材有限公司(viii)	Mainland China, limited liability company 中國內地, 有限責任公司	RMB10,000,000 人民幣10,000,000元	97.0%	Trading of sanitary wares in Mainland China 於中國內地買賣潔具
上海新施房地產經紀有限公司(ix)	Mainland China, limited liability company 中國內地, 有限責任公司	US\$500,000 500,000美元	100%	Property agent in Mainland China 於中國內地代理物業
長沙錦派建材有限公司(vi)	Mainland China, limited liability company 中國內地, 有限責任公司	RMB3,000,000 人民幣3,000,000元	100%	Trading of sanitary wares in Mainland China 於中國內地買賣潔具

Notes to the Consolidated Financial Statements

綜合財務報表附註

19 Investments in subsidiaries (Continued)

Notes:

- (i) The shares of Van Shung Chong (B.V.I.) Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.
- (ii) These non-voting deferred shares are owned by the VSC Group. The non-voting deferred shares have no voting rights, are not entitled to any distributions upon winding up unless a sum of HK\$2,000,000,000 per share has been distributed to the holders of ordinary shares for Van Shung Chong Hong Limited or a sum of HK\$10,000,000,000 has been distributed to the holders of ordinary shares for VSC Steel Company Limited.
- (iii) Wholly foreign owned enterprises established in Mainland China with an operating period of 20 years to 2028.
- (iv) Wholly foreign owned enterprises established in Mainland China with an operating period of 20 years to 2023.
- (v) Equity joint venture established in Mainland China with an operating period of 20 years to 2013.
- (vi) Wholly foreign owned enterprise established in Mainland China with an operating period of 50 years to 2062.
- (vii) Wholly foreign owned enterprise established in Mainland China with an operating period of 20 years to 2024.
- (viii) Equity joint venture established in Mainland China with an operating period of 10 years to 2021.
- (ix) Wholly foreign owned enterprise established in Mainland China with an operating period of 10 years to 2020.

19 於附屬公司之投資(續)

附註：

- (i) Van Shung Chong (B.V.I.) Limited之股份由本公司直接持有。其他附屬公司之股份則間接持有。
- (ii) 此等無投票權遞延股份由萬順昌集團擁有。無投票權遞延股份並無投票權，亦無權於清盤時分享股息，惟萬順昌行有限公司普通股持有人已獲分派每股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港元之款額則除外。
- (iii) 於中國內地成立之外商獨資企業，經營期為20年，至二零二八年止。
- (iv) 於中國內地成立之外商獨資企業，經營期為20年，至二零二三年止。
- (v) 於中國內地成立之合資合營企業，經營期為20年，至二零一三年止。
- (vi) 於中國內地成立之外商獨資企業，經營期為50年，至二零六二年止。
- (vii) 於中國內地成立之外商獨資企業，經營期為20年，至二零二四年止。
- (viii) 於中國內地成立之合資合營企業，經營期為10年，至二零二一年止。
- (ix) 於中國內地成立之外商獨資企業，經營期為10年，至二零二零年止。

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

20 Investments in associates/Amounts due from associates

20 於聯營公司之投資／應收聯營公司

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Investments in associates	於聯營公司之投資	182,592	169,552
Amounts due from associates	應收聯營公司		
– Current	– 當期	32,773	24,081
– Non-current	– 非當期	6,197	–
		38,970	24,081
Less: Provision for impairment (Note 7)	減：減值撥備(附註7)	(8,000)	–
		30,970	24,081
Less: Non-current	減：非當期	(6,197)	–
Current	當期	24,773	24,081

The movements of investments in associates are as follows:

於聯營公司之投資變動如下：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period	於報告期初	169,552	156,184
Acquisition of interest in an associate	收購一間聯營公司之權益	11,399	–
Share of profits of associates – net	應佔聯營公司溢利－淨額	3,529	8,465
Dividend paid	已付股息	(2,107)	(1,078)
Exchange differences	匯兌差額	219	5,981
At 31st March	於三月三十一日	182,592	169,552

Notes to the Consolidated Financial Statements

綜合財務報表附註

20 Investments in associates/Amounts due from associates (Continued)

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

20 於聯營公司之投資／應收聯營公司(續)

萬順昌集團應佔全部非上市聯營公司之收入、業績及其總資產及負債如下：

Name	Registered and paid up capital	Place of establishment/ incorporation	Attributable to the VSC Group				Percentage of equity interest attributable to the VSC Group 萬順昌集團應佔股本權益百分比
			Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	Revenue 收入 HK\$'000 千港元	Profit/(loss) 溢利/(虧損) HK\$'000 千港元	
As at 31st March 2013 於二零一三年三月三十一日							
China Able Limited (i)	US\$26,190,000 26,190,000美元	British Virgin Islands 英屬處女群島	264,846	(102,359)	16,498	4,424	33.3%
VSC Hotel Investments Limited (ii)	US\$50 50美元	British Virgin Islands 英屬處女群島	20,401	(26,450)	11,871	-	44%
Protection Asia Limited (iii)	US\$1,000 1,000美元	Samoa 薩摩亞	2,934	(1,538)	-	-	37.5%
Changshu Baoshunchang Steel Processing Co., Ltd. (iv) 常熟寶順昌鋼材加工有限公司(iv)	US\$6,400,000 6,400,000美元	Mainland China 中國內地	16,798	(8,425)	61,902	(289)	34.9%
VSC-JF Metal Recycling Company Limited (v) 湖南聚發再生資源有限公司(v)	RMB20,430,000 人民幣20,430,000元	Mainland China 中國內地	28,361	(18,026)	11,930	(606)	25%
			333,340	(156,798)	102,201	3,529	
As at 31st March 2012 於二零一二年三月三十一日							
China Able Limited (i)	US\$26,190,000 26,190,000美元	British Virgin Islands 英屬處女群島	263,097	(105,488)	16,426	9,592	33.3%
VSC Hotel Investments Limited (ii)	US\$50 50美元	British Virgin Islands 英屬處女群島	20,401	(26,449)	15,369	-	44%
Protection Asia Limited (iii)	US\$1,000 1,000美元	Samoa 薩摩亞	2,934	(1,538)	-	(1,538)	37.5%
Changshu Baoshunchang Steel Processing Co., Ltd. (iv) 常熟寶順昌鋼材加工有限公司(iv)	US\$6,400,000 6,400,000美元	Mainland China 中國內地	19,649	(9,102)	55,471	411	34.9%
			306,081	(142,577)	87,266	8,465	

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

20 Investments in associates/Amounts due from associates (Continued)

Notes:

- (i) China Able Limited (“China Able”) is a contractual joint venture which is held in equal shares between Fit Team Holdings Limited, an indirect 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.
- (ii) 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%.
- (iii) Protection Asia Limited became an associate of the VSC Group when CAMP (B.V.I.) Holdings Limited, an indirect wholly owned subsidiary of the VSC Group, acquired 37.5% of its equity interest on 1st September 2007.
- (iv) 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.
- (v) VSC-JF Metal Recycling Company Limited (“VSC-JF”) is a contractual joint venture established in Mainland China. VSC-JF became an indirect non-wholly owned subsidiary of the VSC Group on 3rd May 2012 when the VSC Group subscribed to 51% of its equity interest in VSC-JF. On 31st December 2012, the VSC Group’s equity interest in VSC-JF was diluted to 25% when the two other shareholders (who owned 49% of its equity interest in VSC-JF then) of VSC-JF agreed to inject additional capital into VSC-JF. The VSC Group’s control in VSC-JF was lost on 31st December 2012 and a gain on deemed disposal of interest of approximately HK\$1,354,000 was recognised, which has been included in “Other gains-net” (Note 6). VSC-JF became an associate of the VSC Group since 31st December 2012.

The amounts due from associates are unsecured, non-interest bearing and without pre-determined repayment terms. The carrying amounts approximated to their fair values and were not impaired as at 31st March 2012 and 2013.

20 於聯營公司之投資／應收聯營公司(續)

附註：

- (i) 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起成為萬順昌集團之一間間接全資附屬公司)、獨立第三者Nanyang Industrial (China) Limited 及另一獨立第三者Marvel Champ Investments Limited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。
- (ii) 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之股本權益由90%減至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，其股本權益由40%增至44%。
- (iii) 於二零零七年九月一日，當萬順昌集團一間間接全資附屬公司CAMP (B.V.I.) Holdings Limited 收購 Protection Asia Limited之37.5%股本權益後，Protection Asia Limited便成為萬順昌集團之一間聯營公司。
- (iv) 常熟寶順昌鋼材加工有限公司自二零零五年十一月起成為萬順昌集團之一間聯營公司，為一間於中國內地成立之合營企業，經營期30年，至二零三五年止。
- (v) 湖南聚發再生資源有限公司(「湖南聚發」)為一間於中國成立之合約合資企業。萬順昌集團於二零一二年五月三日認購湖南聚發的51%股本權益後，湖南聚發便成為萬順昌集團之一間間接非全資附屬公司。於二零一二年十二月三十一日，湖南聚發另兩名股東(當時擁有湖南聚發49%股本權益)同意向湖南聚發額外注資，使萬順昌集團於湖南聚發的股本權益攤薄至25%。萬順昌集團於二零一二年十二月三十一日失去對湖南聚發的控制權，並確認一筆視作出售權益的收益約1,354,000港元，計入「其他收益-淨額」(附註6)。湖南聚發自二零一二年十二月三十一日成為萬順昌集團之一間聯營公司。

應收聯營公司之金額為無抵押、不持息及並無預定之還款期。於二零一二年及二零一三年三月三十一日，其賬面金額與其公平價值相若，且並無減值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

20 Investments in associates/Amounts due from associates (Continued)

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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	15,702	829
HK\$	港元	23,268	23,252
		38,970	24,081

21 Deferred income tax assets/(liabilities)

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

20 於聯營公司之投資／應收聯營公司(續)

應收聯營公司之金額以下列貨幣計值：

21 遞延所得稅資產／(負債)

當具有將即期所得稅資產與即期所得稅負債抵銷之合法強制執行權，以及當同一稅務機關向該應課稅實體或不同應課稅實體就遞延所得稅資產及遞延所得稅負債徵收所得稅，其中有關結餘擬按淨額基準清償時，遞延所得稅資產與負債方可互相抵銷。抵銷金額如下：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Deferred income tax assets:	遞延所得稅資產：		
- Deferred income tax assets to be recovered after 12 months	- 將於十二個月後收回之遞延所得稅資產	12,733	6,946
- Deferred income tax assets to be recovered within 12 months	- 將於十二個月內收回之遞延所得稅資產	2,471	25,547
		15,204	32,493
Deferred income tax liabilities:	遞延所得稅負債：		
- Deferred income tax liabilities to be settled after 12 months	- 將於十二個月後清償之遞延所得稅負債	(817)	(1,127)
Net deferred income tax assets	遞延所得稅資產淨額	14,387	31,366

Notes to the Consolidated Financial Statements
綜合財務報表附註21 Deferred income tax assets/(liabilities)
(Continued)

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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period (Charged)/credited to the consolidated income statement (Note 11)	於報告期初 已於綜合損益表中 (扣除)/計入(附註11)	31,366 (15,050)	21,578 9,576
Disposal of investment in a subsidiary	出售於一間附屬公司之投資	(1,955)	-
Exchange differences	匯兌差額	26	212
At 31st March	於三月三十一日	14,387	31,366

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:

		Consolidated 綜合		
		Cumulative tax losses 累計稅項虧損 HK\$'000 千港元	Decelerated depreciation 減慢折舊 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2011	於二零一一年四月一日	22,384	596	22,980
Credited/(charged) to the consolidated income statement	已於綜合損益表中 計入/(扣除)	9,534	(169)	9,365
Exchange differences	匯兌差額	212	-	212
At 31st March 2012	於二零一二年三月三十一日	32,130	427	32,557
Charged to the consolidated income statement	已於綜合損益表中 扣除	(15,294)	(122)	(15,416)
Disposal of investment in a subsidiary	出售於一間附屬公司之投資	(1,955)	-	(1,955)
Exchange differences	匯兌差額	26	-	26
At 31st March 2013	於二零一三年三月三十一日	14,907	305	15,212

21 遞延所得稅資產/(負債)(續)

遞延所得稅資產淨額變動如下：

本年度遞延所得稅資產及負債(並無計及同一稅務司法權區內之結餘抵銷)之變動如下：

遞延所得稅資產：

Notes to the Consolidated Financial Statements

綜合財務報表附註

21 Deferred income tax assets/(liabilities) (Continued)

Deferred income tax liabilities:

		Consolidated 綜合		
		Withholding tax 預扣稅 HK\$'000 千港元	Accelerated depreciation 加速折舊 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2011	於二零一一年四月一日	(1,363)	(39)	(1,402)
Credited/(charged) to the consolidated income statement	已於綜合損益表中計入/(扣除)	243	(32)	211
At 31st March 2012	於二零一二年三月三十一日	(1,120)	(71)	(1,191)
Credited/(charged) to the consolidated income statement	已於綜合損益表中計入/(扣除)	410	(44)	366
At 31st March 2013	於二零一三年三月三十一日	(710)	(115)	(825)

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 2013, the deferred income tax assets recognised from tax loss of approximately HK\$7,333,000 (2012: HK\$22,018,000) can be carried forward indefinitely. The remaining tax losses will expire in five years from the year they were incurred.

The VSC Group did not recognise deferred income tax assets of approximately HK\$421,000 (2012: HK\$8,377,000) in respect of tax losses amounting to approximately HK\$2,550,000 (2012: HK\$33,744,000) that can be carried forward against future taxable income. As at 31st March 2013, the cumulative tax losses of approximately HK\$2,550,000 (2012: HK\$1,844,000) can be carried forward indefinitely.

Deferred income tax liabilities of approximately HK\$1,383,000 (2012: HK\$981,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Management currently has no intention to remit those earnings.

21 遞延所得稅資產/(負債)(續)

遞延所得稅負債：

		Consolidated 綜合		
		Withholding tax 預扣稅 HK\$'000 千港元	Accelerated depreciation 加速折舊 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2011	於二零一一年四月一日	(1,363)	(39)	(1,402)
Credited/(charged) to the consolidated income statement	已於綜合損益表中計入/(扣除)	243	(32)	211
At 31st March 2012	於二零一二年三月三十一日	(1,120)	(71)	(1,191)
Credited/(charged) to the consolidated income statement	已於綜合損益表中計入/(扣除)	410	(44)	366
At 31st March 2013	於二零一三年三月三十一日	(710)	(115)	(825)

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。於二零一三年三月三十一日，已就稅項虧損確認之遞延所得稅資產約7,333,000港元(二零一二年：22,018,000港元)可以無限期結轉。餘下之稅項虧損將於產生年度後五年內失效。

萬順昌集團並無就約2,550,000港元(二零一二年：33,744,000港元)之稅項虧損確認約421,000港元(二零一二年：8,377,000港元)之遞延所得稅資產，該金額可以抵銷未來應課稅收入。於二零一三年三月三十一日，累計稅項虧損約2,550,000港元(二零一二年：1,844,000港元)可以無限期結轉。

並無就若干附屬公司之未分派盈利之應付預扣稅確認約1,383,000港元(二零一二年：981,000港元)之遞延所得稅負債。管理層現時無意分派該等盈利。

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綜合財務報表附註

22 Available-for-sale financial asset

22 可供出售之財務資產

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period	於報告期初	445	–
Addition	添置	–	298
Net (loss)/gain transferred to equity (Note 33)	已轉撥至權益之淨(虧損)/收益 (附註33)	(190)	147
At 31st March	於三月三十一日	255	445

Available-for-sale financial asset, which is stated at fair value and denominated in HK\$, represents shares listed on The Stock Exchange of Hong Kong Limited.

按公平價值列賬並以港元計值的可供出售之財務資產，指於香港聯合交易所有限公司上市之股份。

23 Derivative financial instruments

23 衍生金融工具

		Consolidated 綜合			
		2013 二零一三年		2012 二零一二年	
		Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Forward foreign exchange contracts – held for trading	遠期外匯合約 – 持有作買賣用途	1,059	–	629	–

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

衍生資產之信貸質素乃參考有關訂約方以往違約比率之資料進行評估。現有訂約方過往並無違約。

The total notional principal amount of the outstanding forward foreign exchange contracts at 31st March 2013 was approximately US\$44,000,000 (2012: US\$35,000,000). Net fair value change on forward foreign exchange contracts during the year was recognised in “other gains – net” in the consolidated income statement. The last settlement dates are 28th April 2014 and 27th May 2014 (2012: 5th September 2012 to 25th February 2013).

於二零一三年三月三十一日，尚有遠期外匯合約之總設定本金額為約44,000,000美元(二零一二年：35,000,000美元)。本年度，遠期外匯合約之淨公平價值變動已於綜合損益表「其他收益－淨額」中確認。最終結算日為二零一四年四月二十八日及二零一四年五月二十七日(二零一二年：二零一二年九月五日至二零一三年二月二十五日)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

24 Inventories

24 存貨

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Finished goods	製成品	365,717	347,055
Work in progress relating to provision of services (i)	關於提供服務之半製成品(i)	–	49,803
		365,717	396,858

The costs of inventories recognised as expenses and included in "cost of sales" in the consolidated income statement amounted to approximately HK\$3,407,400,000 (2012: HK\$4,255,124,000).

Note:

- (i) The VSC Group entered into an agreement with an independent third party in connection with sales and marketing activities of a property project ("the Project") in Mainland China which was owned by that independent third party ("the Property") and the profit to be received by the VSC Group would 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 did not include a gross profit or non-attributable overheads.

During the year ended 31st March 2013, the Project was completed and the work in progress relating to provision of services has been transferred to cost of sales.

約 3,407,400,000 港元 (二零一二年: 4,255,124,000 港元) 之存貨成本已確認為支出，並已計入綜合損益表之「銷售成本」中。

附註：

- (i) 萬順昌集團與獨立第三方就位於中國內地並由該獨立第三者擁有之一項物業(「該物業」)之銷售及市場推廣活動(「項目」)訂立協議，而萬順昌集團會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，當中並無包括毛利或非應佔費用。

截至二零一三年三月三十一日止年度，項目已完成，關於提供服務之半製成品已轉撥至銷售成本。

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

25 Trade and bill receivables and loan receivable

(a) Trade and bill receivables

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Trade and bill receivables	應收賬款及票據		
– from third parties	– 來自第三方	419,951	566,185
– from an associate	– 來自一間聯營公司	10,780	3,970
Less: provision for impairment of trade receivables	減：應收賬款減值撥備	(7,241)	(6,179)
Trade and bill receivables, net	應收賬款及票據，淨額	423,490	563,976

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

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

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

應收賬款及票據根據發票日期之賬齡分析如下：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
0 to 60 days	0–60日	359,418	447,921
61 to 120 days	61–120日	37,394	58,519
121 to 180 days	121–180日	19,451	16,550
181 to 365 days	181–365日	7,279	41,674
Over 365 days	超過365日	7,189	5,491
		430,731	570,155
Less: Provision for impairment of trade receivables	減：應收賬款減值撥備	(7,241)	(6,179)
		423,490	563,976

25 應收賬款及票據及應收貸款

(a) 應收賬款及票據

Notes to the Consolidated Financial Statements

綜合財務報表附註

25 Trade and bill receivables and loan receivable (Continued)

(a) Trade and bill receivables (Continued)

As at 31st March 2013, included in trade and bill receivables were retentions from installation contract work of approximately HK\$5,741,000 (2012: HK\$3,306,000), which were not due for collection until satisfaction of the conditions specified in the underlying contracts.

As at 31st March 2013, trade and bill receivables of approximately HK\$334,706,000 (2012: HK\$397,503,000) were fully performing and were from customers with no history of default.

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

25 應收賬款及票據及應收貸款 (續)

(a) 應收賬款及票據 (續)

於二零一三年三月三十一日，約5,741,000港元(二零一二年：3,306,000港元)之安裝合約工程保證金包括在應收賬款及票據內，該等款項將直至達成相關合約所指明之條件後方可收回。

於二零一三年三月三十一日，應收賬款及票據約334,706,000港元(二零一二年：397,503,000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：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
At beginning of the reporting period	於報告期初	6,179	9,858
Provision for impairment recognised in the consolidated income statement	已於綜合損益表中確認之減值撥備	2,646	2,870
Reversal of impairment in the consolidated income statement	於綜合損益表中之減值撥回	(434)	(5,318)
Write-off of provision for impairment	撇銷減值撥備	(1,173)	(1,382)
Exchange differences	匯兌差額	23	151
At 31st March	於三月三十一日	7,241	6,179

Notes to the Consolidated Financial Statements
綜合財務報表附註**25 Trade and bill receivables and loan receivable (Continued)****(a) Trade and bill receivables (Continued)**

As at 31st March 2013, trade receivables of approximately HK\$7,241,000 (2012: HK\$6,179,000) were impaired and fully provided for. The amount of provision recovered in the consolidated income statement during the year was approximately HK\$434,000 (2012: HK\$5,318,000). The ageing analysis of these receivables is as follows:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
0 to 60 days	0–60日	26	–
61 to 120 days	61–120日	–	–
121 to 180 days	121–180日	34	–
181 to 365 days	181–365日	372	1,307
Over 365 days	超過365日	6,809	4,872
		7,241	6,179

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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
0 to 60 days	0–60日	58,991	109,661
61 to 120 days	61–120日	16,708	15,534
121 to 180 days	121–180日	13,309	25,109
181 to 365 days	181–365日	772	15,960
Over 365 days	超過365日	4	209
		89,784	166,473

25 應收賬款及票據及應收貸款 (續)**(a) 應收賬款及票據 (續)**

於二零一三年三月三十一日，應收賬款約7,241,000港元(二零一二年：6,179,000港元)已作減值及全數撥備。本年度，已於綜合損益表中收回之撥備金額約434,000港元(二零一二年：5,318,000港元)。該等應收賬款賬齡分析如下：

已過期但未減值(根據到期日)之應收賬款賬齡分析如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

25 Trade and bill receivables and loan receivable (Continued)

(a) Trade and bill receivables (Continued)

The carrying amounts of net trade and bill receivables approximated to their fair values as at 31st March 2012 and 2013.

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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	183,370	217,823
HK\$	港元	233,866	337,042
US\$	美元	13,495	15,290
		430,731	570,155

(b) Loan receivable

A loan receivable of HK\$19,000,000 (2012: HK\$19,000,000) is secured by the following assets:

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

The carrying amount of this receivable approximated to its fair value as at 31st March 2012 and 2013. It is denominated in HK\$, non-interest bearing and repayable on 5th December 2013.

25 應收賬款及票據及應收貸款 (續)

(a) 應收賬款及票據 (續)

淨應收賬款及票據之賬面金額與其於二零一二年及二零一三年三月三十一日之公平價值相若。

應收賬款及票據之賬面金額以下列貨幣計值：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	183,370	217,823
HK\$	港元	233,866	337,042
US\$	美元	13,495	15,290
		430,731	570,155

(b) 應收貸款

一項19,000,000港元(二零一二年：19,000,000港元)之應收貸款由以下資產作抵押：

- 借款人持有之若干股本權益；及
- 借款人持有之一項應收貸款。

此應收賬款之賬面金額與其於二零一二年及二零一三年三月三十一日之公平價值相若，並以港元計值、不持息及須於二零一三年十二月五日償還。

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

26 Prepayments, deposits and other receivables

26 預付款項、按金及其他應收賬款

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Prepayments for purchases and services	預付採購及服務款項	97,407	109,736
Rental and other deposits	租金及其他按金	6,933	2,884
Value-added tax recoverable	可收回增值稅	4,412	1,648
Others	其他	9,073	8,594
		117,825	122,862

The carrying amounts of prepayments, deposits and other receivables approximated to their fair values as at 31st March 2012 and 2013. 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二零一二年及二零一三年三月三十一日之公平價值相若。預付款項、按金及其他應收賬款以下列貨幣計值：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	95,013	91,083
HK\$	港元	20,861	29,684
US\$	美元	1,351	2,095
Euro	歐羅	600	-
		117,825	122,862

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 Pledged bank deposits/Cash and cash equivalents

27 已抵押銀行存款／現金及現金等值

		Consolidated 綜合		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Cash on hand	手頭現金	230	267	-	-
Cash at bank	銀行存款	460,173	267,181	8,928	12,588
Short-term bank deposits	短期銀行存款	97,428	134,066	12,050	-
		557,831	401,514	20,978	12,588
Less: Pledged bank deposits	減：已抵押銀行存款	(97,428)	(134,066)	(12,050)	-
Cash and cash equivalents	現金及現金等值	460,403	267,448	8,928	12,588

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以下列貨幣計值：

		Consolidated 綜合		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	152,618	60,894	-	-
HK\$	港元	356,722	302,172	8,722	136
US\$	美元	48,397	38,280	12,256	12,452
Euro	歐羅	42	88	-	-
Others	其他	52	80	-	-
		557,831	401,514	20,978	12,588

The carrying amounts of pledged bank deposits and cash and cash equivalents approximated to their fair values as at 31st March 2012 and 2013.

已抵押銀行存款及現金及現金等值之賬面金額與其於二零一二年及二零一三年三月三十一日之公平價值相若。

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

27 Pledged bank deposits/Cash and cash equivalents (Continued)

The effective interest rate on the bank deposit is 0.67% (2012: 0.66%) per annum. These deposits have an average maturity of 28 days (2012: 21 days).

As at 31st March 2013, the VSC Group's bank deposits of approximately HK\$5,000,000 (2012: HK\$5,000,000) were pledged as collateral for the VSC Group's bank borrowings (Note 30).

As at 31st March 2013, pledged bank deposits and cash and bank deposits totalling approximately HK\$152,618,000 (2012: HK\$60,894,000) 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.

28 Trade and bill payables

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

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

27 已抵押銀行存款／現金及現金等值(續)

銀行存款之實際利率為每年0.67% (二零一二年：0.66%)。該等存款的平均到期日為二十八日(二零一二年：二十一日)。

於二零一三年三月三十一日，萬順昌集團約5,000,000港元(二零一二年：5,000,000港元)之銀行存款已作抵押，作為萬順昌集團銀行借貸之抵押品(附註30)。

於二零一三年三月三十一日，已抵押銀行存款以及現金及銀行存款合共約152,618,000港元(二零一二年：60,894,000港元)以人民幣計值，該貨幣並不能在國際市場自由兌換，而其匯率由中國人民銀行釐定。

28 應付賬款及票據

與供應商之付款條款均以信用證或記賬方式進行。若干供應商之信貸期約30日。

應付賬款及票據根據發票日期之賬齡分析如下：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
0 to 60 days	0-60日	338,983	332,524
61 to 120 days	61-120日	175	412
121 to 180 days	121-180日	314	42
181 to 365 days	181-365日	363	3
Over 365 days	超過365日	306	7,032
		340,141	340,013

Notes to the Consolidated Financial Statements

綜合財務報表附註

28 Trade and bill payables (Continued)

The carrying amounts of trade and bill payables approximated to their fair values as at 31st March 2012 and 2013. They were denominated in the following currencies:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	94,822	96,954
HK\$	港元	6,574	180,226
US\$	美元	238,745	62,833
		340,141	340,013

29 Accrued liabilities and other payables

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Accrual for employee benefit expenses	應計僱員福利支出	18,953	5,241
Accrual for operating expenses	應計經營支出	22,978	29,326
Value-added tax payables	應付增值稅	1,925	3,991
Provision for onerous contracts	有償契約之撥備	4,000	–
		47,856	38,558

The carrying amounts of accrued liabilities and other payables approximated to their fair values as at 31st March 2012 and 2013.

28 應付賬款及票據(續)

應付賬款及票據之賬面金額與其於二零一二年及二零一三年三月三十一日之公平價值相若。應付賬款及票據以下列貨幣計值：

29 應計負債及其他應付賬款

應計負債及其他應付賬款之賬面金額與其於二零一二年及二零一三年三月三十一日之公平價值相若。

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

29 Accrued liabilities and other payables (Continued)

They were denominated in the following currencies:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	20,571	26,458
HK\$	港元	27,285	12,100
		47,856	38,558

		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Accrual for employee benefit expenses	應計僱員福利支出	70	44

2The carrying amounts of accrual for employee benefit expenses are denominated in HK\$ and approximated to their fair values as at 31st March 2012 and 2013.

應計僱員福利支出之賬面金額以港元計值，並與其於二零一二年及二零一三年三月三十一日之公平價值相若。

30 Borrowings

30 借貸

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Current	當期		
– Trust receipts bank loans, secured	– 信託收據銀行貸款，有抵押	482,755	539,142
– Short-term bank loans, secured	– 短期銀行貸款，有抵押	92,157	106,204
– Portion of mortgage loan from bank due for repayment within one year	– 一年內到期償還之部分 銀行按揭貸款	2,350	2,324
– Portion of mortgage loan from bank due for repayment after one year which contains a repayment on demand clause	– 一年後到期償還附有 即時償還條款之部分 銀行按揭貸款	3,768	6,118
Total borrowings	借貸總額	581,030	653,788

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 Borrowings (Continued)

The maturity of VSC Group's borrowings in accordance with the repayment schedule, without taking into account of the repayment on demand clause:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Within one year	1年內	577,262	647,670
Between one and two years	1至2年	2,380	2,324
Between two and five years	2至5年	1,388	3,794
		581,030	653,788

The VSC Group's borrowings are secured by:

- (i) pledge of the VSC Group's bank deposits of approximately HK\$5,000,000 (2012: HK\$5,000,000) (Note 27);
- (ii) pledge of the VSC Group's investment property of approximately HK\$22,000,000 (2012: HK\$22,000,000) (Note 16); and
- (iii) corporate guarantee provided by the Company of approximately HK\$2,219,799,000 (2012: HK\$1,432,497,000).

Borrowings were denominated in the following currencies:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
RMB	人民幣	92,157	90,793
HK\$	港元	485,063	562,995
US\$	美元	3,810	–
		581,030	653,788

30 借貸(續)

萬順昌集團借貸之到期日乃基於還款時間表，並無考慮附有即時償還條款：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Within one year	1年內	577,262	647,670
Between one and two years	1至2年	2,380	2,324
Between two and five years	2至5年	1,388	3,794
		581,030	653,788

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銀行存款約5,000,000港元(二零一二年：5,000,000港元)(附註27)；
- (ii) 萬順昌集團已作抵押之投資物業約22,000,000港元(二零一二年：22,000,000港元)(附註16)；及
- (iii) 本公司提供之企業擔保約2,219,799,000港元(二零一二年：1,432,497,000港元)。

借貸以下列貨幣計值：

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30 Borrowings (Continued)

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

		2013 二零一三年	2012 二零一二年
RMB	人民幣	8.4%	6.8%
HK\$	港元	2.0%	2.6%
US\$	美元	0.5%	-

The carrying amounts of the borrowings approximated to their fair values as at 31st March 2012 and 2013.

於報告日，借貸之實際利率(每年)如下：

借貸之賬面金額與其於二零一二年及二零一三年三月三十一日之公平價值相若。

The VSC Group has the following undrawn banking facilities at floating rate:

萬順昌集團有以下未提取之浮息銀行融資：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
- expiring within one year	--一年內到期	7,820	88,650
- expiring beyond one year	--一年後到期	921,440	405,239
		929,260	493,889

31 Share capital

31 股本

		Authorised (Ordinary shares of HK\$0.10 each) 法定 (每股0.10港元之普通股)		Issued and fully paid (Ordinary shares of HK\$0.10 each) 已發行及繳足 (每股0.10港元之普通股)	
		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元	Number of shares 股份數目 '000 千股	Nominal Value 面值 HK\$'000 千港元
As at 31st March 2011 and 31st March 2012	於二零一一年 三月三十一日及 二零一二年三月 三十一日	1,000,000	100,000	414,128	41,413
Share repurchased and cancelled	購回及註銷股份	-	-	(1,450)	(145)
Exercise of share options	行使購股權	-	-	1,090	109
As at 31st March 2013	於二零一三年 三月三十一日	1,000,000	100,000	413,768	41,377

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32 Share options

The VSC Group has 2 share option schemes (i.e. 2001 Share Option Scheme which was terminated on 11th August 2011 and 2011 Share Option Scheme which had been adopted since 11th August 2011) under which it may grant options to any person being an employee, agent, consultant or representative (including executive directors and non-executive directors) of the VSC Group to subscribe for shares in the Company, subject to a maximum of 30% of the issued share capital of the Company from time to time, excluding for the shares issued on the exercise of options. The exercise price will be determined by the Company's board of directors and shall be at least the highest of (i) the closing price of the Company's shares quoted on The Stock Exchange of Hong Kong Limited on the date of grant of the options, (ii) the average closing prices of the Company's shares quoted on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant of the options, and (iii) the nominal value of the Company's shares of HK\$0.10 each.

Movements of share options were:

Date of grant	Exercise period	Exercise price per share	As at 1st April 2012 於二零一二年 四月一日	Granted	Forfeited/ lapsed	Exercised	As at 31st March 2013 於二零一三年 三月三十一日
授予日期	行使期	每股行使價 HK\$ 港元	'000 千股	'000 千股	'000 千股	'000 千股	'000 千股
2011 Share Option Scheme:							
二零一一年購股權計劃：							
16th November 2012 二零一二年十一月十六日	16th November 2012 to 15th November 2022 (Note 1) 二零一二年十一月十六日至 二零一二年十一月十五日 (附註1)	0.670	-	3,400	-	(160)	3,240
16th November 2012 二零一二年十一月十六日	16th November 2013 to 15th November 2022 (Note 2) 二零一三年十一月十六日至 二零一二年十一月十五日 (附註2)	0.670	-	4,000	-	-	4,000
7th September 2012 二零一二年九月七日	1st August 2014 to 31st July 2016 二零一四年八月一日至 二零一六年七月三十一日	0.490	-	3,815	-	-	3,815
2001 Share Option Scheme:							
二零零一年購股權計劃：							
1st August 2011 二零一一年八月一日	1st August 2013 to 31st July 2015 二零一三年八月一日至 二零一五年七月三十一日	0.692	3,815	-	-	-	3,815

32 購股權

萬順昌集團設有兩個購股權計劃(即二零零一購股權計劃，其已於二零一一年八月十一日終止，及二零一一年購股權計劃，其已於二零一一年八月十一日被採納)，據此，其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)購股權以認購本公司之股份，但最多為本公司不時已發行股本之30%，其中不包括因行使購股權而發行之股份。行使價將由本公司董事會釐定及最少須以下列最高者為準：(i)本公司股份於授出購股權日期在香港聯合交易所有限公司所報之收市價；(ii)本公司股份於緊接授出購股權日期前五個交易日在香港聯合交易所有限公司所報之平均收市價；及(iii)本公司股份面值每股0.10港元。

購股權變動如下：

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綜合財務報表附註

32 Share options (Continued)

32 購股權(續)

Date of grant	Exercise period	Exercise price per share	As at 1st April 2012 於二零一二年 四月一日	Granted	Forfeited/ lapsed	Exercised	As at 31st March 2013 於二零一三年 三月三十一日
授予日期	行使期	每股行使價 HK\$ 港元	'000 千股	'000 千股	'000 千股	'000 千股	'000 千股
19th July 2010 二零一零年七月十九日	1st June 2012 to 18th July 2020 二零一二年六月一日至 二零二零年七月十八日	0.828	3,815	-	(3,815)	-	-
13th October 2009 二零零九年十月十三日	13th October 2009 to 12th October 2019 二零零九年十月十三日至 二零一九年十月十二日	0.504	16,500	-	-	-	16,500
18th September 2009 二零零九年九月十八日	18th September 2011 to 17th September 2019 二零一一年九月十八日至 二零一九年九月十七日	0.586	1,416	-	(695)	(276)	445
18th September 2009 二零零九年九月十八日	18th September 2012 to 17th September 2019 二零一二年九月十八日至 二零一九年九月十七日	0.586	1,416	-	(695)	(276)	445
18th September 2009 二零零九年九月十八日	18th September 2013 to 17th September 2019 二零一三年九月十八日至 二零一九年九月十七日	0.586	1,418	-	(694)	(278)	446
19th June 2008 二零零八年六月十九日	19th June 2008 to 18th June 2018 二零零八年六月十九日至 二零一八年六月十八日	0.780	3,000	-	-	-	3,000
13th September 2006 二零零六年九月十三日	13th September 2007 to 12th September 2016 二零零七年九月十三日至 二零一六年九月十二日	0.900	2,300	-	(200)	(100)	2,000
19th September 2003 二零零三年九月十九日	19th September 2005 to 18th September 2013 二零零五年九月十九日至 二零一三年九月十八日	1.418	1,300	-	-	-	1,300
7th May 2003 二零零三年五月七日	7th May 2005 to 6th May 2013 二零零五年五月七日至 二零一三年五月六日	0.970	700	-	(200)	-	500
2nd May 2003 二零零三年五月二日	2nd May 2003 to 1st May 2013 二零零三年五月二日至 二零一三年五月一日	0.980	1,000	-	-	-	1,000
			36,680	11,215	(6,299)	(1,090)	40,506

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綜合財務報表附註

32 Share options (Continued)

The fair value of options granted was determined by the directors based on the valuations assessed by independent, professionally qualified valuers, using the Trinomial Model. The significant inputs into the model were share price at the grant date, exercise price, expected exit rate of employees and representatives, estimated trigger price of exercising of option, expected life of options, expected dividend payout rate and annual risk-free rate. The volatility measured is based on statistical analysis of daily share prices over a period of approximately 500 to 520 weeks.

Notes:

1. The options to subscribe for Shares at a price of HK\$0.67 per Share granted to Employees are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 16th November 2012 to 15th November 2013, the option may be exercised up to 20% of such Shares.
 - (ii) During the period starting from 16th November 2013 to 15th November 2014, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 40% of such Shares.
 - (iii) During the period starting from 16th November 2014 to 15th November 2015, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised up to 60% of such Shares.
 - (iv) During the period starting from 16th November 2015 to 15th November 2016, the option may (to the extent not exercised in accordance with (i), (ii) and (iii) above) be exercised up to 80% of such Shares.
 - (v) During the period starting from 16th November 2016 to 15th November 2022, the option may (to the extent not exercised in accordance with (i), (ii), (iii) and (iv) above) be exercised in full.
2. The options to subscribe for Shares at a price of HK\$0.67 per Share granted to Mr. Frank Muñoz are to be exercisable in whole or in part in the following manner:
 - (i) During the period starting from 16th November 2013 to 15th November 2014, the option may be exercised up to 25% of such Shares.
 - (ii) During the period starting from 16th November 2014 to 15th November 2015, the option may (to the extent not exercised in accordance with (i) above) be exercised up to 50% of such Shares.
 - (iii) During the period starting from 16th November 2015 to 15th November 2016, the option may (to the extent not exercised in accordance with (i) and (ii) above) be exercised up to 75% of such Shares.
 - (iv) During the period starting from 16th November 2016 to 15th November 2022, the option may (to the extent not exercised in accordance with (i) and (ii) and (iii) above) be exercised in full.

32 購股權(續)

已授出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評估之估值釐定。輸入該模型之重要數據包括授出日期股價、行使價、預計僱員及代表離職率、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。波幅根據約500至520個星期期間內每日股價統計分析計量。

附註：

1. 授予僱員以每股0.67港元認購股份之購股權可按以下方式全面或部分行使：
 - (i) 於二零一二年十一月十六日至二零一三年十一月十五日期間，持有人最多可行使20%此等股份的購股權。
 - (ii) 於二零一三年十一月十六日至二零一四年十一月十五日期間，持有人最多可行使40%此等股份的購股權(以按照上文(i)段以尚未行使者為限)。
 - (iii) 於二零一四年十一月十六日至二零一五年十一月十五日期間，持有人最多可行使60%此等股份的購股權(以按照上文(i)及(ii)段以尚未行使者為限)。
 - (iv) 於二零一五年十一月十六日至二零一六年十一月十五日期間，持有人最多可行使80%此等股份的購股權(以按照上文(i)、(ii)及(iii)段以尚未行使者為限)。
 - (v) 於二零一六年十一月十六日至二零二二年十一月十五日期間，持有人可悉數行使購股權(以按照上文(i)、(ii)、(iii)及(iv)段以尚未行使者為限)。
2. 授予Frank Muñoz先生以每股0.67港元認購股份之購股權可按以下方式全面或部分行使：
 - (i) 於二零一三年十一月十六日至二零一四年十一月十五日期間，持有人最多可行使25%此等股份的購股權。
 - (ii) 於二零一四年十一月十六日至二零一五年十一月十五日期間，持有人最多可行使50%此等股份的購股權(以按照上文(i)段以尚未行使者為限)。
 - (iii) 於二零一五年十一月十六日至二零一六年十一月十五日期間，持有人最多可行使75%此等股份的購股權(以按照上文(i)及(ii)段以尚未行使者為限)。
 - (iv) 於二零一六年十一月十六日至二零二二年十一月十五日期間，持有人可悉數行使購股權(以按照上文(i)、(ii)及(iii)段以尚未行使者為限)。

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

33 Reserves

33 儲備

		Consolidated 綜合								
		Share premium	Share option reserve	Capital redemption reserve ⁽ⁱⁱⁱ⁾	Statutory reserves ⁽ⁱⁱ⁾	Capital reserve	Investment revaluation reserve	Cumulative foreign currency adjustments	Retained earnings	Total
		股份溢價	購股權 儲備	資本贖回 儲備 ⁽ⁱⁱⁱ⁾	法定儲備 ⁽ⁱⁱ⁾	資本儲備	投資重估 儲備	匯兌調整	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st April 2011	於二零一一年 四月一日	338,005	4,739	77,203	13,162	58,355	-	28,311	83,468	603,243
Profit for the year	年度溢利	-	-	-	-	-	-	-	6,283	6,283
Currency translation differences	貨幣匯兌差額	-	-	-	-	-	-	9,140	-	9,140
Fair value change of available-for-sale financial asset	可供出售之財務 資產之公平價值 變動	-	-	-	-	-	147	-	-	147
Transfer from retained earnings	轉撥自保留盈利	-	-	-	269	-	-	-	(269)	-
Lapse of share options	失效之購股權	-	(19)	-	-	-	-	-	19	-
Share option scheme – value of services	購股權計劃 – 服務價值	-	1,166	-	-	-	-	-	-	1,166
Dividends paid to equity holders of the Company	已付本公司股權 持有人之股息	-	-	-	-	-	-	-	(2,485)	(2,485)
At 31st March 2012	於二零一二年 三月三十一日	338,005	5,886	77,203	13,431	58,355	147	37,451	87,016	617,494

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 Reserves (Continued)

33 儲備(續)

		Consolidated 綜合								
		Share premium	Share option reserve	Capital redemption reserve ⁽ⁱⁱ⁾	Statutory reserves ⁽ⁱ⁾	Capital reserve	Investment revaluation reserve	Cumulative foreign currency translation adjustments	Retained earnings	Total
		股份溢價	購股權 儲備	資本贖回 儲備 ⁽ⁱⁱ⁾	法定儲備 ⁽ⁱ⁾	資本儲備	投資重估 儲備	匯兌調整	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st April 2012	於二零一二年 四月一日	338,005	5,886	77,203	13,431	58,355	147	37,451	87,016	617,494
Profit for the year	年度溢利	-	-	-	-	-	-	-	71,600	71,600
Currency translation differences	貨幣匯兌差額	-	-	-	-	-	-	998	-	998
Fair value change of available-for-sale financial asset	可供出售之財務 資產之公平價值 變動	-	-	-	-	-	(190)	-	-	(190)
Transfer from retained earnings	轉撥自保留盈利	-	-	-	425	-	-	-	(425)	-
Loss on control of a subsidiary	失去一間附屬公司 之控股權	-	-	-	-	-	-	(1,469)	-	(1,469)
Share repurchased and cancelled	購回及註銷股份	(1,030)	-	1,175	-	-	-	-	(1,175)	(1,030)
Exercise of share options	行使購股權	827	(252)	-	-	-	-	-	-	575
Lapse of share options	失效之購股權	-	(1,735)	-	-	-	-	-	1,735	-
Share option scheme – value of services	購股權計劃 – 服務價值	-	2,748	-	-	-	-	-	-	2,748
Dividends paid to equity holders of the Company	已付本公司股權 持有人之股息	-	-	-	-	-	-	-	(16,979)	(16,979)
At 31st March 2013	於二零一三年 三月三十一日	337,802	6,647	78,378	13,856	58,355	(43)	36,980	141,772	673,747

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

33 Reserves (Continued)

33 儲備(續)

		Company 本公司					
		Share premium	Share option reserve	Capital redemption reserve ⁽ⁱⁱ⁾	Contributed surplus ⁽ⁱⁱ⁾	Retained earnings	Total
		股份溢價	購股權儲備	資本贖回儲備 ⁽ⁱⁱ⁾	繳入盈餘 ⁽ⁱⁱ⁾	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1st April 2011	於二零一一年四月一日	338,005	4,739	77,203	53,986	10,699	484,632
Profit for the year	年度溢利	-	-	-	-	11,821	11,821
Lapse of share options	失效之購股權	-	(19)	-	-	19	-
Share option scheme – value of services	購股權計劃 – 服務價值	-	1,166	-	-	-	1,166
Dividends paid	已付股息	-	-	-	-	(2,485)	(2,485)
At 31st March 2012	於二零一二年三月三十一日	338,005	5,886	77,203	53,986	20,054	495,134
At 1st April 2012	於二零一二年四月一日	338,005	5,886	77,203	53,986	20,054	495,134
Profit for the year	年度溢利	-	-	-	-	13,692	13,692
Share repurchased and cancelled	購回及註銷股份	(1,030)	-	1,175	-	(1,175)	(1,030)
Exercise of share options	行使購股權	827	(252)	-	-	-	575
Lapse of share options	失效之購股權	-	(1,735)	-	-	1,735	-
Share option scheme – value of services	購股權計劃 – 服務價值	-	2,748	-	-	-	2,748
Dividends paid	已付股息	-	-	-	-	(16,979)	(16,979)
At 31st March 2013	於二零一三年三月三十一日	337,802	6,647	78,378	53,986	17,327	494,140

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 Reserves (Continued)

Notes:

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

33 儲備(續)

附註：

- (i) 法定儲備即由中國內地若干附屬公司設立之企業發展儲備基金及一般儲備基金。按照中國內地法規訂明，於中國內地成立及經營之附屬公司須於其除稅後溢利(經抵銷過往年度虧損)撥出部分至企業發展儲備基金及一般儲備基金，比率乃由各自董事會釐定。一般儲備基金可用作抵銷虧損及增加股本，而企業發展儲備基金可用作增加股本。
- (ii) 根據百慕達一九八一年公司法，繳入盈餘可分派予股權持有人，前提為倘(i)本公司不能或在作出支付後將不能支付到期負債，或(ii)其資產之可變現價值將會因而少於其負債及已發行股本以及股份溢價賬目之合計總額，則本公司不得宣派或支付股息或從繳入盈餘作出分派。
- (iii) 資本贖回儲備已於購回股份時設立。

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

34 Consolidated statement of cash flows

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

34 綜合現金流量表

(a) 除所得稅前溢利與經營產生／(所用)之現金淨額對賬如下：

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Profit before income tax	除稅前溢利	100,815	6,060
Share of profits of associates – net	應佔聯營公司溢利－淨額	(3,529)	(8,465)
Interest income	利息收入	(1,412)	(1,584)
Interest expenses	利息支出	21,499	25,300
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	5,553	6,770
Gain on disposals of property, plant and equipment	出售物業、廠房及設備之收益	(566)	(96)
Amortisation of intangible assets and land use rights	無形資產及土地使用權之攤銷	795	634
Fair value gain of an investment property	一項投資物業之公平價值收益	–	(2,000)
Loss on disposal of investment in a subsidiary	出售於一間附屬公司之投資之虧損	2,448	–
Gain on deemed disposal of investment in a subsidiary	視作出售於一間附屬公司之投資之收益	(1,354)	–
Provision for impairment of an amount due from an associate	應收一間聯營公司減值撥備	8,000	–
Change in fair values of derivative financial instruments	衍生金融工具之公平價值變動	(430)	1,627
Share option scheme – value of services	購股權計劃－服務價值	2,748	1,166
Operating profit before working capital changes	營運資金變動前之經營溢利	134,567	29,412
Decrease/(increase) in inventories	存貨減少／(增加)	31,141	(6,994)
Decrease/(increase) in trade and bill receivables	應收賬款及票據減少／(增加)	140,486	(66,614)
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收賬款(增加)／減少	(1,216)	19,170
Increase in amounts due from associates	應收聯營公司增加	(2,495)	–
Increase in trade and bill payables	應付賬款及票據增加	156	26,078
Decrease in receipts in advance	預收款項減少	(14,314)	(82,979)
Increase/(decrease) in accrued liabilities and other payables	應計負債及其他應付賬款增加／(減少)	11,428	(52,439)
Net cash generated from/(used in) operations	經營產生／(所用)之現金淨額	299,753	(134,366)

Notes to the Consolidated Financial Statements

綜合財務報表附註

34 Consolidated statement of cash flows (Continued)

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

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Net book amount	賬面淨值	37	314
Gain on disposals of property, plant and equipment	出售物業、廠房及設備之收益	566	96
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備之所得款項	603	410

(c) In the consolidated statement of cash flows, proceeds from disposal of investment in a subsidiary comprise:

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Net assets disposed	出售之資產淨額	5,957	-
Loss on disposal of investment in a subsidiary	出售於一間附屬公司之投資之虧損	(2,448)	-
Cash consideration received	已收之現金代價	3,509	-

On 12th July 2012, the VSC Group disposed its 100% equity interest in VSC Steel (Shenzhen) Co., Ltd., a subsidiary which was engaged in stockholding and trading of steel in Mainland China, at a cash consideration of RMB2,900,000 to a former management of the subsidiary.

於二零一二年七月十二日，萬順昌集團出售其於一間於中國內地從事存銷及買賣鋼材業務的附屬公司萬順昌鋼鐵(深圳)有限公司之全部股本權益予該附屬公司之前管理層，現金代價為人民幣2,900,000元。

34 綜合現金流量表(續)

(b) 於綜合現金流量表中，出售物業、廠房及設備之所得款項包括：

(c) 於綜合現金流量表中，出售於一間附屬公司之投資之所得款項包括：

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

35 Business combination

On 8th November 2012, the VSC Group acquired the distribution business of selling building products at a cash consideration of approximately HK\$8,041,000 from an independent third party ("the Acquisition").

As a result of the Acquisition, the VSC Group is expected to increase its presence in Mainland China market. It also expects to reduce costs through economies of scale. The goodwill of HK\$4,263,000 arising from the Acquisition is primarily attributable to the significant synergies expected to arise in connection with the VSC Group's strategic objectives and the development of customer-focused products to capitalise on the business growth in Mainland China.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

		At 8th November 2012 於二零一二年 十一月八日 HK\$'000 千港元
Consideration:	代價：	
– Cash	– 現金	8,041
Identified net asset	已識別資產淨額	
– Distribution rights (Note 18)	– 分銷權(附註18)	(3,778)
Goodwill (Note 18)	商譽(附註18)	4,263

35 業務合併

於二零一二年十一月八日，萬順昌集團以約8,041,000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」)。

透過進行收購，萬順昌集團將預期於中國內地市場增設據點，同時預期透過規模經濟效益降低成本。收購產生之商譽為4,263,000港元，主要歸因於預期將產生之重大協同效應所致，該協同效應與萬順昌集團之策略性目標及發展以客為本產品藉此從中國內地業務增長中受惠有關。

下表概述已付代價、已收購資產金額及於收購日期確認之已承擔負債。

36 Guarantees

36 擔保

		Company 本公司	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Guarantees provided by the Company in respect of banking facilities of its subsidiaries	本公司就其附屬公司所獲銀行融資而提供之擔保	2,219,799	1,432,497
Banking facilities utilised by subsidiaries in respect of guarantees provided by the Company	本公司就其附屬公司所用之銀行融資而提供之擔保	1,010,196	595,051

Notes to the Consolidated Financial Statements

綜合財務報表附註

37 Commitments

(a) Commitments under operating leases

(i) Lessor

The VSC Group leases an investment property under non-cancellable operating lease agreements. The lease term is 2 years, and the lease agreement is renewable at the end of the lease period at market rate.

Total commitments receivable under the non-cancellable operating lease agreement in respect of rent-out premise is analysed as follows:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Not later than one year	未逾1年	223	456
Later than one year and not later than five years	逾1年及未逾5年	-	223
		223	679

(ii) Lessee

The VSC Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

37 承擔

(a) 營業租約承擔

(i) 出租人

萬順昌集團根據不可撤銷之營業租約出租一項投資物業。租期為兩年，而租約可在租期屆滿後以市場租值續簽。

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：

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Not later than one year	未逾1年	223	456
Later than one year and not later than five years	逾1年及未逾5年	-	223
		223	679

(ii) 承租人

萬順昌集團根據不可撤銷之營業租約承租多個零售商舖、辦公室及貨倉。租期介乎1至5年，而大部份租約可在租期屆滿後以市場租值續簽。

Notes to the Consolidated Financial Statements
綜合財務報表附註**37 Commitments (Continued)****(a) Commitments under operating leases (Continued)****(ii) Lessee (Continued)**

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

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Not later than one year	未逾1年	25,253	22,449
Later than one year and not later than five years	逾1年及未逾5年	8,316	17,789
		33,569	40,238

(b) Capital commitment

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

		Consolidated 綜合	
		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Contracted but not provide for: Capital contribution for a recycling business	已訂約但尚未預提： 再生業務之資本投入	-	12,744

(c) Commitments under derivative contracts

As at 31st March 2013, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$44,000,000 (2012: US\$28,000,000) for approximately RMB276,144,000 (2012: RMB176,334,000). The last settlement dates are 28th April 2014 and 27th May 2014.

37 承擔(續)**(a) 營業租約承擔(續)****(ii) 承租人(續)**

就承租物業而訂立之各份不可撤銷營業租約之應付承擔總額分析如下：

(b) 資本承擔

於報告期末已訂約但尚未產生之資本開支如下：

(c) 衍生合約承擔

於二零一三年三月三十一日，萬順昌集團尚有約人民幣276,144,000元(二零一二年：人民幣176,334,000元)未行使遠期外匯貨幣合約，以用作購買約44,000,000美元(二零一二年：28,000,000美元)。最終結算日為二零一四年四月二十八日及二零一四年五月二十七日。

Notes to the Consolidated Financial Statements

綜合財務報表附註

38 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:

		Notes 附註	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Management fee income from services provided to an associate	向一間聯營公司提供服務之管理費收入	(i)	562	555
Sales of goods to an associate	向一間聯營公司銷售之貨品	(ii)	109,207	105,840
Rental expenses paid to an associate	已付一間聯營公司之租金支出	(iii)	3,450	2,855

Notes:

- (i) Management services were provided by VSC Steel (Shanghai) Co., Ltd. to an associate at prices mutually agreed by both parties.
- (ii) Goods were sold by Shanghai Bao Shun Chang International Trading Co., Ltd. to an associate at prices mutually agreed by both parties.
- (iii) Rental expenses were charged to VSC Steel (Shanghai) Co., Ltd. and Leisure Plus International Trading (Shanghai) Co., Ltd. by an associate at prices mutually agreed by both parties.

38 與關連人士之交易

(a) 交易

於萬順昌集團日常業務過程中進行之重大關連人士交易概要如下：

附註：

- (i) 由亞萬鋼國際貿易(上海)有限公司提供予一間聯營公司之管理服務按雙方協定之價格收取。
- (ii) 由上海寶順昌國際貿易有限公司銷售予一間聯營公司之貨品按雙方協定之價格收取。
- (iii) 由一間聯營公司向亞萬鋼國際貿易(上海)有限公司及利尚派國際貿易(上海)有限公司所收取之租金支出皆按雙方協定之價格收取。

(b) Key management compensation

(b) 主要管理層報酬

		2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	11,848	10,093
Bonus	花紅	3,317	463
Pension costs – defined contribution schemes	退休金成本—界定供款計劃	183	268
Share option scheme – value of services	購股權計劃—服務價值	2,443	1,166
		17,791	11,990



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