VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED

Website: http://www.vschk.com

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2013

The board of directors (the "Board") of Van Shung Chong Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "VSC Group") for the year ended 31st March 2013, together with comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2013

	Note	**2013** **HK$'000**	2012 *HK$'000*
Revenue	*2*	**3,760,620**	4,432,081
Cost of sales	*4*	**(3,405,558)**	(4,260,894)
Gross profit		**355,062**	171,187
Other gains – net	*3*	**534**	47,463
Selling and distribution expenses	*4*	**(31,494)**	(34,040)
General and administrative expenses	*4*	**(206,729)**	(163,299)
Operating profit		**117,373**	21,311
Finance income	*5*	**1,412**	1,584
Finance costs	*5*	**(21,499)**	(25,300)
Share of profits of associates – net		**3,529**	8,465
Profit before income tax		**100,815**	6,060
Income tax (expense)/credit	*6*	**(29,355)**	4,787
Profit for the year		**71,460**	10,847

	Note	2013 HK$'000	2012 HK$'000
Attributable to:			
Equity holders of the Company	8	**71,600**	6,283
Non-controlling interest		**(140)**	4,564
		71,460	10,847
Earnings per ordinary share for profit attributable to the equity holders of the Company during the year			
– Basic	8	**HK17.30 cents**	HK1.52 cents
– Diluted	8	**HK17.14 cents**	HK1.51 cents
Dividends	7	**21,525**	7,454

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**71,460**	10,847
Other comprehensive income:		
Change in fair value of available-for-sale financial asset	**(190)**	147
Currency translation differences	**1,119**	10,325
Other comprehensive income for the year	**929**	10,472
Total comprehensive income for the year	**72,389**	21,319
Total comprehensive income attributable to:		
– Equity holders of the Company	**72,408**	15,570
– Non-controlling interest	**(19)**	5,749
	72,389	21,319

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**14,767**	15,355
Investment property		**22,000**	22,000
Land use rights		**10,324**	10,526
Intangible assets		**18,136**	10,659
Investments in associates		**182,592**	169,552
Deferred income tax assets		**15,204**	32,493
Available-for-sale financial asset		**255**	445
Amount due from an associate		**6,197**	–
Total non-current assets		**269,475**	261,030
Current assets			
Inventories		**365,717**	396,858
Trade and bill receivables	*9*	**423,490**	563,976
Loan receivable		**19,000**	19,000
Prepayments, deposits and other receivables		**117,825**	122,862
Derivative financial instruments		**1,059**	629
Amounts due from associates		**24,773**	24,081
Pledged bank deposits		**97,428**	134,066
Cash and cash equivalents		**460,403**	267,448
Total current assets		**1,509,695**	1,528,920
Current liabilities			
Trade and bill payables	*10*	**340,141**	340,013
Receipts in advance		**48,328**	62,642
Accrued liabilities and other payables		**47,856**	38,558
Current income tax liabilities		**10,860**	2,099
Borrowings		**581,030**	653,788
Total current liabilities		**1,028,215**	1,097,100
Net current assets		**481,480**	431,820
Total assets less current liabilities		**750,955**	692,850
Non-current liability			
Deferred income tax liabilities		**817**	1,127
Net assets		**750,138**	691,723

	Note	**2013**	2012
		HK$'000	*HK$'000*
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital		**41,377**	41,413
Reserves			
– Proposed final dividend		**12,000**	7,454
– Others		**661,747**	610,040
		715,124	658,907
Non-controlling interest		**35,014**	32,816
Total equity		**750,138**	691,723

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

(a) The following new standards, amendments and interpretations to existing standards are mandatory for the annual period beginning on or after 1st April 2012, but are currently not relevant to the VSC Group:

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

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

Amendment to HKAS 1	Financial statements presentation (effective for annual periods beginning on or after 1st July 2012)
HKAS 19 (Amendment)	Employee benefits (effective for annual periods beginning on or after 1st January 2013)
HKAS 27 (Revised 2011)	Separate financial statements (effective for annual periods beginning on or after 1st January 2013)
HKAS 28 (Revised 2011)	Associates and joint ventures (effective for annual periods beginning on or after 1st January 2013)
Amendment to HKAS 32	Financial instruments: Presentation (effective for annual periods beginning on or after 1st January 2014)
HKFRS 9	Financial instruments (effective for annual periods beginning on or after 1st January 2015)
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures (effective for annual periods beginning on or after 1st January 2015)
HKFRS 10	Consolidated financial statements (effective for annual periods beginning on or after 1st January 2013)
HKFRS 11	Joint arrangements (effective for annual periods beginning on or after 1st January 2013)
HKFRS 12	Disclosures of interests in other entities (effective for annual periods beginning on or after 1st January 2013)
HKFRS 13	Fair value measurement (effective for annual periods beginning on or after 1st January 2013)
Amendment to HKFRS 1	First time adoption (effective for annual periods beginning on or after 1st January 2013)
Amendment to HKFRS 7	Financial instruments: Disclosures (effective for annual periods beginning on or after 1st January 2013)
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1st January 2013)
HK (IFRIC) – Int 21	Levies (effective for annual periods beginning on or after 1st January 2014)

2. REVENUE AND SEGMENT INFORMATION

The VSC Group's revenue consists of the following:

	2013	2012
	HK$'000	*HK$'000*
Sales of goods	**3,718,563**	4,426,525
Service income	**41,601**	5,166
Rental income	**456**	390
Total revenue	**3,760,620**	4,432,081

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

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

(i) Steel distribution;
(ii) Building and Design Solutions;
(iii) Plastic resins; and
(iv) Property investment.

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

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

Analysis of the VSC Group's results by business segment for the year ended 31st March 2013 is as follows:

	Steel distribution	**Building and Design Solutions**	**Plastic resins**	**Property investment**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
External revenue	**2,765,346**	**490,524**	**472,170**	**32,580**	**–**	**3,760,620**
Operating profit/(loss)	**173,764**	**31,560**	**6,067**	**4,932**	**(98,950)**	**117,373**
Finance income	**1,161**	**90**	**149**	**5**	**7**	**1,412**
Finance costs	**(14,025)**	**(5,829)**	**(1,396)**	**(80)**	**(169)**	**(21,499)**
Share of profits/(losses) of associates – net	**(289)**	**–**	**–**	**4,424**	**(606)**	**3,529**
Profit/(loss) before income tax	**160,611**	**25,821**	**4,820**	**9,281**	**(99,718)**	**100,815**
Other gains/(losses) – net	**4,293**	**681**	**672**	**(41)**	**(5,071)**	**534**
Depreciation and amortisation	**(2,209)**	**(1,762)**	**(72)**	**(5)**	**(2,300)**	**(6,348)**
Income tax (expense)/credit	**(36,385)**	**(5,406)**	**(802)**	**(4,804)**	**18,042**	**(29,355)**

Analysis of the VSC Group's results by business segment for the year ended 31st March 2012 is as follows:

	Steel distribution *HK$'000*	Building and Design Solutions *HK$'000*	Plastic resins *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
External revenue	3,610,433	440,221	381,037	390	–	4,432,081
Operating profit/(loss)	49,107	30,336	4,318	2,344	(64,794)	21,311
Finance income	1,316	42	53	12	161	1,584
Finance costs	(21,422)	(2,786)	(890)	(96)	(106)	(25,300)
Share of profits/(losses) of associates – net	411	–	–	9,592	(1,538)	8,465
Profit/(loss) before income tax	29,412	27,592	3,481	11,852	(66,277)	6,060
Other gains/(losses) – net	40,262	1,197	(7)	2,039	3,972	47,463
Depreciation and amortisation	(1,307)	(1,963)	(44)	(6)	(4,084)	(7,404)
Income tax credit/(expense)	(4,434)	(5,922)	(601)	–	15,744	4,787

Analysis of the VSC Group's revenue by geographical market is as follows:

	2013 **HK$'000**	2012 *HK$'000*
Revenue		
Mainland China	**1,525,161**	1,861,020
Hong Kong	**2,235,459**	2,571,061
Total revenue	**3,760,620**	4,432,081

3. OTHER GAINS – NET

	2013 **HK$'000**	2012 *HK$'000*
(Provision for)/write-back of provision for onerous contracts	**(4,000)**	37,912
Loss on disposal of investment in a subsidiary	**(2,448)**	–
Gain on deemed disposal of investment in a subsidiary	**1,354**	–
Net fair value change on forward foreign exchange contracts held for trading	**430**	(1,638)
Realised loss on steel future contracts	**(843)**	(3,827)
Fair value gain on an investment property	**–**	2,000
Fair value gains on interest rate instruments	**–**	13
Net fair value change on steel future contracts	**–**	(2)
Net exchange gain	**3,206**	11,187
Sundry income	**2,835**	1,818
	534	47,463

4 EXPENSES BY NATURE

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

	2013	2012
	HK$'000	*HK$'000*
Cost of finished goods sold	**3,407,400**	4,255,124
(Write-back of provision)/provision for impairment of inventories	**(1,842)**	5,770
Depreciation of property, plant and equipment	**5,553**	6,770
Gain on disposals of property, plant and equipment	**(566)**	(96)
Amortisation of intangible assets and land use rights	**795**	634
Employee benefit expenses	**120,709**	94,387
Operating lease rental expenses in respect of retail outlets, offices and warehouses	**24,675**	20,568
Provision/(write-back of provision) for impairment of trade receivables	**2,212**	(2,448)
Provision for impairment of an amount due from an associate	**8,000**	–
Auditor's remuneration	**1,960**	1,880
Others	**74,885**	75,644
Total cost of sales, selling and distribution expenses and general and administrative expenses	**3,643,781**	4,458,233

5. FINANCE INCOME AND COSTS

	2013	2012
	HK$'000	*HK$'000*
Finance income		
Interest income:		
– short-term bank deposits	**1,412**	1,584
Finance costs		
Interest expenses:		
– bank borrowings wholly repayable within five years	**(18,073)**	(21,580)
Bank charges	**(3,426)**	(3,720)
	(21,499)	(25,300)
Net finance costs	**(20,087)**	(23,716)

6. INCOME TAX (EXPENSE)/CREDIT

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

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

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

	2013	2012
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**(4,125)**	(1,571)
– China corporate income tax	**(9,995)**	(7,174)
Deferred income tax	**(15,050)**	9,576
(Under)/over provision in prior years	**(185)**	3,956
	(29,355)	4,787

7. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim dividend of HK2.3 cents (2012: Nil) per ordinary share	**9,525**	–
Proposed final dividend of HK2.9 cents (2012: HK1.8 cents) per ordinary share	**12,000**	7,454
	21,525	7,454

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

8. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**71,600**	6,283
Weighted average number of ordinary shares in issue ('000)	**413,984**	414,128
Basic earnings per ordinary share (HK cents)	**17.30**	1.52

(b) Diluted

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

	2013	2012
Profit attributable to equity holders of the Company and used to determine diluted earnings per ordinary share (HK$'000)	**71,600**	6,283
Weighted average number of ordinary shares in issue ('000)	**413,984**	414,128
Adjustment for share options ('000)	**3,742**	1,372
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	**417,726**	415,500
Diluted earnings per ordinary share (HK cents)	**17.14**	1.51

9 TRADE AND BILL RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade and bill receivables		
– from third parties	**419,951**	566,185
– from an associate	**10,780**	3,970
Less: provision for impairment of trade receivables	**(7,241)**	(6,179)
Trade and bill receivables, net	**423,490**	563,976

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

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

	2013	2012
	HK$'000	*HK$'000*
0 to 60 days	**359,418**	447,921
61 to 120 days	**37,394**	58,519
121 to 180 days	**19,451**	16,550
181 to 365 days	**7,279**	41,674
Over 365 days	**7,189**	5,491
	430,731	570,155
Less: Provision for impairment of trade receivables	**(7,241)**	(6,179)
	423,490	563,976

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

10 TRADE AND BILL PAYABLES

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

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

	2013	2012
	HK$'000	*HK$'000*
0 to 60 days	**338,983**	332,524
61 to 120 days	**175**	412
121 to 180 days	**314**	42
181 to 365 days	**363**	3
Over 365 days	**306**	7,032
	340,141	340,013

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

11 COMMITMENTS

(a) Commitments under operating leases

(i) Lessor

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

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

	2013	2012
	HK$'000	*HK$'000*
Not later than one year	**223**	456
Later than one year and not later than five years	**–**	223
	223	679

(ii) Lessee

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

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

	2013	2012
	HK$'000	*HK$'000*
Not later than one year	**25,253**	22,449
Later than one year and not later than five years	**8,316**	17,789
	33,569	40,238

(b) Capital commitment

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

	2013	2012
	HK$'000	*HK$'000*
Contracted but not provide for:		
Capital contribution for a recycling business	**–**	12,744

(c) Commitments under derivative contracts

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

RESULTS

The financial year starting from April 2012 to March 2013 (the "current year") opened a new chapter for the VSC Group marked by a series of important management changes aimed at strengthening senior leadership and placing the VSC Group on track to delivering profitable and sustainable growth. The VSC Group has embarked on a rigorous transformation to capture the untapped value of the entire organization and to establish itself as a value-creation leader in the industries it chooses to be in. By transforming its business into a more efficient, more agile, more entrepreneurial and shareholder-focused enterprise, the VSC Group is preparing itself for a future of profitable and sustainable growth. Its transformation process focused on talent upgrade, improving the bottom line, increasing return on capital, risk management, diversification of geography and product as well as differentiation of value proposition.

During the current year, the VSC Group has mandated that each business must be independently successful and self-funded. Aspirations have been clearly defined and are based on the delivery of an annual operating plan in earnings before interest and tax (EBIT) and a return on assets. Structural and organizational changes have been made to assure that each business is able to deliver sustainable and profitable growth. The leadership team and staff are to be rewarded based on the delivery of revenue, profit and return on capital. While it is still in the early stage, the VSC Group is happy to report improvements across all lines of business in margin enhancement, expense management, funding availability and operating asset management.

The VSC Group's results showed significant improvements in the current year as a series of new measures and initiatives were implemented. Gross profit for the current year was approximately HK$355 million, up by 107.4% compared to last year, despite a decrease of current year's revenue of 15.2% from last year. The VSC Group recorded a net profit of approximately HK$71 million, a significant improvement from last year's net profit of approximately HK$11 million. Return on assets (EBIT/Operating assets) was 22.4% as every business was able to reduce inventories and trade receivables while improving margins. Gross profit margin and net profit margin were 9.4% and 1.9% respectively, significantly higher than 3.9% and 0.2% respectively of last year. The Board has recommended a final dividend of HK2.9 cents per ordinary share to shareholders.

The VSC Group's Steel business, which comprises Hong Kong construction products and Shanghai Bao Shun Chang coil processing and distribution, represented 73.5% of total revenue. Building & Design Solutions (kitchen, bathroom and bedroom) accounted for 13.0% of total revenue, while Plastics delivered 12.5% of total revenue. The VSC Group's reorganisation enables it to pursue growth within industries presenting greater service challenges but providing higher margins. It has also implemented an economic value-added analysis of orders to assure that the business it takes delivering an acceptable return. In the second half of the current year, the VSC Group's efforts started to pay off as gross profit margin improved from 7.3% in first half of the current year to 12.0% in the second half.

Steel

The Steel distribution business continues to be the main source of the VSC Group's revenue. Steel revenue this year was approximately HK$2,765 million, 23.4% below last year as the VSC Group very deliberately implemented a margin management model that called for greater selectivity in pursuing businesses based on economic value added. The gross profit margin for steel has surged to 8.6% compared with 2.1% during last year. The VSC Group has changed its course and is now more selective of business and industries served, especially in mature markets such as Hong Kong and Guangdong Province which accounted for more than 60% of its revenue. The VSC Group has also chosen to target increasing its presence to include Central China and Northern China. This new strategy is already delivering results as its gross profit margin increased from 6.2% in the first half of the current year to 11.7% in the second half.

Building & Design Solutions

The performance of the Building & Design Solutions business (kitchen, bathroom and bedroom) has exceeded expectations of its annual plan. Revenue grew by 11.4% in the current year over last year, reaching approximately HK$491 million. In November 2012, four new showrooms were opened in Changsha, Hunan Province, and in early 2013, a 10,000 square feet Architectural & Design ("A&D") Centre commenced operations in Hong Kong. The new A&D Centre was conceived after global evaluation of world-class players in this market. The VSC Group is looking to continue its focus on project-based business and can now cater to the needs of architects, designers and contractors by providing space, technology and technical support in a beautiful setting that showcases products, technical support and design technology.

Plastics

The Plastics business distributes general and engineering plastics in Hong Kong and Mainland China. It currently has a presence in Guangzhou, Shenzhen, Shanghai, Xiamen, Hangzhou, Wuhan, Chongqing and Hong Kong. This business recorded a revenue of approximately HK$472 million in the current year, up 23.9% from last year. Net profit margin remained flat during the current year.

LOOKING AHEAD

The VSC Group believes that Hong Kong construction should continue to be a driver for growth. Work on the Hong Kong-Macau-Zhuhai bridge has started and numerous other projects are in the pipeline including construction of the high speed rail to Guangzhou, the MTR Shatin–Central Link and the re-positioning of the old Kai Tak airport as a new commercial district.

With the recent change of leadership in Mainland China, the continued support of economic reform and the opening of new markets there, opportunities in Mainland China remain buoyant especially in value-added processing sectors. The VSC Group is continuing to focus on higher end products and value-added services to support the evolving needs of the markets that it serves. However, it remains cautious as the country still faces an excess of supply amid the tightening of monetary and fiscal policies as well as the demand and production mismatch.

While the transformation journey of the VSC Group is at an early stage, it has taken important steps to solidify its organization and create a platform for continued improvement. With clear goals to reach, the VSC Group is looking forward to providing shareholders and stakeholders with improved performance and visible improvement.

CHARGES ON ASSETS

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The VSC Group's businesses are primarily transacted in HK dollar, US dollar and Chinese Renminbi ("RMB"). As exchange rate between HK dollar and the US dollar is pegged, the VSC Group believes its exposure to exchange rate risk arising from US dollar is not material. Facing the appreciation of RMB, the VSC Group will continue to match RMB payments with RMB receipts to minimize the exchange exposure.

As at 31st March 2013, about 83.5% of the VSC Group's interest-bearing borrowings were denominated in HK dollar, about 0.7% in US dollar and about 15.8% in RMB. Forward foreign exchange contracts would be entered into when suitable opportunities arise and when the management of the VSC Group consider appropriate, to hedge against major non-HK dollar currency exposures. As at 31st March 2013, the VSC Group had forward foreign exchange contracts to hedge principal repayment of future US dollar debts under letters of credit in the amount of approximately RMB276 million.

All of the VSC Group's borrowings as at 31st March 2013 were on floating rate basis. The use of derivative financial instruments is strictly controlled and mainly used to hedge against the foreign currency exchange rate exposures in connection with the borrowings. It is the VSC Group's policy not to enter into derivative transactions for speculative purposes.

CONTINGENT LIABILITIES

As at 31st March 2013, there was no material contingent liability.

EMPLOYEE AND REMUNERATION POLICIES

As at 31st March 2013, the VSC Group employed 384 staff members. Salaries and annual bonuses are determined according to positions and performance of the employees. The VSC Group provides on-the-job training and training subsidy to its employees in addition to retirement benefit schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the current year amounted to approximately HK$121 million. During the current year, options to subscribe for 11,215,000 ordinary shares have been offered and granted to our directors and employees under the share option scheme adopted on 11th August 2011.

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

FINAL DIVIDEND

During the current year, an interim cash dividend of HK2.3 cents per ordinary share was declared and paid up by 14th December 2012. The Board has resolved to recommend at the forthcoming 2013 annual general meeting of the Company (the "2013 AGM") the payment of a final dividend of HK2.9 cents per ordinary share in respect of the year ended 31st March 2013 payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 27th August 2013, subject to the approval of shareholders at the 2013 AGM.

Final dividend warrants are expected to be despatched to shareholders on or about 6th September 2013.

CLOSURE OF REGISTERS OF MEMBERS

The Register of Members of the Company will be closed during the following periods and during these periods, no transfer of shares will be registered:

(i) For ascertaining the shareholders' entitlement to attend and vote at the 2013 AGM

From Wednesday, 14th August 2013 to Friday, 16th August 2013, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2013 AGM. In order to be eligible to attend and vote at the 2013 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch Share Registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrars") of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 13th August 2013.

(ii) For ascertaining the shareholders' entitlement to the final dividend

From Monday, 26th August 2013 to Tuesday, 27th August 2013, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrars for registration no later than 4:30 p.m. on Friday, 23rd August 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share		Aggregate consideration (before expenses)
		Highest	Lowest	
		(HK$)		*(HK$)*
October 2012	558,000	0.50	0.49	278,400
January 2013	248,000	1.00	0.99	247,080
February 2013	644,000	1.00	0.98	640,780
Total	1,450,000			1,166,260

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

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

AUDIT COMMITTEE

The Audit Committee has discussed auditing, internal controls, and financial reporting matters including review of the results for the year ended 31st March 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31st March 2013, 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 should be separated and should not be performed by the same individual. The Company did not have a separate chairman and chief executive and Mr. Yao Cho Fai, Andrew ("Mr. Yao") held both positions during the period from 1st April 2012 to 31st October 2012. Details of this deviation and considered reason have been set out in the corporate governance report in the 2012 annual report of the Company dated 22nd June 2012. To bring the Company into compliance with the CG Code provision A.2.1, Mr. Yao ceased to act as the chief executive officer of the Company but remains as the chairman of the Board and Mr. Frank Muñoz has been appointed as the chief executive officer of the Company with effect from 1st November 2012.

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. The Company's non-executive directors (except for Mr. Harold Richard Kahler who retired as an independent non-executive director of the Company on 17th August 2012) are not appointed for a specific term. They are (including all other directors) however, subject to retirement by rotation and re-election at least once every three years according to the Company's Bye-Laws.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.vschk.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The annual report for the current year of the Company containing all information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

On behalf of the Board
Van Shung Chong Holdings Limited
Frank Muñoz
Executive Director and Chief Executive Officer

Hong Kong, 20th June 2013

As at the date of this announcement, the Board comprises Mr. Andrew Cho Fai Yao (chairman) and Mr. Frank Muñoz (being the executive directors), Mr. Fernando Sai Ming Dong (being the non-executive director), Mr. Kenny King Ching Tam, Mr. Xu Lin Bao and Mr. Teddy Lung Wa Tse (being the independent non-executive directors).