

## 1 GENERAL INFORMATION

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

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

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors on 14th July 2006.

## 1 一般資料

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

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

除另有指明外，本財務報表以港元列示。

本財務報表已於二零零六年七月十四日經董事會核准刊發。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these 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 financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through income statement and investment properties, which are carried at fair value.

The preparation of 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 Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. These assumptions and estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management’s best knowledge of event and actions, actual results ultimately may differ from those estimates.

## 2 主要會計政策概要

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

### 2.1 編製基準

本財務報表依照香港財務報告準則（「香港財務報告準則」）編製。本財務報表乃按歷史成本慣例編製，並已就可供出售之財務資產，財務資產及財務負債（包括金融工具）以公平價值列入損益表及就投資物業以公平價值列賬。

按香港財務報告準則編製本財務報表時需採用若干重要之會計估算，亦須管理層於採用本公司會計政策之過程中作出判斷。涉及較多判斷或複雜性之範圍，或對本財務報表而言屬重要之假設及估算已在附註4內披露。此等假設及估算會對本財務報表所記錄之資產、負債、或然資產及或然負債及年度內所報告之收入及支出有所影響。雖然此等估算已根據管理層之豐富經驗及知識作判斷，但最終結果可能與此等估算有所偏差。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.1 Basis of preparation (Continued)**

*The adoption of new/revised HKFRS*

During the year ended 31st March 2006, the VSC Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2005 comparative figures have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share

**2 主要會計政策概要(續)**

**2.1 編製基準(續)**

*採納新訂／經修訂香港財務報告準則*

截至二零零六年三月三十一日止年度期間，萬順昌集團採納下列與其業務有關之新訂／經修訂香港財務報告準則，並已根據相關規定修訂二零零五年之比較數字。

香港會計準則 第1號	財務報表之呈列
香港會計準則 第2號	存貨
香港會計準則 第7號	現金流量表
香港會計準則 第8號	會計政策、會計估算 之變動及誤差
香港會計準則 第10號	結算日後事項
香港會計準則 第16號	物業、廠房及設備
香港會計準則 第17號	租賃
香港會計準則 第21號	外幣匯率變動之影響
香港會計準則 第23號	借貸成本
香港會計準則 第24號	關連人士披露
香港會計準則 第27號	綜合及獨立財務報表
香港會計準則 第28號	投資聯營公司
香港會計準則 第32號	金融工具：披露及呈報
香港會計準則 第33號	每股盈利

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.1 Basis of preparation (Continued)**

*The adoption of new/revised HKFRS (Continued)*

HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKAS-Int 15	Operating Leases - Incentives
HKAS-Int 21	Income Taxes - Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 33 and HKAS-Int 15 did not result in substantial changes to the VSC Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interests and other disclosures.
- HKASs 2, 7, 8, 10, 16, 23, 27, 28, 33 and HKAS-Int 15 had no material effect on the VSC Group's policies.

**2 主要會計政策概要(續)**

**2.1 編製基準(續)**

*採納新訂／經修訂香港財務報告準則(續)*

香港會計準則第36號	資產減值
香港會計準則第38號	無形資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則第39號(修訂)	金融資產及金融負債之過渡及初步確認
香港會計準則第40號	投資物業
香港會計準則—詮釋15	營運租約——獎勵
香港會計準則—詮釋21	所得稅——經重估非折舊資產之收回
香港財務報告準則第2號	以股份為基礎之償付
香港財務報告準則第3號	業務合併

採納新訂／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27、28、33號及香港會計準則——詮釋15，並無對萬順昌集團之會計政策構成重大變動。總括而言：

- 香港會計準則第1號對少數股東權益及其他披露事項構成影響。
- 香港會計準則第2、7、8、10、16、23、27、28、33號及香港會計準則——詮釋15對萬順昌集團之政策並無重大影響。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

*The adoption of new/revised HKFRS (Continued)*

- HKAS 21 had no material effect on the VSC Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standards. All the VSC Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land and land use rights were accounted for at cost less accumulated depreciation and accumulated impairment losses, if any. The transitional provisions require retrospective application of this new policy and accordingly the 2005 comparative figures have reflected the retrospective effect of the change.

## 2 主要會計政策概要(續)

### 2.1 編製基準(續)

*採納新訂／經修訂香港財務報告準則(續)*

- 香港會計準則第21號對萬順昌集團之政策並無重大影響。各綜合實體的功能貨幣已根據經修訂準則之指引重新評估。萬順昌集團內所有實體均採用相同功能貨幣作為各實體本身財務報表之呈列貨幣。
- 香港會計準則第24號對關連人士之識別及若干其他關連人士之披露有所影響。

採納經修訂香港會計準則第17號導致會計政策改變，涉及將租賃土地及土地使用權由物業、廠房及設備重新分類為營運租約。租賃土地及土地使用權之前期預付款項將於租賃期間內以直線法在損益表內扣除，或倘出現減值，減值將於損益表內扣除。於過往年度，租賃土地及土地使用權乃按成本減累計折舊及累計減值虧損列賬。過渡條文規定此項新政策須追溯應用，因此，二零零五年之比較數字已反映此追溯變動之影響。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.1 Basis of preparation (Continued)**

*The adoption of new/revised HKFRS (Continued)*

The adoption of HKASs 32, 39 and 39 (Amendment) has resulted in a change in the accounting policy relating to the classification of available-for-sale financial assets. It has also resulted in a change in the recognition, measurement and classification of derivative financial instruments. Certain foreign exchange contracts which do not qualify for hedge accounting, are initially recognised at fair value on the date on which such derivative contracts are entered into and subsequently remeasured at their fair value. Changes in fair value of the derivatives are recognised immediately in the income statement. The transitional provisions do not require retrospective application of this new policy to restate the amounts for previous years, and in this connection the VSC Group has chosen not to reflect the effect of this change in the 2005 comparative figures.

**2 主要會計政策概要(續)**

**2.1 編製基準(續)**

*採納新訂／經修訂香港財務報告準則(續)*

採納香港會計準則第32、39及39(修訂)號導致會計政策改變，涉及可供出售之財務資產之分類。此亦導致衍生金融工具之確認、計量及分類有所變動。若干不合作對沖會計之外匯合約，先以該等衍生合約訂立當日之公平價值確認，日後再按其公平價值重新計量。該等衍生工具公平價值之變動會即時於損益表內確認。過渡條文並沒有規定此項新政策須追溯應用以重列往年金額，因此，萬順昌集團已選擇不在二零零五年之比較數字中反映此變動之影響。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### *The adoption of new/revised HKFRS (Continued)*

The adoption of HKASs 36 and 38 and HKFRS 3 has resulted in a change in the accounting policy for goodwill. Until 31st March 2005, goodwill was amortised on a straight-line basis over a period ranging from 4 to 5 years, and assessed for an indication of impairment at each balance sheet date. In accordance with the provisions of HKFRS 3, the VSC Group ceased amortisation of goodwill from 1st April 2005; accumulated amortisation as at 31st March 2005 has been eliminated with a corresponding decrease in the cost of goodwill; from the year ended 31st March 2006 and onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment. The transitional provisions allow retrospective application of this new policy under certain restricted situations, which are not applicable to the VSC Group, and accordingly the 2005 comparative figures have not reflected the effect of this change.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values of investment properties are recorded in the income statement from 1st April 2005. In prior years, the increases in fair value were credited to the investment properties revaluation reserve; decrease in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement. The transitional provisions do not require retrospective application of this new policy to restate the amounts for previous years, and in this connection the VSC Group has chosen not to reflect the effect of this change in the 2005 comparative figures.

## 2 主要會計政策概要(續)

### 2.1 編製基準(續)

#### *採納新訂／經修訂香港財務報告準則(續)*

採納香港會計準則第36及38號及香港財務報告準則第3號導致商譽之會計政策出現變動。直至二零零五年三月三十一日止，商譽乃按介乎4年至5年之期間以直線法攤銷，並於每個結算日評估有否減值跡象。根據香港財務報告準則第3號之條文，萬順昌集團自二零零五年四月一日起終止攤銷商譽，於二零零五年三月三十一日之累計攤銷已與商譽成本之相應減額對銷。自截至二零零六年三月三十一日止年度起，商譽會每年及當有減值跡象時檢測減值。過渡條文允許此項新政策在若干情況下追溯應用，而該等情況不適用於萬順昌集團，因此，二零零五年之比較數字並無反映此變動之影響。

採納經修訂香港會計準則第40號導致會計政策改變，其中投資物業之公平價值之變動由二零零五年四月一日起於損益表中記錄。於過往年度，公平價值之增加計入投資物業重估儲備，公平價值之減少首先按組合基準於早前之估值增加抵銷，其後於損益表扣除。過渡條文並沒有規定此項新政策須追溯應用以重列往年金額，因此，萬順昌集團已選擇不在二零零五年之比較數字中反映此變動之影響。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### *The adoption of new/revised HKFRS (Continued)*

The adoption of HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred income tax liabilities arising from the revaluation of investment properties. Such deferred income tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale. The transitional provisions require retrospective application of this new policy and accordingly the 2005 comparative figures have reflected the retrospective effect of the change.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st March 2005, the provision of share options to employees did not result in an expense in the income statement. Effective 1st April 2005, the VSC Group expenses the cost of share options in the income statement. The transitional provisions require retrospective application of this new policy on prescribed situations and accordingly the 2005 comparative figures have reflected the retrospective effect of the change.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, wherever applicable. All standards adopted by the VSC Group require retrospective application other than:

- HKAS 16 - the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

## 2 主要會計政策概要(續)

### 2.1 編製基準(續)

#### *採納新訂／經修訂香港財務報告準則(續)*

採納經修訂香港會計準則——詮釋21導致會計政策改變，涉及重估投資物業產生之遞延所得稅負債之計量。該等遞延所得稅負債乃根據藉使用資產收回該資產賬面金額所產生之稅務後果計量。於過往年度，該資產之賬面金額預期將藉銷售收回。過渡條文規定此項新政策須追溯應用，因此，二零零五年之比較數字已反映此追溯變動之影響。

採納香港財務準則第2號導致以股份為基礎之支付之會計政策改變。在二零零五年三月三十一日以前，向員工提供購股權不構成損益表上之支出。自二零零五年四月一日起生效，萬順昌集團購股權之成本將於損益表內扣除。過渡條文規定此項新政策須在規定情況下追溯應用，因此，二零零五年之比較數字反映此追溯變動之影響。

所有會計政策已於適用情況下按有關準則之過渡性條文作出更改。萬順昌集團所採納之所有準則均須追溯應用，惟下列者除外：

- 香港會計準則第16號——就資產交易交換中所收購之物業、廠房及設備項目之初期計量將以公平價值計算，預期僅適用於日後之交易；



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

*The adoption of new/revised HKFRS (Continued)*

- HKAS 21 - prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- HKAS 39 - does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The VSC Group applied the previous SSAP 24 "Accounting for investments in securities" to investment in securities. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1st April 2005;
- HKAS 40 - since the VSC Group has adopted the fair value model, there is no requirement for the VSC Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1st April 2005, including the reclassification of any amount held in revaluation reserve for investment property;
- HKAS-Int-15 - does not require the recognition of incentives for leases beginning before 1st January 2005;
- HKFRS 2 - only retrospective application for all equity instruments granted after 7th November 2002 and not vested at 1st January 2005; and
- HKFRS 3 - prospectively after the adoption date.

## 2 主要會計政策概要(續)

### 2.1 編製基準(續)

*採納新訂／經修訂香港財務報告準則(續)*

- 香港會計準則第21號——日後將商譽及公平價值調整列賬作為海外業務之一部份；
- 香港會計準則第39號——不允許對以前已確認、取消確認及計量之財務資產及負債跟此基準作追溯應用。萬順昌集團對證券投資採用原有之會計實務準則第24號「證券投資之會計方法」。就會計實務準則第24號與香港會計準則第39號之會計差異所作出之調整，已於二零零五年四月一日釐定及確認；
- 香港會計準則第40號——由於萬順昌集團已採納公平價值模式，故萬順昌集團毋須重列比較資料，而任何調整，包括投資物業重估儲備中任何增值盈餘之重新分類，已於二零零五年四月一日之保留盈利中作出相應之調整；
- 香港會計準則—詮釋15——無須確認於二零零五年一月一日前開始之租約優惠；
- 香港財務報告準則第2號——僅就二零零二年十一月七日以後授出而於二零零五年一月一日並未獲准行使之所有股本工具追溯應用；及
- 香港財務報告準則第3號——於採用日期後追溯應用。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

2 主要會計政策概要(續)

2.1 Basis of preparation (Continued)

2.1 編製基準(續)

The adoption of new/revised HKFRS (Continued)

採納新訂/經修訂香港財務報告準則(續)

The effect on the adoption of the accounting policies described above on the income statement is as follows:

以下為採納上述會計政策對損益表之影響：

		For the year ended 31st March 2006 截至二零零六年三月三十一日止年度					For the year ended 31st March 2005 截至二零零五年三月三十一日止年度				
		HKASs		HKAS-			HKAS-				
		HKAS 17	32 and 39	HKAS 40	HKFRS 2	Int 21	Total	HKAS 17	HKFRS 2	Int 21	Total
		香港		香港	香港財務	香港		香港	香港財務	香港	
		會計準則	第32	會計準則	報告準則	會計準則-	總額	會計準則	報告準則	會計準則-	總額
		第17號	及39號	第40號	第2號	詮釋21		第17號	第2號	詮釋21	
		HK\$'000	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	千港元
Increase in other gains - net	其他收益淨額增加	—	—	11,188	—	—	11,188	—	—	—	—
Decrease/(Increase) in general and administrative expenses	一般及行政支出減少/(增加)	224	(4,476)	—	(57)	—	(4,309)	15	(612)	—	(597)
Increase in income tax expense	所得稅支出增加	—	—	—	—	(1,101)	(1,101)	—	—	(4,291)	(4,291)
Increase/(Decrease) in profit attributable to equity holders of the Company	本公司股權持有人應佔溢利增加/(減少)	224	(4,476)	11,188	(57)	(1,101)	5,778	15	(612)	(4,291)	(4,888)
Increase/(Decrease) in basic earnings per share (HK cents per share)	基本每股盈利增加/(減少) (每股港仙)	0.06	(1.21)	3.04	(0.02)	(0.30)	1.57	—	(0.17)	(1.17)	(1.34)
Increase/(Decrease) in diluted earnings per share (HK cents per share)	攤薄每股盈利增加/(減少) (每股港仙)	0.06	(1.21)	3.04	(0.02)	(0.30)	1.57	—	(0.17)	(1.16)	(1.33)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

2.1 Basis of preparation (Continued)

The adoption of new/revised HKFRS (Continued)

The effect on adoption of the accounting policies described above on the consolidated balance sheet is as follows:

		As at 31st March 2006 於二零零六年三月三十一日					As at 31st March 2005 於二零零五年三月三十一日			
		HKASs		HKAS-		HKAS-				
		HKAS 17	32 and 39	HKFRS 2	Int 21	Total	HKAS 17	HKFRS 2	Int 21	Total
		香港	香港	香港	香港	總額	香港	香港財務	香港	總額
		會計準則	會計準則	報告準則	會計準則—		會計準則	報告準則	會計準則—	
		第17號	及39號	第2號	詮釋21		第17號	第2號	詮釋21	
		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
Decrease in property, plant and equipment	物業、廠房及設備減少	(22,429)	—	—	—	(22,429)	(23,003)	—	—	(23,003)
Increase in leasehold land and land use rights	租賃土地及土地使用權增加	22,741	—	—	—	22,741	23,091	—	—	23,091
Increase in available-for-sale financial assets	可供出售之財務資產增加	—	13,372	—	—	13,372	—	—	—	—
Decrease in non-trading securities	非作買賣之證券減少	—	(13,372)	—	—	(13,372)	—	—	—	—
Increase in derivative financial instruments	衍生金融工具增加	—	(952)	—	—	(952)	—	—	—	—
Increase in deferred income tax liabilities	遞延所得稅負債增加	—	—	—	(6,932)	(6,932)	—	—	(5,831)	(5,831)
Increase/(Decrease) in net assets	資產淨額增加/(減少)	312	(952)	—	(6,932)	(7,572)	88	—	(5,831)	(5,743)
Increase in share premium	股份溢價增加	—	—	1,071	—	1,071	—	1,014	—	1,014
Increase/(Decrease) in retained earnings	保留盈利增加/(減少)	312	(952)	(1,071)	(6,932)	(8,643)	88	(1,014)	(5,831)	(6,757)
Increase/(Decrease) in equity	權益增加/(減少)	312	(952)	—	(6,932)	(7,572)	88	—	(5,831)	(5,743)

2 主要會計政策概要(續)

2.1 編製基準(續)

採納新訂/經修訂香港財務報告準則(續)

以下為採納上述會計政策對綜合資產負債表之影響：

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2 主要會計政策概要(續)**

**2.1 Basis of preparation (Continued)**

*Standards, interpretations and amendments to published standards that are not yet effective*

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after the effective date as described below, as follows:

**New HKFRS or interpretations  
新香港財務報告  
準則及詮釋**

**Effective date**

**生效日**

**Description**

**性質**

HKAS 1 (Amendment) 香港會計準則第1號(修訂)	1st January 2007 二零零七年一月一日	Capital Disclosure 資本披露
HKAS 19 (Amendment)  香港會計準則第19號(修訂)	1st January 2006 二零零六年一月一日	Actuarial gains and losses, group plans and disclosures 精算損益、集團計劃及披露
HKAS 21 (Amendment) 香港會計準則第21號(修訂)	1st January 2006 二零零六年一月一日	Net investment in a foreign operation 海外營業投資淨額
HKAS 39 & HKFRS 4 (Amendment) 香港會計準則第39號及 香港財務報告準則第4號(修訂)	1st January 2006 二零零六年一月一日	Financial guarantee contracts 財務擔保合約
HKAS 39 (Amendment)  香港會計準則第39號(修訂)	1st January 2006 二零零六年一月一日	Cash flow hedge accounting of forecast intragroup transactions 預期集團內部之現金對沖會計處理
HKAS 39 (Amendment) 香港會計準則第39號(修訂)	1st January 2006 二零零六年一月一日	The fair value option 公平價值選擇權
HKFRS 1 (Amendment)  香港財務報告準則第1號(修訂)	1st January 2006 二零零六年一月一日	First-time adoption of Hong Kong Financial Reporting Standards 首次採納香港財務報告準則
HKFRS 6  香港財務報告準則第6號	1st January 2006 二零零六年一月一日	Exploration for and Evaluation of Mineral Resources 勘探和評估礦產資源
HKFRS 7 香港財務報告準則第7號	1st January 2007 二零零七年一月一日	Financial instruments: Disclosures 金融工具：披露

**2.1 編製基準(續)**

*尚未生效之準則，詮釋及就已頒佈準則之修訂*

以下為已頒佈須於下列之生效日始或以後開始之會計期間強制遵從之新準則及就現有準則之詮釋及修訂：

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.1 Basis of preparation (Continued)**

*Standards, interpretations and amendments to published standards that are not yet effective*

**New HKFRS or interpretations**  
新香港財務報告準則及詮釋

**Effective date**

生效日

**2 主要會計政策概要(續)**

**2.1 編製基準(續)**

*尚未生效之準則，詮釋及就已頒佈準則之修訂*

**Description**

性質

HKFRS-Int 4

1st January 2006

Determining whether an arrangement contains a lease

香港財務報告準則－詮釋4

二零零六年一月一日

釐定一項安排是否包括租賃

HKFRS-Int 5

1st January 2006

Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

香港財務報告準則－詮釋5

二零零六年一月一日

解除、恢復及環境修復基金所產生的權利

HK(IFRIC)-Int 6

1st December 2005

Liabilities arising from participating in a specific market - waste electrical and electronic equipment

香港(國際財務報告詮釋委員會)－詮釋6

二零零五年十二月一日

參與特定市場的責任——廢棄之電器及電子設備

HK(IFRIC)-Int 7

1st March 2006

Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies

香港(國際財務報告詮釋委員會)－詮釋7

二零零六年三月一日

應用會計準則29號「嚴重通脹經濟中的財務報告」的重列方法

The VSC Group has not early adopted these new/revised HKFRSs. The Company's directors and the VSC Group's management anticipate that the adoption of these Standards or Interpretations or Amendments will have no material impact on the financial statements of the VSC Group and will not result in substantial changes to the VSC Group's accounting policies.

萬順昌集團並無提早採納此新訂／經修訂之香港財務報告準則。本公司之董事及萬順昌集團之管理層預期採納此準則，詮釋及修訂對萬順昌集團之財務報表並無重大影響及不會對萬順昌集團之會計政策構成重大變動。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.2 Consolidation**

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

**(a) Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the VSC Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the VSC Group controls another entity.

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.

**2 主要會計政策概要(續)**

**2.2 綜合財務報表**

綜合財務報表包括本公司及其附屬公司截至三月三十一日止之財務報表。

**(a) 附屬公司**

附屬公司指萬順昌集團有權管控其財政及經營政策之所有實體(包括帶有特別目的之實體)，一般附帶超過半數投票權之股權。在評定萬順昌集團是否控制另一實體時，目前可行使或可兌換之潛在投票權之存在及影響均予考慮。

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.2 Consolidation (Continued)**

**(a) Subsidiaries (Continued)**

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of an impairment of the asset transferred.

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

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

**2 主要會計政策概要(續)**

**2.2 綜合財務報表(續)**

**(a) 附屬公司(續)**

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

集團內公司之間的交易、結餘及未實現收益予以對銷。未實現虧損亦予以對銷，但作為已轉讓資產減值之減值指標。

附屬公司的會計政策已按需要作出改變，以確保與萬順昌集團採用的政策符合一致。

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.2 Consolidation (Continued)**

**(b) Associates**

Associates are all entities over which the VSC Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The VSC Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The VSC Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the VSC Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the VSC Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the VSC Group and its associates are eliminated to the extent of the VSC Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the VSC Group.

**2 主要會計政策概要(續)**

**2.2 綜合財務報表(續)**

**(b) 聯營公司**

聯營公司是指凡萬順昌集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。聯營公司投資以權益會計法入賬，初始以成本確認。萬順昌集團於聯營公司的投資包括收購時確認的商譽(扣除任何累計減值虧損)。

萬順昌集團應佔收購後聯營公司的溢利或虧損於損益表內確認，而應佔收購後儲備之變動則於儲備賬內確認。投資賬面價值會根據累計之收購後儲備變動而作出調整。如萬順昌集團應佔一間聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，萬順昌集團不會確認進一步虧損，除非萬順昌集團已代聯營公司承擔責任或作出付款。

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



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Consolidation (Continued)

#### (b) Associates (Continued)

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

### 2.3 Segment reporting

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

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the VSC Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

## 2 主要會計政策概要(續)

### 2.2 綜合財務報表(續)

#### (b) 聯營公司(續)

在本公司之資產負債表內，於聯營公司之投資按成本值扣除或有之累計減值虧損準備列賬。本公司將聯營公司之業績按已收及應收股息基準入賬。

### 2.3 分部報告

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

### 2.4 外幣換算

#### (a) 功能和呈列貨幣

萬順昌集團每個實體的財務報表所列項目均以營運所在的主要經濟環境的貨幣計量(「功能貨幣」)。本財務報表以港元呈報，港元為本公司的功能及呈列貨幣。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.4 Foreign currency translation (Continued)**

**(b) Transactions and balances**

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

**(c) Group companies**

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

**2 主要會計政策概要(續)**

**2.4 外幣換算(續)**

**(b) 交易及結餘**

外幣交易採用交易日的匯率換算為功能貨幣。結算此等交易產生的滙兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算而產生的滙兌盈虧於損益表中確認。

**(c) 集團公司**

所有功能貨幣與呈列貨幣不同之所有集團實體(概無擁有惡性通貨膨脹經濟體系之貨幣)之業績及財務狀況均按以下方法換算為呈列貨幣：

- (i) 各資產負債表呈列之資產及負債均以該資產負債表結算日之收市匯率換算；
- (ii) 各損益表之收入及支出均按平均匯率換算(除非該平均價值並非於交易日通行匯率累計影響之合理近似值，在此情況下收入及支出乃按交易日之匯率換算)；及

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Foreign currency translation (Continued)

#### (c) Group companies (Continued)

- (iii) all resulting exchange differences are recognised as a separate component of equity.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.5 Property, plant and equipment

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

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

## 2 主要會計政策概要(續)

### 2.4 外幣換算(續)

#### (c) 集團公司(續)

- (iii) 所有由此產生之滙兌差額確認為權益之獨立組成項目。

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

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

### 2.5 物業、廠房及設備

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

其後成本只有在與該項目有關的未來經濟利益有可能流入萬順昌集團之下，而該項目的成本能可靠計量時，才包括在資產的賬面價值或確認為獨立資產(按適用)。所有其他維修及保養在產生的財政期間內於損益表支銷。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.5 Property, plant and equipment (Continued)**

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

- Buildings	2.5% to 4%
- Leasehold improvements	20% to 33% (lease terms)
- Furniture and equipment	15% to 33%
- Machinery	10% to 25%
- Motor vehicles	20%

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

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

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

**2.6 Leasehold land and land use rights**

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

**2 主要會計政策概要(續)**

**2.5 物業、廠房及設備(續)**

物業、廠房及設備的折舊採用以下的估計可使用年期將成本或重估價值按直線法分攤至剩餘價值計算：

- 樓宇	2.5%至4%
- 租賃物業裝修	20%至33%(租約年期)
- 傢俬及設備	15%至33%
- 機器	10%至25%
- 汽車	20%

資產之剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。

若資產的賬面價值高於其估計可收回價值，其賬面價值即時撇減至可收回金額。

出售之收益及虧損乃與其賬面價值之差額釐定，並列入損益表中。

**2.6 租賃土地及土地使用權**

租賃土地及土地使用權之前期預付款項已作賬於營業租約列賬。租約期間內以直線法於損益表內支銷。當土地使用權出現減值時，其減值將於損益表支銷。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.7 Investment properties

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

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. Fair value is determined 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 VSC Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed annually by independent external valuers, in accordance with the guidance issued by the International Valuation Standards Committee.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Changes in fair values are recognised in the income statement.

## 2 主要會計政策概要(續)

### 2.7 投資物業

為獲得長期租金收益或資本增值或兩者兼備而持有，且並非由萬順昌集團佔用的物業分類為投資物業。

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

投資物業初步按其成本計量，包括相關的交易成本。在初步確認後，投資物業按公平價值列賬。公平價值根據活躍市場價格計算，如有需要就個別資產的性質、地點或狀況的任何差異作出調整。如沒有此項資料，萬順昌集團利用其他估值方法，例如較不活躍市場的近期價格或貼現現金流量預測法。此等估值每年由外部估值師檢討，根據國際估值準則委員會發出之指引執行。

投資物業的公平價值反映(包括其他)來自現有租賃之租金收入，及在現時市場情況下對未來租賃的租金收入假設。公平價值之變動已在損益表中確認。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.7 Investment properties (Continued)

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

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

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

### 2.8 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the VSC Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in interests in associates. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

## 2 主要會計政策概要(續)

### 2.7 投資物業(續)

其後開支只有在與該項目有關的未來經濟利益有可能流入萬順昌集團，而該項目的成本能可靠衡量時，才計入在資產的賬面價值中。所有其他維修及保養成本在產生的財政期間內於損益表支銷。

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

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

### 2.8 商譽

商譽指收購成本高於萬順昌集團於收購日期應佔所收購附屬公司／聯營公司之可確認資產淨值之公平價值之差額。收購附屬公司產生之商譽計入無形資產。收購聯營公司產生之商譽計入聯營公司權益。獨立確認之商譽每年或當有減值跡象時檢討有否減值及按成本減累計減值虧損列賬。商譽之減值虧損不予撥回。

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Goodwill (Continued)

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing (Note 2.9). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill arose.

### 2.9 Impairment of non-financial assets

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

## 2 主要會計政策概要(續)

### 2.8 商譽(續)

出售一間實體之收益及虧損包括所有出售實體之商譽賬面金額。

為進行減值評估，商譽被劃分至現金產生單位(附註2.9)。商譽歸入產生現金單位或預期可受惠於產生商譽之業務合併之產生現金以查核減值。

### 2.9 非財務資產之減值

無特定期限之資產毋須折舊或攤銷，但此等資產每年均接受至少一次減值評估。如有任何跡象顯示出現耗蝕時，該資產亦會被評估當時之減值情況。至於須攤銷之資產，如有任何跡象顯示出現耗蝕，該資產亦會被評估當時之減值情況。減值虧損為資產賬面金額超越其可收回價值之數額。可收回價值為資產公平價值減出售成本後之價值與其使用價值之間之較高者。為了評估資產減值，其現金流量(現金產生單位)之最低水平會被獨立地確認劃分資產類別。除商譽以外而出現減值的非金融資產可於各報告日期就可能撥回減值進行審閱。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.10 Financial Assets**

From 1st April 2004 to 31st March 2005:

The VSC Group classified its investments in securities, other than subsidiaries and associates, as non-trading securities and trading securities.

**(a) Non-trading securities**

Investments which were held for non-trading purpose were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the investment revaluation reserve until the security was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, was dealt with in the income statement.

Where there was objective evidence that individual investments were impaired, the cumulative loss recorded in the revaluation reserve was taken to the income statement.

**2 主要會計政策概要(續)**

**2.10 財務資產**

自二零零四年四月一日至二零零五年三月三十一日：

萬順昌集團將證券投資分類為非作買賣之證券及可作買賣之證券，惟附屬公司及聯營公司之投資除外。

**(a) 非作買賣之證券**

持有作非買賣用途之投資按結算日之公平價值列賬。個別證券公平價值之變動均於投資重估儲備中計入或扣除，直至有關證券出售或被釐定出現減值。於出售時，累計盈虧乃指銷售所得淨額及有關證券之賬面價值之差額，連同任何轉撥自投資重估儲備之盈餘／虧絀於損益中處理。

當個別投資出現客觀證據顯示減值時，其在重估儲備之累計虧損於損益表入賬。



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

2.10 Financial Assets (Continued)

(b) Trading securities

Trading securities were carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities were recognised in the income statement. Profits or losses on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, were recognised in the income statement as they arised.

From 1st April 2005 onwards, the VSC Group classifies its financial assets as available-for-sales based on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Available-for-sale financial assets are non-derivatives. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on 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 income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the VSC Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

2 主要會計政策概要(續)

2.10 財務資產(續)

(b) 可作買賣之證券

可作買賣之證券按公平價值列賬。於每個結算日，可作買賣之證券之公平價值變動而引致未實現收益／(虧損)淨額均在損益表記賬。出售可作買賣之證券之溢利或虧損指出售所得款項淨額與賬面金額之差額，並在產生時於損益表記賬。

由二零零五年四月一日起，萬順昌集團將其財務資產分類為可供出售，分類方法乃取決於投資項目之收購目的。管理層會於初次確認時釐定其財務資產之分類，並於每個報告日期重新評估該分類。

可供出售財務資產為非衍生工具。除非管理層擬於結算日12個月內將投資出售，否則其將包括在非流動資產內。

買賣投資項目於交易日——即萬順昌集團承諾購買或出售資產之日期確認入賬。所有歸類為並非按公平價值計算損益之財務資產之投資初步按其公平價值加所需交易成本確認。當自投資獲得現金流量之權利屆滿或經已轉讓，且萬順昌集團已將絕大部分擁有權所涉之風險及回報轉讓時，會解除確認有關投資。可供出售之財務資產及按公平價值透過損益記賬之財務資產其後以公平價值入賬。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.10 Financial Assets (Continued)**

Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the VSC Group's right to receive payments is established.

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

**2 主要會計政策概要(續)**

**2.10 財務資產(續)**

分類為可供出售之證券之公平價值變動於權益中確認。當分類為可供出售之證券出售或減值時，累計公平價值調整會作為投資證券收益或虧損計入損益表內。使用實際利息計算之可供出售證券之利息將於損益表內確認。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於損益表內確認。

有報價投資之公平價值根據當時之買盤價計算。若某項財務資產之市場並不活躍(及就非上市證券而言)，萬順昌集團利用重估技術設定公平價值。這些技術包括利用近期公平原則交易、參考大致相同之其他工具、貼現現金流量分析和經改良之期權定價模式，以反映發行人的具體情況。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.10 Financial Assets (Continued)**

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

**2.11 Inventories**

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

**2 主要會計政策概要 (續)**

**2.10 財務資產 (續)**

萬順昌集團於各結算日評估是否存在客觀證據證明某項財務資產或某組財務資產出現減值。對於分類為可供出售之股權證券，在釐定證券是否已經減值時，會考慮證券公平價值有否大幅或長期跌至低於其成本。若可供出售之財務資產存在此等證據，累計虧損——按收購成本與當時公平價值之差額，減該財務資產之前於損益表確認之任何減值虧損計算——自權益中剔除並在損益表記賬。在損益表確認之股權工具減值虧損不會透過損益表撥回。

**2.11 存貨**

存貨按成本及與可變現淨值兩者中之較低者入賬。成本以先入先出法計算。製成品及半製成品之成本，包括原材料、直接勞工工資，其他直接成本及有關之生產費用（根據正常經營能力），但不包括借貸成本。可變現淨值根據其於正常業務運作下之銷售價格減去適當之可變銷售支出。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.12 Installation contracts**

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

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

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

**2 主要會計政策概要(續)**

**2.12 安裝合約**

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.13 Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the VSC Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that the trade and other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**2.14 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**2.15 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)**

**2.13 應收賬款**

應收賬款最初按公平價值確認，而後則採用實際利率法按已攤銷成本減值撥備計量。倘有客觀理據顯示萬順昌集團將不能按應收賬款之原有條款收回所有到期款項，則會對應收賬款作出減值撥備。債務人如有嚴重財務困難，或有可能面臨破產或財務重組及違約或拖延付款，將被視為應收賬款及票據出現減值之指示。撥備之數額為資產賬面值與估計未來現金流量現值之間差額，並按實際利率貼現。而撥備之數額於損益表中確認。

**2.14 現金及現金等值**

現金及現金等值包括手頭現金，存於銀行之通知存款及銀行透支。銀行透支於資產負債表中流動負債之借貸中顯示。

**2.15 股本**

普通股界定為權益。

發行新股或購股權直接應佔之增量成本於權益內列作所得款項(扣除稅項)中扣減。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.16 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

**2.17 Borrowing costs**

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

**2 主要會計政策概要(續)**

**2.16 借貸**

借貸最初按公平價值(扣除已產生之交易成本)確認。交易成本為收購、發行或出售一項財務資產或財務負債直接應佔之增長成本，包括向代理、顧問、經紀及交易商所支付之費用及佣金、監管代理機構及證券交易所徵收之款項及過戶登記稅項及稅款。借貸其後按已攤銷成本列賬；所得款項(扣除交易成本)與贖回價值間之任何差額於借貸期使用實際利率法於損益表內確認。

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

**2.17 借貸成本**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.18 Deferred income tax**

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

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

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

**2 主要會計政策概要(續)**

**2.18 遞延所得稅**

遞延所得稅乃利用負債法就資產與負債之稅基與它們在賬目之賬面值兩者之短暫時差作全數撥備。然而，若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用在結算日前已頒佈或實質採用，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用之稅率(及法例)而釐定。

遞延所得稅資產乃就大有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

遞延所得稅會就有關在附屬公司及聯營公司之投資所產生之短暫時差而撥備，但假若萬順昌集團可以控制短暫時差撥回之時間，並大有可能在可預見未來不會撥回該短暫時差則除外。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.19 Employee benefits**

**(a) Retirement benefits**

The VSC Group participates in several defined contribution retirement benefit schemes. A defined contribution plan is a retirement benefit scheme under which the VSC Group pays contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The schemes are generally funded through payments to insurance companies or state/trustee-administered funds. The VSC Group has no further payment obligations once the contributions have been paid. It has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employment costs when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

**(b) Bonus plans**

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

**2 主要會計政策概要(續)**

**2.19 員工福利**

**(a) 退休福利**

萬順昌集團參與數項界定供款退休福利計劃。萬順昌集團界定供款計劃為強制、合約或自願基準支付供款予一獨立實體之退休福利計劃。此等計劃一般透過向保險公司或受託管理基金付款而注資。萬順昌集團於作出供款後，即無進一步付款責任。倘基金不具備足夠資產，無法就本期及過往期間之僱員服務向所有僱員支付福利，則萬順昌集團並無法律或推定責任作進一步供款。

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

**(b) 花紅計劃**

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.19 Employee benefits (Continued)**

**(c) Employee leave entitlements**

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

**(d) Share-based compensation**

The VSC Group operates an equity-settled, share-based compensation plan. 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 over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

**2 主要會計政策概要(續)**

**2.19 員工福利(續)**

**(c) 僱員應享假期**

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

**(d) 股份基礎補償**

萬順昌集團設有股本交收、股份基礎補償計劃。就僱員所作出之服務而授出之購股權之公平價值，乃確認為支出。將於未獲准行使期內支付之款項總額乃經參考所授出購股權之公平價值所釐訂，且不包括任何非市況獲准行使條件(如盈利能力及銷售增長目標)之影響。非市況獲准行使條件乃於估計將可予行使之購股權數目時考慮。於各結算日，實體均會修訂其估計將可予行使之購股權數目。其將於損益表內確認修訂原本估計之影響(如有)，並將於對股本作出相應調整。

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.20 Provisions

Provisions are recognised when the VSC Group have a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where the VSC Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is unusually certain.

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.

### 2.21 Contingent liabilities

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

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

## 2 主要會計政策概要(續)

### 2.20 撥備

萬順昌集團因已發生的事件而產生現有的法律或推定責任，較可能需要有資源流出以償付責任，金額已經可靠估計。未來經營虧損概不作撥備。倘萬順昌集團預期撥備得以撥回，則只有於有關撥回可在非常肯定時確認為獨立資產。

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

### 2.21 或然負債及或然資產

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.22 Revenue recognition**

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

**(a) Sales of goods**

Sales of goods are recognised when a group entity sells a product to the customer, has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assumed.

**(b) Revenue from installation contracts**

Revenue from each individual installation contract is recognised using the percentage-of-completion method by reference to the stage of completion of the contract activity, generally based on the proportion of contract costs incurred for work performed to date to estimated total contract costs (see Note 2.12).

**(c) Service income**

Service income is recognised when the services are rendered.

**(d) Rental income**

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

**2 主要會計政策概要(續)**

**2.22 收入確認**

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

**(a) 銷售貨品**

銷售貨品於集團實體將產品銷售予客戶、已將產品交付予客戶及客戶接受該產品並且能夠合理確定收回相關應收款項之機會時確認入賬。

**(b) 安裝合約之收入**

每份個別安裝合約之收入會參照合約活動之完成階段然後以完成百分比計算法予以確認。完成百分比普遍按照已執行工作之合約成本對比預期總合約成本之比例(見附註2.12)。

**(c) 服務收入**

服務收入會當服務產生時確認。

**(d) 租金收入**

租金收入於有關租約期內以直線法予以確認。

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**2.22 Revenue recognition (Continued)**

**(e) Dividend income**

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

**(f) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

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

**2.23 Operating Leases (as the lessee)**

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

**2.24 Dividend distribution**

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

**2 主要會計政策概要(續)**

**2.22 收入確認(續)**

**(e) 股息收入**

股息收入乃於確定有權收取股息支付時予以確認。

**(f) 利息收入**

利息收入以未償還本金按適用息率以時間比例作基準予以確認。

於付運貨品前預先向客戶收取之款項均列作預收款項入賬。

**2.23 營業租約(作為承租人)**

如租約擁有權的重大部份風險和回報由出租人保留，分類為營業租約。根據營業租約支付的款項(扣除自出租人收取之任何獎勵金後)於租賃期內以直線法在損益表扣除。

**2.24 股息分派**

向本公司股權持有人分派之股息在股息獲本公司股權持有人批准之期間內於萬順昌集團之財務報表內列為負債。

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The VSC Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risk.

Management regularly monitors the financial risks of the VSC Group. Because of the simplicity of the financial structure and the current operations of the VSC Group, no major hedging activities are undertaken by management.

##### (a) Foreign exchange risk

The VSC Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars. The VSC Group uses forward contracts to manage its foreign exchange risk arising from future commercial transactions.

##### (b) Credit risk

The VSC Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high-credit-quality financial institutions. The VSC Group has policies that limit the amount of credit exposure to any financial institution.

### 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多種財務風險：外匯風險、信貸風險、流動資金風險及現金流量及公平值利率風險。

管理層定期監察萬順昌集團之財務風險。基於萬順昌集團之財務架構及現行營運模式簡單，管理層沒有進行重大對沖活動。

##### (a) 外匯風險

萬順昌集團須面對來自多種貨幣，主要與美元有關之外匯風險。萬順昌集團利用遠期合約管理其來自日後進行之商業交易之外匯風險。

##### (b) 信貸風險

萬順昌集團並無重大集中之信貸風險。萬順昌集團訂有政策以確保銷售予具有合適信貸紀錄之客戶。衍生交易方及現金交易僅限於信貸良好之財務機構。萬順昌集團訂有政策限制各財務機構之信貸風險金額。

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

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

##### (d) Cash flow and fair value interest-rate risk

As the VSC Group has no significant interest-bearing assets, the VSC Group's income and operating cash flows are substantially independent of changes in market interest rates.

The VSC Group's interest-rate risk arises from bank borrowings. Bank borrowings issued at variable rates expose the VSC Group to cash flow interest-rate risk. No floating-to-fixed interest rate swaps is entered by the VSC Group to manage the cash flow interest rate risk. The VSC Group regularly seeks out the most favorable interest rates available for its bank borrowings.

### 3 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (c) 流動資金風險

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

##### (d) 現金流量及公平價值利率風險

由於萬順昌集團並無任何重大之計息資產，萬順昌集團之收入及經營現金流量大致與市場利率變動無關。

萬順昌集團之利率風險來自銀行借貸。浮息貸款使萬順昌集團承受現金流量利率風險。萬順昌集團並無訂立任何浮息及定息掉期存款以管理現金流量利率風險。萬順昌集團定期尋求可給予其銀行貸款之最優惠利率。

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Accounting for derivative financial instruments and hedging activities

From 1st April 2004 to 31st March 2005, derivative financial instruments were designated “hedging” or “non-hedging instruments”. The transactions that, according to the VSC Group’s policy for risk management, were able to meet the conditions for hedge accounting were classified as “hedging” transactions; the others, although set up for the purpose of managing risk (since the VSC Group’s policy does not permit speculative transactions), had been designated as “trading”. The VSC Group recorded derivative financial instruments at cost. The gains and losses on derivative financial instruments were included in the income statement on maturity to match the underlying hedged transactions where relevant. For foreign exchange instruments designated as hedges, the premium (or discount) representing the difference between the spot exchange rate at the inception of the contract and the forward exchange rate was included in the income statement, in other gains - net, in accordance with the accrual method.

From 1st April 2005 onwards, 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 any derivative instruments are recognised immediately in the income statement.

### 3 財務風險管理(續)

#### 3.2 衍生金融工具及對沖活動之會計方法

自二零零四年四月一日至二零零五年三月三十一日，衍生金融工具被定為「作對沖」或「非對沖工具」。根據萬順昌集團之風險管理政策，對沖交易指能符合對沖會計法條件之交易；至於其他交易，儘管用作風險管理（由於萬順昌集團之一貫政策並不容許進行投機交易），亦被指定為「買賣」交易。萬順昌集團之衍生金融工具按成本入賬。衍生金融工具之收益及虧損於到期日列入損益表，與相關對沖交易配對（倘適用）。就作對沖之外匯工具而言，溢價（或折讓）乃於訂立合約時之即期匯率與遠期匯率之差別，按應計法列賬入損益表中其他收益一淨額項目。

自二零零五年四月一日起，衍生工具最初於訂立衍生工具合約之日按公平價值確認，其後按公平價值重新計量。由此產生之收益或虧損之確認方法，視乎該衍生工具是否被指定為對沖工具，若被指定為對沖工具，亦視乎受對沖項目之性質而定。由於萬順昌集團有關之衍生工具不適宜採用對沖會計法處理，故衍生工具公平價值之變動會即時於損益表中確認。

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation

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

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

The nominal value less estimated credit adjustments of trade and bills receivables and trade and bills payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the VSC Group for similar financial instruments.

### 3 財務風險管理(續)

#### 3.3 公平價值估算

於市場買賣之金融工具，其公平價值為結算日所報之市價。萬順昌集團所持財務資產之所報市價為現時收市價。

非於市場買賣之金融工具，其公平價值乃使用多種估值技術釐定。萬順昌集團使用多種方法，於各結算日存在之市況作出假設，以釐定餘下財務工具之公平價值。

應收及應付賬款之面值減去估計信貸調整後假設與其公平價值相若。作為披露目的，財務負債公平價值之估計按未來合約之現金流量以萬順昌集團可取得之類似金融工具之現行市場利率貼現計算。



#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

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

##### (a) Useful lives, residual values and depreciation of property, plant and equipment

The VSC Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

#### 4 重要會計推算

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

萬順昌集團就未來作出推算及假設。在定義上，由此而生之會計推算極少與相關之實際結果相同。具相當風險導致下個財政年度之資產與負債賬面值作重大調整之推算及假設將於下文論述。

##### (a) 物業、廠房及設備之可使用年期、剩餘值及折舊

萬順昌集團之管理層負責釐定其物業、廠房及設備之估計可使用年期、剩餘值及相關折舊開支。該估計乃根據性質及功能相近之物業、廠房及設備之過往實際使用年期而作出。倘可使用年期較之前之估計為短，則管理層會提高折舊開支，或將已報廢或出售之技術過時或非策略資產撇銷或撇減。實際經濟年期可能有別於估計可使用年期，實際剩餘值亦可能有別於估計剩餘值。定期檢討可能會令折舊年期及剩餘值出現變動，因而改變日後期間之折舊費用。

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)**

**(b) Impairment of property, plant and equipment and leasehold land and land use rights**

Property, plant and equipment and leasehold land and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the VSC Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

**4 重要會計推算(續)**

**(b) 物業、廠房、設備及租賃土地及土地使用權之減值**

於出現任何事件或情況變動顯示賬面金額可能不可收回時，萬順昌集團會評估物業、廠房及設備有否出現減值。可收回金額已根據使用價值計算方法或市場估值釐定。該等計算需要作出判斷及估計。

管理層需要運用判斷以釐定資產減值，特別於評估：(i)已發生事件是否顯示相關資產價值可能不可收回；(ii)按在業務中持續使用之資產而估計該項資產之可收回金額(為資產公平值減銷售成本與未來現金流量之淨現值兩者中之較高數額)能否支持該項資產之賬面值；以及(iii)在編製現金預計流量時使用之主要假設是否適當，包括該等現金流量是否按適當比率貼現。倘改變管理層用以確定減值程度之假設(包括現金流量預測中採用之貼現率或增長率假設)，可能會對減值測試中使用之淨現值產生重大影響，因而會影響萬順昌集團之財政狀況及營運業績。倘該業務之預測表現與所實現之未來現金流預測出現重大逆轉，則可能有必要於損益表中作減值支出。

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)**

**(c) Impairment of goodwill**

The VSC Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

**(d) Net realisable value of inventories**

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

**4 重要會計推算(續)**

**(c) 商譽減值**

萬順昌集團每年測試商譽有否出現任何減值。就減值審閱而言，商譽之可收回金額乃按使用價值計算釐定。使用價值計算主要利用按管理層批核之五年財政預算及於五年期間結束時之估計終值為基準之現金流量預測。編製批核預算涵蓋期間之現金流量預測涉及多項假設及估計。主要假設包括預期收益增幅及毛利率、日後資本開支之時限、增長率及選定貼現率以反映涉及之風險。管理層編製財政預算，以反映實際及過往年度表現與市場發展預測。釐定現金流量預測採用之主要假設需要作出判斷，而主要假設改變可重大影響該等現金流量預測，從而影響減值審閱之結果。

**(d) 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估計售價減估計完成成本及可變銷售開支。該等估計乃按現時市況以及製造及銷售類似性質產品之過往經驗為基準。其可因客戶品味轉變及競爭對手為應付嚴峻行業週期採取行動而大幅改變。管理層於每個結算日重估該等估計。

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)**

**(e) Trade and other receivables**

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

**(f) Income taxes and deferred income tax**

The VSC Group is subject to income taxes in Hong Kong and Mainland China. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The VSC Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred 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(續)**

**(e) 貿易及其他應收款項**

萬順昌集團之管理層按評估應收款項之可收回程度釐定貿易及其他應收款項之減值撥備。該評估乃按其客戶及其他債務人之信貸歷史以及現時市況為基準。管理層於每個結算日重估撥備。

**(f) 所得稅及遞延所得稅項**

萬順昌集團須繳納香港及中國內地所得稅。於日常業務過程中有頗多未能確定最終稅項之交易及計算。萬順昌集團估計日後會否須繳納額外稅項，從而確認對預期稅務審核事宜之責任。倘該等事宜之最終稅務結果與初步記錄之金額不符，有關差異將影響作出釐定之期間內之所得稅及遞延所得稅撥備。

倘管理層認為未來應課稅溢利可用作對銷暫時性差異或稅項虧損可予動用時，則會確認與若干暫時性差異及稅項虧損有關之遞延所得稅資產。倘預期結果與原先之估計不同，有關差異會對有關估計出現變動之期間內遞延所得稅資產及所得稅之確認將構成影響。

5 TURNOVER AND SEGMENT INFORMATION

5 營業額及分部資料

(a) Turnover by nature

(a) 營業額按種類

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Manufacturing of industrial products	製造工業產品		
— Processing of rolled flat steel products	— 卷鋼產品加工	<b>1,102,078</b>	905,482
— Enclosure systems	— 系統設備外殼	<b>141,564</b>	135,811
Trading of industrial products	買賣工業產品		
— Engineering plastic resins and injection moulding machines	— 工程塑膠樹脂及注塑機	<b>258,551</b>	248,188
Stockholding and trading of construction materials	存銷與買賣建築材料		
— Steel products - steel rebars, structural steel and flat steel products	— 鋼材產品—鋼筋、結構鋼及板材產品	<b>2,916,604</b>	2,690,626
— Sanitary ware and kitchen cabinets	— 潔具及廚櫃	<b>154,333</b>	151,943
— Revenue from installation work of kitchen cabinets	— 安裝廚櫃之收入	—	4,557
Rental income from investment properties	投資物業之租金收入	<b>1,809</b>	2,014
		<b>4,574,939</b>	4,138,621

(b) Primary reporting format - business segments

The VSC Group operates predominantly in Hong Kong and Mainland China and in two business segments - (i) China Advanced Materials Processing ("CAMP"), including manufacturing of industrial products such as rolled flat steel products and enclosure systems, and trading of engineering plastic resins, and (ii) Construction Materials Group ("CMG"), including stockholding and trading of construction materials such as steel products, sanitary wares and kitchen cabinets, and installation work of kitchen cabinets.

(b) 主要申報形式—業務分部

萬順昌集團主要於香港和中國內地經營兩個業務分部——(i)中國先進材料加工(「CAMP」)，包括製造工業產品例如卷鋼產品及系統設備外殼與及買賣工程塑膠樹脂，及(ii)建築材料(「CMG」)，包括存銷與買賣建築材料，例如鋼材產品、潔具及廚櫃與及安裝廚櫃。

5 TURNOVER AND SEGMENT INFORMATION  
(Continued)

5 營業額及分部資料(續)

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

(b) 主要申報形式——業務分部(續)

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

萬順昌集團之業績按業務分部分析如下：

		CAMP 中國先進 材料加工 HK\$'000 千港元	CMG 建築材料 HK\$'000 千港元	2006 二零零六年 Other operations 其他業務 HK\$'000 千港元	Elimination 註銷 HK\$'000 千港元	Group 集團 HK\$'000 千港元
External sales	對外銷售	1,502,193	3,070,937	1,809	—	4,574,939
Inter-segment sales	分部間銷售	—	85,981	—	(85,981)	—
		1,502,193	3,156,918	1,809	(85,981)	4,574,939
Segment results	分部業績	31,708	73,836	(5,650)	—	99,894
Other gains - net	其他收益—淨額	11,750	6,544	419	—	18,713
Unallocated corporate expenses	未分配企業支出					(46,051)
Operating profit	經營溢利					72,556
Finance costs	財務費用					(45,959)
Income tax expense	所得稅支出					(68)
Profit for the year	年度溢利					26,529
Assets	資產	869,860	871,854	105,489	—	1,847,203
Liabilities	負債	369,611	716,158	1,175	—	1,086,944
Capital expenditure	資本支出	8,994	10,243	8,742	—	27,979
Depreciation and amortisation	折舊及攤銷	12,812	6,702	1,052	—	20,566
Impairment of trade receivables	應收賬款減值	2,057	1,840	15	—	3,912
Write-down of inventories	存貨撇減	6,491	5,228	—	—	11,719
Impairment loss of an available-for-sale financial asset	一項可供出售之財務資產減值虧損	—	—	14,424	—	14,424
Impairment of goodwill	商譽減值	1,437	—	—	—	1,437

5 TURNOVER AND SEGMENT INFORMATION  
(Continued)

5 營業額及分部資料(續)

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

(b) 主要申報形式—業務分部(續)

		CAMP	CMG	2005 二零零五年 Other operations	Elimination	Group
		中國先進 材料加工	建築材料	其他業務	註銷	集團
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
External sales	對外銷售	1,289,481	2,847,126	2,014	—	4,138,621
Segment results	分部業績	103,100	(22,453)	1,086	—	81,733
Other gains - net	其他收益—淨額	3,477	1,888	32,575	—	37,940
Unallocated corporate expenses	未分配 企業支出					(53,949)
Operating profit	經營溢利					65,724
Finance costs	財務費用					(17,927)
Income tax credit	所得稅計入					29
Profit for the year	年度溢利					47,826
Assets	資產	868,590	1,262,868	141,374	—	2,272,832
Liabilities	負債	465,317	855,573	228,731	—	1,549,621
Capital expenditure	資本支出	8,128	5,834	20,492	—	34,454
Depreciation and amortisation	折舊及攤銷	16,897	7,181	1,647	—	25,725
Impairment of trade receivables	應收賬款減值	207	1,206	400	—	1,813
Write-down/ (Write-back) of inventories	存貨撇減/ (撤回)	2,191	(346)	—	—	1,845
Impairment loss of a non-trading security	一項非作買賣之 證券之減值虧損	—	—	10,000	—	10,000

**5 TURNOVER AND SEGMENT INFORMATION  
(Continued)**

**(b) Primary reporting format - business segments  
(Continued)**

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

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, goodwill, inventories, receivables and cash. They exclude items such as investment properties and available-for-sale financial assets/non-trading securities.

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

Capital expenditure comprises additions to property, plant and equipment (Note 15), investment properties (Note 16), and leasehold land and land use rights (Note 17), including additions resulting from acquisitions through business combination.

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

**5 營業額及分部資料(續)**

**(b) 主要申報形式——業務分部(續)**

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

分部資產主要包括物業、廠房及設備，租賃土地及土地使用權、商譽、存貨、應收賬款及現金。當中並不包括投資物業及可供出售之財務資產／非作買賣之證券等項目。

分部負債包括經營負債(含衍生金融工具)。當中並不包括企業借貸。

資本支出包括新增之物業、廠房及設備(附註15)、投資物業(附註16)及租賃土地及土地使用權(附註17)，亦包括透過業務合併收購之新增項目。

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



**5 TURNOVER AND SEGMENT INFORMATION  
(Continued)**

**(c) Secondary reporting format - geographic segments**

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

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

		2006 二零零六年		
		Hong Kong 香港 HK\$'000 千港元	Mainland China 中國內地 HK\$'000 千港元	Total 總額 HK\$'000 千港元
External sales	對外銷售	1,306,327	3,268,612	4,574,939
Assets	資產	558,511	1,288,692	1,847,203
Capital expenditure	資本支出	6,694	21,285	27,979

		2005 二零零五年		
		Hong Kong 香港 HK\$'000 千港元	Mainland China 中國內地 HK\$'000 千港元	Total 總額 HK\$'000 千港元
External sales	對外銷售	1,150,722	2,987,899	4,138,621
Assets	資產	878,213	1,394,619	2,272,832
Capital expenditure	資本支出	21,380	13,074	34,454

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

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

**5 營業額及分部資料(續)**

**(c) 次要申報形式——地區分部**

萬順昌集團之業務主要在香港及中國內地經營。

萬順昌集團之業績按地區分部分析如下：

		2006 二零零六年		
		Hong Kong 香港 HK\$'000 千港元	Mainland China 中國內地 HK\$'000 千港元	Total 總額 HK\$'000 千港元
External sales	對外銷售	1,306,327	3,268,612	4,574,939
Assets	資產	558,511	1,288,692	1,847,203
Capital expenditure	資本支出	6,694	21,285	27,979

		2005 二零零五年		
		Hong Kong 香港 HK\$'000 千港元	Mainland China 中國內地 HK\$'000 千港元	Total 總額 HK\$'000 千港元
External sales	對外銷售	1,150,722	2,987,899	4,138,621
Assets	資產	878,213	1,394,619	2,272,832
Capital expenditure	資本支出	21,380	13,074	34,454

銷售按顧客之地區位置而分配。

資產及資本支出按該等資產之地區位置而分配。

6 OTHER GAINS - NET

6 其他收益—淨額

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (經重列)
Interest income	利息收入	4,490	5,059
Dividend income from available-for-sale financial assets/ non-trading securities	可供出售之財務資產/ 非作買賣之 證券之股息收入	1,603	2,296
Service income	服務收入	1,087	2,033
Gains on disposals of investment properties	出售投資物業之收益	—	55
Gain on disposal of a building included in property, plant and equipment	出售一項包括在物業、廠房 及設備中之樓宇之收益	—	10,474
Gain on disposal of a subsidiary	出售一間附屬公司之收益	4,740	—
Loss on disposal of certain interest in a subsidiary	出售於一間附屬公司若干 權益之虧損	(198)	—
Gain on disposal of certain interest in a subsidiary	出售於一間附屬公司若干 權益之收益	607	—
Fair value gains on investment properties	投資物業之公平價值收益	11,188	25,654
Exchange gain - net	兌換收益—淨額	7,867	2,369
Impairment loss of an available-for-sale financial asset/a non-trading security	一項可供出售之財務資產/ 一項非作買賣之證券之 減值虧損	(14,424)	(10,000)
Impairment of goodwill	商譽減值	(1,437)	—
Loss on disposal of an available-for-sale financial asset	出售一項可供出售之 財務資產之虧損	(1,560)	—
Others	其他	4,750	—
		<b>18,713</b>	<b>37,940</b>

# Notes to the Financial Statements

## 財務報表附註

### 7 EXPENSES BY NATURE

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

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (經重列)
Amortisation of leasehold land and land use rights	租賃土地及土地使用權之攤銷	660	246
Amortisation of goodwill	商譽攤銷	—	3,969
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	19,906	21,510
Loss/(Gain) on disposals of property, plant and equipment other than buildings	出售除樓宇外之物業、廠房及設備之虧損／(收益)	32	(107)
Employment costs (Note 13)	僱員成本(附註13)	84,101	80,346
Operating lease rental in respect of	營業租約租金		
— land and buildings	— 土地及樓宇	10,038	8,197
— plant and machinery and motor vehicles	— 廠房、機器及汽車	3,684	4,459
Impairment of trade receivables	應收賬款減值	3,912	1,813
Write-down of inventories	存貨撇減	11,719	1,845
Auditors' remuneration	核數師酬金	1,225	1,038

### 7 按性質劃分之支出

支出包括銷售成本、銷售及分銷支出及一般及行政支出之分析如下：

### 8 FINANCE COSTS

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest expense on	利息支出：		
— bank loans wholly repayable within five years	— 須於五年內全數償還之銀行貸款	45,363	17,740
— other loans wholly repayable within five years	— 須於五年內全數償還之其他貸款	596	187
		<b>45,959</b>	<b>17,927</b>

### 8 財務費用

**9 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 17.5% (2005: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Subsidiaries established in Mainland China are subject to Mainland China enterprise income tax at rates ranging from 10% to 33% (2005: 10% to 33%). However, subsidiaries engaging in manufacturing are exempted from Mainland China enterprise income tax for two years starting from the first year of profitable operations after offsetting prior years' tax losses, followed by a 50% reduction for the next three years.

The amount of income tax charged/(credited) to the income statement represents:

**9 所得稅支出／(計入)**

萬順昌獲豁免繳納百慕達稅項直至二零一六年。

香港利得稅乃根據來自或賺取自香港之估計應課稅溢利按稅率17.5% (二零零五年：17.5%) 作出撥備。

於中國內地成立之附屬公司按稅率10%至33% (二零零五年：15%至33%) 繳付中國企業所得稅。此外，從事製造業之附屬公司自首個獲利年度 (經抵銷過往年度虧損) 起計兩年內可豁免繳付中國企業所得稅，隨後三年則獲50%減免。

於損益表中扣除／(計入)之所得稅包括：

		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
			(Restated)
			(經重列)
Current income tax	當期所得稅		
— Hong Kong profits tax	— 香港利得稅	<b>848</b>	1,897
— Mainland China enterprise income tax	— 中國企業所得稅	<b>1,694</b>	6,868
Deferred income tax (Note 21)	遞延所得稅(附註21)	<b>(2,474)</b>	(8,794)
		<b>68</b>	(29)

**9 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 VSC Group as follows:

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (經重列)
Profit before income tax	除稅前溢利	<b>26,597</b>	47,797
Tax calculated at domestic tax rates applicable to profits of the respective places	按個別國家適用之對內稅率計算之稅項	<b>3,139</b>	3,140
Income not subject to tax	無須課稅之收入	<b>(1,260)</b>	(6,583)
Expenses not deductible for tax	不可扣稅之支出	<b>672</b>	1,979
Deferred income tax assets not recognised	未確認之遞延所得稅資產	<b>2,356</b>	5,982
Recognition of previous unrecognised deferred income tax assets	確認以前未確認之遞延所得稅資產	<b>(5,101)</b>	(4,129)
Under/(over) provision in prior years	過往數個年度之低估／(高估)撥備	<b>262</b>	(418)
Income tax expense/(credit)	所得稅支出／(計入)	<b>68</b>	(29)

For the year ended 31st March 2006, the weighted-average applicable tax rate was 11.8% (2005: 6.6%). The increase is caused by a change in the distribution of the profitability of the VSC Group's subsidiaries in the respective places.

**9 所得稅支出／(計入) (續)**

萬順昌集團之除稅前溢利與按照於萬順昌集團加權平均適用溢利稅率計算之理論金額有所差異，詳情如下：

截至二零零六年三月三十一日止年度，加權平均適用稅率為11.8% (二零零五年：6.6%)。稅率之增加基於萬順昌集團之附屬公司在個別國家之盈利能力分佈之變動所致。

**10 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

The consolidated profit attributable to equity holders includes a loss of approximately HK\$479,000 (2005: HK\$694,000, as restated) dealt with in the financial statements of the Company.

**10 本公司股權持有人應佔溢利**

股權持有人應佔綜合溢利中包括本公司本身之虧損約479,000港元 (二零零五年：694,000港元，經重列)。

11 DIVIDENDS

11 股息

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Proposed final dividend of HK1.1 cents (2005: HK2.2 cents) per ordinary share	建議末期股息每股普通股1.1港仙 (二零零五年: 2.2港仙)	4,055	8,109
Adjustment to final dividend for 2004	調整二零零四年末期股息	—	5
		<b>4,055</b>	<b>8,114</b>

The proposed final dividends had to be approved by shareholders at Annual General Meeting subsequent to year end. The financial statements as at 31st March 2006 have not reflected such dividend payable.

建議末期股息將於年度後之股東週年大會上批准。於二零零六年三月三十一日之財務報表並未反映此應付股息。

12 EARNINGS PER SHARE

12 每股盈利

(a) Basic

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

(a) 基本

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

		2006 二零零六年	2005 二零零五年 (Restated) (經重列)
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)	22,867	36,189
Weighted-average number of ordinary shares in issue ('000)	已發行普通股之 加權平均數(千股)	368,605	368,190
Basic earnings per share (HK cents per share)	每股基本盈利(每股港仙)	<b>6.20</b>	9.83

12 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares 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.

12 每股盈利(續)

(b) 攤薄

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

		2006 二零零六年	2005 二零零五年 (Restated) (經重列)
Profit attributable to equity holders of the Company and used to determine diluted earnings per share (HK\$'000)	本公司股權持有人應佔溢利及用以釐訂每股攤薄盈利(千港元)	<b>22,867</b>	36,189
Weighted-average number of ordinary shares in issue ('000)	已發行普通股之加權平均數(千股)	<b>368,605</b>	368,190
Adjustments for share options ('000)	調整購股權(千份)	—	2,197
Weighted-averaged number of ordinary shares for diluted earnings per share ('000)	計算每股攤薄盈利之普通股加權平均數(千股)	<b>368,605</b>	370,387
Diluted earnings per share (HK cents per share)	每股攤薄盈利(每股港仙)	<b>6.20</b>	9.77

13 EMPLOYMENT COSTS

13 僱員成本

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (經重列)
Wages, salaries and allowances	工資·薪金及津貼	74,971	69,908
Bonus	花紅	2,084	3,994
Pension costs – defined contribution schemes	退休金成本 – 界定供款計劃	3,624	3,608
Share option scheme – value of services	購股權計劃 – 服務價值	57	612
Welfare and benefits	福利及利益	3,365	2,224
		<b>84,101</b>	<b>80,346</b>

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 of approximately 5% of the employees' salary. The unvested benefits of employees who have terminated employment are utilised by the VSC Group to reduce its future contributions.

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

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

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

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



### 13 EMPLOYMENT COSTS (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 contribute up to 8% of their basic salaries, while the VSC Group contributes approximately 14% to 20% of such salaries and has no further obligations for the actual payment of pensions or post-retirement benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year ended 31st March 2006, the aggregate amount of the VSC Group's contributions to the aforementioned pension schemes was approximately HK\$3,624,000 (2005: HK\$3,608,000), net of forfeited contributions of approximately HK\$63,000 (2005: HK\$64,000). As at 31st March 2006, there was no unutilised forfeited contribution (2005: HK\$31,000), which could be utilised to reduce future contributions of the VSC Group.

### 13 僱員成本(續)

根據中國內地法規，萬順昌集團須為其設立於中國內地之附屬公司之員工對國家資助退休計劃供款。員工供款最高達其基金薪金之8%，萬順昌集團按該等薪金約14%至20%供款，除每年供款外，毋須支付任何實際退休金或退休後福利。該等國家資助退休計劃須負責向退休員工支付全部退休金。

於截至二零零六年三月三十一日止年度期間，萬順昌集團對上述退休金計劃之供款總額約為3,624,000港元(二零零五年：3,608,000港元)，淨沒收供款約63,000港元(二零零五年：64,000港元)。於二零零六年三月三十一日，並無未被利用之被沒收供款額(二零零五年：31,000港元)可用作減少萬順昌集團未來之供款。

**14 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS**

**(a) Directors' emoluments**

The remuneration of every Directors for the year ended 31st March 2006 is set out below:

**14 董事及高級行政人員酬金**

**(a) 董事酬金**

截至二零零六年三月三十一日止年度每位董事酬金如下：

		Fees	Salaries and allowances	Contribution to defined contribution retirement benefit schemes 對界定退休福利供款計劃之供款	Share options scheme – value of services 購股權計劃 – 服務價值	2006 Total 總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Executive directors	執行董事					
Mr. Andrew Cho Fai Yao	姚祖輝先生	—	556	12	—	568
Mr. Fernando Sai Ming Dong	唐世銘先生	—	464	12	37	513
Non-executive director	非執行董事					
Dr. Shao You Bao (passed away on 12th March 2006)	邵友保博士 (於二零零六年三月十二日辭世)	80	—	—	—	80
Independent non-executive directors	獨立非執行董事					
Dr. Chow Yei Ching	周亦卿博士	80	—	—	—	80
Mr. Kenneth Woo Shou Ting (resigned on 26th August 2005)	丁午壽先生 (於二零零五年八月二十六日辭任)	—	—	—	—	—
Mr. Harold Richard Kahler	Harold Richard Kahler先生	369	—	—	—	369
Mr. Kenny King Ching Tam	譚競正先生	120	—	—	—	120
Mr. Xu Lin Bao (appointed on 21st April 2006)	徐林寶先生 (於二零零六年四月二十一日獲委任)	—	—	—	—	—
		<b>649</b>	<b>1,020</b>	<b>24</b>	<b>37</b>	<b>1,730</b>

# Notes to the Financial Statements

## 財務報表附註

### 14 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

#### (a) Directors' emoluments (Continued)

The remuneration of every Directors for the year ended 31st March 2005 is set out as below:

		Fees	Salaries and allowances	Discretionary bonus#	Contribution to defined retirement benefit schemes	Share options scheme – value of services	2005 Total
		袍金	薪金及津貼	酌情花紅#	對界定退休福利供款計劃之供款	購股權計劃 – 服務價值	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Executive directors	執行董事						
Mr. Andrew Cho Fai Yao	姚祖輝先生	—	556	20	12	—	588
Mr. Fernando Sai Ming Dong	唐世銘先生	—	464	100	12	79	655
Mr. Johnson Sai Hou Ho (resigned on 28th March 2005)	何世豪先生 (於二零零五年三月二十八日辭任)	—	1,004	—	40	165	1,209
Non-executive director	非執行董事						
Dr. Shao You Bao	邵友保博士	80	—	—	—	—	80
Independent non-executive directors	獨立非執行董事						
Dr. Chow Yei Ching	周亦卿博士	80	—	—	—	—	80
Mr. Kenneth Woo Shou Ting	丁午壽先生	80	—	—	—	—	80
Mr. Harold Richard Kahler	Harold Richard Kahler先生	351	—	—	—	—	351
Mr. Kenny King Ching Tam (appointed on 30th September 2004)	譚競正先生 (於二零零四年九月三十日獲委任)	60	—	—	—	—	60
		651	2,024	120	64	244	3,103

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

### 14 董事及高級行政人員酬金

#### (a) 董事酬金 (續)

截止二零零五年三月三十一日止年度每位董事酬金如下：

		袍金	薪金及津貼	酌情花紅#	對界定退休福利供款計劃之供款	購股權計劃 – 服務價值	2005 總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Executive directors	執行董事						
Mr. Andrew Cho Fai Yao	姚祖輝先生	—	556	20	12	—	588
Mr. Fernando Sai Ming Dong	唐世銘先生	—	464	100	12	79	655
Mr. Johnson Sai Hou Ho (resigned on 28th March 2005)	何世豪先生 (於二零零五年三月二十八日辭任)	—	1,004	—	40	165	1,209
Non-executive director	非執行董事						
Dr. Shao You Bao	邵友保博士	80	—	—	—	—	80
Independent non-executive directors	獨立非執行董事						
Dr. Chow Yei Ching	周亦卿博士	80	—	—	—	—	80
Mr. Kenneth Woo Shou Ting	丁午壽先生	80	—	—	—	—	80
Mr. Harold Richard Kahler	Harold Richard Kahler先生	351	—	—	—	—	351
Mr. Kenny King Ching Tam (appointed on 30th September 2004)	譚競正先生 (於二零零四年九月三十日獲委任)	60	—	—	—	—	60
		651	2,024	120	64	244	3,103

# 執行董事可享有酌情花紅，此乃參照萬順昌集團之財務表現而釐定。

**14 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)**

**(a) Directors' emoluments (Continued)**

The share options scheme - value of services represent charges to the income statement of the fair value of the share options under the share option scheme measured at the respective grant dates, regardless of whether the share options are or will be expired or not.

No director waived any emolument during the year. No incentive payment for joining the VSC Group or compensation for loss of office was paid/payable to any directors during the year.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the VSC Group do not include any directors (2005: two directors), whose emoluments are reflected in the analysis presented in Note 14(a) above. The emoluments paid/payable to the remaining five (2005: three) individuals were as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	6,650	5,696
Bonus	花紅	798	39
		<b>7,448</b>	<b>5,735</b>
		2006 二零零六年	2005 二零零五年
The emolument fell within the following band:	酬金按組別分析如下：		
— HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2	1
— HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	3	1
— HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	—	1
		<b>5</b>	<b>3</b>

During the year, no emoluments were paid to the five highest paid individuals as an inducement to join the VSC Group or as compensation for loss of office.

**14 董事及高級行政人員酬金**

**(a) 董事酬金 (續)**

在損益表中已計入之購股權計劃——服務價值乃根據在購股權計劃下之有關購股權在確認當日不論是否已經或將會到期都以在確認當日之公平價值計算。

本年度內，並沒有董事放棄任何酬金。本年度內，並無已付／應付任何酬金予董事以作鼓勵加入萬順昌集團或離職補償。

**(b) 五名最高薪人士**

萬順昌集團中五位最高薪人士其中並無董事(二零零五年：兩位)，彼等之酬金分析已載於上文附註14(a)。其餘五位(二零零五年：三位)之人士已付／應付酬金為：

本年度內，並無支付任何酬金予該五位最高薪人士以作鼓勵加入萬順昌集團或作離職補償。

# Notes to the Financial Statements

## 財務報表附註

### 15 PROPERTY, PLANT AND EQUIPMENT

### 15 物業、廠房及設備

		Consolidated					
		綜合					
		Leasehold					
		improvements,					
		furniture and					
		equipment					
		租賃物業					
		裝修、傢俬					
		及設備					
		Machinery					
		機器					
		Motor					
		vehicles					
		汽車					
		Total					
		總額					
		Leasehold	Buildings	裝修、傢俬	Machinery	Motor	Total
		land and	樓宇	及設備	機器	汽車	總額
		land use					
		rights					
		租賃土地	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		及土地使用權	千港元	千港元	千港元	千港元	千港元
At 1st April 2004	於二零零四年四月一日						
Cost	成本	—	89,578	48,076	68,329	7,040	213,023
Accumulated depreciation	累計折舊	—	(14,964)	(23,581)	(22,554)	(3,726)	(64,825)
Net book amount	賬面淨值	—	74,614	24,495	45,775	3,314	148,198
Year ended 31st March 2005	截至二零零五年三月三十一日止年度						
Opening net book amount, as previously stated	期初賬面淨值，按早前呈報	11,241	74,541	24,495	45,775	3,314	159,366
Effect on adoption of HKAS 17	採納會計準則第17號之影響	(11,241)	73	—	—	—	(11,168)
Opening net book amount, as restated	期初賬面淨值，經重列	—	74,614	24,495	45,775	3,314	148,198
Additions	添置	—	6,129	7,301	1,745	2,893	18,068
Disposals	出售	—	(25,926)	(129)	—	(212)	(26,267)
Transfer to investment properties (Note 16)	轉撥往投資物業(附註16)	—	(15,477)	—	—	—	(15,477)
Depreciation	折舊	—	(3,131)	(9,307)	(7,708)	(1,364)	(21,510)
Closing net book amount	期終賬面淨值	—	36,209	22,360	39,812	4,631	103,012
At 31st March 2005	於二零零五年三月三十一日						
Cost	成本	—	45,449	54,990	68,834	7,954	177,227
Accumulated depreciation	累計折舊	—	(9,240)	(32,630)	(29,022)	(3,323)	(74,215)
Net book amount	賬面淨值	—	36,209	22,360	39,812	4,631	103,012

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

15 物業、廠房及設備(續)

		Consolidated 綜合					Total 總額
		Leasehold land and land use rights 租賃土地 及土地使用權	Buildings 樓宇	Leasehold improvements, furniture and equipment 租賃物業 裝修、傢俬 及設備	Machinery 機器	Motor vehicles 汽車	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Year ended 31st March 2006	截至二零零六年三月三十一日止年度						
Opening net book amount, as previously stated	期初賬面淨值，按早前呈報	23,091	36,121	22,360	39,812	4,631	126,015
Effect on adoption of HKAS 17	採納會計準則第17號之影響	(23,091)	88	—	—	—	(23,003)
Opening net book amount, as restated	期初賬面淨值，經重列	—	36,209	22,360	39,812	4,631	103,012
Additions	添置	—	713	11,668	4,058	1,910	18,349
Disposals	出售	—	—	(39)	—	(47)	(86)
Depreciation	折舊	—	(2,424)	(8,819)	(7,211)	(1,452)	(19,906)
Exchange differences	滙兌差額	—	581	301	868	79	1,829
Closing net book amount	期終賬面淨值	—	35,079	25,471	37,527	5,121	103,198
At 31st March 2006	於二零零六年三月三十一日						
Cost	成本	—	46,879	62,205	74,950	9,532	193,566
Accumulated depreciation	累計折舊	—	(11,800)	(36,734)	(37,423)	(4,411)	(90,368)
Net book amount	賬面淨值	—	35,079	25,471	37,527	5,121	103,198

Depreciation expense recognised in the income statement is as follows:

折舊支出於損益表確認如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cost of goods sold	銷售成本	10,770	12,087
General and administrative expenses	一般及行政支出	9,136	9,423
		19,906	21,510

As at 31st March 2006, buildings of approximately HK\$25,307,000 (2005: HK\$8,314,000) were pledged as collaterals for certain of the VSC Group's short-term bank loans (see Note 30).

於二零零六年三月三十一日，約25,307,000港元（二零零五年：8,314,000港元）之樓宇已抵押作萬順昌集團之短期銀行貸款（見附註30）。

16 INVESTMENT PROPERTIES

16 投資物業

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At 1 April	於四月一日	71,100	36,448
Transfer from property, plant and equipment (Note 15)	轉撥自物業、廠房及設備 (附註15)	—	15,477
Disposals	出售	(34,288)	(8,548)
Fair value gains	公平價值收益	11,188	27,723
At 31 March	於三月三十一日	48,000	71,100

Details of the geographical locations and tenure were:

地理位置及業權租賃期詳情為：

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
In Hong Kong	於香港		
- medium-term leases of between 10 to 50 years	— 10至50年之中期租約	28,000	56,000
- long-term leases of over 50 years	— 超逾50年之長期租約	20,000	15,100
		48,000	71,100

As at 31st March 2006, investment properties of approximately HK\$48,000,000 (2005: HK\$38,100,000) were stated at open market value as at 31st March 2006 as determined by Jointgoal Surveyors Limited, independent qualified valuers. As at 31st March 2005, the remaining investment properties of approximately HK\$33,000,000 were stated at open market value as at 31st March 2005 as determined by Ian Cullen & Associates, independent qualified valuers.

於二零零六年三月三十一日，約48,000,000港元（二零零五年：38,100,000港元）之投資物業按獨立合資格估值師晉高測量師有限公司所釐定於二零零六年三月三十一日之公開市值列賬。於二零零五年三月三十一日，剩下約33,000,000港元投資物業按獨立合資格估值師高練賢特許測計師行所釐定於二零零五年三月三十一日之公開市值列賬。

**16 INVESTMENT PROPERTIES (Continued)**

The VSC Group leases out certain investment properties under operating leases, for an initial period of two to three years, with an option to renew on renegotiated terms. None of the leases includes contingent rentals. During the year ended 31st March 2006, the gross rental income from investment properties amounted to approximately HK\$1,809,000 (2005: HK\$2,014,000). As at 31st March 2006, the VSC Group's future rental income under non-cancellable operating leases was as follows:

**16 投資物業(續)**

萬順昌集團訂立營業租約租出若干投資物業，初步訂立為2至3年，並有選擇權於再協商下續約。沒有租約為或然租約。截至二零零六年三月三十一日止年度期間，由投資物業帶來之租金收入總額約為1,809,000港元(二零零五年：2,014,000港元)。於二零零六年三月三十一日，萬順昌集團訂立不可撤回之營業租約之未來租金收入如下：

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Not later than one year	未逾1年	<b>322</b>	1,557
Later than one year and not later than five years	逾1年及未逾5年	<b>107</b>	960
		<b>429</b>	2,517



**17 LEASEHOLD LAND AND LAND USE RIGHTS**

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

**17 租賃土地及土地使用權**

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

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
At 1st April, as previously stated	於四月一日，按早前呈報	—	—
Effect on adoption of HKAS 17	採納會計準則第17號之影響	<b>23,091</b>	11,241
At 1st April, as restated	於四月一日，經重列	<b>23,091</b>	11,241
Additions	添置	—	12,096
Amortisation	攤銷	<b>(660)</b>	(246)
Exchange differences	兌換差額	<b>310</b>	—
At 31st March	於三月三十一日	<b>22,741</b>	23,091

**17 LEASEHOLD LAND AND LAND USE RIGHTS  
(Continued)**

Details of the geographical locations and tenure were:

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
In Hong Kong	於香港		
- long-term leases of over 50 years	– 逾50年之長期租約	<b>1,006</b>	1,007
In Mainland China	於中國內地		
- medium-term rights of 10 to 50 years	– 10至50年之中期權益	<b>10,042</b>	9,988
- long-term rights of over 50 years	– 超逾50年之長期權益	<b>11,693</b>	12,096
		<b>22,741</b>	23,091

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

As at 31st March 2006, leasehold land and land use rights of approximately HK\$12,730,000 (2005: HK\$1,037,000) were pledged as collaterals for certain of the VSC Group's short-term bank loans (see Note 30).

**17 租賃土地及土地使用權(續)**

地理位置及業權租賃期詳情為：

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
In Hong Kong	於香港		
- long-term leases of over 50 years	– 逾50年之長期租約	<b>1,006</b>	1,007
In Mainland China	於中國內地		
- medium-term rights of 10 to 50 years	– 10至50年之中期權益	<b>10,042</b>	9,988
- long-term rights of over 50 years	– 超逾50年之長期權益	<b>11,693</b>	12,096
		<b>22,741</b>	23,091

租賃土地及土地使用權之攤銷已包括於損益表之銷售成本及一般及行政支出。

於二零零六年三月三十一日，約12,730,000港元（二零零五年：1,037,000港元）之租賃土地及土地使用權已抵押作若干萬順昌集團之短期銀行貸款（見附註30）。

18 GOODWILL

18 商譽

		HK\$'000 千港元
At 1st April 2004	於二零零四年四月一日	
Cost	成本	73,479
Accumulated amortisation	累計攤銷	(65,189)
Net book amount	賬面淨值	8,290
At 31st March 2005	於二零零五年三月三十一日	
Opening net book amount	期初賬面淨值	8,290
Adjustment to purchase consideration for subsidiaries acquired in prior year	調整以往年度收購附屬公司之代價	3,705
Amortisation expense	攤銷支出	(3,969)
Closing net book amount	期終賬面淨值	8,026
At 31st March 2005	於二零零五年三月三十一日	
Cost	成本	77,184
Accumulated amortisation	累計攤銷	(69,158)
Net book amount	賬面淨值	8,026
At 31st March 2006	於二零零六年三月三十一日	
Opening net book amount	期初賬面淨值	8,026
Adjustment to purchase consideration for a subsidiary acquired in prior year	調整以往年度收購附屬公司之代價	186
Impairment expense	減值支出	(1,437)
Closing net book amount	期終賬面淨值	6,775
At 31st March 2006	於二零零六年三月三十一日	
Cost	成本	17,318
Accumulated amortisation and impairment	累計攤銷及減值	(10,543)
Net book amount	賬面淨值	6,775

Amortisation of goodwill for the year ended 31st March 2005 was included in general and administrative expenses in the income statement.

截至二零零五年三月三十一日止年度之商譽攤銷已包括在損益表之一般及行政支出。

Impairment loss of goodwill for the year ended 31st March 2006 is included in other gains - net in the income statement.

截至二零零六年三月三十一日止年度之商譽減值虧損已被包括在損益表之其他收益——淨額。

## 18 GOODWILL (Continued)

### *Impairment tests for goodwill*

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

As at 31st March 2006, the VSC Group's goodwill is allocated to the China Advanced Materials Processing segment in Mainland China. For the year ended 31st March 2006, impairment loss arose as a consequence of operating loss incurred by the CGU in Mainland China.

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

Key assumptions under for value-in-use calculations are :

Gross margin	14%
Growth rate	5%
Discount rate	5%

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

## 18 商譽(續)

### 商譽之減值測試

商譽分配至根據國家／地方之經營及業務分部確認之萬順昌集團現金產生單位。

於二零零六年三月三十一日，萬順昌集團之商譽分配至位於中國內地之中國先進材料加工分部。截至二零零六年三月三十一日止年度，由於位於中國內地之現金產生單位之經營虧損，減值虧損上升。

現金產生單位之可收回金額乃根據使用價值計算。該計算方法使用根據由萬順昌集團管理層批准之財務預算得出涵蓋五年期間之現金流量預測進行。超過五年期間的現金流量乃使用以下之估計增長率推斷而來。增長率不會超過現金產生單位運作之商業之長期平均增長率。

使用價值計算之主要假設為：

毛利率	14%
增長率	5%
折現率	5%

管理層會根據過往表現及其對市場發展之預測釐訂預算毛利率。所採用的加權平均增長率與工業報告內之預測一致。所採用之折現率並未計及稅項，並反映相關分部之特定風險。

19 INVESTMENTS IN SUBSIDIARIES

19 於附屬公司之投資

		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本值	71,746	71,746
Due from subsidiaries	應收附屬公司	412,370	431,261
		<b>484,116</b>	503,007

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

應收附屬公司之款項為無抵押，不計利息及並無預定之還款期。

Details of the principal subsidiaries as at 31st March 2006 were:

於二零零六年三月三十一日之主要附屬公司詳情為：

Name 名稱	Place of incorporation and operations 註冊成立及經營地點	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) 萬順昌集團應佔之股本權益百分比(i)	Principal activities 主要業務
Dongguan Van Shung Chong Steel Products Co., Ltd. (iii) 東莞萬順昌鋼鐵制品有限公司(iii)	Mainland China 中國內地	HK\$36,190,000 36,190,000港元	100%	Processing of rolled flat steel products 卷鋼產品加工
Leisure Plus International Trading (Shanghai) Co., Ltd. (iii) 利尚派國際貿易(上海)有限公司(iii)	Mainland China 中國內地	US\$200,000 200,000美元	100%	Trading of sanitary wares 買賣潔具
Shanghai Bao Shun Chang International Trading Co., Ltd. (iii) 上海寶順昌國際貿易有限公司(iii)	Mainland China 中國內地	US\$3,000,000 3,000,000美元	66.7%	Stockholding and trading of steel 存銷及買賣鋼材

19 INVESTMENTS IN SUBSIDIARIES (Continued)

19 於附屬公司之投資(續)

Name 名稱	Place of incorporation and operations 註冊成立及 經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之 股本權益百分比(i)	Principal activities 主要業務
Guangzhou Shenchang Metal Products Co., Ltd. (iii) 廣州神昌金屬制品 有限公司(iii)	Mainland China 中國內地	RMB46,500,000 人民幣46,500,000元	70%	Processing of rolled flat steel products 卷鋼產品加工
Tianjin Van Shung Chong Metal Products Co., Ltd (iii) 天津萬順昌金屬制品 有限公司(iii)	Mainland China 中國內地	HK\$33,000,000 33,000,000港元	100%	Processing of rolled flat steel products 卷鋼產品加工
Tomahawk Capital Limited 東誠企業(香港) 有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100%	Finance business 財務業務
Van Shung Chong (B.V.I.) Limited	British Virgin Islands 英屬處女群島	US\$6 6美元	100%	Investment holding 投資控股
Van Shung Chong Hong Limited 萬順昌行有限公司	Hong Kong 香港	HK\$2,000 ordinary HK\$10,000,000 non- voting deferred (ii) 2,000港元普通股 10,000,000港元 無投票權遞延股(ii)	100%	Trading of steel, and provision of management services 買賣鋼材與及提供 管理服務
Vantage Godown Company Limited 順發貨倉有限公司	Hong Kong 香港	HK\$200,000 200,000港元	100%	Provision of warehousing services 提供倉庫服務

19 INVESTMENTS IN SUBSIDIARIES (Continued)

19 於附屬公司之投資(續)

Name 名稱	Place of incorporation and operations 註冊成立及 經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之 股本權益百分比(i)	Principal activities 主要業務
VJY Telecommunication Equipment (Shenzhen) Company Limited (iii) 萬嘉源通訊設備 (深圳)有限公司(iii)	Mainland China 中國內地	HK\$15,000,000 15,000,000港元	100%	Manufacture of enclosure systems 製造系統設備外殼
VSC Building Products Company Limited 萬順昌建築材料 有限公司	Hong Kong 香港	HK\$2 2港元	100%	Trading of sanitary wares and kitchen cabinets and kitchen cabinet installation 買賣潔具及廚櫃與及 安裝廚櫃
VSC Plastics Company Limited 萬順昌塑膠有限公司	Hong Kong 香港	HK\$2 2港元	100%	Trading of plastics 買賣塑膠
VSC Shinsho Company Limited 萬順昌神商有限公司	Hong Kong 香港	US\$9,646,200 9,646,200美元	70%	Trading of processed rolled flat steel products 買賣加工卷鋼產品
VSC Steel Company Limited 萬順昌鋼鐵有限公司	Hong Kong 香港	HK\$38,000 ordinary HK\$20,000,000 non-voting deferred (ii) 38,000港元普通股 20,000,000港元無投票 權遞延股(ii)	100%	Stockholding and trading of steel 存銷及買賣鋼材

19 INVESTMENTS IN SUBSIDIARIES (Continued)

19 於附屬公司之投資(續)

Name 名稱	Place of incorporation and operations 註冊成立及 經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本／註冊股本	Percentage of equity interest attributable to the VSC Group (i) 萬順昌集團應佔之 股本權益百分比(i)	Principal activities 主要業務
VSC Steel (Shenzhen) Co., Ltd. (iii) 萬順昌鋼鐵(深圳) 有限公司(iii)	Mainland China 中國內地	HK\$20,000,000 20,000,000港元	100%	Stockholding and trading of steel 存銷及買賣鋼材
VSC Steel Products Company Limited 萬順昌鋼鐵制品有限公司	Hong Kong 香港	HK\$2 2港元	100%	Trading of processed rolled flat steel products 買賣加工卷鋼產品
VSC Steel (Shanghai) Co., Ltd. (iii) 亞萬鋼國際貿易(上海) 有限公司(iii)	Mainland China 中國內地	US\$2,780,000 2,780,000美元	100%	Stocking and trading of steel 存銷及買賣鋼材
VSC Trading (Shenzhen) Co., Ltd. (iii) 金運貿易(深圳) 有限公司(iii)	Mainland China 中國內地	HK\$240,000 240,000港元	100%	Trading of plastics and stockholding of sanitary wares 買賣塑膠及存銷潔具

Notes:

- (i) The shares of Van Shung Chong (B.V.I.) Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.
- (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.

附註：

- (i) Van Shung Chong (B.V.I.) Limited之股份由本公司直接持有。其他附屬公司之股份則屬間接持有。
- (ii) 此等無投票權遞延股份由萬順昌集團擁有。無投票權遞延股份並無投票權，亦無權於清盤時分享股息及除非萬順昌行有限公司普通股持有人已獲分派每股普通股2,000,000,000港元之款額或萬順昌鋼鐵有限公司之普通股持有人已獲分派10,000,000,000港元之款額外。



## 19 INVESTMENTS IN SUBSIDIARIES (Continued)

(iii) Dongguan Van Shung Chong Steel Products Co., Ltd. is a contractual joint venture established in Mainland China with an operating period of 12 years to 2007. Leisure Plus International Trading (Shanghai) Co., Ltd. and VSC Steel (Shanghai) Co., Ltd. are wholly foreign owned enterprises established in Mainland China with an operating period of 20 years to 2023. Shanghai Bao Shun Chang International Trading Co., Ltd. is an equity joint venture established in Mainland China with an operating period of 20 years to 2014. Guangzhou Shenchang Metal Products Co., Ltd. is a co-operative joint venture established in Mainland China with an operating period of 50 years to 2043. Tianjin Van Shung Chong Metal Products Co., Ltd. is a wholly foreign owned enterprise established in Mainland China with an operating period of 50 years to 2052. VJY Telecommunication Equipment (Shenzhen) Company Limited is a wholly foreign owned enterprise established in Mainland China with an operating period of 15 years to 2016. VSC Steel (Shenzhen) Co., Ltd. is a wholly foreign owned enterprise established in Mainland China with an operating period of 30 years to 2035. VSC Trading (Shenzhen) Co., Ltd. is a wholly foreign owned enterprise established in Mainland China with an operating period of 20 years to 2024.

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

None of the subsidiaries had any loan capital in issue at any time during the year ended 31st March 2006.

## 19 於附屬公司之投資(續)

(iii) 東莞萬順昌鋼鐵制品有限公司乃一間於中國內地成立之中外合營企業，經營期為12年，至二零零七年止。利尚派國際貿易(上海)有限公司及亞萬鋼國際貿易(上海)有限公司乃於中國內地成立之外資企業，經營期為20年，至二零二三年止。上海寶順昌國際貿易有限公司乃一間於中國內地成立之合資合營企業，經營期為20年，至二零一四年止。廣州神昌金屬制品有限公司乃一間於中國內地成立之中外合作企業，經營期為50年，至二零四三年止。天津萬順昌金屬制品有限公司乃一間於中國內地成立之外資企業，經營期為50年，至二零五二年止。萬嘉源通訊設備(深圳)有限公司乃一間於中國內地成立之外資企業，經營期為15年，至二零一六年止。萬順昌鋼鐵(深圳)有限公司乃一間於中國內地成立之外資企業，經營期為30年，至二零三五年止。金運貿易(深圳)有限公司乃一間於中國內地成立之外資企業，經營期為20年，至二零二四年。

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

於截至二零零六年三月三十一日止年度之任何時間內，各附屬公司概無任何已發行貸款資本。

20 INTEREST IN AN ASSOCIATE

20 於一間聯營公司權益

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Investment cost	投資成本	5,832	—
Advance to an associate	借予一間聯營公司之墊款	—	12,534
Less: Provision for doubtful receivables	減：應收呆賬撥備	—	(12,532)
		<b>5,832</b>	<b>2</b>
Amount due to an associate	應付一間聯營公司	<b>9,396</b>	—

The amount due to an associate is unsecured, non-interest bearing and have no fixed repayment terms.

應付一間聯營公司之款項為無抵押，不計利息及沒有特定之還款期。

Details of the associate as at 31st March 2006 were:

於二零零六年三月三十一日聯營公司之詳情為：

Name 名稱	Place of incorporation and operations 註冊成立及經營地點	Issued and fully paid share capital 已發行及繳足股本	Percentage of equity interest held indirectly 間接持有股本權益百分比	Principal activity 主要業務
Changshu Baoshunchang Electromechanical Manufacturing Co., Ltd. (i) 常熟寶順昌機電製造有限公司(i)	Mainland China 中國內地	US\$6,400,000 6,400,000美元	49.9%	Processing of rolled flat steel products 板材產品加工

Note:

附註：

- (i) Changshu Baoshunchang Electromechanical Manufacturing Co., Ltd. is a contractual joint venture established in Mainland China with an operating period of 30 years to 2035.

- (i) 常熟寶順昌機電製造有限公司乃一間於中國內地成立之中外合營企業，經營期為30年，至二零三五年止。

**21 DEFERRED INCOME TAX ASSETS/LIABILITIES**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The balances shown in the balance sheet are, after appropriate offsetting, as follows:

**21 遞延所得稅資產／負債**

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

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
			(Restated)
			(經重列)
Deferred income tax assets:	遞延所得稅資產：		
- Deferred income tax asset to be recovered after more than 12 months	— 將於十二個月後收回之遞延所得稅資產	<b>10,589</b>	566
- Deferred income tax asset to be recovered within 12 months	— 將於十二個月內收回之遞延所得稅資產	<b>6,604</b>	13,231
		<b>17,193</b>	13,797
Deferred income tax liabilities:	遞延所得稅負債：		
- Deferred income tax liabilities to be settled after more than 12 months	— 將於十二個月後清償之遞延所得稅項負債	<b>(2,382)</b>	(1,460)
- Deferred income tax liabilities to be settled within 12 months	— 將於十二個月內清償之遞延所得稅負債	—	(4,740)
		<b>(2,382)</b>	(6,200)
Net deferred income tax assets	遞延所得稅資產淨額	<b>14,811</b>	7,597

**21 DEFERRED INCOME TAX ASSETS/LIABILITIES  
(Continued)**

The gross movements in deferred income tax assets and liabilities are as follow:

		<b>Consolidated 綜合</b>	
		<b>2006 二零零六年 HK\$'000 千港元</b>	2005 二零零五年 HK\$'000 千港元
At 1st April, as previously stated	於四月一日，按早前呈報	<b>13,428</b>	343
Effect on adoption of HKAS-Int 21	採納香港會計準則 詮釋21之影響	<b>(5,831)</b>	(1,540)
At 1st April, as restated	於四月一日，經重列	<b>7,597</b>	(1,197)
Recognised in the income statement (Note 9)	於損益表中確認 (附註9)	<b>2,474</b>	8,794
Reversal of deferred income tax liabilities arising from disposal of a subsidiary	撥回因出售一間附屬公司 所產生之遞延所得稅負債	<b>4,740</b>	—
At 31st March	於三月三十一日	<b>14,811</b>	7,597

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

Deferred income tax assets:

		<b>Consolidated 綜合</b>		
		<b>Provisions 撥備 HK\$'000 千港元</b>	<b>Cumulative tax losses 累計稅項虧損 HK\$'000 千港元</b>	<b>Total 總額 HK\$'000 千港元</b>
At 1st April 2004	於二零零四年四月一日	318	870	1,188
Credited to the income statement	於損益表計入	563	13,054	13,617
At 31st March 2005/1st April 2005	於二零零五年三月三十一日/ 二零零五年四月一日	881	13,924	14,805
Credited/(Charged) to the income statement	於損益表計入/(扣除)	6,101	(2,617)	3,484
At 31st March 2006	於二零零六年三月三十一日	6,982	11,307	18,289

**21 遞延所得稅資產／負債(續)**

遞延所得稅資產及負債總變動如下：

於本年度內遞延所得稅資產及負債之變動(並無考慮相同司法權區內之結餘抵銷)如下：

遞延所得稅資產：

21 DEFERRED INCOME TAX ASSETS/LIABILITIES  
(Continued)

Deferred income tax liabilities:

21 遞延所得資產／負債(續)

遞延所得稅負債：

		Accelerated depreciation 加速折舊 HK\$'000 千港元	Consolidated 綜合 Fair value gains of investment properties 投資物業 之公平價值收益 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2005, as previously stated	於二零零五年四月一日， 按早前呈報	(845)	—	(845)
Effect on adoption of HKAS-Int 21	採納香港會計準則 詮釋21之影響	—	(1,540)	(1,540)
At 1st April 2005, as restated	於二零零五年四月一日， 經重列	(845)	(1,540)	(2,385)
Charged to the income statement	於損益表扣除	(532)	(4,291)	(4,823)
At 31st March 2005/1st April 2005	於二零零五年三月三十一日／ 二零零五年四月一日	(1,377)	(5,831)	(7,208)
Reversal of deferred income tax liabilities arising from disposal of a subsidiary	撥回因出售一間附屬公司 所產生之遞延所得稅負債	—	4,740	4,740
Credited/(charged) to the income statement	於損益表計入／(扣除)	91	(1,101)	(1,010)
At 31st March 2006	於二零零六年三月三十一日	(1,286)	(2,192)	(3,478)

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. The VSC Group did not recognise deferred income tax assets of approximately HK\$3,828,000 (2005: HK\$6,573,000) in respect of losses amounting to approximately HK\$23,278,000 (2005: HK\$37,264,000) that can be carried forward against future taxable income. The cumulative tax losses of approximately HK\$13,221,000 can be carried forward indefinitely while tax losses of approximately HK\$10,057,000 (2005: Nil) will expire in 5 years.

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。萬順昌集團並無就約23,278,000港元之虧損(二零零五年：37,264,000港元)確認遞延所得稅資產約3,828,000港元(二零零五年：6,573,000港元)。該金額可以結轉後期作未來應課稅收。累計稅項虧損約13,221,000港元可以無限期結轉後期而稅項虧損約10,057,000港元(二零零五年：無)將於五年內失效。

**22 AVAILABLE-FOR-SALE FINANCIAL ASSETS/NON-TRADING SECURITIES**

Available-for-sale financial assets (31st March 2006)/Non-trading securities (31st March 2005) include the following:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Listed securities - equity securities in Hong Kong	上市證券－香港股本證券	4,734	10,837
Unlisted securities - debt securities of private issuers	非上市證券－私人發行商之債券	8,638	23,264
		<b>13,372</b>	34,101

Movements were:

變動為：

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At 1 April	於四月一日	34,101	60,012
Additions	添置	3,612	585
Disposals	出售	(15,600)	(15,600)
Write-off	撤銷	(1,560)	—
Net revaluation deficit charged against reserve (Note 33)	已於儲備扣除之淨重估虧絀(附註33)	(7,181)	(10,896)
At 31 March	於三月三十一日	<b>13,372</b>	34,101

As at 31st March 2006, investment in shares listed in Hong Kong amounting to approximately HK\$3,929,000 (2005: HK\$10,837,000) represents approximately 6.6% (2005: 18.9%) equity interests in North Asia Strategic Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

於二零零六年三月三十一日，於香港上市股份之投資額約為3,929,000港元（二零零五年：10,837,000港元），包括北亞策略控股有限公司約6.6%（二零零五年：18.9%）股本權益（該公司於百慕達註冊成立及其股份於香港聯合交易所有限公司創業板上市）。

23 INVENTORIES

23 存貨

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Raw materials	原材料	<b>189,918</b>	281,237
Work in progress	半製成品	<b>37,274</b>	22,509
Finished goods	製成品	<b>287,112</b>	592,100
		<b>514,304</b>	895,846

The costs of inventories recognised as expenses and included in cost of goods sold in the income statement amounted to approximately HK\$4,270,793,000 (2005: HK\$3,879,634,000).

As at 31st March 2006, inventories of approximately HK\$32,975,000 (2005: HK\$34,000,000) were pledged as collaterals for certain of the VSC Group's short-term bank loans, and certain inventories were held under trust receipt bank loan arrangements (see Note 30).

存貨成本已確認為支出及已包括於損益表之銷售成本中約4,270,793,000港元(二零零五年：3,879,634,000港元)。

於二零零六年三月三十一日，約32,975,000港元(二零零五年：34,000,000港元)之存貨用以抵押萬順昌集團之短期銀行貸款及若干存貨用以作信託收據銀行貸款安排持有(見附註30)。

**24 DUE FROM/TO CUSTOMERS ON INSTALLATION CONTRACT WORK**

Due from customers on installation contract work consisted of:

		<b>Consolidated</b>	
		綜合	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Costs plus recognised profits less	成本加已確認之		
foreseeable losses	溢利減可預見虧損	<b>161,434</b>	164,306
Less: Progress billings received and receivable	減：已收及應收之進度賬款	<b>(153,109)</b>	(149,690)
		<b>8,325</b>	14,616

Due to customers on installation contract work consisted of:

		<b>Consolidated</b>	
		綜合	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Costs plus recognised profits less	成本加已確認之		
foreseeable losses	溢利減可預見虧損	<b>945</b>	689
Less: Progress billings received and receivable	減：已收及應收之進度賬款	<b>(1,047)</b>	(1,631)
		<b>(102)</b>	(942)

**24 應收／應付客戶之安裝合約工程**

應收客戶之安裝合約工程包括：

		<b>Consolidated</b>	
		綜合	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Costs plus recognised profits less	成本加已確認之		
foreseeable losses	溢利減可預見虧損	<b>161,434</b>	164,306
Less: Progress billings received and receivable	減：已收及應收之進度賬款	<b>(153,109)</b>	(149,690)
		<b>8,325</b>	14,616

應付客戶之安裝合約工程包括：

		<b>Consolidated</b>	
		綜合	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Costs plus recognised profits less	成本加已確認之		
foreseeable losses	溢利減可預見虧損	<b>945</b>	689
Less: Progress billings received and receivable	減：已收及應收之進度賬款	<b>(1,047)</b>	(1,631)
		<b>(102)</b>	(942)



## 25 TRADE AND BILLS RECEIVABLES

Sales are either covered by letters of credit with bills payable at sight or on open account with credit terms of 15 to 90 days.

Ageing analysis of trade and bills receivables was as follows:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 to 60 days	0-60日	<b>472,646</b>	448,247
61 to 120 days	61-120日	<b>175,263</b>	170,993
121 to 180 days	121-180日	<b>42,741</b>	83,219
181 to 365 days	181-365日	<b>19,631</b>	20,124
Over 365 days	超過365日	<b>34,439</b>	27,670
		<b>744,720</b>	750,253
Less: Provision for impairment of receivables	減：應收賬款減值撥備	<b>(15,105)</b>	(13,495)
		<b>729,615</b>	736,758

The carrying amounts of trade and bills receivables approximate their fair values.

Included in trade and bills receivables as at 31st March 2006 were retentions from installation contract work of approximately HK\$2,393,000 (2005: HK\$4,297,000), which were not due for collection until satisfaction of the conditions specified in the underlying contracts.

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

During the year ended 31st March 2006, the VSC Group recognised a loss of HK\$3,912,000 (2005: HK\$1,813,000) for impairment of its trade and bills receivables, which is included in general and administrative expenses in the income statements.

## 25 應收賬款及票據

銷售均以見票據即付之信用證或以記賬方式進行，信貸期一般介乎15至90日不等。

應收賬款及票據之賬齡分析如下：

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 to 60 days	0-60日	<b>472,646</b>	448,247
61 to 120 days	61-120日	<b>175,263</b>	170,993
121 to 180 days	121-180日	<b>42,741</b>	83,219
181 to 365 days	181-365日	<b>19,631</b>	20,124
Over 365 days	超過365日	<b>34,439</b>	27,670
		<b>744,720</b>	750,253
Less: Provision for impairment of receivables	減：應收賬款減值撥備	<b>(15,105)</b>	(13,495)
		<b>729,615</b>	736,758

應收賬款及票據之賬面金額與其公平價值相若。

於二零零六年三月三十一日，包括在應收賬款及票據內約2,393,000港元（二零零五年：4,297,000港元）為安裝合約工程之保留金，該等款項將直至達成合約所指明之條款後才可收回。

由於擁有眾多地域分散之顧客，應收賬款及票據並無信貸集中風險。

截至二零零六年三月三十一日止年度期間，萬順昌集團已確認約3,912,000港元（二零零五年：1,813,000港元）之應收賬款及票據之減值虧損，此等虧損已包括在損益表中之一般及行政支出內。

**25 TRADE AND BILLS RECEIVABLES (Continued)**

Trade and bills receivables were denominated in the following currencies:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong dollars	港元	262,800	251,152
Chinese Renminbi	人民幣	295,783	249,432
United States dollars	美元	183,426	244,540
Euro	歐元	2,711	5,090
Japanese Yen	日元	—	39
		<b>744,720</b>	750,253

**25 應收賬款及票據(續)**

應收賬款及票據包含下列貨幣：

**26 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Prepayments for purchases	預付採購款項	115,406	125,850
Dividends receivable	應收股息	1,589	1,110
Value added tax receivables	應收增值稅	12,127	14,502
Consideration receivable arising from disposals of certain interest in a subsidiary	由出售一間附屬公司之若干權益而產生之應收代價	2,102	—
Other receivables and advances	其他應收及墊款	20,765	—
Other deposits and prepayments	其他按金及預付款項	21,213	20,358
		<b>173,202</b>	161,820

**26 預付款項，按金及其他應收賬款**

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

預付款項，按金及其他應收賬款之賬面金額與其公平價值相若。

**27 PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS**

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

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Hong Kong dollars	港元	<b>43,341</b>	44,137
Chinese Renminbi	人民幣	<b>96,226</b>	103,636
United States dollars	美元	<b>37,342</b>	29,876
Pound sterling	英鎊	<b>23,474</b>	24,465
Euro	歐元	<b>3,532</b>	709
Japanese Yen	日元	<b>731</b>	1,349
		<b>204,646</b>	204,172

As at 31st March 2006, bank deposits of approximately HK\$5,896,000 (2005: HK\$8,574,000) were pledged as collateral for the VSC Group's banking facilities (see Note 30) and of approximately HK\$194,000 (2005: HK\$3,612,000) was restricted as custom deposits in Mainland China.

As at 31st March 2006, cash and bank deposits totalling of approximately HK\$96,226,000 (2005: HK\$103,636,000) were denominated in Chinese Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

**27 已抵押銀行存款／現金及現金等值**

已抵押銀行存款及現金及現金等值包含下列貨幣：

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Hong Kong dollars	港元	<b>43,341</b>	44,137
Chinese Renminbi	人民幣	<b>96,226</b>	103,636
United States dollars	美元	<b>37,342</b>	29,876
Pound sterling	英鎊	<b>23,474</b>	24,465
Euro	歐元	<b>3,532</b>	709
Japanese Yen	日元	<b>731</b>	1,349
		<b>204,646</b>	204,172

於二零零六年三月三十一日，作為萬順昌集團銀行信貸（見附註30）抵押品之銀行存款約5,896,000港元（二零零五年：8,574,000港元）及中國內地海關保證金之限制現金約194,000港元（二零零五年：3,612,000港元）。

於二零零六年三月三十一日，萬順昌集團之現金及銀行存款中約有96,226,000港元（二零零五年：103,636,000港元）為中國人民幣，該貨幣為不能在國際市場自由兌換之貨幣及其匯率是由中國人民銀行釐定。

## 28 TRADE AND BILLS PAYABLES

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

Ageing analysis of trade and bills payable was as follows:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 to 60 days	0-60日	130,822	306,357
61 to 120 days	61-120日	33,298	33,015
121 to 180 days	121-180日	19,063	20,524
181 to 365 days	181-365日	438	3,671
Over 365 days	超過365日	2,975	1,371
		<b>186,596</b>	364,938

The carrying amounts of trade and bills payables approximate their fair values.

Trade and bills payables were denominated in the following currencies:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong dollars	港元	24,926	6,445
Chinese Renminbi	人民幣	33,369	101,123
United States dollars	美元	128,301	257,287
Euro	歐元	—	83
		<b>186,596</b>	364,938

## 28 應付賬款及票據

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

應付賬款及票據之賬齡分析如下：

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 to 60 days	0-60日	130,822	306,357
61 to 120 days	61-120日	33,298	33,015
121 to 180 days	121-180日	19,063	20,524
181 to 365 days	181-365日	438	3,671
Over 365 days	超過365日	2,975	1,371
		<b>186,596</b>	364,938

應付賬款及票據之賬面金額與其公平價值相若。

應付賬款及票據包含下列貨幣：

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong dollars	港元	24,926	6,445
Chinese Renminbi	人民幣	33,369	101,123
United States dollars	美元	128,301	257,287
Euro	歐元	—	83
		<b>186,596</b>	364,938

29 ACCRUED LIABILITIES AND OTHER PAYABLES

29 應計負債及其他應付賬款

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Accrued purchases	應計採購	3,200	2,300
Accrual for employment costs	應計僱員成本	5,972	11,969
Accrual for operating expenses	應計經營支出	20,498	14,624
Value added tax payables	應付增值稅	14,616	17,625
Payables for operating expenses	應付經營支出	4,830	8,876
		<b>49,116</b>	55,394

The carrying amounts of accrued liabilities and other payables approximate their fair values.

應計負債及其他應付賬款之賬面金額與其公平價值相若。

30 BORROWINGS

30 借貸

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank loans	銀行貸款		
- Trust receipt bank loans	- 信託收據銀行貸款	539,520	678,004
- Short-term bank loans	- 短期銀行貸款	218,999	165,644
- Long-term bank loan, current portion	- 長期銀行貸款，當期部份	—	55,555
		<b>758,519</b>	899,203
Other loan	其他貸款		
- A minority shareholder of a subsidiary	- 一間附屬公司之一位少數股東	11,700	11,700
		<b>770,219</b>	910,903
Bank loans	銀行貸款		
- Long-term bank loan, non-current portion	- 長期銀行貸款，非當期部份	—	166,667

### 30 BORROWINGS (Continued)

The VSC Group's bank borrowings were secured by:

- (i) pledge of buildings of the VSC Group of approximately HK\$25,307,000 (2005: HK\$8,314,000) (see Note 15);
- (ii) pledge of leasehold land and land use rights of the VSC Group of approximately HK\$12,730,000 (2005: HK\$1,037,000) (see Note 17);
- (iii) pledge of the VSC Group's inventories of approximately HK\$32,975,000 (2005: HK\$ 34,000,000) and certain of VSC Group's inventories held under trust receipt bank loan arrangements (see Note 23);
- (iv) pledge of the VSC Group's bank deposits of approximately HK\$5,896,000 (2005: HK\$8,574,000) (see Note 27); and
- (v) guarantees provided by the Company.

Other loans are unsecured and bear interest at commercial rates.

As at 31st March 2006, all borrowings are due within one year and the carrying amount approximate fair value.

### 30 借貸(續)

萬順昌集團之銀行借款由下列各項作抵押：

- (i) 萬順昌集團之抵押樓宇約25,307,000港元(二零零五年：8,314,000港元)(見附註15)；
- (ii) 萬順昌集團之抵押租賃土地及土地使用權約12,730,000港元(二零零五年：1,037,000港元)(見附註17)；
- (iii) 萬順昌集團之抵押存貨約32,975,000港元(二零零五年：34,000,000港元)及按信託收據銀行貸款安排持有之若干存貨(見附註23)；
- (iv) 萬順昌集團之抵押銀行存款約5,896,000港元(二零零五年：8,574,000港元)(見附註27)；及
- (v) 本公司提供之擔保。

其他貸款均無抵押及以市場利率計息。

於二零零六年三月三十一日，所有借款均需在一  
年內償還而貸款之賬面金額與其公平價值相若。

30 BORROWINGS (Continued)

Borrowings were denominated in the following currencies:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong dollars (HK\$)	港元(HK\$)	564,118	893,688
Chinese Renminbi (RMB)	人民幣(RMB)	151,999	122,645
United States dollars (US\$)	美元(US\$)	54,102	61,237
		<b>770,219</b>	1,077,570

30 借貸(續)

借貸包含下列貨幣：

The effective interest rates at the balance sheet date were as follows:

於結算日，實際利率如下：

		Consolidated 綜合					
		2006 二零零六年			2005 二零零五年		
		HK\$	RMB	US\$	HK\$	RMB	US\$
Bank loans	銀行貸款	4.9%	5.5%	5.3%	2.6%	5.3%	3.3%
Other loan	其他貸款	—	—	4.5%	—	—	2.8%

### 31 SHARE CAPITAL

### 31 股本

		2006 二零零六年		2005 二零零五年	
		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
Authorised (Ordinary shares of HK\$0.10 each)	法定(每股面值0.10港元之普通股)	1,000,000	100,000	1,000,000	100,000
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)：				
At 1st April	於四月一日	368,605	36,861	367,784	36,778
Issue of shares upon exercise of warrants	因行使認股權證而發行之股份	—	—	821	83
At 31st March	於三月三十一日	368,605	36,861	368,605	36,861

### 32 SHARE OPTIONS

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

### 32 購股權

根據萬順昌集團之購股權計劃，萬順昌集團可授予萬順昌集團之任何僱員、代理人、顧問或代表(包括執行董事及非執行董事)以認購本公司之股份，而不得超過不時已發行本公司股份之30%(行使購股權所發行股份除外)。行使價將由本公司董事會釐定及最少將按以下列中最高者為準：(i)本公司股份於提出授予購股權當日香港聯合交易所有限公司所列之收市價；(ii)本公司股份於緊接提出授予購股權日期前五個交易日在香港聯合交易所有限公司所列之平均收市價；及(iii)本公司股份面值每股0.10港元。



32 SHARE OPTIONS (Continued)

Movement of share options were:

Date of grant 授予日期	Exercise period 行使期	Subscription price per share 每股行使價 HK\$ 港元	Beginning of year 年初 '000 千份	Lapsed during the year 年內失效 '000 千份	End of year 年終 '000 千份
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	2,300	(1,000)	1,300
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	7,250	—	7,250
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	5,900	(800)	5,100
			15,450	(1,800)	13,650

32 購股權(續)

購股權變動如下：

33 RESERVES

33 儲備

		Consolidated 綜合								Total
		Share premium	Capital redemption reserve	Statutory reserves(i)	Capital reserve	Investment revaluation reserve	Investment properties revaluation reserve	Cumulative foreign currency adjustments	Retained earnings	Total
		股份溢價	贖回儲備	法定儲備(i)	資本儲備	重估儲備	投資物業 重估儲備	累積外幣 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 2005, as previously reported	於二零零五年四月一日，按早前呈報	313,596	77,203	8,259	58,355	(6,993)	2,069	(2,647)	206,874	656,716
Effect on adoption of HKAS 17	採納香港會計準則第17號之影響	—	—	—	—	—	—	—	88	88
Effect on adoption of HKFRS 2	採納香港財務報告準則第2號之影響	1,014	—	—	—	—	—	—	(1,014)	—
Effect on adoption of HKAS-Int 21	採納香港會計準則詮釋21之影響	—	—	—	—	—	—	—	(5,831)	(5,831)
At 1st April 2005, as restated	於二零零五年四月一日，經重列	314,610	77,203	8,259	58,355	(6,993)	2,069	(2,647)	200,117	650,973
Opening adjustment on adoption of HKASs 32 and 39	採納香港會計準則第32及39號之期初調整	—	—	—	—	—	—	—	3,524	3,524
Opening adjustment on adoption of HKAS 40	採納香港會計準則第40號之期初調整	—	—	—	—	—	(2,069)	—	2,069	—
At 1st April 2005, after opening adjustment	於二零零五年四月一日，按期初調整後	314,610	77,203	8,259	58,355	(6,993)	—	(2,647)	205,710	654,497
Profit for the year attributable to equity holders of the Company	本公司股權持有人應佔年度溢利	—	—	—	—	—	—	—	22,867	22,867
Transfer from retained earnings	轉撥自保留盈利	—	—	2,867	—	—	—	—	(2,867)	—
Share option scheme – value of services	購股權計劃 – 服務價值	57	—	—	—	—	—	—	—	57
Change in fair value of available-for-sale financial assets	可供出售之財務資產之公平價值之變動	—	—	—	—	(7,181)	—	—	—	(7,181)
Investment revaluation reserve transferred to income statement upon recognition of impairment loss of an available-for-sale financial asset	一項可供出售之財務資產之減值虧損確認於投資重估儲備轉撥至損益表	—	—	—	—	14,424	—	—	—	14,424
Dividends paid to equity holders of the Company	已付本公司股權持有人之股息	—	—	—	—	—	—	—	(8,109)	(8,109)
Currency translation differences	貨幣滙兌差額	—	—	—	—	—	—	2,039	—	2,039
At 31st March 2006	於二零零六年三月三十一日	314,667	77,203	11,126	58,355	250	—	(608)	217,601	678,594
Representing:	包括：									
Proposed dividend	建議股息								4,055	
Others	其他								213,546	
									217,601	

# Notes to the Financial Statements

## 財務報表附註

### 33 RESERVES (Continued)

### 33 儲備(續)

		Consolidated 綜合							Retained earnings	Total
		Share premium	Capital redemption reserve	Statutory reserves(i)	Capital reserve	Investment revaluation reserve	Investment properties revaluation reserve	Cumulative foreign currency adjustments		
		股份溢價	資本 贖回儲備	法定儲備(i)	資本儲備	投資 重估儲備	投資物業 重估儲備	累積外幣 滙兌調整	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st April 2004, as previously reported	於二零零四年四月一日，按早前呈報	312,712	77,203	5,532	58,355	(6,097)	—	(2,752)	178,827	623,780
Effect on adoption of HKAS 17	採納香港會計準則第17號之影響	—	—	—	—	—	—	—	73	73
Effect on adoption of HKFRS 2	採納香港財務報告準則第2號之影響	402	—	—	—	—	—	—	(402)	—
Effect on adoption of HKAS-Int 21	採納香港會計準則詮釋21之影響	—	—	—	—	—	—	—	(1,540)	(1,540)
At 1st April 2005, as restated	於二零零五年四月一日，經重列	313,114	77,203	5,532	58,355	(6,097)	—	(2,752)	176,958	622,313
Profit for the year attributable to equity holders of the Company	本公司股權持有人應佔年度溢利	—	—	—	—	—	—	—	36,189	36,189
Transfer from retained earnings	轉撥自保留盈利	—	—	2,727	—	—	—	—	(2,727)	—
Issuance of shares upon exercise of warrants	因行使認股權證而發行股份	884	—	—	—	—	—	—	—	884
Share option scheme – value of services	購股權計劃 – 服務價值	612	—	—	—	—	—	—	—	612
Fair value gains of investment properties	投資物業之公平價值收益	—	—	—	—	—	2,069	—	—	2,069
Change in fair value of a non-trading security	一項非作買賣之證券之公平價值之變動	—	—	—	—	(10,896)	—	—	—	(10,896)
Investment revaluation reserve transferred to income statement upon recognition of impairment loss of a non-trading security	一項非作買賣之證券之減值虧損之減值虧損，確認於投資重估儲備	—	—	—	—	10,000	—	—	—	10,000
Dividends paid to equity holders of the Company	已付本公司股權持有人之股息	—	—	—	—	—	—	—	(10,303)	(10,303)
Currency translation differences	貨幣滙兌差額	—	—	—	—	—	—	105	—	105
At 31st March 2005	於二零零五年三月三十一日	314,610	77,203	8,259	58,355	(6,993)	2,069	(2,647)	200,117	650,973
Representing:	包括：									
Proposed dividend	建議股息								8,109	
Others	其他								192,008	
									200,117	

33 RESERVES (Continued)

33 儲備(續)

		Company 本公司				
		Capital				
		Share premium	redemption reserve	Contributed surplus(ii)	Retained earnings	Total
		股份溢價	資本贖回儲備	繳入盈餘(ii)	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 1st April 2005, as previously stated	於二零零五年 四月一日， 按早前呈報	313,596	77,203	53,986	21,443	466,228
Effect on adoption of HKFRS 2	採納香港財務報告 準則第2號之影響	1,014	—	—	(1,014)	—
At 1st April 2005, as restated	於二零零五年 四月一日， 經重列	314,610	77,203	53,986	20,429	466,228
Loss for the year	年度虧損	—	—	—	(479)	(479)
Share option scheme - value of services	購股權計劃— 服務價值	57	—	—	—	57
Dividends paid	已付股息	—	—	—	(8,109)	(8,109)
At 31st March 2006	於二零零六年 三月三十一日	314,667	77,203	53,986	11,841	457,697
Representing:	包括：					
Proposed dividend	建議股息				4,055	
Others	其他				7,786	
					11,841	

# Notes to the Financial Statements

## 財務報表附註

### 33 RESERVES (Continued)

### 33 儲備(續)

		Company 本公司					
		Share premium 股份溢價 HK\$'000 千港元	Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Contributed surplus(ii) 繳入盈餘(ii) HK\$'000 千港元	Retained earnings 保留盈利 HK\$'000 千港元	Total 總額 HK\$'000 千港元	
At 1st April 2004, as previously stated	於二零零四年 四月一日， 按早前呈報	312,712	77,203	53,986	31,828	475,729	
Effect on adoption of HKFRS 2	採納香港財務報告 準則第2號之影響	402	—	—	(402)	—	
At 1st April 2005, as restated	於二零零五年 四月一日，經重列	313,114	77,203	53,986	31,426	475,729	
Loss for the year	年度虧損	—	—	—	(694)	(694)	
Issue of shares upon exercise of warrants	因行使認股權證而 發行股份	884	—	—	—	884	
Share option scheme – value of services	購股權計劃 – 財務價值	612	—	—	—	612	
Dividends paid	已付股息	—	—	—	(10,303)	(10,303)	
At 31st March 2005	於二零零五年 三月三十一日	314,610	77,203	53,986	20,429	466,228	
Representing:	包括：						
Proposed dividend	建議股息				8,109		
Others	其他				12,320		
					20,429		

### 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 years losses) to the enterprise expansion reserve fund and general reserve fund, at rates determined by their respective boards of directors. The general reserve fund may be used for making up losses and increasing capital while the enterprise expansion reserve fund may be used for increasing capital.
- (ii) Under the Companies Act 1981 of Bermuda, contributed surplus is distributable to equityholder 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.

### 33 儲備(續)

附註：

- (i) 法定儲備乃按中國內地若干附屬公司之企業發展儲備基金及一般儲備基金所設立。按照中國內地法規訂明，於中國內地成立及經營之附屬公司須於其除稅後溢利(經抵銷過往年度虧損)中撥出部份至企業發展儲備基金及一般儲備基金，比率乃由各自董事會釐定。一般儲備基金可用作抵銷虧損及增加股本，而企業發展儲備基金可用作增加股本。
- (ii) 根據百慕達一九八一年公司法，繳入盈餘可分派予股權持有人，惟倘萬順昌在宣派或支付股息或從繳入盈餘作出分派後、(i)萬順昌不能或在作出支付後將不能支付到期債項，或(ii)其資產之可變現價值將會因而少於其債項及其已發行股本及股份溢價賬目的合計總額，則萬順昌不可作出上述的宣派、支付或分派。

34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

34 綜合現金流量表附註

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

(a) 除稅前溢利與經營產生/(所用)之現金流入/(流出)淨額對賬如下:

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除稅前溢利	26,597	47,797
Interest income	利息收入	(4,490)	(5,059)
Interest expense	利息支出	45,959	17,927
Dividend income from available-for-sale financial assets/non-trading securities	可供出售之財務資產/非作買賣之證券之股息收入	(1,603)	(2,296)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	19,906	21,510
Gain on disposal of a building included in property, plant and equipment	出售一項樓宇包括於物業、廠房及設備中之收益	—	(10,474)
Net loss/(gain) on disposals of property, plant and equipment other than a building	出售除樓宇外之物業、廠房及設備之淨虧損/(收益)	32	(107)
Gain on disposals of investment properties	出售投資物業之收益	—	(55)
Gain on disposal of a subsidiary	出售一間附屬公司之收益	(4,740)	—
Loss on disposal of certain interest in a subsidiary	出售一間附屬公司若干權益之虧損	198	—
Gain on disposal of certain interest in a subsidiary	出售一間附屬公司若干權益之收益	(607)	—
Loss on disposal of an available-for-sale financial asset	出售一項可供出售之財務資產之虧損	1,560	—
Fair value gains of investment properties	投資物業公平價值收益	(11,188)	(25,654)
Impairment loss of an available-for-sale financial asset/a non-trading security	一項可供出售之財務資產/一項非作買賣之證券之減值虧損	14,424	10,000
Amortisation of goodwill	商譽攤銷	—	3,969
Amortisation of leasehold land and land use right	租賃土地及土地使用權之攤銷	660	246

34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

34 綜合現金流量表附註(續)

(a) (Continued)

(a) (續)

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Impairment of goodwill	商譽減值	1,437	—
Change in fair value of derivative financial instruments	衍生金融工具之 公平價值之變動	4,476	—
Share option scheme - value of services	購股權計劃－服務價值	57	612
Operating profit before working capital changes	營運資金變動前之 經營溢利	92,678	58,416
Decrease/ (Increase) in inventories	存貨減少／(增加)	381,542	(199,905)
Decrease/ (Increase) in due from customers on installation contract work	應收客戶之安裝合約工程 減少／(增加)	6,291	(3,166)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他 應收賬款增加	(8,882)	(73,589)
Decrease in trade and bills receivables	應收賬款及票據減少	7,143	99,599
Decrease in loans receivable	應收貸款減少	6,491	400
(Decrease)/Increase in trade and bills payables	應付賬款及票據(減少)／增加	(178,342)	14,309
(Decrease)/Increase in due to customers on installation contract work	應付客戶之安裝合約工程 (減少)／增加	(840)	785
Increase in amount due to an associate	應付一間聯營公司增加	9,396	—
Increase/(Decrease) in receipts in advance	預收款項增加／(減少)	24,755	(2,228)
(Decrease)/Increase in accrued liabilities and other payables	應計負債及其他應付 款項(減少)／增加	(6,178)	10,470
Net cash inflow/(outflow) generated from/(used in) operations	經營產生／(所用)之 現金流入／(流出)淨額	334,054	(94,909)



**34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)**

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

**34 綜合現金流量表附註(續)**

(b) 在綜合現金流量表中，出售物業、廠房及設備所得之款項為：

		<b>Consolidated</b>	
		綜合	
		<b>2006</b>	2005
		二零零六年	二零零五年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Net book amount	賬面淨值	<b>86</b>	26,267
(Loss)/Gain on disposals of property, plant and equipment	出售物業、廠房及設備之虧損／(溢利)		
- a building	— 一項樓宇	—	10,474
- other property, plant and equipment	— 其他物業、廠房及設備	<b>(32)</b>	107
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	<b>54</b>	36,848

**34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)**

(c) During the year ended 31st March 2006, the VSC Group disposed 100% of its equity interest in a subsidiary for a consideration of approximately HK\$34,593,000. Details of the net assets of the subsidiary as at the date of disposal were:

		HK\$'000 千港元
Investment properties	投資物業	34,288
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	83
Cash and cash equivalents	現金及現金等值	360
Accrued liabilities and other payables	應計負債及其他應付賬款	(100)
Current income tax liabilities	當期所得稅負債	(38)
Deferred income tax liabilities	遞延所得稅負債	(4,740)
Net assets disposed of	所出售之淨資產	29,853

Analysis of net cash inflow in respect of disposal of the above subsidiary was as follows: 因應出售上述附屬公司之現金流入淨額分析如下：

		HK\$'000 千港元
Consideration for the disposal	出售之代價	34,593
Less: Cash and cash equivalents disposed of	減：所出售之現金及現金等值	(360)
Net cash inflow	現金流入淨額	34,233

**34 綜合現金流量表附註(續)**

(c) 截至二零零六年三月三十一日止年度期間，萬順昌集團出售一間附屬公司之所有權益，作價約34,593,000港元。該附屬公司於出售日之淨資產詳情為：

35 CONTINGENT LIABILITIES

35 或然負債

		Consolidated 綜合		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Performance bonds	履約擔保書	1,612	6,293	—	—
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	—	—	1,525,559	2,171,204
		1,612	6,293	1,525,559	2,171,204

36 COMMITMENTS

36 承擔

(a) Capital commitments

(a) 資本承擔

Capital expenditure at the balance sheet date but not yet incurred is as follows:

於結算日已訂約但尚未產生之資本開支如下：

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備		
Contracted but not provided for	已訂約但未確認	9,742	—

36 COMMITMENTS (Continued)

(b) Commitments under operating leases

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

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Not later than one year	未逾1年	2,373	3,194
Later than one year and not later than five years	逾1年及 未逾5年	515	—
		<b>2,888</b>	3,194

(c) Commitments under forward foreign currency contracts

As at 31st March 2006, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$97,400,000 (2005: US\$70,731,000) for approximately HK\$752,602,000 (2005: HK\$530,254,000), for the purpose of hedging against the Group's commitments arising from its trading activities.

36 承擔(續)

(b) 營業租約承擔

根據租用物業之若干不可撤銷營業租約應付之承擔總額分析如下：

(c) 遠期外匯貨幣合約承擔

於二零零六年三月三十一日，萬順昌集團尚有約752,602,000港元(二零零五年：530,254,000港元)未行使之遠期外匯貨幣合約用作採購約97,400,000美元(二零零五年：70,731,000美元)，目的為萬順昌集團於貿易活動有關之承諾作出對沖。

### 37 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the VSC Group if the VSC Group or any member of its key management personnel or their close family members has the ability, directly or indirectly, to exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the VSC Group and the parties are subject to common significant influence. Related parties may be individuals or entities.

#### (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:

### 37 與關連人士之交易

與萬順昌集團有關連之人士乃指當萬順昌集團或其主要管理層之成員或此等成員之家庭成員可直接或間接對另一方之財務及經營決策行使重大影響力，或受到另一方之影響，或當萬順昌集團與另一方都受共同重大影響時，都被視作關連人士。關連人士可以是獨立人士或實體。

#### (a) 交易

與關連人士之重大交易詳情如下，此等交易是按照萬順昌集團日常業務之正常條款進行：

			Consolidated 綜合	
			2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Sales of goods and services:	貨品銷售及服務費：	(iii)		
Sales of goods to a related party (i)	向一間關連公司提供之貨品銷售(i)		220,257	339,246
Management services provided for a related party (i)	向一間關連公司收取之管理服務費(i)		30	360
Rental service provided for a related party (i)	向一間關連公司收取之租金服務費(i)		22	162
Purchases of goods and services:	貨品採購及服務費：	(iii)		
Commission for procurement service provided by a related party (i)	向一間關連公司支付之採購服務佣金(i)		—	2,221
Purchase of goods from a related party (ii)	向一間關連公司採購之貨品(ii)		164,281	104,395
Interest received/(paid):	已收/(已付)利息	(iv)		
Interest received from a related party (i)	已收一間關連公司之利息(i)		1,154	3,380
Interest paid to a related party (ii)	已付一間關連公司之利息(ii)		(524)	(187)

37 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Notes -

- (i) This company relates to North Asia Strategic Holdings Limited ("NAS"), which the VSC Group had 6.6% (2005: 18.9%) equity interests as at 31st March 2006. A director of the Company is also a director of NAS.
- (ii) This company relates to Shinsho Corporation, the minority shareholder equityholder of VSC Shinsho Company Limited, a 70% owned subsidiary of the VSC Group as at 31st March 2006.
- (iii) Goods and services are sold and purchased at prices mutually agreed by both parties.
- (iv) Interest income and expense are determined at commercial rate of approximately 4.5% per annum on overdue balances.

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

37 與關連人士之交易 (續)

(a) 交易 (續)

附註一

- (i) 該公司與北亞策略控股有限公司(「北策」)有關連。於二零零六年三月三十一日萬順昌集團擁有北策6.6%股權(二零零五年: 18.9%)。本公司一位董事同為北策之董事。
- (ii) 該公司與神鋼商事株式會社有關連, 為萬順昌神商有限公司之一位少數股東, 於二零零六年三月三十一日為萬順昌集團擁有70%之附屬公司。
- (iii) 貨品銷售或採購及服務費皆按雙方達成協議之價格進行。
- (iv) 利息收入及支出乃按商業年利率約4.5%計算過期結餘之利息。

(b) 年終結餘 (包括在應收賬款及應付賬款)

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Receivable from a related party (i)	應收一間關連公司	39,916	118,843
Payable to a related party (ii)	應付一間關連公司	65,288	51,762

Notes -

- (i) This company relates to North Asia Strategic Holdings Limited ("NAS"), which the VSC Group had 6.6% (2005: 18.9%) equity interests as at 31st March 2006. A director of the Company is also a director of NAS.
- (ii) This company relates to Shinsho Corporation, the minority shareholder of VSC Shinsho Company Limited, a 70% owned subsidiary of the VSC Group as at 31st March 2006.

附註一

- (i) 該公司與北亞策略控股有限公司(「北策」)有關連。於二零零六年三月三十一日萬順昌集團擁有北策6.6%股權(二零零五年: 18.9%)。本公司一位董事同為北策之董事。
- (ii) 該公司與神鋼商事株式會社有關連, 為萬順昌神商有限公司之一位少數股東, 於二零零六年三月三十一日為萬順昌集團擁有70%之附屬公司。

37 RELATED PARTY TRANSACTIONS (Continued)

(c) Non-trade year-end balances

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Payable to a minority shareholder of a subsidiary (i)	應付一間附屬公司之一位少數股東	11,700	11,700
Amount due to an associate (ii)	應付一間聯營公司	9,396	—

(i) The balance is unsecured and bear interest at commercial interest rates.

(ii) The balance is unsecured, non-interest bearing and has no fixed repayment term.

37 與關連人士之交易(續)

(c) 非貿易產生之年終結餘

(i) 該結餘並無抵押及按商業利率計算利息。

(ii) 該結餘並無抵押，不計利息及沒有特定之還款期。

(d) Key management compensation

		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Wages, salaries and allowances	工資，薪金及津貼	7,560	6,372
Bonus	花紅	798	1,920
Pension costs – defined contribution schemes	退休金成本－界定供款計劃	134	92
Share option scheme – value of services	購股權計劃－服務價值	51	387
		<b>8,543</b>	<b>8,771</b>

(d) 主要管理層報酬