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## **VEEKO INTERNATIONAL HOLDINGS LIMITED**

**威高國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1173)

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009**

#### **UNAUDITED INTERIM RESULTS**

The Board of Directors (the “Board”) of Veeko International Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2009. The results, together with the comparative figures for the corresponding period in 2008, are summarised below:

#### **CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30th September, 2009*

		<b>Six months ended 30th September,</b>	
		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<b>(Unaudited) HK\$'000</b>	<b>(Unaudited) HK\$'000</b>
Turnover	3	<b>371,888</b>	369,895
Cost of goods sold		<b>(146,363)</b>	(139,104)
Gross profit		<b>225,525</b>	230,791
Selling and distribution costs		<b>(172,117)</b>	(159,151)
Administrative expenses		<b>(53,119)</b>	(60,063)
Other income, gains and losses		<b>7,292</b>	2,175
Increase (decrease) in fair values of investment properties		<b>4,260</b>	(1,495)
Surplus on revaluation of leasehold land and buildings		<b>1,414</b>	–
Finance costs		<b>(1,008)</b>	(1,554)
Profit before taxation		<b>12,247</b>	10,703
Taxation	4	<b>511</b>	1,099
Profit for the period	5	<b>12,758</b>	11,802
Dividends	6	<b>3,690</b>	13,510
Earnings per share	7		
Basic		<b>HK0.71 cent</b>	HK0.67 cent
Diluted		<b>N/A</b>	HK0.66 cent

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2009

	Six months ended 30th September,	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<b>12,758</b>	11,802
<b>Other comprehensive (loss) income for the period:</b>		
Exchange differences arising on translation of foreign operations	(3,325)	3,493
Gains on property revaluation, net of tax	170	1,526
	<hr/>	<hr/>
Other comprehensive (loss) income for the period, net of tax	(3,155)	5,019
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>9,603</b>	16,821
	<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2009

		30th September, 2009 (Unaudited) HK\$'000	31st March, 2009 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current Assets</b>			
Investment properties		36,250	31,990
Property, plant and equipment		137,473	138,326
Prepaid lease payments		15,412	15,576
Rental deposits paid		33,667	34,457
Deferred tax assets		12,016	12,283
		<b>234,818</b>	232,632
<b>Current Assets</b>			
Inventories		226,667	194,500
Trade and other receivables	8	42,871	36,831
Prepaid lease payments		388	440
Rental and utility deposits paid		24,169	18,327
Tax recoverable		696	712
Pledged bank deposit		1,000	1,000
Bank balances and cash		22,377	29,230
		<b>318,168</b>	281,040
<b>Current Liabilities</b>			
Trade and other payables	9	79,660	51,445
Rental deposits received		291	559
Secured bank borrowings			
– due within one year		50,107	45,429
Secured bank overdrafts		4,391	6,440
Obligation under a finance lease			
– due within one year		241	230
Tax payable		2,551	5,774
		<b>137,241</b>	109,877
<b>Net Current Assets</b>			
		<b>180,927</b>	171,163
		<b>415,745</b>	403,795
<b>Capital and Reserves</b>			
Share capital		18,449	18,449
Reserves		378,270	368,183
		<b>396,719</b>	386,632
<b>Non-current Liabilities</b>			
Rental deposits received		294	501
Secured bank borrowings			
– due after one year		11,929	10,716
Obligation under a finance lease			
– due after one year		802	925
Deferred tax liabilities		6,001	5,021
		<b>19,026</b>	17,163
		<b>415,745</b>	403,795

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. BASIS OF PREPARATION

The unaudited consolidated condensed interim accounts for the six months ended 30th September, 2009 are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed interim accounts have been prepared on the historical cost basis except for certain properties, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2009 except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st April, 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 8	Operating Segments

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity are required to be presented in one statement of comprehensive income or in two statements. The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

HKFRS 8 replaces HKFRS 14. The Standard requires entity to report information about its operating segments based on the information available for the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The adoption of these new and revised standards had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) that have been issued but are not yet effective.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRSs (Amendments)	Amendment to HKFRS 5 as Part of Improvements to HKFRSs Issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2009 <sup>2</sup>
HKFRS 1 (Amendment)	First-time Adoption of HKFRS <sup>1</sup>
HKFRS 2 (Amendment)	Share-based Payment <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 5 (Amendment)	Non-current Asset Held for Sale and Discontinued Operations <sup>3</sup>
HKAS 7 (Amendment)	Statement of Cash Flows <sup>3</sup>
HKAS 17 (Amendment)	Leases <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 36 (Amendment)	Impairment of Assets <sup>3</sup>
HKAS 38 (Amendment)	Intangible Assets <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives <sup>1</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010 as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2010.

<sup>4</sup> Effective for transfers on or after 1st July, 2009.

### 3. SEGMENT INFORMATION

#### Business Segments

The Group operates and manages the business segments as strategic organisational units for internal financial reporting purposes and determined that business segments by products are its primary reporting segments. As a result, the Group's operations was organised into two reporting segments comprising manufacture and sale of ladies fashion and sale of cosmetics. Segment information about these businesses is presented below:

	Unaudited six months ended 30th September, 2009			
	Fashion	Cosmetics	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER				
Sales of goods	260,652	111,236	-	371,888
Inter-segment sales	20	1	(21)	-
	<u>260,672</u>	<u>111,237</u>	<u>(21)</u>	<u>371,888</u>
Inter-segment sales are charged at prevailing market rates.				
SEGMENT RESULT	<u>3,694</u>	<u>5,001</u>		8,695
Increase in fair values of investment properties				4,260
Surplus on revaluation of leasehold land and buildings				1,414
Corporate income				1,268
Corporate expenses				(2,382)
Finance costs				(1,008)
Profit before taxation				12,247
Taxation				511
Profit for the period				<u>12,758</u>

### 3. SEGMENT INFORMATION (Continued)

#### Business Segments (Continued)

	Unaudited six months ended 30th September, 2008			
	Fashion	Cosmetics	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>TURNOVER</b>				
Sales of goods	290,466	79,429	–	369,895
Inter-segment sales	57	1	(58)	–
	<u>290,523</u>	<u>79,430</u>	<u>(58)</u>	<u>369,895</u>

Inter-segment sales are charged at prevailing market rates.

SEGMENT RESULT	<u>11,455</u>	<u>2,309</u>		13,764
Decrease in fair values of investment properties				(1,495)
Corporate income				1,320
Corporate expenses				(1,332)
Finance costs				<u>(1,554)</u>
Profit before taxation				10,703
Taxation				<u>1,099</u>
Profit for the period				<u>11,802</u>

### 4. TAXATION

	Six months ended	
	30th September,	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Profits tax		
Hong Kong Profits Tax	250	266
Other jurisdictions	(2,257)	(682)
Deferred tax	<u>1,496</u>	<u>(683)</u>
	<u>(511)</u>	<u>(1,099)</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 5. PROFIT FOR THE PERIOD

Six months ended 30th September,	
2009	2008
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Profit for the period has been arrived at after charging:

Amortisation of prepaid lease payments	216	158
Depreciation of property, plant and equipment	15,396	15,327
Loss on disposal of property, plant and equipment	213	766
	<u>          </u>	<u>          </u>

and after crediting:

Rental income	1,243	1,438
Interest income	23	34
	<u>          </u>	<u>          </u>

## 6. DIVIDENDS

Six months ended 30th September,	
2009	2008
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Dividends recognised as distribution during the period:

2009 final dividend of HK0.2 cent (2008: HK0.9 cent) per share	3,690	13,510
	<u>          </u>	<u>          </u>

The 2009 final dividend has been approved in the annual general meeting held on 8th September, 2009.

Scrip dividend was offered in respect of the 2008 final dividend and was accepted by the majority of shareholders.

Six months ended 30th September,	
2009	2008
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Final dividends:		
Cash	3,690	4,688
Scrip alternative	–	8,822
	<u>          </u>	<u>          </u>
	3,690	13,510
	<u>          </u>	<u>          </u>



## 7. EARNINGS PER SHARE

	Six months ended 30th September, 2009 (Unaudited)		2008 (Unaudited)
Earnings:			
Profit for the period and earnings for the purposes of basic and diluted earnings per share	<b>HK\$12,758,000</b>	<b>HK\$11,802,000</b>	
Number of shares:			
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>1,805,590,525</b>	1,771,995,842	
Effect of dilutive potential ordinary shares in respect of share options ( <i>Note</i> )	–	5,075,694	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	–	1,777,071,536	

*Note:* No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for the period ended 30th September, 2009.

## 8. TRADE AND OTHER RECEIVABLES

At 30th September, 2009, included in the Group's trade and other receivables were trade receivables of HK\$26,848,000 (31st March, 2009: HK\$27,705,000). The Group allows 30 to 60 days credit period for receivables from sales counters and an average credit period of 60 to 120 days to its wholesale customers. The following is an aged analysis of trade receivables:

	30th September, 2009 (Unaudited) HK\$'000	31st March, 2009 (Audited) HK\$'000
Within 30 days	15,549	19,724
31 – 60 days	5,116	7,127
61 – 90 days	1,956	174
Over 90 days	4,227	680
	<b>26,848</b>	<b>27,705</b>

## 9. TRADE AND OTHER PAYABLES

At 30th September, 2009, included in the Group's trade and other payables were trade payables of HK\$35,603,000 (31st March, 2009: HK\$10,529,000). Details of the aged analysis of the trade payables are as follows:

	<b>30th September, 2009 (Unaudited) HK\$'000</b>	31st March, 2009 (Audited) HK\$'000
Within 30 days	<b>19,764</b>	6,731
31 – 60 days	<b>6,403</b>	1,905
61 – 90 days	<b>6,130</b>	843
Over 90 days	<b>3,306</b>	1,050
	<hr/> <b>35,603</b> <hr/>	<hr/> 10,529 <hr/>

## INTERIM DIVIDEND

At the Board Meeting held on 17th December, 2009, the Board has resolved to declare the payment of an interim dividend of HK0.20 cent (2009: HK0.20 cent) per share of HK\$0.01 each for the financial year ending 31st March, 2010. The interim dividend will be payable on 22nd January, 2010 to shareholders whose names appeared on the register of members of the Company at the close of business on 12th January, 2010.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13th January, 2010 to Friday, 15th January, 2010 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12th January, 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

For the six months ended 30th September, 2009, the Group recorded a turnover of HK\$371,888,000 (2008: HK\$369,895,000), representing a slight increase of 0.5% as compared with the corresponding period of last year. Included in the amount of turnover was HK\$111,236,000 (2008: HK\$79,429,000) generated by the cosmetic business, representing a significant increase of 40% over the same period of last year, which constituted 29.9% (2008:21.5%) to the total turnover of the Group. Turnover of the fashion business dropped by 10.3% as compared with the same period in the previous year, while the Group's overall gross profit margin was 60.6%, representing a decrease of 1.8 percentage points as compared with the corresponding period of last year, which was 62.4%. This was mainly due to the increase of cosmetic business sales with relatively lower gross profit ratio. The overall operating profit for the period was HK\$12,758,000 (2008: HK\$11,802,000), representing an increase of 8.1% over that of the corresponding period in last year. Cosmetic business continued to contribute profits to the Group and recorded a profit of HK\$5,001,000 during the period, representing a significant increase over that of the corresponding period in last year, which was HK\$2,309,000. The significant increase in contribution of the cosmetic business had made up with the drop of revenue in the fashion business. Moreover, the increase in fair value of investment properties and leasehold land and buildings amounted to HK\$5,674,000 for the period.

#### **Fashion business**

##### *Fashion Business – Hong Kong and Macau Market*

Fashion retail business in Hong Kong and Macau represents 53.7% of the total turnover of the Group's fashion business. For the six months ended 30th September, 2009, turnover of Hong Kong and Macau market amounted to HK\$140,072,000 (2008: HK\$158,815,000), representing a decrease of 11.8% over that of the corresponding period in last year. The dampened purchasing desire of the customers as a result of the global financial decline, coupled with the rage of human swine flu at the end of April 2009, had adversely affected the number of incoming tourists and the retail business, especially on the sales from May to August, and resulted in a decrease in turnover of Hong Kong and Macau fashion retail business market as compared with the corresponding period of last year. The business has been gradually stabilized since September 2009, with the sales of comparable outlets increased as compared with the corresponding period of last year. In spite of the weakened retail market, shop rents stood high, such that the operating costs rose and the revenue fell. As at 30th September, 2009, the Group had set up a total of 72 outlets in Hong Kong and Macau (30th September, 2008: 67 outlets). In future, the Group will prudently review its outlet mix. Besides closing down certain outlets with expiring leases and unsatisfactory performance to counteract the impacts of rising rents, the Group will continue to exercise due caution in identifying prime locations, in order to lay a solid foundation for long-term development.

### *Fashion Business – Taiwan*

Turnover of fashion retailing in Taiwan for the first half of the current financial year was HK\$51,028,000 (2008: HK\$58,242,000), a decrease of 12.4% over the corresponding period of last year, while representing 19.6% of the total turnover of the Group's fashion business. As at 30th September, 2009, the number of fashion outlets in Taiwan was 54, a decrease of 3 compared with 57 outlets of last year. Approximately half of the existing outlets are concession counters in large department stores so as to avoid the burden of and reduce the pressure from fixed rental. Furthermore, the Group had been positive in undertaking various measures to alleviate the adverse impacts of economic recession in Taiwan market that undermined consumption power and consumer confidence on its business, which included strict cost control, improvement in product quality and closing down certain outlets burdened with fixed rental expenses and suffered from low cost effectiveness. In future, the Group will continue to develop the local market in a prudent manner.

### *Fashion Business – Singapore Market*

For the first half of the current financial year, retail business in Singapore recorded a turnover of HK\$23,995,000 (2008: HK\$23,621,000), an increase of 1.6% over the corresponding period of last year, which was mainly due to the increase in number of outlets. As at 30th September, 2009, the Group had established 17 outlets in Singapore (30th September, 2008: 10 outlets). In future, the Group is dedicated to maintaining the current number of outlets and securing the retail business there.

### *Fashion Business – China Market*

During the period under review, the turnover from China market amounted to HK\$45,557,000 (30th September, 2008: HK\$49,788,000). During the period, the Group strategically closed down some non-performing outlets, and the decrease in the number of outlets resulted in drop in turnover. As at 30th September, 2009, the number of **Veeko** and **Wanko** outlets in China had reached 126 (30th September, 2008: 145 outlets), with the network of which covering first-tier cities like Beijing, Shanghai, Chengdu, Guanzhou, Shenzhen and Zhuhai. In the past two years, the Group expanded rapidly in its retail network in China, and will enter the phase of consolidation this year. The Group will close down some outlets with poor performance and look for potential shops for future development, in order to enhance the overall operational effectiveness.

## **Cosmetic Business**

As at 30th September, 2009, the Group had established a total of 31 outlets (30th September, 2008: 22 outlets), of which 29 outlets were situated in Hong Kong, while 2 outlets were situated in Macau. Compared with 26 outlets as at 31st March, 2009, the net increase in the number of outlets is 5 in six months. During the period under review, cosmetic business of the Group recorded a turnover of HK\$111,236,000 (30th September, 2008: HK\$79,429,000), representing a 40% rapid increase and accounting for 29.9% of the total turnover of the Group, whereas the turnover of comparable outlets recorded a 6.6% increase. Although the global financial crisis and the rage of human swine flu during the period under review constituted an adverse effect on the overall retail business, cosmetic and skincare products had become a daily necessity of the consumers, therefore the impact of worsening market on cosmetic business was relatively insignificant. The cosmetic business recorded a profit of HK\$5,001,000, which represented a significant increase of 116.6% when compared with that of HK\$2,309,000 for the same period last year, and an encouraging results.

## **PROSPECT**

Cosmetic business had been continuously contributing profits to the Group since the financial year 2008, and its contribution during the period represents a significant increase of 116.6% when compared with that of the same period last year, while the turnover of comparable outlets during October and November in 2009 also recorded a double-digit increase. In the future, the Group will maintain the growth in cosmetic business and actively expand its retail network. The cosmetic business is undergoing investment expansion. By the end of December, 2009, with the opening of more new outlets, the number of outlets will further increase to 34. Moreover, the Group will keep on enriching its product portfolio, increasing the variety of cosmetic products with exclusive distributorship, and training employees to provide quality and professional services. In the meantime, it will also continue to expand potential outlets, in the belief that such scale will create higher cost effectiveness.

In respect of the fashion business, the Group had, in the past two years, basically completed the acquisition and consolidation of two newly acquired industrial buildings in China, which had been put into production and operation and has been used to replace the leased production facilities of Dongguan plants, and are expected to be able to further decrease its production costs and improve the gross profit of fashion business. In future, the Group will endeavour to strengthen internal operational management, further enhance its product quality, as well as enrich its product mix, all conducive to improve the Group's turnover and profitability. The government of China had raised successively twice the export rebate rate in the second half year of 2008, which has proved conducive to reducing the Group's production costs of fashion products. In future, the Group has no major capital expenditure requirement, and is expected to be able to generate a stable operational net cash inflow. Therefore, the Group is confident that the existing gearing ratio will show improvement. The Group's business was temporarily affected by the global financial tsunami and the rage of human swine flu, but the results revived in October and November, 2009, and the turnover of comparable outlets in Hong Kong and Macau had also recorded a single-digit growth as compared with the corresponding period of last year.

Looking forward, the prospect of the global economy remains uncertain foreseeable, and the management will closely monitor any future fluctuations and uncertainties of the market, take appropriate contingency measures, uphold a prudent financial and operational management and implement strict cost controls. Besides, it will intensify inventory management to lower cost of inventory and enhance inventory effectiveness. Regarding the outlet network expansion, the Group will review the existing outlet mix with caution and close down certain outlets with expiring leases and unsatisfactory performance to offset the pressure exerted by increasing rents, and look for shops with potential and reasonable rents for future development. The Group remains fully confident of the development of its businesses, of which cosmetic business will become the major driver of growth to the Group.

### **LIQUIDITY, FINANCIAL RESOURCES & CAPITAL STRUCTURE**

The Group's working capital increased from HK\$171,163,000 as at 31st March, 2009 to HK\$180,927,000 for the period end.

As at the balance sheet date, the Group's cash and bank balances, amounted to HK\$23,377,000 (31st March, 2009 : HK\$30,230,000). The outstanding bank borrowings and overdraft amounted to HK\$66,427,000 (31st March, 2009: HK\$62,585,000) whereas the total borrowings was HK\$67,470,000 (31st March, 2009: HK\$63,740,000). The bank loans and overdrafts of the Group were taken out mainly in Hong Kong dollars. The increase in bank borrowings was mainly attributable to the expansion of cosmetic retail network in Hong Kong. During the period, the net increase in number of cosmetic outlets is 5 which led to increase in capital expenditure, rental deposits and stock purchases for these newly opened outlets.

As at the balance sheet date, the current ratio was 2.32 times (31st March, 2009: 2.56 times) and the gearing ratio of the Group was 0.17 (31st March, 2009: 0.16) which was calculated based on the Group's total borrowings of HK\$67,470,000 (31st March, 2009: HK\$63,740,000) and the total equity of HK\$396,719,000 (31st March, 2009: HK\$386,632,000).

Certain purchases of several subsidiaries of the Company are denominated and settled in foreign currency. The management closely monitors foreign exchange exposure and will consider hedging significant foreign currency risk by entering into forward contracts should the need arises.

As at 30th September, 2009, the Group had banking facilities amounting to HK\$150,641,000 (31st March, 2009: HK\$150,641,000), of which HK\$76,319,000 (31st March, 2009: HK\$70,467,000) was utilised by the Group. The management believes that existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing on favorable terms.

## **PLEDGE OF ASSETS**

As at the balance sheet date, the amount of assets pledged by the Group to certain banks to secure general banking facilities granted to the Group was HK\$67,025,000 (31st March, 2009: HK\$62,008,000).

## **CONTINGENT LIABILITIES**

At 30th September, 2009, the Company had provided guarantees of HK\$164,827,000 (31st March, 2009: HK\$164,827,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company of which HK\$76,106,000 (31st March, 2009: HK\$70,253,000) was utilised by the subsidiaries.

## **STAFF AND REMUNERATION POLICIES**

As at 30th September, 2009, the Group had 3,835 employees. The Group mainly determines staff remuneration (including insurance and medical benefits) in accordance with the industry's practices. The Group also implemented a reward scheme for its staff based on their individual performances. In addition to their basic remuneration and welfare, some key employees were granted share options as reward and incentive to enhance their loyalty to the Group.

## **CORPORATE GOVERNANCE**

The Group has complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30th September, 2009.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding director's securities transactions on terms no less exacting than the required standard set out in Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30th September, 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The unaudited results of the Group for the six months ended 30th September, 2009 have been reviewed by the Audit Committee. The Audit Committee constitutes 3 independent non-executive directors.



## **PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The Company's results announcement for the six months ended 30th September, 2009 is published on the website of the Stock Exchange at <http://www.hkexnews.hk> under "Latest Listed Company Information" and the Company's website at <http://www.irasia.com/listco/hk/veeko/index.htm>. The interim report of the Company for the six months ended 30th September, 2009 will be dispatched to the shareholders and published on the above website in due course.

As at the date of this announcement, the directors of the Company are as follows:

*Executive directors*

Cheng Chung Man, Johnny  
Lam Yuk Sum

*Independent non-executive directors*

Cheng Chung Hoo  
Yang Wei Tak  
Yeung Wing Kay

On behalf of the Board  
**Veeko International Holdings Limited**  
**Cheng Chung Man, Johnny**  
*Chairman*

Hong Kong, 17th December, 2009