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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 2015

HIGHLIGHTS

Significant Improvement in Profit

- VSC Group's audited profit attributable to shareholders amounted to approximately HK$216 million, up by approximately 107.8% compared with last year

- VSC Group's audited consolidated net assets value ("NAV") was approximately HK$1,072 million as at 31st March 2015, exceeds the audited consolidated NAV of approximately HK$782 million as at 31st March 2014 by approximately HK$290 million

- Final dividend of HK5 cents per ordinary share is recommended

- Market price closed at HK$0.9 per ordinary share as at 31st March 2015, increased approximately 55.6% to the closing price of HK$1.4 per ordinary share as at 26th June 2015

Significant Investments

- Establishment of Hong Kong's first automated reinforcement bar processing plant in Tsing Yi

- Successful acquisition of one of Hong Kong's largest steel recycling plants in close proximity to our own automated reinforcement bar processing plant

- Investment to create large architectural & design centres for Building & Design Solutions
- Upgrade of Central Park, a high-end commercial property in Shanghai resulting in satisfactory leasing rates and value appreciation
- Investment of 29.44% in Metro Park, a deluxe serviced apartment complex in Shanghai

Sustainable Growth and Profitability

- Significant and sustainable improvement in operational and financial performance
- Solid funding and cash management strategy, strong bank support
- Strategic acquisitions with robust and smooth integration process
- Differentiated value proposition model to enhance margin and move closer to end users
- Complete cycle of services from scrap collection to scrap processing, automated reinforcement bar processing and just in time distribution of the end product
- Mainland China expansion model with focus on high growth industries and regions serving multi-nationals and state owned companies
- Proven property refurbishment, tenant upgrade business model
- Experienced and empowered management team capable of delivering regional growth while implementing difficult changes that keep value proposition relevant

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 2015 (the "current year" or "FY2015").

RESULTS

The VSC Group continued to deliver a strong performance for the current year with profit attributable to shareholders amounting to approximately HK$216 million. This represented a notable profit increase of approximately 107.8% from approximately HK$104 million compared with last year. Gross profit for the current year was approximately HK$390 million, up by approximately 5.3% compared with last year, while revenue grew by approximately 0.5% year over year. Net profit surged by approximately 109.2% to approximately HK$219 million, a significant improvement from last year's net profit of approximately HK$105 million. Gross profit margin and net profit margin were about 10.1% and 5.7% respectively, higher than about 9.6% and 2.7% respectively recorded in last year. Basic earnings per ordinary share was HK39.72 cents (2014 (restated): HK20.73 cents). The Board recommended a final dividend of HK5 cents (2014 final: HK4.15 cents) per ordinary share for the current year.

CHAIRMAN'S STATEMENT

FY2015 was a remarkable year in many ways. VSC Group executed an ambitious and transformative agenda, responding to the market needs of Hong Kong and preparing for the economic slowdown in China. Our actions not only laid a strong foundation for the future but also allowed for strong financial performance throughout our businesses.

China has been encouraging greater innovation and entrepreneurship, deepening its reforms to allow for higher quality, albeit slower growth. With some in the international community showing concern over China's deceleration as GDP forecasts lowered to 7%, we saw an opportunity for the VSC Group to adjust to the "new normal" and capture the potential of the moment while investing in the future.

Aligned to China's own macro economic focus, our businesses are becoming more innovative, leaner and nimbler and are now better equipped to deal with the challenges and demands of the 21st century. We have been working hard to invest in processing and services to offer our customers a unique value proposition that goes beyond the parameters of the traditional business model.

The driver of the VSC Group's first strategic imperative was clear and simple: quality over quantity, better not bigger, value to volume. Following two significant investments in our steel business, we are now able to provide a complete cycle of services from the rudimentary business of scrap collection to scrap recycling, automated reinforcement bar processing and finally just in time distribution of the end product to construction companies and market segments where we are leaders. Our steel business also diversified its product offer to include structural long products, couplers and fabricated plate.

The first of these investments was the construction of Hong Kong's first automated reinforcement bar processing plant. Strategically located in Tsing Yi, with pier access, this facility enables us to process steel rebars into premium quality ready-to-use products for our customers.

Second was our acquisition of one of Hong Kong's largest steel recycling plants, also in Tsing Yi and in close proximity to our own automated reinforcement bar processing plant. This facility, with pier access, provides our customers with a world-class supply chain.

These investments also allow us to make use of the same fleet of trucks for delivery of processed steel products and the collection of excess scrap at construction sites.

In our steel coil processing and distribution business in Mainland China, our full acquisition of Shanghai Bao Shun Chang International Trading Co., Ltd. ("Bao Shun Chang") in October 2013 allowed us to streamline operations and diversify steel purchases to include other mills, consequently giving us the ability to expand geographically beyond our base of Eastern China while serving high growth segments.

Our full range of capabilities has set a new standard, marking a significant shift for the VSC Group as we push ourselves to offer better quality choices to customers. I am confident these new investments will generate sustainable value-added growth in the years to come.

Preparing for the future is nothing new but it has now, more than ever, become critical given the opportunities at home and abroad. The most notable developments include the recent formation of the Asian Infrastructure Investment Bank which will address Asia's daunting infrastructure needs in energy and power, transportation and telecommunications, rural infrastructure, agriculture development and urban development.

China's proposed "One Belt One Road" initiative is also expected to expand China's infrastructure growth circle to some 30 countries in the region. The project plans to build an East-West transportation corridor, linking the Pacific Ocean to the Baltic Sea, helping to knock down trade barriers and drive greater financial integration. VSC Group is ready to partake in regional evolution and our investments create a solid foundation as we now have the ability to replicate successful models and expand geographically in China and in the region.

Turning to our property interests, the VSC Group focuses on Shanghai, home to the country's first free trade zone and launch pad for the cross-boundary investment channel Shanghai-Hong Kong Stock Connect. Shanghai is also expected to become China's financial capital by 2030.

Two significant investments were made during the current and last year that paved the way towards a promising future. These include the 100% purchase as well as upgrade of Central Park, a high-end commercial property in Putuo District, a new central business district in Shanghai, and the 29.44% acquisition of Metro Park, a deluxe serviced apartment complex operated and project managed by the VSC Group. Given Shanghai's financial importance and our market familiarity, we plan to further expand our property portfolio in the area over the next few years.

During the last few years, we have developed a range of expertise in property development and management from purchasing to finance, renovation and marketing to the eventual sale of commercial property and serviced residences in the core districts of Shanghai. This capability resulted in satisfactory leasing rates and value appreciation for Central Park. Similarly, we expect a sound return on our 29.44% investment in Metro Park underscored by our hand-on operational and management role. With commercial and residential leasing demand expected to grow further in Shanghai, we anticipate good returns from our properties in the years to come.

As a Deputy to China's National People's Congress, I have been afforded a broad yet detailed view of China's potential. I am confident that China will continue to drive productivity improvement and maintain a stable GDP growth, with a business environment that is international, market-focused and ruled by law.

Against this backdrop, the VSC Group now stands ready. We have already set a strong foundation to capture the growing opportunities in China and beyond and will continue to focus on the core strengths of each business to maintain a sustainable growth trajectory.

In closing, I am most grateful to our senior management and all of our wonderful members of staff, without whom such success would not have been possible. As always, I would also like to thank our customers, suppliers and partners for their years of unwavering support and loyalty.

Together we look forward to achieving sustainable growth, long-term success and outstanding results for our Company, shareholders and customers in the year to come.

Yao Cho Fai Andrew

CEO'S STATEMENT

We started our transformation journey in early 2013 and results reflect the efforts and hard work of our entire team. We set out to change and/or update business models based on market trends. We made risk assessment an integral part of every decision. We restructured non-performing segments and strengthened our organization through rationalization of headcount and created a culture of safety, quality and speed to market. We added a robust talent management process based on development, accountability and brought in new talent from various industries. Along the way, we managed to open new businesses and expanded our geographic reach in Mainland China and Asia Pacific. We successfully completed acquisitions that enhance our offer to existing customers while opening doors to new markets. We invested in automation and started the shift from product to value addition processes and services.

As a group, we have delivered on our profit and growth commitments for the past 3 years. Our operating profit was over 3 times that of the prior year. Profit improvement of Property and Building & Design Solutions Groups, consistent results from Steel Group and a significant reduction in corporate expense paved the way for a great bottom line result. Sales to new customers accounted for approximately 17% of total revenue as we continue to expand geographically. We continued our conservative approach to working capital management and each line of business worked diligently on collection and inventory management.

Steel Processing, Distribution and Recycling Business

Our Steel Group delivered an approximately 15% increase in sales volume (tons) while efficiently managing working capital by reducing collection days and inventory in a market that saw an increase in obsolete product and delayed payments. It grew faster than the market because we put customer needs at the heart of our strategy and redefined our value proposition by adjusting our organization's positioning in capabilities and products to address needs created by market trends of segments we serve. Tons sold to new customers (excluding acquisitions) accounted for approximately 14% of steel tons sold.

During FY2013 and FY2014, we underwent major restructuring efforts that included divestments and organizational changes to increase our speed to market and empower leadership. We also made investments in business model changes aimed at addressing market trend shifts and placing us closer to customers through a differentiated value proposition.

We increased our ownership of Bao Shun Chang to 100% in October 2013 while maintaining a supply chain agreement with Bao Steel. This ownership change allowed us to diversify our purchase of steel to include other mills allowing us to expand our geographic reach. As a result, Bao Shun Chang delivered approximately 17% volume growth in FY2015 and an approximately 70% increase in operating profit.

Our Hong Kong based construction steel business took solid steps to change its value proposition. We successfully tendered for 30,000 square meters of land with pier access in Hong Kong. In a partnership with Singapore's NatSteel (a Tata Steel Enterprise), we started construction on what will be Hong Kong's first automated reinforcement bar processing plant. Strategically located in Tsing Yi, with ample pier access, this plant will provide Hong Kong's contractors tested and ready-to-use product with one of the most efficient supply chains and the latest processing technology. In FY2015, construction steel business delivered approximately 15% sales volume growth.

In September 2014, we completed the acquisition of one of Hong Kong's largest steel recycling plants, He Tai Steel Co., Limited ("He Tai") (previously owned by China's Fengli Group). He Tai is located on an over 24,000 square meters of space with pier access and is strategically located in Tsing Yi (very close to our automated reinforcement bar processing plant). We invested in processing automation, logistics, handling efficiency and reduced the space needed for scrap processing and storage. He Tai now serves as our warehouse for structural steel products (H-pile, channels, beams, sheet pile) and continues to increase its scrap processing levels due to our investment in automation. By relocating structural steel to He Tai, we reduced leased space in New Territories and eliminated inbound freight costs associated with pier rental and trucking.

Having two large plants with pier access gives our construction steel business the ability to deliver volume and value added growth. By leading the shift to automation in reinforcement bar processing for Hong Kong, we have first mover advantage as we lead the conversion from on-site to off-site processing. Automation in reinforcement bar processing is needed in Hong Kong as it faces an aging worker population and a shortage of labour personnel.

For our shareholders, the investment in automated reinforcement bar processing means a dramatic shift for our steel business into complex, difficult-to-duplicate value added processing and services. Barriers to entry are much higher and our ability to deliver sustainable growth and profit is enhanced as we move from a product and price model where we are easy to replace to a model where we partner with our customers to deliver project specific, tailor made solutions. Value and complexity will allow us to enhance our margin as we differentiate our offer and value proposition.

Continued and healthy steel demand due to Hong Kong's investment in infrastructure and residential segments will allow us to maintain market share in volume and deliver sustainable top line growth as we add value to products and work to reduce on-site processing. As we roll out our investment in automation, we will work with industry stakeholders and work on policy change regarding off-site reinforcement bar processing to drive efficiency and help eliminate waste.

The proximity of our new Hong Kong plants (recycling and automated reinforcement bar processing) creates synergies and allows us to make effective use of shared personnel as well as assets like barges and other logistics and material handling equipment.

Our investment in automated processing and steel recycling allow us to contribute to Hong Kong's green initiative. Automated processing of steel scrap allowed us to drastically reduce the use of gas used in torch cutting. Automation in reinforcement bar processing will help significantly reduce scrap and material movement. We are committed to working with government, contractors and architects to create one of the most automated and leanest supply chains in the world, helping address safety, waste and labour shortage.

Building & Design Solutions Business

Building & Design Solutions ("BDS") Group underwent a major restructuring in FY2013 and FY2014. We closed underperforming showrooms and invested to create large architectural & design centres ("A&D Centres") that moved us closer to target segments and allowed to provide architects and designers access to product variety and space to work with customers that includes software solutions and testing options. We invested in software that allows to specialize our commercial approach and target high-growth segments like healthcare, elderly care, luxury hotels, transportation and high-end residential. We also introduced two new European brands in Hong Kong to provide our customers product alternatives. As a result, BDS delivered approximately 4% revenue growth and Hong Kong, where we first piloted the A&D Centre concept as well as new brands, delivered approximately 19% revenue growth. Our restructuring efforts in Mainland China paid off and we delivered approximately 33% growth in Changsha and Wuhan while moving from a loss position to delivering a profit. We will continue to research market trends and work with our brand partners to serve high-growth segments of Hong Kong and China. We are confident in our new business model and will continue to use it to expand geographically as China's urbanization drives our growth.

Engineering Plastics Business

Our Engineering Plastics Group continues to expand its presence geographically. While our sales to export and re-export have decreased due to global economic slow down, our sales in Mainland China increased by over 10% when compared with prior year. We continue to expand in Southern and Eastern China.

Property Business

Our Property Group had a very busy year and delivered excellent results. Our expertise in property investment, refurbishment, re-design, branding and value enhancement helped us achieve success and deliver excellent results. During FY2015, we completed the takeover and upgrade of what is now known as Central Park. Central Park is an office building located in 868 Changshou Road, Putuo District, Shanghai. During FY2015, we began an extensive renovation and were able to transform the property into a luxurious property with excellent amenities for tenants. Renovation efforts, along with a new metro line located just minutes from our front door allowed us to change the tenant mix and increase rental income as promised to our Board when justifying investment. Renovation included a spacious lift lobby, outdoor garden and seamless traffic access to entrance. We also welcomed new restaurants providing tenants food and beverage options on the property.

We also made an investment of 29.44% in Metro Park, a building focused on serving growing needs for serviced apartments catering to higher end local demand as well as expatriates looking for conveniently located, higher-end housing.

Outlook

As we look forward, we remain optimistic about our ability to deliver sustainable growth and profitability in the markets we serve. While we are concerned about the slowdown in China, we maintain that we can continue to grow at current rates in both steel and plastics by sticking to our segment based growth strategy and geographic expansion. Our share of market in China is still very small and primarily from Guangdong province and Shanghai.

In Hong Kong, we will deliver top line growth through value addition using our new investment in automated reinforcement bar processing. Our recycling investment has allowed us to expand our sales to Southeast Asia, Taiwan and Japan while providing a vehicle to explore regional acquisitions of other recyclers.

Engineering Plastics will continue to expand geographically in China and serve high-growth segments requiring technical support in product design.

In BDS, we expect our A&D Centre business model, new brand and product introduction as well as China's urbanization to allow us to continue to deliver above-market growth and sustainable profit for years to come. We look to continue to use our segment sales focus to drive growth of high-end products. Our A&D Centres provide one of the largest and most complete selections of products for bathroom and kitchen and aim to serve the most discerning of design tastes combining design with technology.

New investments in BDS Changsha and Wuhan are delivering relevant growth and will allow for province wide expansion in Hubei and Hunan provinces.

As a niche player in Shanghai's property market, we will continue to upgrade our existing investments and identify new opportunities. Our experience in property upgrade and tenant mix improvement will allow us to continue to deliver great returns for our investors as Shanghai moves toward a services driven economy.

VSC Group continues to take solid steps and we are now closer to reaching our true potential. Our investments in automation and recent acquisitions position us to take advantage of a changing region. We will focus our sales efforts on customers and geographies that are less vulnerable to China with slower growth. Trend analysis and risk assessment are very much part of our culture and will continue to guide our sales planning process. Segmented sales planning, excellence in operations and technology that supports each business will continue to be pillars on which we build our future.

In the months to come we will work to integrate acquisitions, complete construction of our new plant and fully utilize new investments in automation to maximize sales and deliver on our promise to the Board of higher than market returns. We are confident move toward automation will help deliver sustainable growth for years to come.

Our transformation journey has shown us that culture is more important than strategy. While we maintain that we are still far from our potential, we are confident that our path forward is clear and our organization is aligned and ready to deliver profitable and sustainable growth. We actively encourage a culture of innovative contribution by every employee and our new value propositions show it. We have an experienced and empowered management team and a committed organization capable of implementing difficult changes that will allow us to stay ahead of market trends. Through training of existing personnel and hiring of new personnel that increases the average as they join, we continue to create a great team capable of making sure we are one of the best long-term investments for our shareholders and a great place to work for our employees.

I want to thank our chairman for his vision and guidance, our Board for their constant support and council and our employees for their hard work, loyalty, commitment and dedication. I also want to thank our customers, suppliers and bank partners for their support and trust.

We share a deep sense of obligation to our shareholders and thank them for their support and patience as we worked to restructure for value and as we move into automation and a differentiated value proposition. We are confident in our ability to deliver sustainable growth and returns.

Frank Muñoz

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	2	**3,868,393**	3,849,306
Cost of sales	4	**(3,478,595)**	(3,479,263)
Gross profit		**389,798**	370,043
Selling and distribution expenses	4	**(68,833)**	(53,623)
General and administrative expenses	4	**(193,043)**	(288,337)
Other gains — net	3	**15,938**	13,306
Fair value gain on investment properties		**204,108**	73,022
Operating profit		**347,968**	114,411
Finance income	5	**3,883**	2,617
Finance costs	5	**(59,150)**	(37,252)
Share of results of associates — net		**(1,056)**	69,580
Share of results of joint ventures — net		**1,930**	—
Profit before income tax		**293,575**	149,356
Income tax expense	6	**(74,309)**	(44,537)
Profit for the year		**219,266**	104,819
Attributable to:			
Equity holders of the Company	8	**215,533**	103,708
Non-controlling interests		**3,733**	1,111
		219,266	104,819
Earnings per ordinary share attributable to the equity holders of the Company			(Restated)
— Basic	8	**HK39.72 cents**	HK20.73 cents
			(Restated)
— Diluted	8	**HK38.64 cents**	HK19.89 cents
Dividends	7	**46,785**	31,094

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**219,266**	104,819
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Change in fair value of available-for-sale financial asset	**175**	(35)
Currency translation differences	**2,832**	(3,747)
Other comprehensive income/(loss) for the year	**3,007**	(3,782)
Total comprehensive income for the year	**222,273**	101,037
Total comprehensive income attributable to:		
— Equity holders of the Company	**218,513**	99,237
— Non-controlling interests	**3,760**	1,800
	222,273	101,037

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**73,820**	14,954
Investment properties		**1,144,634**	1,005,580
Land use rights		**47,977**	10,123
Intangible assets		**85,786**	87,183
Investments in associates		**7,696**	237,179
Investments in joint ventures		**135,159**	—
Prepayments, deposits and other receivables		**32,735**	26,335
Deferred income tax assets		**21,460**	14,995
Available-for-sale financial asset		**458**	283
Total non-current assets		**1,549,725**	1,396,632
Current assets			
Inventories		**320,015**	332,993
Trade and bill receivables	*9*	**553,352**	405,355
Prepayments, deposits and other receivables		**92,384**	106,810
Financial assets at fair value through profit or loss		**7,989**	—
Amounts due from associates		—	1,197
Amount due from a joint venture		**4,468**	—
Pledged bank deposits		**38,876**	39,458
Cash and cash equivalents		**354,997**	370,528
Total current assets		**1,372,081**	1,256,341
Current liabilities			
Trade and bill payables	*10*	**151,604**	80,028
Receipts in advance		**27,986**	42,440
Accrued liabilities and other payables		**40,577**	55,406
Current income tax liabilities		**14,942**	8,629
Financial liabilities at fair value through profit or loss		—	912
Borrowings		**882,943**	1,010,011
Total current liabilities		**1,118,052**	1,197,426
Net current assets		**254,029**	58,915
Total assets less current liabilities		**1,803,754**	1,455,547

	Note	**2015**	2014
		HK$'000	*HK$'000*
Non-current liabilities			
Accrued liabilities and other payables		**7,520**	4,990
Deferred income tax liabilities		**158,594**	107,330
Borrowings		**565,539**	561,595
Total non-current liabilities		**731,653**	673,915
Net assets		**1,072,101**	781,632
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital		**63,227**	41,770
Reserves			
— Proposed final dividend		**32,032**	17,335
— Others		**975,922**	722,087
		1,071,181	781,192
Non-controlling interest		**920**	440
Total equity		**1,072,101**	781,632

NOTES:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial asset and financial assets/(liabilities) at fair value through profit and loss and investment properties, which are carried at fair value.

(a) The VSC Group has adopted the following new, revised and amended standards and interpretations to existing standards ("new HKFRS") that have been issued and are effective for the VSC Group's accounting year beginning on or after 1st April 2014:

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Impairment of Assets: Recoverable Amount Disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Consolidation for Investment Entities
HK (IFRIC) — Int 21	Levies

The adoption of the above new HKFRSs did not result in substantial changes to the accounting policies of the VSC Group and had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

In addition, as the Company is incorporated outside Hong Kong, according to the listing rule requirements of The Stock Exchange of Hong Kong Limited, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year ending on or after 31st December 2015. The VSC Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(b) The following new, revised and amended standards and interpretations to existing standards that are effective and have not been early adopted by the VSC Group:

HKAS 1 (Amendment)	Disclosure Initiative (effective for annual periods beginning on or after 1st January 2016)
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1st January 2016)
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants (effective for annual periods beginning on or after 1st January 2016)
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1st July 2014)
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1st January 2016)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1st January 2018)
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1st January 2016)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1st January 2016)
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1st January 2016)
HKFRS 14	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1st January 2016)
HKFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1st January 2017)
Annual Improvements 2010 — 2012 Cycle	Annual Improvements to HKFRSs issued in January 2014 (effective for annual periods beginning on or after 1st July 2014)
Annual Improvements 2011 — 2013 Cycle	Annual Improvements to HKFRSs issued in January 2014 (effective for annual periods beginning on or after 1st July 2014)
Annual Improvements 2012 — 2014 Cycle	Annual Improvements to HKFRSs issued in October 2014 (effective for annual periods beginning on or after 1st January 2016)

The VSC Group has commenced an assessment of the impact of these new, amended and revised HKFRS, but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

2. Revenue and segment information

The VSC Group's revenue consists of the following:

	2015	2014
	HK$'000	*HK$'000*
Sales of goods	**3,812,119**	3,825,076
Service income	**16,757**	10,917
Rental income	**39,517**	13,313
Total revenue	**3,868,393**	3,849,306

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 processing, distribution and recycling;
(ii) Building & design solutions ("BDS");
(iii) Engineering plastics; and
(iv) Property.

The VSC Group's CODM assesses the performance of operating segments based on a measure of profit before income tax.

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 2015 is as follows:

	Steel processing, distribution and recycling *HK$'000*	BDS *HK$'000*	Engineering plastics *HK$'000*	Property *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
External revenue	**2,912,588**	**507,021**	**400,209**	**48,575**	**—**	**3,868,393**
Operating profit/(loss)	**164,962**	**22,818**	**1,754**	**236,296**	**(77,862)**	**347,968**
Finance income	**3,109**	**530**	**103**	**138**	**3**	**3,883**
Finance costs	**(22,266)**	**(6,242)**	**(779)**	**(29,770)**	**(93)**	**(59,150)**
Share of results of associates — net	**(972)**	**—**	**—**	**(84)**	**—**	**(1,056)**
Share of results of joint ventures — net	**—**	**—**	**—**	**1,930**	**—**	**1,930**
Profit/(loss) before income tax	**144,833**	**17,106**	**1,078**	**208,510**	**(77,952)**	**293,575**
Other gains/(losses) — net	**15,916**	**899**	**(154)**	**(1,057)**	**334**	**15,938**
Fair value gain on an investment property	**—**	**—**	**—**	**204,108**	**—**	**204,108**
Depreciation and amortisation	**(3,287)**	**(2,596)**	**(177)**	**(626)**	**(4,185)**	**(10,871)**
Income tax (expense)/credit	**(23,629)**	**(3,155)**	**(106)**	**(54,994)**	**7,575**	**(74,309)**

Analysis of the VSC Group's results by business segment for the year ended 31st March 2014 is as follows:

	Steel processing, distribution and recycling *HK$'000*	BDS *HK$'000*	Engineering plastics *HK$'000*	Property *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
External revenue	2,929,183	487,051	419,326	13,746	—	3,849,306
Operating profit/(loss)	176,686	8,974	2,693	63,216	(137,158)	114,411
Finance income	1,550	725	113	202	27	2,617
Finance costs	(18,009)	(6,027)	(997)	(12,182)	(37)	(37,252)
Share of results of associates — net	119	—	—	81,648	(12,187)	69,580
Profit/(loss) before income tax	160,346	3,672	1,809	132,884	(149,355)	149,356
Other gains — net	8,684	1,821	2,291	276	234	13,306
Fair value gain on investment properties	—	—	—	73,022	—	73,022
Depreciation and amortisation	(1,332)	(2,573)	(105)	(203)	(1,674)	(5,887)
Provision for impairment of amounts due from associates, loan and other receivables	—	(1,180)	—	—	(61,759)	(62,939)
Income tax (expense)/credit	(28,565)	(6,910)	(524)	(19,513)	10,975	(44,537)

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

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Hong Kong	**2,374,338**	2,442,020
Mainland China	**1,494,055**	1,407,286
Total revenue	**3,868,393**	3,849,306

3. **Other gains – net**

	2015	2014
	HK$'000	*HK$'000*
Write back of provision for onerous contracts	**—**	4,000
Net fair value change on financial assets/(liabilities) at fair value through profit or loss	**1,190**	(1,971)
Realised gain on steel future contracts	**602**	—
Net exchange gain	**3,862**	7,936
Gain on bargain purchase arising from acquisition of a subsidiary	**6,413**	—
Net gain on disposal of an investment property	**572**	—
Sundry income	**3,299**	3,341
	15,938	13,306

4. Expenses by nature

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

	2015	2014
	HK$'000	*HK$'000*
Cost of finished goods sold	**3,470,802**	3,477,956
Provision for impairment of inventories — net	**662**	1,307
Depreciation of property, plant and equipment	**8,029**	4,658
Gain on disposals of property, plant and equipment	**(271)**	(252)
Amortisation of intangible assets and land use rights	**2,842**	1,229
Employee benefit expenses	**115,356**	111,654
Operating lease rental expenses in respect of retail outlets, offices and warehouses	**30,334**	31,710
Property tax for an investment property	**5,471**	1,270
Provision for impairment of trade receivables — net	**642**	1,883
Provision for impairment of amounts due from associates	**—**	30,759
Provision for impairment of loan receivable	**—**	19,000
Provision for impairment of other receivables	**—**	13,180
Auditor's remuneration	**2,205**	2,100
Legal and professional fees	**7,947**	34,232
Freight charges	**55,169**	40,668
Others	**41,283**	49,869
Total cost of sales, selling and distribution expenses and general and administrative expenses	**3,740,471**	3,821,223

5. Finance income and costs

	2015	2014
	HK$'000	*HK$'000*
Finance income		
Interest income:		
— short-term bank deposits	**3,883**	2,617
Finance costs		
Interest expenses:		
— bank borrowings	**(55,007)**	(31,595)
Bank charges	**(4,143)**	(5,657)
	(59,150)	(37,252)
Net finance costs	**(55,267)**	(34,635)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

During the year, subsidiaries established in Mainland China are subject to China corporate income tax at 25% (2014: 25%).

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

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**16,055**	15,380
— China corporate income tax	**11,795**	9,653
Deferred income tax	**45,224**	18,969
Under provision in prior years	**1,235**	535
	74,309	44,537

7. Dividends

	2015	2014
	HK$'000	*HK$'000*
Interim dividend of HK3.5 cents (2014: HK3.3 cents) per ordinary share	**14,753**	13,759
Proposed final dividend of HK5 cents (2014: HK4.15 cents) per ordinary share	**32,032**	17,335
	46,785	31,094

A final dividend for the year ended 31st March 2015 of HK5 cents (2014: HK4.15 cents) per ordinary share, totalling approximately HK$32,032,000 (2014: HK$17,335,000) has been recommended by the Board 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 2015.

The actual interim dividend for the six months ended 30th September 2013 was approximately HK$13,785,000 due to 800,000 additional shares issued upon exercise of share options during the period from 20th November 2013 to 13th December 2013, the last closure date of the register of the members for ascertaining the entitlement to the interim dividend, and was paid out on 15th January 2014.

The actual final dividend for the year ended 31st March 2014 was approximately HK$17,484,000 due to 3,606,000 additional shares issued upon exercise of share options during the period from 1st July 2014 to 29th August 2014, the last closure date of the register of the members for ascertaining the entitlement to the final dividend, and was paid out on 8th September 2014.

The proposed final dividend for the year ended 31st March 2015 in the amount of approximately HK$32,032,000 is calculated on the basis of 640,636,052 shares in issue as at 26th June 2015.

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.

For the year ended 31st March 2014, the weighted average number of ordinary shares for the purpose of basic earnings per ordinary share has been restated and adjusted with the effect of open offer which occurred during the current year.

	2015	2014 (As previously stated)
Profit attributable to equity holders of the Company *(HK$'000)*	**215,533**	103,708
Weighted average number of ordinary shares in issue *('000)*	**542,567**	416,075
Basic earnings per ordinary share *(HK cents)*	**39.72**	24.93

	2014 (Restated)
Weighted average number of ordinary shares in issue *('000)*	500,281
Basic earnings per ordinary share *(HK cents)*	20.73

(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.

	2015	2014 (As previously stated)
Profit attributable to equity holders of the Company and used to determine diluted earnings per ordinary share *(HK$'000)*	**215,533**	103,708
Weighted average number of ordinary shares in issue *('000)*	**542,567**	416,075
Adjustment for share options *('000)*	**15,280**	17,578
Weighted average number of ordinary shares for diluted earnings per ordinary share *('000)*	**557,847**	433,653
Diluted earnings per ordinary share *(HK cents)*	**38.64**	23.91

	2014 (Restated)
Weighted average number of ordinary shares in issue *('000)*	500,281
Adjustment for share options *('000)*	21,135
Weighted average number of ordinary shares for diluted earnings per ordinary share *('000)*	521,416
Diluted earnings per ordinary share *(HK cents)*	19.89

9. Trade and bill receivables

	2015 *HK$'000*	2014 *HK$'000*
Trade and bill receivables		
— from third parties	**558,876**	414,185
— from an associate	**1,600**	—
Less: Provision for impairment of trade receivables	**(7,124)**	(8,830)
Trade and bill receivables — net	**553,352**	405,355

Sales are either covered by letters of credit or open account with credit terms of 15 - 90 days.

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

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**423,454**	343,788
61 to 120 days	**83,054**	33,386
121 to 180 days	**18,894**	10,135
181 to 365 days	**25,967**	15,659
Over 365 days	**9,107**	11,217
	560,476	414,185
Less: Provision for impairment of trade receivables	**(7,124)**	(8,830)
	553,352	405,355

The carrying amounts of net trade and bill receivables approximated their fair values as at 31st March 2015.

10. Trade and bill payables

Payment terms with suppliers are either on letters of credit or open account with credit period.

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

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**150,112**	76,070
61 to 120 days	**874**	3,526
121 to 180 days	**114**	63
181 to 365 days	**52**	3
Over 365 days	**452**	366
	151,604	80,028

The carrying amounts of trade and bill payables approximated to their fair values as at 31st March 2015.

11. Commitments

(a) Commitments under operating leases

(i) Lessor

The VSC Group leases investment properties under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and the lease agreements are renewable at the end of the lease period at market rate.

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

	2015	2014
	HK$'000	*HK$'000*
Not later than one year	**45,031**	40,160
Later than one year and not later than five years	**53,342**	105,517
Later than five years	**3,727**	15,235
	102,100	160,912

(ii) Lessee

The VSC Group leases various retail outlets, offices, warehouses and site under non-cancellable operating lease agreements. The lease terms are between 1 and 7 years, and 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:

	2015	2014
	HK$'000	*HK$'000*
Not later than one year	**38,960**	20,238
Later than one year and not later than five years	**101,238**	7,417
Later than five years	**24,954**	—
	165,152	27,655

(b) Capital commitments

Capital commitments at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for:		
Renovation work for an investment property	**6,517**	2,634
Purchase of property, plant and equipment	**146,304**	—
Capital injection to a joint venture	**19,500**	—
	172,321	2,634
Authorised but not contracted for:		
Renovation work for an investment property	**5,578**	56,745

(c) ***Commitments under derivative contracts***

As at 31st March 2015, the notional principal amount of the outstanding steel future contracts was approximately HK$3,193,000. The settlement date is 15th October 2015.

As at 31st March 2014, the VSC Group had outstanding forward foreign currency contracts to purchase approximately US$19,000,000 for approximately RMB117,450,000.

CHARGES ON ASSETS

As at 31st March 2015, the VSC Group had certain charges on assets which included, (i) bank deposits of approximately HK$39 million which were pledged as collateral for the VSC Group's bank borrowings and banking facilities, and (ii) an investment property, property, plant and equipment and land use rights of approximately HK$1,145 million, HK$15 million and HK$38 million respectively were 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 2015, about 52.5% of the VSC Group's interest-bearing borrowings were denominated in HK dollar, about 41.2% in US dollar and about 6.3% 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 2015, the VSC Group had no forward foreign exchange contracts to hedge principal repayment of future US dollar debts under letters of credit.

All of the VSC Group's borrowings as at 31st March 2015 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 2015, there was no material contingent liability.

STAFFING

As at 31st March 2015, the VSC Group employed 361 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$115 million. During the current year, options to subscribe for 11,400,000 ordinary shares have been granted to the directors and employees under the share option scheme adopted on 11th August 2011.

FINAL DIVIDEND

During the current year, an interim cash dividend of HK3.5 cents per ordinary share was declared and paid up by 7th January 2015. The Board has resolved to recommend at the forthcoming 2015 annual general meeting of the Company (the "2015 AGM") the payment of a final dividend of HK5 cents per ordinary share in respect of the year ended 31st March 2015 payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 1st September 2015, subject to the approval of shareholders at the 2015 AGM.

Final dividend warrants are expected to be despatched to shareholders on or about 11th September 2015.

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 2015 AGM

From Thursday, 20th August 2015 to Friday, 21st August 2015, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2015 AGM. In order to be eligible to attend and vote at the 2015 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 Wednesday, 19th August 2015.

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

From Monday, 31st August 2015 to Tuesday, 1st September 2015, 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, 28th August 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 2015.

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 2015 except for CG Code provision A.6.7 which stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other important engagement at the relevant time, one non-executive director of the Company, was unable to attend the special general meeting of the Company held on 12th November 2014. However, all the directors attended the annual general meeting of the Company held on 20th August 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.vschk.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.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.

By behalf of the Board
Van Shung Chong Holdings Limited
Yao Cho Fai Andrew
Chairman and Executive Director

Hong Kong, 26th June 2015

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