

Steel Value Chain

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

Interim Report 2007/08
中期報告

Stock Code 股票代號 : 1001

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Van Shung Chong Holdings Limited (“VSC” or the “Company”) hereby announces the unaudited condensed consolidated interim financial information of VSC and its subsidiaries (the “VSC Group”) as at and for the six months ended 30th September 2007, together with comparative figures, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2007

未經審核中期業績

萬順昌集團有限公司(「萬順昌」或「本公司」)之董事會(「董事會」)謹此宣佈萬順昌及其附屬公司(「萬順昌集團」)於及截至二零零七年九月三十日止六個月之未經審核簡明綜合中期財務資料連同比較數字如下：

簡明綜合損益表

截至二零零七年九月三十日止六個月

		For the six months ended 30th September 截至九月三十日止六個月		
		2007 二零零七年 HK\$'000 千港元 (Unaudited) (未經審核)	2006 二零零六年 HK\$'000 千港元 (Unaudited) (未經審核)	
Revenue	收入	4	2,788,767	2,342,272
Cost of sales	銷售成本	5	(2,621,412)	(2,151,292)
Gross profit	毛利		167,355	190,980
Other gains — net	其他收益 — 淨額		6,910	1,195
Selling and distribution expenses	銷售及分銷支出	5	(22,008)	(18,284)
General and administrative expenses	一般及行政支出	5	(103,141)	(96,788)
Operating profit	經營溢利		49,116	77,103
Finance income	財務收入	6	4,940	1,065
Finance costs	財務費用	6	(19,225)	(18,082)
Share of loss of associates	應佔聯營公司虧損		(2,551)	—
Profit before income tax	除稅前溢利		32,280	60,086
Income tax expense	所得稅支出	7	(6,058)	(14,821)
Profit for the period	期內溢利		26,222	45,265
Attributable to:	應佔：			
Equity holders of the Company	本公司股權持有人		21,342	41,694
Minority interest	少數股東權益		4,880	3,571
			26,222	45,265
Dividends	股息	8	4,155	8,109
Earnings per share for profit attributable to equity holders of the Company during the period	本公司期內股權持有人應佔溢利計算之每股盈利			
— Basic	— 基本	9	HK5.7 cents港仙	HK11.3 cents港仙
— Diluted	— 攤薄	9	HK5.6 cents港仙	HK11.3 cents港仙

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

附註為簡明綜合中期財務資料組成部份。

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September 2007

簡明綜合資產負債表

於二零零七年九月三十日

			As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元 (Audited) (已審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	129,249	126,315
Investment properties	投資物業	10	50,800	50,000
Leasehold land and land use rights	租賃土地及土地使用權	10	26,593	26,527
Goodwill	商譽	10, 11	31,202	31,202
Interest in associates	於聯營公司之權益		36,129	5,832
Deferred income tax assets	遞延所得稅資產		26,353	23,329
Available-for-sale financial assets	可供出售之財務資產		7,166	12,992
Derivative financial instruments	衍生金融工具		52,545	57,270
Total non-current assets	非流動資產總額		360,037	333,467
Current assets	流動資產			
Inventories	存貨		633,097	587,872
Due from customers on installation contract work	應收客戶之安裝合約工程		3,080	3,935
Trade and bill receivables	應收賬款及票據	12	794,910	769,352
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款		315,316	217,428
Derivative financial instruments	衍生金融工具		1,001	1,704
Amount due from an associate	應收一間聯營公司		14,438	510
Pledged bank deposits	已抵押銀行存款		70,511	29,850
Cash and cash equivalents	現金及現金等值		265,843	304,574
Total current assets	流動資產總額		2,098,196	1,915,225
Current liabilities	流動負債			
Trade and bill payables	應付賬款及票據	13	265,386	301,031
Receipts in advance	預收款項		94,272	106,185
Accrued liabilities and other payables	應計負債及其他應付賬款		41,783	40,587
Current income tax liabilities	流動所得稅負債		15,874	16,579
Borrowings	借貸	14	871,655	683,687
Total current liabilities	流動負債總額		1,288,970	1,148,069

			As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元 (Audited) (已審核)
Net current assets	流動資產淨額		809,226	767,156
Total assets less current liabilities	總資產減流動負債		1,169,263	1,100,623
Non-current liabilities	非流動負債			
Derivative financial instruments	衍生金融工具		60,244	63,619
Deferred income tax liabilities	遞延所得稅負債		3,308	2,301
Borrowings	借貸	14	71,289	27,300
Total non-current liabilities	非流動負債總額		134,841	93,220
Net assets	資產淨額		1,034,422	1,007,403
Equity	權益			
Capital and reserves attributable to equity holders of the Company	本公司股權持有人應佔股本及儲備			
Share capital	股本	15	37,775	36,861
Reserves	儲備		768,023	745,734
Minority interest	少數股東權益		805,798	782,595
			228,624	224,808
Total equity	權益總額		1,034,422	1,007,403

The notes form an integral part of the condensed consolidated interim financial information. 附註為簡明綜合中期財務資料組成部份。

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2007

簡明綜合權益變動表

截至二零零七年九月三十日止六個月

		For the six months ended	
		30th September	
		截至九月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Balance as at 1st April	於四月一日之結餘	1,007,403	760,259
Profit for the period	期內溢利	26,222	45,265
Issuance of shares	發行股本	8,873	—
Change in fair value of available-for-sale financial assets	可供出售之財務資產之公平價值變動	—	(1,107)
Disposals of available-for-sale financial assets	出售可供出售之財務資產	(1,616)	—
Share option scheme — value of services	購股權計劃 — 服務價值	652	—
Dividends paid to equity holders of the Company	已付本公司股權持有人之股息	(9,798)	(4,055)
Dividends paid to a minority shareholder of a subsidiary	已付一間附屬公司之一位少數股東之股息	(319)	—
Disposal of a subsidiary	出售一間附屬公司	(745)	(391)
Currency translation differences	貨幣滙兌差額	3,750	5,783
Balance as at 30th September	於九月三十日之結餘	1,034,422	805,754

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

附註為簡明綜合中期財務資料組成部份。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2007

簡明綜合現金流量表

截至二零零七年九月三十日止六個月

**For the six months ended
30th September**

截至九月三十日止六個月

2007

2006

二零零七年

二零零六年

HK\$'000

HK\$'000

千港元

千港元

(Unaudited)

(Unaudited)

(未經審核)

(未經審核)

Net cash (used in)/generated from operating activities	經營活動(所用)／產生之現金淨額	(203,840)	38,774
Net cash used in investing activities	投資活動所用之現金淨額	(65,604)	(31,137)
Net cash generated from/(used in) financing activities	融資活動產生／(所用)之現金淨額	230,713	(86,273)
Net decrease in cash and cash equivalents	現金及現金等值之減少淨額	(38,731)	(78,636)
Cash and cash equivalents as at 1st April	於四月一日之現金及現金等值	304,574	198,556
Cash and cash equivalents as at 30th September	於九月三十日之現金及現金等值	265,843	119,920

The notes form an integral part of the condensed consolidated interim financial information. 附註為簡明綜合中期財務資料組成部份。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

簡明綜合財務資料附註

1 GENERAL INFORMATION

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

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

The condensed consolidated interim financial information are presented in Hong Kong dollars, unless otherwise stated. It has been approved for issue by the Board on 14th December 2007.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2007 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31st March 2007.

The accounting policies are consistent with those as described in the annual consolidated financial statements for the year ended 31st March 2007, except that the VSC Group has changed certain of its accounting policies following its adoption of the new/revised Hong Kong Financial Report Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) which are effective for accounting periods beginning on or after 1st April 2007 and relevant to its operations. The changes to the VSC Group’s accounting policies and the effect of adopting the new policies are set out in Note 3 below.

1 一般資料

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

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

除另有指明外，本簡明綜合中期財務資料以港元列示，並已經在二零零七年十二月十四日經董事會批准刊發。

2 編製基準及會計政策概要

本份截至二零零七年九月三十日止六個月之未經審核簡明綜合中期財務資料依照香港會計師公會頒佈之香港會計準則第34號「中期財務報告」編製。

本未經審核簡明綜合中期財務資料應連同截至二零零七年三月三十一日止年度之綜合年度財務報表一併閱讀。

所採用之會計政策與於截至二零零七年三月三十一日止之年度綜合財務報表所載者相連貫；萬順昌集團因應用自二零零七年四月一日起財政年度生效而與其業務有關之新訂／修訂香港財務報告準則／香港會計準則而變更之若干會計制度則例外。萬順昌集團會計政策之修訂及採納此等新政策之影響載於下文附註3。

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

On 1st April 2007, the VSC Group adopted the following HK(IFRIC)-Interpretation, HKFRS and amendment to HKAS and the impacts on the VSC Group's accounting policies are set out below:

HK(IFRIC)-Interpretation 10	Interim Financial Reporting and Impairment
HKFRS 7	Financial Instruments: Disclosures
HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures

HK(IFRIC)-Interpretation 10 prohibits the impairment loss recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The adoption of HK(IFRIC)-Interpretation 10 does not have any impact on the unaudited condensed consolidated interim financial information and the annual consolidated financial statements.

HKFRS 7 and HKAS 1 (Amendment) introduce new disclosures relating to financial instruments and capital in the VSC Group's annual consolidated financial statements. The adoption does not have any impact on the unaudited condensed consolidated interim financial information and full disclosures as required by HKFRS 7 and HKAS 1 (Amendment) will be made in the annual consolidated financial statements for the year ending 31st March 2008.

3 採納新訂／經修訂香港財務報告準則之影響

於二零零七年四月一日，萬順昌集團採納下列香港（國際財務報告詮釋委員會）— 詮釋、香港財務報告準則及香港會計準則之修訂，該採納對萬順昌集團會計政策構成之影響如下：

香港（國際財務報告詮釋委員會）— 詮釋第10號	中期財務報告及報告詮釋委員會減值
香港財務報告準則第7號	金融工具：披露
香港會計準則第1號（修訂本）	財務報表之呈列：資本披露

香港（國際財務報告詮釋委員會）詮釋第10號，禁止於中期期間就商譽、股本工具投資及按成本值列值之金融資產投資所確認之減值虧損於其後之結算日撥回。採納香港（國際財務報告詮釋委員會）詮釋第10號對未經審核簡明綜合中期財務資料及年度綜合財務報表並無影響。

香港財務報告準則第7號及香港會計準則第1號（修訂本）就萬順昌集團年度綜合財務報表有關金融工具及資本披露引入新要求。採納上述準則對未經審核簡明綜合中期財務資料並無影響，萬順昌集團將於二零零八年三月三十一日止年度之年度綜合財務報表中根據香港財務報告準則第7號及香港會計準則第1號（修訂本）要求予以詳細披露。

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

The following HK(IFRIC)-Interpretations, HKFRS and HKAS have been issued by HKICPA but are not yet effective for the accounting periods beginning on 1st January 2007 and thus they have not been adopted by the VSC Group on 1st April 2007:

HK(IFRIC)-Interpretation 12	Service Concession Arrangements
HK(IFRIC)-Interpretation 13	Customer Loyalty Programmes
HK(IFRIC)-Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HKFRS 8	Operating Segments
HKAS 23 (revised)	Borrowing Costs

4 SEGMENT INFORMATION

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”)
- (ii) Construction Materials Group (“CMG”)

During the year, the VSC Group has changed its business strategy. As such, relevant revenue, results and assets of the indent rolled flat steel distribution business reported under CMG have been combined with the service centres division under CAMP. The management are of the opinion that this change in the reportable segment information provides a more appropriate presentation of the VSC Group’s business operations. Certain comparative figures have been restated to conform with the revised presentation.

3 採納新訂／經修訂香港財務報告準則之影響(續)

於二零零七年四月一日，萬順昌集團並未採納下列已由香港會計師公會於二零零七年一月一日發出但仍未生效的香港(國際財務報告詮釋委員會)詮釋、香港財務報告準則及香港會計準則修訂：

香港(國際財務報告詮釋委員會) — 詮釋第12號	服務特許權安排
香港(國際財務報告詮釋委員會) — 詮釋第13號	客戶忠誠計劃
香港(國際財務報告詮釋委員會) — 詮釋第14號	香港會計準則第19號 — 對界定福利資產之限制、最低資金規定及其相互關係
香港財務報告準則第8號	營運分部
香港會計準則第23號(經修訂)	借貸成本

4 分部資料

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項業務：

- (i) 中國先進材料加工(「CAMP」)
- (ii) 建築材料(「CMG」)

在本年度期間，萬順昌集團更改其營運策略。因此，原屬於CMG之鎖定買賣卷鋼分銷業務之相關收入、業績及其資產已與CAMP之服務中心合併。管理層認為此更改更名為萬順昌集團之業務運作提供一項更加合適之滙報分部資料。若干比較數字已經重列而呈列。

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

Analysis of the VSC Group's results by business segment for the six months ended 30th September 2007 is as follows:

4 分部資料(續)

主要申報形式 — 業務分部(續)

萬順昌集團截至二零零七年九月三十日止六個月之業績按業務分部分析如下：

		CAMP	CMG	Other	Eliminations	Total
		中國先進	建築材料	其他業務	抵銷	總額
		材料加工	建築材料	其他業務	抵銷	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
External revenue	對外收入	1,207,174	1,568,808	12,785	—	2,788,767
Inter-segment revenue	分部間收入	—	108,807	—	(108,807)	—
		1,207,174	1,677,615	12,785	(108,807)	2,788,767
Segment results	分部業績	34,641	34,162	12,490		81,293
Other gains/(losses) — net	其他收益/ (虧損) — 淨額	(194)	(1,252)	8,356		6,910
Unallocated corporate expenses	未分配企業 支出					(39,087)
Operating profit	經營溢利					49,116
Finance income	財務收入					4,940
Finance costs	財務費用					(19,225)
Share of loss of associates	應佔聯營公司 虧損					(2,551)
Income tax expense	所得稅支出					(6,058)
Profit for the period	期內溢利					26,222

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

Analysis of the VSC Group's results by business segment for the six months ended 30th September 2006 is as follows:

4 分部資料(續)

主要申報形式 — 業務分部(續)

萬順昌集團截至二零零六年九月三十日止六個月之業績按業務分部分析如下：

		CAMP	CMG	Other		Total
		中國先進	建築材料	其他業務	抵銷	總額
		(Restated)	(Restated)			
		(經重列)	(經重列)			
		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 revenue	對外收入	1,073,824	1,266,519	1,929	—	2,342,272
Inter-segment revenue	分部間收入	—	52,128	—	(52,128)	—
		<u>1,073,824</u>	<u>1,318,647</u>	<u>1,929</u>	<u>(52,128)</u>	<u>2,342,272</u>
Segment results	分部業績	<u>49,639</u>	<u>58,983</u>	<u>(2,460)</u>		106,162
Other gains/(losses)	其他收益／					
— net	(虧損) — 淨額	2,575	(867)	(513)		1,195
Unallocated corporate expenses	未分配企業支出					<u>(30,254)</u>
Operating profit	經營溢利					77,103
Finance income	財務收入					1,065
Finance costs	財務費用					(18,082)
Income tax expense	所得稅支出					<u>(14,821)</u>
Profit for the period	期內溢利					<u>45,265</u>

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

The segment assets and liabilities as at 30th September 2007 and capital expenditure, depreciation and amortization, impairment of trade receivables and write-down/(write-back) of inventories for the six months ended 30th September 2007 are as follows:

		CAMP	CMG	Other Operations	Unallocated	Total
		中國先進 材料加工 HK\$'000 千港元	建築材料 HK\$'000 千港元	其他業務 HK\$'000 千港元	未分配 HK\$'000 千港元	總額 HK\$'000 千港元
Assets	資產	1,207,177	1,106,073	77,800	67,183	2,458,233
Liabilities	負債	261,598	209,436	2,528	950,249	1,423,811
Capital expenditure	資本支出	9,541	1,235	—	—	10,776
Depreciation and amortization	折舊及攤銷	8,296	2,178	—	220	10,694
Impairment of trade receivables	應收賬款減值	636	1,467	—	—	2,103
Write-down/(write-back) of inventories	存貨撇減/ (撥回)	4,476	(1,276)	—	—	3,200

4 分部資料(續)

主要申報形式 — 業務分部(續)

於二零零七年九月三十日之分部資產及負債及截至二零零七年九月三十日止六個月之資本支出、折舊及攤銷、應收賬款減值及存貨撇減/(撥回)如下:

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

The segment assets and liabilities as at 31st March 2007 and capital expenditure, depreciation and amortization, impairment of trade receivables and write-down of inventories for the six months ended 30th September 2006 are as follows:

		CAMP	CMG	Other Operations	Unallocated	Total
		中國先進 材料加工 (Restated) (經重列)	建築材料 (Restated) (經重列)	其他業務	未分配	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Assets	資產	1,253,140	898,058	50,066	47,428	2,248,692
Liabilities	負債	248,365	270,013	2,576	720,335	1,241,289
Capital expenditure	資本支出	15,605	1,989	2,194	—	19,788
Depreciation and amortization	折舊及攤銷	6,540	3,133	839	—	10,512
Impairment of trade receivables	應收賬款減值	1,064	4,564	—	—	5,628
Write-down of inventories	存貨撇減	2,329	4,675	—	—	7,004

4 分部資料(續)

主要申報形式 — 業務分部(續)

於二零零七年三月三十一日之分部資產及負債及截至二零零六年九月三十日止六個月之資本支出、折舊及攤銷、應收賬款減值及存貨撇減如下：

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, due from customers on installation contract work, trade and bill receivables, prepayments, deposits and other receivables and cash. They exclude items such as investment properties, available-for-sale financial assets, interest in associates, amount due from an associate and certain derivative financial instruments.

未分配成本為企業支出。分部間轉撥或交易按可供無關連之第三者之正常商業條款應用之進行。

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、應收客戶之安裝合約工程、應收賬款及票據、預付款項、按金及其他應收賬款及現金。當中並不包括投資物業、可供出售之財務資產、於聯營公司之權益、應付一間聯營公司及若干衍生金融工具等項目。

4 SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

Segment liabilities comprise operating liabilities and exclude corporate borrowings and certain derivative financial instruments.

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

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

Secondary reporting format — geographical segments

Analysis of the VSC Group's revenue, total assets and capital expenditure by geographical segment are as follows:

		Revenue 收入		Total assets 資產		Capital expenditures 資本支出	
		For the six months ended 30th September		As at 30th September		For the six months ended 30th September	
		2007	2006	2007	As at 31st March 2007	2007	2006
		截至九月三十日止六個月 二零零七年	二零零六年	於二零零七年 九月三十日	於二零零七年 三月三十一日	截至九月三十日止六個月 二零零七年	二零零六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Hong Kong	香港	624,871	541,486	814,645	615,028	989	1,107
Mainland China	中國內地	2,163,896	1,800,786	1,643,588	1,633,664	9,787	18,681
		2,788,767	2,342,272	2,458,233	2,248,692	10,776	19,788

Revenue are allocated based on the places in which customers are located. Assets and capital expenditures are allocated based on where the assets are located.

4 分部資料(續)

主要申報形式 — 業務分部(續)

分部負債包括經營負債而並不包括企業借貸及若干衍生金融工具。

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

其他業務主要包括在香港提供之租務服務及其他投資。此兩者並沒有構成獨立之匯報分部。

次要申報形式 — 地區分部

萬順昌集團之收入、總資產及資本支出按地區分部分析如下：

收入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。

5 EXPENSES BY NATURE

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

5 按性質劃分之支出

包括在銷售成本、銷售及分銷支出與一般及行政支出內之支出之分析如下：

		For the six months ended	
		30th September	
		截至九月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials consumed and finished goods sold	原材料耗用及製成品銷售	2,581,447	2,118,650
Amortisation of leasehold land and land use rights	租賃土地及土地使用權之攤銷	273	231
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	10,421	10,281
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	12	49
Employment costs	僱員成本	65,296	55,335
Operating lease rental in respect of	營業租約租金		
— land and buildings	— 土地及樓宇	5,407	5,045
— plant and machinery and motor vehicles	— 廠房及機器及汽車	1,647	1,619
Impairment of trade receivables	應收賬款減值	2,103	5,628
Write-down of inventories	存貨撇減	3,200	7,004
Others	其他	76,755	62,522
Total cost of sales, selling and distribution expenses and general and administrative expenses	銷售成本、銷售及分銷支出與一般及行政支出總額	2,746,561	2,266,364

6 FINANCE INCOME AND COSTS

6 財務收入及費用

		For the six months ended 30th September 截至九月三十日止六個月	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Finance income	財務收入		
Interest income on short-term bank deposits	短期銀行存款之 利息收入	4,940	1,065
Finance costs			
Interest expenses on:			
Borrowings wholly repayable within five years	須於五年內 全數償還之借貸	(19,225)	(17,741)
Other loans wholly repayable within five years	須於五年內全數償還之 其他貸款	—	(341)
		(19,225)	(18,082)
Net finance costs	淨財務費用	(14,285)	(17,017)

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which VSC the Group operates.

7 所得稅支出

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% (二零零六年：17.5%) 作出撥備。

海外溢利之稅項則以期內估計應課稅溢利按萬順昌集團經營業務之國家當時之稅率計算。

7 INCOME TAX EXPENSE (CONTINUED)

		For the six months ended 30th September	
		截至九月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Current income tax	當期所得稅		
— Hong Kong profits tax	— 香港利得稅	5,103	9,986
— Mainland China enterprise income tax	— 中國企業所得稅	2,972	5,836
Deferred income tax	遞延所得稅	(2,017)	(1,001)
Income tax expense	所得稅支出	6,058	14,821

8 DIVIDENDS

A 2007 final dividend of HK2.6 cents (2006 final: HK1.1 cents) per ordinary share; totaling approximately HK\$9,798,000 (2006 final: HK\$4,055,000) was paid on 28th September 2007.

A 2008 interim dividend of HK1.1 cents (2007 interim: HK2.2 cents) per ordinary share; totaling approximately HK\$4,155,000 (2007 interim: HK\$8,109,000) has been recommended by the directors of VSC ("Directors").

7 所得稅支出(續)

8 股息

二零零七年度末期股息每股普通股2.6港仙(二零零六年末期: 1.1港仙)合共約9,798,000港元(二零零六年末期: 4,055,000港元)已於二零零七年九月二十八日支付。

萬順昌董事(「董事」)建議派發二零零八年度中期股息每股普通股1.1港仙(二零零七年中期: 2.2港仙)合共約4,155,000港元(二零零七年中期: 8,109,000港元)。

9 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the six months ended 30th September 2007 by the weighted average number of ordinary shares in issue during the period.

		2007	2006
		二零零七年	二零零六年
Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利 (千港元)	21,342	41,694
Weighted average number of ordinary shares in issue ('000)	已發行普通股之加權平均數 (千股)	374,914	368,605
Basic earnings per share (HK cents)	每股基本盈利(港仙)	5.7	11.3

Diluted

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

9 每股盈利

基本

每股基本盈利乃根據截至二零零七年九月三十日止六個月本公司股權持有人應佔綜合溢利除以期內已發行普通股之加權平均數計算。

For the six months ended

30th September

截至九月三十日止六個月

2007	2006
二零零七年	二零零六年

攤薄

計算每股攤薄盈利乃按假設所有具攤薄性質之潛在普通股被全數折換而相應調整已發行普通股之加權平均數。本公司之具潛在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。

9 EARNINGS PER SHARE (CONTINUED)
Diluted (Continued)

9 每股盈利(續)
攤薄(續)

For the six months ended
30th September

截至九月三十日止六個月

2007

2006

二零零七年

二零零六年

Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利(千港元)	21,342	41,694
Weighted average number of ordinary shares in issue ('000)	已發行普通股之加權平均數(千股)	374,914	368,605
Adjustments for share options ('000)	調整購股權(千份)	4,454	—
Weighted average 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)	379,368	368,605
Diluted earnings per share (HK cents)	每股攤薄盈利(港仙)	5.6	11.3

10 CAPITAL EXPENDITURE

10 資本支出

		Property, plant and equipment 物業、廠房 及設備 HK\$'000 千港元	Investment properties 投資物業 HK\$'000 千港元	Leasehold land and land use rights 租賃土地 及土地使用權 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元
Opening net book amount as at 1st April 2007	於二零零七年四月一日 之期初賬面淨額	126,315	50,000	26,527	31,202
Additions	添置	10,776	—	—	—
Fair value gains	公平價值收益	—	800	—	—
Disposals	出售	(23)	—	—	—
Depreciation/amortisation	折舊／攤銷	(10,421)	—	(273)	—
Translation adjustments	滙兌調整	2,602	—	339	—
Closing net book amount as at 30th September 2007	於二零零七年 九月三十日之 期末賬面淨額	129,249	50,800	26,593	31,202
Opening net book amount as at 1st April 2006	於二零零六年四月一日 之期初賬面淨額	103,198	48,000	22,741	6,775
Additions	添置	49,172	—	3,793	—
Fair value gains	公平價值收益	—	2,000	—	—
Acquisition of certain interests in a subsidiary	收購一間附屬公司之 若干權益	—	—	—	24,427
Disposals	出售	(1,949)	—	—	—
Depreciation/amortisation	折舊／攤銷	(20,205)	—	(466)	—
Disposal of a subsidiary	出售一間附屬公司	(7,474)	—	—	—
Translation adjustments	滙兌調整	3,573	—	459	—
Closing net book amount as at 31st March 2007	於二零零七年三月 三十一日之期末賬 面淨額	126,315	50,000	26,527	31,202

11 GOODWILL

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

The VSC Group's goodwill is allocated to the CAMP segment in Mainland China.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions under for value-in-use calculations are gross margin, growth rate and discount rate of 8%, 5% and 5% per annum, respectively.

12 TRADE AND BILL RECEIVABLES

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

Ageing analysis of trade and bill receivables are as follows:

		As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元
0 – 60 days	0 – 60日	592,185	558,971
61 – 120 days	61 – 120日	166,003	161,031
121 – 180 days	121 – 180日	18,621	13,837
181 – 365 days	181 – 365日	6,653	23,649
Over 365 days	超過365日	28,261	31,606
		811,723	789,094
Less: Provision for impairment of receivables	減：應收賬款減值撥備	(16,813)	(19,742)
		794,910	769,352

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

11 商譽

商譽乃按現金產生單位（「現金產生單位」）所成立之地方及業務部門而分配。

萬順昌集團之商譽分配至位於中國內地之CAMP分部。

現金產生單位之可收回金額乃根據使用價值計算。該計算方法乃根據萬順昌集團管理層批准之財務預算得出涵蓋五年期之現金流量預測。使用價值計算之主要假設為每年8%之毛利率，每年5%之增長率及每年5%之折現率。

12 應收賬款及票據

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

應收賬款及票據之賬齡分析如下：

	As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元
	811,723	789,094
	(16,813)	(19,742)
	794,910	769,352

應收賬款及票據之賬面金額與其公平價值相若。

13 TRADE AND BILL PAYABLES

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

Ageing analysis of the trade and bill payables are as follows:

		As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元
0 – 60 days	0 – 60日	200,130	228,077
61 – 120 days	61 – 120日	50,457	42,860
121 – 180 days	121 – 180日	9,318	21,412
181 – 365 days	181 – 365日	2,439	3,350
Over 365 days	超過365日	3,042	5,332
		265,386	301,031

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

13 應付賬款及票據

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

應付賬款及票據之賬齡分析如下：

	As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元
0 – 60 days	200,130	228,077
61 – 120 days	50,457	42,860
121 – 180 days	9,318	21,412
181 – 365 days	2,439	3,350
Over 365 days	3,042	5,332
	265,386	301,031

應付賬款及票據之賬面金額與其公平價值相若。

14 BORROWINGS

14 借貸

		As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元
Bank loans	銀行貸款		
— Trust receipts bank loans, secured	— 信託收據銀行貸款， 已抵押	604,339	472,835
— Short-term bank loans, secured	— 短期銀行貸款，已抵押	247,553	203,052
— Long-term bank loan, unsecured, current portion	— 長期銀行貸款，無抵押， 當期部份	19,763	7,800
		871,655	683,687
Long-term bank loan, unsecured, repayable	長期銀行貸款， 無抵押，須還款		
— within one year	— 一年內	19,763	7,800
— in the second year	— 第二年	31,763	7,800
— in the third to fifth year	— 第三至第五年	39,526	19,500
		91,052	35,100
Less: Amount due within one year included under current liabilities	減：一年內應付並已 包括在流動負債中	(19,763)	(7,800)
		71,289	27,300

15 SHARE CAPITAL

15 股本

		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Authorised (Ordinary shares of HK\$0.10 each)	法定(每股面值0.10港元之 普通股)	1,000,000	100,000
As at 31st March 2007	於二零零七年三月三十一日	368,605	36,861
Exercise of share options	行使購股權	9,149	914
As at 30th September 2007	於二零零七年九月三十日	377,754	37,775

16 GUARANTEES

As at 30th September 2007, the VSC Group has given performance bonds in the ordinary course of business amounting to approximately HK\$855,000 (31st March 2007: HK\$1,652,000) to third parties.

16 擔保

於二零零七年九月三十日，萬順昌集團就其正常業務之需要而給予第三方履約擔保書約855,000港元(二零零七年三月三十一日：1,652,000港元)。

17 COMMITMENTS

(a) Capital commitments

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

		As at	As at
		30th September	31st March
		2007	2007
		於二零零七年	於二零零七年
		九月三十日	三月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Contracted but not provided for	已訂約但未確認	7,010	3,756

(b) Commitments under operating leases

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

		As at	As at
		30th September	31st March
		2007	2007
		於二零零七年	於二零零七年
		九月三十日	三月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Not later than one year	未逾1年	6,252	6,775
Later than one year and not later than five years	逾1年而未逾5年	4,500	6,926
Later than five years	逾5年	1,982	2,186
		12,734	15,887

17 承擔

(a) 資本承擔

關於物業、廠房及設備之資本承擔如下：

		As at	As at
		30th September	31st March
		2007	2007
		於二零零七年	於二零零七年
		九月三十日	三月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Contracted but not provided for	已訂約但未確認	7,010	3,756

(b) 營業租約承擔

就承租物業而訂立之若干不可撤銷營運租約帶來之總承擔應負額分析如下：

		As at	As at
		30th September	31st March
		2007	2007
		於二零零七年	於二零零七年
		九月三十日	三月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Not later than one year	未逾1年	6,252	6,775
Later than one year and not later than five years	逾1年而未逾5年	4,500	6,926
Later than five years	逾5年	1,982	2,186
		12,734	15,887

17 COMMITMENTS (CONTINUED)

(c) Commitments under forward foreign currency contracts

As at 30th September 2007, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US\$52,000,000 (31st March 2007: US\$44,600,000) for approximately HK\$402,310,000 (31st March 2007: HK\$344,239,000), for the purpose of hedging against the VSC Group's commitments arising from its trading activities. These forward foreign currency contracts are stated at fair values as at 30th September 2007.

18 RELATED-PARTY TRANSACTIONS

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

(a) Transactions

Purchases of goods from a related party (i)	從一位關連人士採購之貨品(i)	83,698	79,530
Interest paid to a related party (i)	已付一位關連人士之利息(i)	72	288

17 承擔(續)

(c) 遠期外匯貨幣合約承擔

於二零零七年九月三十日，萬順昌集團尚有約402,310,000港元(二零零七年三月三十一日：344,239,000港元)尚未行使之遠期外匯貨幣合約以用作購買約52,000,000美元(二零零七年三月三十一日：44,600,000美元)，目的為萬順昌集團於貿易活動有關之承諾作出對沖。此等遠期外匯貨幣合約已按於二零零七年九月三十日之公平價值列賬。

18 與關連人士之交易

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

(a) 交易

For the six months ended

30th September

截至九月三十日止六個月

2007	2006
二零零七年	二零零六年
HK\$'000	HK\$'000
千港元	千港元

18 RELATED-PARTY TRANSACTIONS (CONTINUED)

(a) Transactions (Continued)

Note:

- (i) This company relates to Shinsho Corporation, the minority shareholder of VSC Shinsho Company Limited, a subsidiary of which the VSC Group has 42% (30th September 2006:70%) equity interest as at 30th September 2007.

The goods are purchased at prices mutually agreed with related company. The interest paid is determined at commercial rate of approximately 5.9% per annum.

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

Payables to a related party

應付一位關連人士

58,502

68,757

Note:

- (i) This company relates to Shinsho Corporation, the minority shareholder of VSC Shinsho Company Limited, a subsidiary of which the VSC Group has 42% (31st March 2007:42%) equity interest as at 30th September 2007.

The balance is unsecured and bear interest at commercial rate and repayable according to agreed credit days.

18 與關連人士之交易(續)

(a) 交易(續)

附註:

- (i) 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，於二零零七年九月三十日為萬順昌集團擁有42% (二零零六年九月三十日：70%)股本權益之附屬公司。

採購貨品之價格已與關連公司互相承認已付利息乃按商業年利率約5.9%計算。

(b) 年終結餘(包括在應付賬款)

As at 30th September 2007 於二零零七年 九月三十日 HK\$'000 千港元	As at 31st March 2007 於二零零七年 三月三十一日 HK\$'000 千港元
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Payables to a related party

應付一位關連人士

58,502

68,757

附註:

- (i) 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，於二零零七年九月三十日為萬順昌集團擁有42% (二零零七年三月三十一日：42%)股本權益之附屬公司。

結餘並無抵押及按商業利率計息及根據已承認之信貸日還款。

RESULTS

Our revenue for the six months ended 30th September 2007 reached HK\$2,789 million, a 19% increase as compared with HK\$2,342 million for the same period of last year. Our gross margin decreased 2.2 percentage points to 6.0% as compared with 8.2% for the same period of last year. Selling and distribution expenses increased by 20% from HK\$18 million to HK\$22 million which is in line with the increase in revenue. General and administrative expenses increased by 7% from HK\$97 million to HK\$103 million. The increase was mainly due to higher salaries and increase in management resources resulting from the upgrading efforts in the CAMP division coupled with the respective incentive necessary for motivating and retaining good performing staff.

Profit attributable to the equity holders of the Company was HK\$21 million, a 49% dropped from HK\$42 million for the same period of last year.

Basic earnings per share decrease by 50% to HK5.7 cents as compared with HK11.3 cents of the same period of last year. An interim dividend of HK1.1 cents per share was declared for the period (2006: HK2.2 cents per share).

FINANCIAL POSITIONS

Compared with last fiscal year ended 31st March 2007, as at 30th September 2007, the VSC Group's total assets increased HK\$210 million to HK\$2,458 million. The VSC Group's trade and bill receivables, advance to suppliers and inventories increased HK\$26 million, HK\$92 million and HK\$45 million respectively. Average overall inventory turns was 8.6 times which showed a modest improvement from last fiscal year end. Average overall Day Sales Outstanding improved from 56 days to 51 days.

As at 30th September 2007, net assets value of the VSC Group increased from HK\$1,007 million to HK\$1,034 million, equivalent to HK\$2.7 per share.

業績

截至二零零七年九月三十日止六個月萬順昌集團之收入達2,789,000,000港元，較去年同期之2,342,000,000港元上升19%。毛利率則較去年同期之8.2%下降2.2個百分點至6.0%。銷售及分銷支出由18,000,000港元增加20%至22,000,000港元，與收入之增幅一致。一般及行政支出由97,000,000港元增加7%至103,000,000港元。該項增幅主要是由於CAMP進行升級改造，令員工薪金提高及管理資源增加，加上鼓勵及挽留工作表現優秀的員工而必須給予之獎勵所致。

本公司股權持有人應佔溢利為21,000,000港元，較去年同期之42,000,000港元下跌49%。

基本每股盈利由去年同期之11.3港仙減少50%至5.7港仙，期內宣派中期股息每股1.1港仙（二零零六年：每股2.2港仙）。

財政狀況

與上個截至二零零七年三月三十一日止之財政年度相比，萬順昌集團於二零零七年九月三十日之總資產增加210,000,000港元至2,458,000,000港元。萬順昌集團之應收賬款及票據、向供應商預付款項及存貨分別增加26,000,000港元、92,000,000港元及45,000,000港元。平均整體存貨週轉期為8.6次，較上個財政年度有輕微改善。平均整體應收賬款週轉日數由56日改善至51日。

於二零零七年九月三十日，萬順昌集團之資產淨值由1,007,000,000港元增加至1,034,000,000港元，相等於每股2.7港元。

Compared with the financial position at 31st March 2007, the VSC Group's cash and cash equivalents, including pledged bank deposits, stayed at the level of HK\$336 million whereas the VSC Group's borrowings increased HK\$232 million. Current ratios is maintained at 1.6, while gearing ratios (net interest bearing borrowings to capital and reserves attributable to equity holders) increased from 52% to 84% as a result of increased inventory position by the Hong Kong Steel Department and also the VSC Group had obtained a three-years long term bank loan of HK\$60 million in the reporting period to finance the VSC Group's longer term capital expenditure including its head office building in Shanghai.

The VSC Group's businesses were primarily transacted in Hong Kong dollars, US dollars, Renminbi ("RMB") and Euro dollars. As exchange rate between HK dollars and the US dollars is pegged, the VSC Group believes its exposure to exchange rate risk arising from US dollars is not material. Facing the appreciation of RMB, the VSC Group will continue to match RMB payments with RMB receipts to minimize exchange exposure. Transaction values involving Euro dollar were relatively insignificant.

The VSC Group's trade financing remained primarily supported by its HK\$1.9 billion bank trading and term loan facilities. About 68% of the VSC Group's total borrowings were denominated in Hong Kong dollars, 20% in RMB and 12% in US dollars. These facilities are mainly secured by either the VSC Group's inventory held under short-term trust receipts bank loan arrangement and/or inventories held under collateral management and/or bank deposits and/or with corporate guarantee provided by VSC.

與於二零零七年三月三十一日之財政狀況相比，萬順昌集團之現金及現金等值(包括已抵押銀行存款)維持於336,000,000港元之水平，而萬順昌集團之借貸則增加232,000,000港元。流動比率仍維持於1.6，資本負債比率(計息借款淨額除以股權持有人應佔股本及儲備)由52%增加至84%，原因是香港鋼材部門的存貨有所增加，且萬順昌集團於本報告期內取得一項為數60,000,000港元之三年長期銀行貸款，以撥付萬順昌集團之長期資本開支，當中包括位於上海之總辦公大樓。

萬順昌集團之業務主要以港元、美元、人民幣及歐元作交易。由於港元與美元之間匯率固定，萬順昌集團相信，其來自美元之匯率風險相當輕微。面對人民幣的升值，萬順昌集團將繼續以人民幣收入來作出人民幣付款，從而減低兌換風險。涉及歐元之交易金額相對太少而微不足道。

萬順昌集團之貿易融資主要仍由其19億港元銀行貿易及定期貸款融資支持。萬順昌集團借款總額中約68%乃以港元為幣值，另外20%及12%分別以人民幣及美元為幣值。該等信貸融資主要以短期信託收據銀行貸款安排持有萬順昌集團之存貨及／或抵押品管理下持有之存貨及／或銀行存款及／或萬順昌提供之公司擔保以作抵押。

CHARGES ON ASSETS

As at 30th September 2007, the VSC Group had certain charges on assets which included (i) buildings of approximately HK\$26 million, leasehold land and land use rights of approximately HK\$17 million and inventories of approximately HK\$117 million pledged for certain of the VSC Group's short-term bank loans; (ii) certain inventories were held under short-term trust receipts bank loan arrangements, and (iii) bank deposits of approximately HK\$69 million were pledged as collateral for the VSC Group's banking facilities and approximately HK\$1 million was restricted as customs deposits in Mainland China.

REVIEW OF OPERATIONS

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

The VSC Group's CAMP operation comprises of three business units engaging in processing of rolled steel in coil (service centres), manufacture of enclosure systems and distribution of engineering plastic resins. For the six months ended 30th September 2007, revenue of CAMP increased 12% from HK\$1,074 million to HK\$1,207 million. However, as a result of margin erosion caused by increased external competitions and an ongoing upgrading of our internal management system to prepare for the support of future business growth, segment results decreased 30% to HK\$35 million.

Service Centre Operations

The service centre operations grouped under VSC-Ryerson China Limited is a substantial investment of the VSC Group, which owns a 60% shareholding interest. US-based Ryerson Inc. ("Ryerson") owns the other 40%.

資產抵押

於二零零七年九月三十日，萬順昌集團有若干資產抵押，包括(i)約26,000,000港元之樓宇、約17,000,000港元之租賃土地及土地使用權及約117,000,000港元之存貨已就萬順昌集團之若干短期銀行貸款作為抵押；(ii)以短期信託收據銀行貸款安排持有之若干存貨；及(iii)約69,000,000港元之銀行存款作為萬順昌集團之銀行信貸額之抵押品，及約1,000,000港元作為中國內地海關保證金之限制現金。

業務回顧

(1) 中國先進材料加工 (「CAMP」)

萬順昌集團之CAMP業務包括三個業務部門，分別從事卷鋼加工(服務中心)、系統設備外殼製造及分銷工程塑膠樹脂。截至二零零七年九月三十日止六個月，CAMP之收入由1,074,000,000港元增加12%至1,207,000,000港元。然而，由於外圍競爭加劇以及為準備支持未來業務增長而需持續提升萬順昌集團之內部管理系統，毛利因而出現侵蝕，分部業績下降30%至35,000,000港元。

服務中心業務

隸屬VSC-Ryerson China Limited之服務中心業務為萬順昌集團之主要投資並擁有其60%股權，以美國為基地之Ryerson Inc. (「Ryerson」) 則擁有其餘之40%股權。

For the period under review, total processed ton sold increased 17% from 87,193 metric tons to 102,423 metric tons as a result of the **Kunshan service centre (KSSC)** started trial run in last year and began ramping up at the beginning of this year. If this factor is excluded, total processed ton sold for the **Dongguan service centre (DGSC)**, **Guangzhou service centre (GZSC)** and **Tianjin service centre (TJSC)** altogether dropped 7% from 84,337 metric tons to 78,732 metric tons. This was due to increased competition especially in the Southern China market, and continuous increase in raw material prices in general. Steel price began to pick up at the beginning of this year and increases in material cost price overwhelm increases in selling price. As a result, although revenue of the service centre operations increased by 24% from the same period of last year, gross profit decreased 18% in total (or 2.8 percentage point).

To sustain continual growth and create shareholder's value, the service centres have implemented the strategy of leaner inventory management and finer customer segmentation (divide existing and potential customers by loyalty codes be served by restructured sales teams which now have been divided into inside and outside sales and key account teams). Our key account team would focus on serving major customers to ensure continuous business growth through utmost customers satisfaction; our outside sales team would focus on direct collaboration with our existing and potential customers to understand and fulfill their needs with our quality products and services whereas our inside sales team would focus on dealing with loyal, repetitive customers. By doing so, resources of sales force could be used in a more logical and efficient way. We also implemented tighter sales management such as exceptional margin control and shorter trade receivables cycle by quality and services on top of our competitive pricing.

於回顧期間，總加工噸數增加17%（由87,193公噸增加至102,423公噸），乃因**昆山服務中心**（「**昆山服務中心**」）於去年開始試業，其加工量於今年年初開始增加所致。若撇除此項因素，**東莞服務中心**（「**東莞服務中心**」）、**廣州服務中心**（「**廣州服務中心**」）及**天津服務中心**（「**天津服務中心**」）之總銷售加工噸數整體下跌了7%（由84,337公噸下跌至78,732公噸），總括來說乃由於華南地區市場競爭加劇及原材料價格持續上升所致。鋼材價格於今年初開始上揚，而材料價格增長較銷售價格增長為高，因此，雖然服務中心業務之收入較去年同期增加24%，但毛利卻合共減少18%（或2.8個百分點）。

為保持持續增長及創造股東價值，服務中心已推行減少存貨管理及精細的客戶分類政策（按忠誠度將現有客戶及準客戶分類，由經重整後細分為內部及外部銷售，以及主要客戶之銷售團隊負責跟進）。本公司的主要客戶銷售團隊專注照顧主要客戶，竭力滿足客戶需要以確保業務持續增長；外部銷售團隊則專注與現有及準客戶直接聯繫，以了解並以本公司優質的產品及服務滿足他們的需求，而內部銷售團隊主要跟進忠誠、定時下單之客戶；這樣，銷售團隊的資源可以被更好、更有效地使用。本公司亦在具競爭力之價格，保持質素及服務之基礎上，實施更嚴謹之銷售管理，如異常利潤監控及縮短應收賬款週期。

Selling and distribution expenses and general and administrative expenses (together “SG&A expenses”) increased by HK\$3 million as compared with the same period of last year of HK\$18 million. The increases were due to the full functioning of KSSC which attained 94% capacity utilization in September 2007. For the rest of the service centres, SG&A expenses remain at similar level of last year. To implement our business strategies to differentiate ourselves from the field in areas like key account focus, improvement on inventory turns and operating profitability, we continue to invest in our human resources and recruited into the operations highly skilled seasoned managers who are responsible for commercial activities, procurement and national operation. We also increased our investment in upgrading our human resources including overseas training at Ryerson and other in house training courses. To ensure timely and quality information for decision making, we also invested to upgrade our network infrastructure and management information system to ensure continuous supply of timely and quality key performance indicators to all levels of management.

On 7th April 2006, the VSC Group incorporated a new subsidiary in Kunshan, located in Jiangsu Province of China. It is strategically located in the booming Yangtze River Delta region with close proximity to many multinational companies. It is a “greenfield” project. KSSC sold 23,691 metric tons for the six months ended 30th September 2007 (2,856 metric tons for the same period of last year). Total revenue for the six months is HK\$147 million. In average, capacity utilization attained 77% throughout the period in consideration. Gross profit margin is comparable to the rest of the service centres and it achieved positive interim segment result. To further enhance the capability of Kunshan operations, management have started investment in sheet metal fabrication facilities; workshop construction work and machine commissioning was completed in August and November 2007 respectively. This will compliment existing customers and allows KSSC to enlarge customer base.

銷售及分銷開支與一般及行政開支(統稱為「銷售及一般行政開支」)較去年同期之18,000,000港元增加3,000,000港元。是項增幅因為昆山服務中心已全面運作，而其產能使用率於二零零七年九月達94%。其他服務中心之銷售及一般行政開支與去年相若。為推行業務策略，以突顯本公司在專注主要客戶、改善存貨週期及經營利潤多個範疇之優勢，本公司繼續投資於人力資源方面，招聘專業並具豐富經驗的管理人員以負責商業營運、採購及國內營運。本公司亦增加在提升人力資源上的投資，包括在Ryerson舉辦之海外培訓及其他內部培訓課程。為確保在進行決策時能有適時及具質素之資訊，本公司已投資提升網絡基礎建設及管理資訊系統，確保為各級管理層持續提供適時及高質素之主要表現指標。

在二零零六年四月七日，萬順昌集團註冊成立一家位於中國江蘇省昆山市之新附屬公司。該服務中心地理位置優越，位於繁華之長江三角洲地區，鄰近有不少跨國公司，為一項全新建造項目。昆山服務中心於截至二零零七年九月三十日止六個月銷售23,691公噸(去年同期為2,856公噸)。六個月之總收入為147,000,000港元。平均而言，期內的產能使用率達77%。邊際毛利與其他服務中心相若且中期分部業績為正數。為進一步提高昆山業務的加工能力，管理層已投資於鍍金加工投資；工場建築工程及機器裝運已分別於二零零七年八月及十一月完成。此舉有助滿足現有客戶並使昆山服務中心得以擴大客戶基礎。

For the six months ended 30th September 2007, TJSC maintained comparable output level (22,742 metric tons sold) compare with that of last year (24,832 metric tons), and successfully increased gross profit margin by 1.6 percentage point. Total revenue increased 5% from HK\$143 million to HK\$150 million. SG&A expenses remain at similar level compare with last year.

GZSC is 70% owned by the VSC-Ryerson China Limited. Japanese Shinsho Corporation owns the remaining 30%. Despite stagnancy of market condition in the Southern China region, during the six months in consideration, it sold 25,631 metric tons, which was 8% more than the same period of last year. Revenue increased from HK\$161 million to HK\$178 million as a result of increased output. Yet because of keen competition, gross profit margin dropped 3.7 percentage points. Guangzhou operation is one of the major targets of our sales management and customer segmentation initiatives.

DGSC was also affected by stagnancy of the Southern China market. It sold 30,359 metric tons for the six months in consideration, decreased 15% from 35,798 metric tons of last year. First quarter performance was not encouraging. Sales performance began to ramp up in second quarter and average capacity utilization went up to 82% from 70% of first quarter. Revenue decreased from HK\$230 million to HK\$207 million. SG&A expenses reduced 7% compare with the same period of last year. The VSC Group is exploiting ways to leverage on the geographical proximity of Guangzhou and Dongguan operations, to complement sales activities and to reduce operating costs.

截至二零零七年九月三十日止六個月，天津服務中心的產量為售出22,742公噸，維持與去年(24,832公噸)相若的水平，邊際毛利成功增加1.6個百分點。總收入由143,000,000港元增加5%至150,000,000港元。銷售及一般行政開支維持與去年相若的水平。

廣州服務中心由VSC-Ryerson China Limited擁有70%權益。日本神鋼商事株式會社擁有餘下之30%權益。儘管華南地區市況不景氣，在計賬之六個月期間，該服務中心售出25,631公噸，較去年同期增加8%。收入因產量增加而由161,000,000港元增加至178,000,000港元。由於競爭激烈，邊際毛利下跌3.7個百分點。廣州服務中心乃本公司推行銷售管理及客戶分類改進工作之其中一個主要目標。

東莞服務中心亦受華南市場之不景氣所影響。在計賬的六個月期間售出30,359公噸，較去年35,798公噸減少15%。首季表現不甚理想。銷售表現在第二季開始回升，平均產能使用率由第一季之70%增至82%。收入由230,000,000港元減至207,000,000港元。銷售及一般行政開支較去年同期減少7%。萬順昌集團尋求途徑以發揮其廣州及東莞業務鄰近之地理優勢，配合展開銷售活動並減低經營成本。

Enclosure Systems Manufacturing (Van Jia Yuen “VJY”)

VJY, located in Henggang Shenzhen, is a contract manufacturer for leading high-tech equipment providers/manufacturers such as Huawei, Zhongxing and Emerson. It adds value to customers by providing comprehensive steel processing services and solution to customer including punching, bending, stamping, coating, assembly, technical design and quality control. In this period, it also began to work with VSC-Ryerson China Limited to serve international accounts of Ryerson who are looking for metal fabrication services in Mainland China. For the first six months, its revenue was HK\$88 million, as compared with HK\$99 million for the same period of last year. Given the determination to rationalize product mix, gross profit margin increased 1.2 percentage points and gross profit remain at similar level of the same period of last year. This is also the result of improved internal processes, reengineered plant & facility layout, and greater focus on and investment in 5S. More investment in advanced equipment and plant automation will be commissioned in the second half of the year.

Plastics Distribution

With the soaring crude oil price, the average selling price of plastic resins is still at a high level. For the first six months, sales volume of **Plastics Department** decreased slightly by 2% to 10,884 metric tons but sales revenue increased by 6% to HK\$188 million. Cost of sales experienced similar increases. This left gross profit margin remain similar as that of the same period of last year. The department sells a wide range of engineering plastic resins from reputable suppliers such as Samsung Total, Samsung Cheil, GE Plastics, Mitsubishi and UMG. The department had successfully penetrated into the local markets around the Pearl River Delta. A representative office in Shanghai was set up to tap into the surging demand in the booming Eastern China Region. The Plastic Department's main target markets include home appliance, electronics and electrical, health care and medical products market. Began working with VSC-Ryerson China Limited, the VSC Group saw an opportunity of Plastics Department serving as national supplier of Ryerson international accounts in Mainland China, and a chance to cross-selling materials to customer of service centre operations.

系統設備外殼製造 (「萬嘉源」)

位於深圳橫崗之**萬嘉源**為一家合約製造商，為華為、中興及艾默生等高科技設備供應商／製造商供應產品。萬嘉源透過向客戶提供全面鋼材加工服務及解決方案（如沖孔、折彎、沖壓、噴塗、裝配、技術設計及品質控制）為客戶增值。期內，萬嘉源更開始與VSC-Ryerson China Limited合作，為在中國內地尋求鈹金件之Ryerson之國際客戶提供產品。於首六個月，其收入為88,000,000港元，去年同期則為99,000,000港元。因決定整頓產品組合，邊際毛利率增加1.2個百分點，而毛利則保持與去年同期相若之水平。這亦因為改善內部程序、重整廠房及設施規劃、並更專注及投資於5S方面所致。在下半年，將投入更多投資於先進設備及廠房自動化上。

塑膠分銷

隨著原油價格急升，塑膠樹脂之平均售價仍然高企。於首六個月，**塑膠部門**之銷售量輕微下跌2%至10,884公噸，而銷售收入則增加6%至188,000,000港元。銷售成本亦有類似增長。因此，邊際毛利與去年同期相若。該部門銷售多家著名供應商如三星道達爾、三星第一毛織、GE塑膠、三菱及UMG之各種工程塑膠樹脂。該部門已成功進軍珠江三角洲一帶之當地市場，並於上海開設了代表辦事處以滿足華東地區之龐大需求。塑膠部門之主要目標市場包括家用電器、電子及電器、保健及醫療產品市場。隨著與VSC-Ryerson China Limited展開合作，萬順昌集團認為塑膠部門有機會成為Ryerson於中國內地之國際客戶之全國供應商，亦有機會向服務中心業務之客戶交叉銷售材料。

(2) Construction Materials Group (“CMG”)

The businesses of CMG operations of the VSC Group include distribution of steel and building products in both Hong Kong and Mainland China, primarily to developers and contractors for construction works. Revenue of CMG for the period increased by 24% to HK\$1,569 million and segment results was HK\$34 million, which represented a 42% decrease over the last year’s HK\$59 million.

Steel Distribution

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

Hong Kong Steel Distribution

During the past two years, significant portion of our rebars were purchased and imported from PRC because of relatively short lead time in transportation, export custom rebate and competitive pricing. For the period under review, the PRC Government had changed their policy. They cancelled the export custom rebate in April 2007 and impose export custom duty in June 2007. The change of this custom duty policy in PRC had an adverse impact on the gross profit margin and the profitability of the **Hong Kong Steel Department**. The net effect of the change of export custom duty policy on the unit cost was about 23% (13% on the cancellation of rebate and 10% on the imposition of export duty). In addition, the increase in the prices for crude oil and iron ore, and the local “cut and bent” construction labor actions that lasted a couple of months which resulted in major delays as it forces suppliers to suspend deliveries, all these factors had further eroded the margin of the Hong Kong Steel Department. As a result, gross profit margin dropped from 12.7% to 6.4% in this reporting period. Despite a 3% increase in sales volume together with a 14% increase in sales turnover to HK\$574 million for the first six months of the year, the segment profit of the department dropped to HK\$25 million which was about a 54% decrease compared with the same period of last year. To meet the challenges, the Hong Kong Steel Department had taken various efforts such as increasing our inventory level prior to the imposition of the tariffs, factoring the increase in pricing in new delivery contract, and expand our sourcing to other international suppliers. To capitalize

(2) 建築材料 (「CMG」)

萬順昌集團之CMG業務包括於香港及中國內地分銷鋼材及建築產品，主要銷售予建築工程之發展商及承建商。期內CMG之收入增加24%至1,569,000,000港元，而分部業績為34,000,000港元，較去年之59,000,000港元減少42%。

鋼材分銷

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

香港鋼材分銷

於過去兩年，萬順昌集團之鋼筋大部分均由中國進口，原因為運輸時間相對較短、中國實施退回出口關稅，以及價格較具競爭力。於回顧期內，中國政府已改變政策，於二零零七年四月取消其退回出口關稅政策，並於二零零七年六月開始徵收出口關稅。中國此項關稅政策之改變，對香港鋼材部門之邊際毛利及盈利能力構成不利影響。出口關稅政策改變對部門成本之整體影響約為23% (包括取消13%出口退稅及徵收10%出口稅)。此外，原油價格及礦砂價格上升，以及本地扎鐵工人維期個月之工業行動引致重大阻延，令供應商被迫暫停付運，此多項因素均進一步削弱香港鋼材部門之邊際利潤。因此，報告期內之邊際毛利由12.7%下跌至6.4%。縱使本年度首六個月之銷售量增加3%，以及銷售營業額增加14%至574,000,000港元，但該部門之分部溢利仍下跌至25,000,000港元，較去年同期減少約54%。為應付挑戰，香港鋼材部門已採取多項措施，如於徵收關稅前增加存貨量、把增幅計入新訂付運合約的訂價，以及把採購網絡擴展至其他國際供應商等。為善用萬順昌集團的

our experiences and contacts in international sourcing, we have re-activated the purchases of rebars from oversea mills (e.g. Turkey etc.) other than mills in the PRC as we find out that the prices from overseas mills are starting to be as competitive after the change in custom duty policy in Mainland China. The coming six months would continue be a challenge to the Hong Kong Steel Department as it will take a bit of time for the department to deliver those backlog contracts signed under the prior selling pricing scheme with margin being thinned off gradually because of the recent price hike from the mills. However, we expect such adverse impact to be short term as the VSC Group has implemented a policy of not entering into long term fixed price contract (which used to be fixed price two-years contracts), on the other hand, margin of new contracts have already been taking into account the continuous price hike from the mills. Given the booming real-estate market in Hong Kong, Macau, and the announced Pearl River Delta infrastructure projects, the Hong Kong Steel Department remains optimistic with its future business and profitability.

PRC Steel Distribution

Our **PRC Steel Distribution Department** continued to execute our strategies of rearrangement of our product offering, focus on end users instead of distributor, and resource realignment to minimize costs. Those strategies worked very well for the intended result, during the first six months, revenue increased by 31% from HK\$659 million to HK\$867 million. Gross profit increased from HK\$23 million to HK\$26 million and segment profit improved HK\$2 million to HK\$5 million, an 84% increase from the same period of last year. The interim results include BSC, our 66.7% joint venture company. For the six months ended 30th September 2007, BSC's revenue increased 45% from HK\$473 million to HK\$688 million, gross profit increased from HK\$14 million to HK\$17 million. However, the increase of SG&A expenses, mainly from the increase in salary and bonus had eroded the segment result, the profit of BSC for the six months ended 30th September 2007 was HK\$6 million as compared

經驗及於國際採購方面的聯繫，萬順昌集團除向中國鋼鐵廠採購鋼筋外，亦已重新開始向海外鋼鐵廠（如土耳其等）採購鋼筋，原因是萬順昌集團察覺到隨著中國內地的關稅政策有變，海外鋼鐵廠的定價亦開始具有競爭力。未來六個月對香港鋼材部門仍然是一個挑戰，因該部門將需要一段時間才能完成根據以往售價定價方案所簽立的合約，而該等積壓合約的邊際利潤因鋼鐵廠近日提高價格而逐漸下降。然而，萬順昌集團預期有關不利影響均屬短期，因其已實施不訂立長期固定價格合約（通常為兩年固定價格合約）的政策，另一方面，新訂合約的邊際利潤已考慮到鋼鐵廠的持續漲價。鑑於香港及澳門房地產市場暢旺，加上已公佈的珠江三角洲基建項目，香港鋼材部門對未來業務及盈利能力繼續保持樂觀。

中國鋼材分銷

萬順昌集團的**中國鋼材分銷部門**繼續貫徹萬順昌集團策略，重新安排銷售產品系列、將焦點由分銷商轉移至最終用戶身上，並重新調配資源，從而減低成本。有關策略進行順利並已取得預期成果。於首六個月之收入由659,000,000港元增加31%至867,000,000港元。毛利由23,000,000港元增加至26,000,000港元，而分部溢利增加2,000,000港元至5,000,000港元，較去年同期增加84%。中期業績包括萬順昌集團持有66.7%的合營公司寶順昌的業績。截至二零零七年九月三十日止六個月，寶順昌的收入由473,000,000港元增加45%至688,000,000港元，毛利由14,000,000港元增加至17,000,000港元。然而，主要因為薪金及花紅之增加所致的銷售及一般行政開支增長削弱了分部業績，寶順昌截至二零零七年九月三十日止六個月的溢利為6,000,000港元，而去年

with profit of HK\$7 millions the same period of last year. PRC Steel Distribution Department will continue to execute the strategies for continuous improvement of our result.

Building Products

Revenue and segment profit of the Building Products Department increased by 24% to HK\$128 million and 45% to HK\$4.6 million respectively as compared to the same period of last year. During the reporting period, **Hong Kong Building Products** continued to contribute steady revenue of HK\$38 million and segment profit of HK\$1.5 million. The business in Shanghai had been growing and the revenue generated by **Shanghai Leisure Plus** had been increased by 53% as compared to last year's result and amount to about HK\$62 million. The segment profit generated in Shanghai tripled as compared to last year's result and amounted to about HK\$3.2 million. Our strategy to establish branches in the booming cities like Macau, Shanghai and Shenzhen is proved to be correct and found to be successful. The 82% owned joint venture, **Vanyee Macau**, formed in June 2006 had been able to capture the business opportunity in Macau and made revenue of HK\$10 million in these six months. Benefit from the prospering property market in Hong Kong, Shanghai, Shenzhen and Macau, we expect the department to contribute stable operating profit to the VSC Group in future.

PROSPECTS

The global commodity market has been extremely volatile in the past 6 months: we have experienced a very volatile market with steel prices taking individual directions — e.g. cost of goods for long products like rebars has increased by over 20% due to a shift in the PRC government's policy; whereas for some flat steel products like stainless, the prices have dropped over 10% as a result in the fluctuation in nickel prices. As a distributor of steel products, the VSC Group is susceptible to these swings in prices. Given the vast amount of variety of steel products there is currently no reliable nor efficient hedging products in the market for VSC Group to utilize. As a result, the VSC Group rely on its experience and vast network built up over the years to diversify in its supplier base and also very tight inventory position management to minimize the adverse effects of these external factors.

同期的溢利則為7,000,000港元。中國鋼材分銷部門將繼續貫徹有關策略，以期不斷改善萬順昌集團的業績。

建築產品

建築產品部門之收入較去年同期上升24%至128,000,000港元，分部溢利則上升45%至4,600,000港元。於報告期內，**香港建築產品**繼續帶來38,000,000港元之穩定收入及1,500,000港元之分部溢利。上海業務過往一直持續增長，**上海利尚派**產生之收入較去年之業績上升53%，金額約達62,000,000港元。於上海產生之分部溢利較去年之業績增長三倍，約達3,200,000港元。我們於澳門、上海及深圳等發展蓬勃之城市成立分公司之策略正確，並取得成果。我們於二零零六年六月成立並擁有82%權益之合營公司——**澳門萬義**，能夠把握澳門之商機，於該六個月內取得10,000,000港元之收入。受惠於香港、上海、深圳及澳門興旺之地產市道，我們預期該部門於未來將為萬順昌集團帶來穩定之經營溢利。

前景

全球產品市場於過去六個月極為反覆：我們經歷市場波動，當中鋼鐵價格個別發展，例如長材產品如鋼筋之貨品成本因中國政府政策改變而上升超過20%；鋼板材產品如不銹鋼之價格則因鎳價波動而下跌超過10%。作為鋼鐵產品之分銷商，萬順昌集團容易受該等價格變動影響。鑑於鋼鐵產品種類繁多，現時市場上仍未有可供萬順昌集團採用之既可靠又具效益之對沖產品。因此，萬順昌集團憑藉其經驗及過去建立之龐大網絡分散其供應商基礎，並實施嚴格存貨管理以盡量減少外在因素帶來之不利影響。

For CAMP, subsequent to formalization of our co-operations with Ryerson in November 2006, capitalizing on Ryerson's experience, the division had invested various areas of self enhancements especially in the areas of management resources (e.g. trainings etc.), customer service, sales and market and also purchasing. Although "painful" in the short run, we have already started to witness improvements in the area of inventory/purchasing which is instrumental in enabling CAMP to minimize the adverse effects of the wild price swings of the raw material. Moving forward, CAMP will continue to tighten these operational competences to enhance its operational margin while at the same time will also work on areas like rationalization of customers in conjunction with our value propositions. On the customer rationalization front, we will look to develop deeper, tighter and more loyal relationships with a few key customers to smooth out our demand side volume while at the same time we will also look to invest in both hardware and software to broaden and deepen our range of services (from thin gauge long form to plates, from slitting/cutting to welding) to our customers. In light of the results of the efforts made so far, the management is confident that the CAMP division has the tenacity and depth of competence that it will be able to differentiate itself from its competitors and be a leading player in the PRC market.

For CMG, we will continue to build on our experience and vast supplier network of the Hong Kong Steel Department which the department has enjoyed a significant local market share. To reduce operating cost and improve efficiency, we will continue to operate direct pier-to-site delivery, control the lead time on goods ordering and improve the accuracy of demand forecast and inventory position from a diversified supplier base in our effort to minimize the effect of wild price swings while at the same time maintaining our service commitments to our customers. For the PRC Steel Distribution Department, we expect the PRC Government to continue her macro-economic management policies to limit excessive investment in real estate and automobile sector. To face these challenges, we will continue to do resource realignment and will focus our resources on products with high market demand hence better margins. Our Building

關於CAMP業務，繼於二零零六年十一月與Ryerson正式合作後，本部借助Ryerson之經驗於不同範疇作自我提升，尤其著重管理資源(如培訓等)、顧客服務、營銷及採購之提升。雖然開始時會感到困難，然而我們已漸見存貨／採購情況得到改善，且有關進展可盡量減少原材料價格反覆波動對CAMP業務造成之不利影響。昂首向前，CAMP業務將持續保持該等營運優勢，以提高其營運毛利率，並以增值為前提，同時致力於精簡顧客組合。於精簡顧客組合方面，我們希望與幾位主要顧客建立更深入、密切和長期的關係，以消除貨量需求之困難，同時，我們亦會投資於硬件及軟件，以開拓我們為顧客提供服務之範圍(由薄金屬長材至中厚板，由縱橫剪切至焊接)。在我們努力取得之成績下，管理層有信心憑著CAMP部門不屈不撓之精神及優勢，令CAMP部門可在競爭對手中脫穎而出，成為中國市場之領導。

關於CMG業務，我們將繼續依靠香港鋼材部門豐富之經驗及龐大之供應商網絡發展，維持該部門在本地市場爭取龐大之市場佔有率。為降低營運成本、提高效率，萬順昌集團將繼續透過提供碼頭直達地盤交貨服務、控制訂貨後之送貨時間、提高需求預測之準確度，以控制存貨水平，並以分散供應商基礎，在維持對顧客作出之服務承諾之同時，可盡量減少價格反覆波動所帶來之影響。就中國鋼材分銷部門業務而言，我們預期中國政府將繼續實施宏觀經濟調控政策，限制房地產及汽車業之過度投資。為迎接這些挑戰，我們將繼續重新調配資源，並集中資源投放於市場上需求較高之產品以獲取更高利潤。我們之建築

Product Department will continue to collaborate with TOTO to focus on growing its market in the Greater China in particular Macau, a growing region with strong demand.

To maintain a more diversified income source, the VSC Group is actively looking for other investment opportunities in the PRC particularly in those industries with strong market demand, steady income and cash flow.

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

INTERIM DIVIDEND

The Board have declared an interim dividend of HK1.1 cents per ordinary share for the six months ended 30th September 2007 payable to shareholders whose names appear on the Register of Members of VSC at the close of business on 13th March 2008. Dividend warrants are expected to be despatched on or before 19th March 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of VSC will be closed from 11th March 2008 to 13th March 2008 (both dates inclusive) during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with VSC's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited by not later than 4:00 p.m. (Hong Kong SAR time) on 10th March 2008.

產品部門將繼續與東陶合作，專注拓展大中華市場，尤其是需求不斷增長之澳門地區。

為使收入來源多元化，萬順昌集團在中國正積極物色其他投資機會，尤其是具有龐大市場需求、穩定收入及現金流之行業。

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

中期股息

董事會宣佈向於二零零八年三月十三日辦公時間結束時名列萬順昌股東名冊之股東派發截至二零零七年九月三十日止六個月之中期股息每股普通股1.1港仙。預期股息單將於二零零八年三月十九日或該日之前寄發。

暫停辦理股份過戶登記手續

萬順昌將由二零零八年三月十一日至二零零八年三月十三日(首尾兩天包括在內)期間暫停辦理股份過戶登記手續。為了符合享有中期股息資格，所有股份轉讓文件連同有關股票及過戶表格最遲須於二零零八年三月十日下午四時(香港特別行政區時間)送抵萬順昌於香港之股份過戶登記處，即香港中央證券登記有限公司。

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

As at 30th September 2007, the interests and short positions of the Directors and chief executives of VSC in the shares of HK\$0.10 each in the capital of VSC ("Shares"), underlying shares and debentures of VSC or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to VSC and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to VSC and the Stock Exchange, were as follows:

董事於股份、相關股份及債權證之權益及淡倉

於二零零七年九月三十日，董事及萬順昌之最高行政人員其於萬順昌或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之萬順昌股本中每股面值0.10港元之股份(「股份」)、相關股份及債權證中擁有之權益及淡倉包括(a)根據證券及期貨條例第XV部第7及第8分部必須知會萬順昌及香港聯合交易所有限公司(「聯交所」)(包括根據證券及期貨條例之該等規定被認為或視作擁有之權益及淡倉)；或(b)必須列入根據證券及期貨條例第352條予以存置之登記冊內；或(c)根據上市發行人董事進行證券交易的標準守則(「標準守則」)必須知會萬順昌及聯交所之權益及淡倉載列如下：

(i) Long positions in Shares and options of VSC

(i) 萬順昌之股份及購股權之權益

Name of Directors 董事姓名	Nature of interest 權益性質	Attributable interest to the Director 董事應佔權益	Number of Shares 股份數目	Approximate percentage 概約百分比	Number of share options 購股權數目 (Note b) (附註 b)	Aggregate interest 累計權益
Mr. Andrew Cho Fai Yao 姚祖輝先生	— Corporate interest held by Huge Top (Note a) — Huge Top 所持之公司權益 (附註 a) — Personal interest — 個人權益	deemed interest (indirectly) 被視作擁有之權益(間接) 100% (directly) 100% (直接)	173,424,000 1,614,000	45.91% 0.43%	— 1,500,000	173,424,000 3,114,000
			175,038,000	46.34%	1,500,000	176,538,000
Mr. Fernando Sai Ming Dong 唐世銘先生	— Personal interest — 個人權益	100% (directly) 100% (直接)	142,000	0.04%	500,000	642,000
Mr. Harold Richard Kahler Harold Richard Kahler 先生	— Personal interest — 個人權益	100% (directly) 100% (直接)	66,000	0.02%	—	66,000

Notes:

- a. As at 30th September 2007, Huge Top Industrial Ltd. (“Huge Top”) holds 173,424,000 Shares. Mr. Andrew Cho Fai Yao is one of the two directors of Huge Top. Mr. Andrew Cho Fai Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. (“Perfect Capital”) owns approximately 42.86% of the issued shares of Huge Top and is entitled to exercise more than one-third of the voting power at general meetings of Huge Top. Mr. Andrew Cho Fai Yao owns the entire issued share capital of Perfect Capital. These interests of the aforesaid Director in the Shares were corporate interests.
- b. The interests of the Director in the share options of VSC are separately disclosed in the section headed “Share Option Scheme” below.

附註：

- a. 於二零零七年九月三十日，Huge Top Industrial Ltd.（「Huge Top」）持有173,424,000股股份。姚祖輝先生乃Huge Top兩名董事之一。姚祖輝先生直接持有約11.91%及透過Perfect Capital International Corp.（「Perfect Capital」）間接擁有Huge Top已發行股份約42.86%，並在Huge Top之股東大會上擁有多於三分之一之投票權。姚祖輝先生擁有Perfect Capital全部已發行股本。前述董事於股份之該等權益乃屬公司權益。
- b. 董事於萬順昌購股權之權益已獨立在下節「購股權計劃」披露。

(ii) Long positions in associated corporation — Huge Top

(ii) 相關法團之權益 — Huge Top

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

Save as disclosed above, as at 30th September 2007, none of the Directors, chief executives of VSC and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of VSC or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to VSC and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (include interests and short positions which they are taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code to be notified to VSC and the Stock Exchange.

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

除上文所披露者外，於二零零七年九月三十日，董事、萬順昌之最高行政人員或彼等之聯繫人概無擁有根據證券及期貨條例有關萬順昌或其任何相聯法團之股份、相關股份或債權證中任何個人、家族、公司或其他權益或淡倉包括(a)根據證券及期貨條例第XV部第7及第8分部必須知會萬順昌及聯交所(包括根據證券及期貨條例之該等規定被認為或視作擁有之權益或淡倉)；或(b)必須列入根據證券及期貨條例第352條予以存置之登記冊內；或(c)根據標準守則必須知會萬順昌及聯交所之權益或被視作擁有之權益或淡倉。

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

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

Other than interests disclosed in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 30th September 2007, according to the register of interests kept by VSC under section 336 of the SFO, the following entities have interests or short positions in the shares and underlying Shares of VSC which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

根據證券及期貨條例第XV部第2及第3分部須披露人士之權益及淡倉

除上文「董事於股份、相關股份及債權證之權益及淡倉」一節所披露之權益外，於二零零七年九月三十日，按萬順昌根據證券及期貨條例第336條須存置之登記冊之記錄，下列實體於萬順昌股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須向萬順昌披露之權益或淡倉：

Name 姓名	Nature of interest 權益性質	Number of Shares 股份數目	Approximate percentage 概約百分比	Number of share options 購股權數目	Aggregate interest 累計權益
Huge Top Industrial Ltd.	Directly 直接持有	173,424,000	45.91%	—	173,424,000
Ms. Miriam Che Li Yao 姚潔莉女士	Corporate 公司權益	173,424,000 (Note) (附註)	45.91%	—	173,424,000
	Personal 個人權益	2,000,000	0.53%	1,000,000	3,000,000
		175,424,000	46.44%	1,000,000	176,424,000

Note: As at 30th September 2007, Huge Top held 173,424,000 Shares. Ms. Miriam Che Li Yao is one of the two directors of Huge Top while the remaining director of Huge Top is Mr. Andrew Cho Fai Yao who is the brother of Ms. Miriam Che Li Yao and therefore is deemed to be interested in these Shares through Huge Top.

附註：於二零零七年九月三十日，Huge Top 持有173,424,000股股份。姚潔莉女士乃HugeTop兩名董事之一而Huge Top 餘下之董事為姚祖輝先生(乃姚潔莉女士之弟)，因此透過Huge Top被視為持有該等股份。

Save as disclosed above, as at 30th September 2007, the Directors are not aware of any other persons (other than Directors or chief executives of VSC) who have interests or short positions in the shares, underlying shares or debentures of VSC or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to VSC under Divisions 2 and 3 of Part XV of the SFO.

除上文所披露者外，於二零零七年九月三十日，董事並不知悉有任何其他人士(董事或萬順昌最高行政人員除外)於萬順昌或任何相關法團(定義見證券及期貨條例第XV部)之股份、相關股份或債權證中擁有根據證券及期貨條例第XV部第2及第3分部須向萬順昌披露之權益或淡倉。

SHARE OPTION SCHEME

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

購股權計劃

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

Name or category of participant	Date of grant	Exercise period	Exercise price per Share 每股 行使價	Number of share options 購股權數目			
				Beginning of period	Exercised during the period	Lapsed during the period	End of period
參與者姓名或類別	授予日期	行使期		期初	期內行使	期內失效	期末
				'000 千份	'000 千份	'000 千份	'000 千份
Directors:							
董事：							
Mr. Andrew Cho Fai Yao 姚祖輝先生	13th September 2006 二零零六年九月十三日	13th September 2007 to 12th September 2016 二零零七年九月十三日至 二零一六年九月十二日	HK\$0.90 0.90 港元	1,500	—	—	1,500
Mr. Fernando Sai Ming Dong 唐世銘先生	19th September 2003 二零零三年九月十九日	19th September 2005 to 18th September 2013 二零零五年九月十九日至 二零一三年九月十八日	HK\$1.418 1.418 港元	300	—	—	300
	13th September 2006 二零零六年九月十三日	13th September 2007 to 12th September 2016 二零零七年九月十三日至 二零一六年九月十二日	HK\$0.90 0.90 港元	200	—	—	200
Sub-total 小計				2,000	—	—	2,000

Name or category of participant	Date of grant	Exercise period	Exercise price per Share 每股 行使價	Number of share options 購股權數目			End of period
				Beginning of period	Exercised during the period	Lapsed during the period	
參與者姓名或類別	授予日期	行使期		期初 '000 千份	期內行使 '000 千份	期內失效 '000 千份	期末 '000 千份
Employees: 僱員：							
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	250	(250)	—	—
共計	二零零三年五月二日	二零零三年五月二日至 二零一三年五月一日	0.98 港元				
In aggregate	7th May 2003	7th May 2005 to 6th May 2013 (Note 2)	HK\$0.97	4,605	(1,985)	(125)	2,495
共計	二零零三年五月七日	二零零五年五月七日至 二零一三年五月六日 (附註2)	0.97 港元				
In aggregate	19th September 2003	19th September 2005 to 18th September 2013	HK\$1.418	1,000	—	—	1,000
共計	二零零三年九月十九日	二零零五年九月十九日至 二零一三年九月十八日	1.418 港元				
In aggregate	13th September 2006	13th September 2007 to 12th September 2016	HK\$0.90	7,000	(914)	(700)	5,386
共計	二零零六年九月十三日	二零零七年九月十三日至 二零一六年九月十二日	0.90 港元				
Sub-total 小計				12,855	(3,149)	(825)	8,881

Name or category of participant	Date of grant	Exercise period	Exercise price per Share 每股行使價	Number of share options 購股權數目			
				Beginning of period	Exercised during the period	Lapsed during the period	End of period
參與者姓名或類別	授予日期	行使期		期初	期內行使	期內失效	期末
				'000	'000	'000	'000
				千份	千份	千份	千份
Others: 其他：							
In aggregate	2nd May 2003	2nd May 2003 to 1st May 2013	HK\$0.98	7,000	(6,000)	—	1,000
共計	二零零三年五月二日	二零零三年五月二日至二零零三年五月一日	0.98 港元				
Sub-total 小計				7,000	(6,000)	—	1,000
Total of Share Option Scheme 購股權計劃總計				21,855	(9,149)	(825)	11,881

Notes:

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

附註：

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

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

除上文所披露外，於期內並無購股權獲授予、行使、失效或註銷。

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither VSC nor any of its subsidiaries has purchased, sold or redeemed any of shares of VSC during the six months ended 30th September 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

VSC has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the six months ended 30th September 2007, except for the deviations herein below mentioned:

1. The CG Code provision A.2.1 stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. VSC does not have a separate chairman and chief executive officer and Mr. Andrew Cho Fai Yao currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the VSC Group with strong and consistent leadership, efficiency usage of resources and allows for effective planning, formulation and implementation of VSC’s business strategies which will enable the VSC Group to sustain the development of the VSC Group’s business efficiently.
2. The CG Code provisions A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election. VSC’s non-executive Directors (except for Mr. Harold Richard Kahler) are not appointed for a specific term.

買賣或贖回股份

萬順昌或其任何附屬公司概無於截至二零零七年九月三十日止六個月內購入、售出或贖回任何萬順昌之股份。

企業管治常規守則

於截至二零零七年九月三十日止六個月內，萬順昌集團已應用香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「企業管治守則」)之原則，並遵守一切適用守則條文，惟下文所述者則除外：

1. 企業管治守則條文A.2.1條所規定，主席及行政總裁之職位應分開，不應由一人同時兼任。萬順昌之主席及行政總裁職位並無分開，現由姚祖輝先生一人同時出任。董事會認為由同一人擔任主席及行政總裁之職位能為萬順昌集團提供強勢及貫徹之領導，有效運用資源，並可有效地策劃、制訂及實施萬順昌之業務策略，從而使萬順昌集團能夠有效地維持其業務之發展。
2. 企業管治守則條文A.4.1所規定，非執行董事的委任應有指定任期，並須接受重新選舉。萬順昌之非執行董事(除Harold Richard Kahler先生外)並無指定委任任期。

AUDIT COMMITTEE

The Audit Committee has been set up since December 1998 and now consists of four independent non-executive Directors with Mr. Kenny King Ching Tam as chairman and Dr. Chow Yei Ching, Mr. Harold Richard Kahler and Mr. Xu Lin Bao as members. Mr. Kenny King Ching Tam who is an independent non-executive Director with appropriate professional accounting expertise as required under Rule 3.10 of the Listing Rules. Scope of the work of the Audit Committee is defined and approved by the Board in relation to various internal control and audit issues with a view to further improving our corporate governance. The Audit Committee has adopted its terms of reference, which is in line with the CG Code was posted to VSC's website at <http://www.vschk.com>. The VSC Group's unaudited condensed consolidated interim financial information for the six months ended 30th September 2007 now reported on have been reviewed by the Audit Committee, who is of opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

VSC has adopted the Model Code as set out in the Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors on 31st March 2004. Having made specific enquiry of all Directors, they all confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30th September 2007. On 9th March 2006, the Board has approved that the Model Code also applies to other specified relevant employees of the VSC Group in respect of their dealings in the securities of VSC.

On behalf of the Board
Andrew Cho Fai Yao
Chairman

代表董事會
主席
姚祖輝

Hong Kong, 14th December 2007

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

<http://www.vschk.com>

審核委員會

審核委員會於一九九八年十二月成立，成員現時包括四名獨立非執行董事，譚競正先生為主席及周亦卿博士、Harold Richard Kahler先生及徐林寶先生為委員。按上市規則第3.10條，譚競正先生為獨立非執行董事並為合適專業會計專才。董事會已制定及核准審核委員會之職權範圍，職權涉及內部監控及審核事宜，目標為進一步改善其企業監管。審核委員會已按企業管治守則採納其職權範圍，並列於萬順昌之網址(<http://www.vschk.com>)。審核委員會已審閱萬順昌集團現在提呈之截至二零零七年九月三十日止六個月之未經審核簡明綜合中期財務資料，認為有關報表乃符合用之會計準則及法例規定，並作出足夠之披露。

進行證券交易之標準守則

萬順昌已於二零零四年三月三十一日採納上市規則附錄10所載之標準守則，作為董事進行證券交易之操守準則。經向所有董事作出特定查詢後，彼等確認於截至二零零七年九月三十日止六個月內已遵守標準守則所載之所需規定。於二零零六年三月九日，董事會已通過標準守則亦適用於萬順昌集團該等特定之有關僱員買賣萬順昌之證券。

香港，二零零七年十二月十四日

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

<http://www.vschk.com>