Veeko®

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 AUDITED RESULTS FOR THE YEAR ENDED 31ST MARCH, 2009

AUDITED RESULTS

The board of directors (the “Directors”) of Veeko International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2009 together with the comparative figures for the previous corresponding year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2009

	Notes	**2009** *HK$’000*	2008 *HK$’000*
Turnover	3	**789,644**	754,224
Cost of goods sold		**(318,376)**	(262,835)
Gross profit		**471,268**	491,389
Selling and distribution costs		**(324,618)**	(297,531)
Administrative expenses		**(118,262)**	(124,405)
Other income, gains and losses		**1,165**	12,232
(Decrease) increase in fair values of investment properties		**(9,510)**	7,740
Deficit on revaluation of leasehold land and buildings		**(3,187)**	–
Finance costs		**(3,447)**	(3,280)
Profit before taxation		**13,409**	86,145
Taxation	4	**4,607**	(8,219)
Profit for the year	5	**18,016**	77,926
Dividends	6	**17,200**	33,627
Earnings per share	7		
Basic		**HK0.998 cent**	HK4.586 cents
Diluted		**N/A**	HK4.567 cents

CONSOLIDATED BALANCE SHEET

At 31st March, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current Assets			
Investment properties		**31,990**	60,000
Property, plant and equipment		**138,326**	92,164
Deposits paid for acquisition of property, plant and equipment		**–**	486
Prepaid lease payments		**15,576**	9,393
Rental deposits paid		**34,457**	25,186
Deferred tax assets		**12,283**	7,580
		232,632	194,809
Current Assets			
Inventories		**194,500**	194,566
Trade and other receivables	8	**36,831**	49,249
Prepaid lease payments		**440**	254
Rental and utility deposits paid		**18,327**	23,726
Tax recoverable		**712**	1,433
Pledged bank deposit		**1,000**	1,000
Bank balances and cash		**29,230**	25,855
		281,040	296,083
Current Liabilities			
Trade and other payables	9	**51,445**	42,122
Rental deposits received		**559**	991
Secured bank borrowings – due within one year		**45,429**	44,900
Secured bank overdrafts		**6,440**	1,033
Obligation under a finance lease – due within one year		**230**	–
Tax payable		**5,774**	8,355
		109,877	97,401
Net Current Assets		**171,163**	198,682
		403,795	393,491

	2009	2008
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**18,449**	17,677
Reserves	**368,183**	354,728
	386,632	372,405
Non-current Liabilities		
Rental deposits received	**501**	–
Secured bank borrowings		
– due after one year	**10,716**	13,515
Obligation under a finance lease		
– due after one year	**925**	–
Deferred tax liabilities	**5,021**	7,571
	17,163	21,086
	403,795	393,491

Notes:

1. Basis of Preparation

The audited consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements also comply with applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and the Hong Kong Companies Ordinance.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 – HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.

2 Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate.

3 Effective for annual periods beginning on or after 1st January, 2009.

4 Effective for annual periods beginning on or after 1st July, 2009.

5 Effective for annual periods ending on or after 30th June, 2009.

6 Effective for annual periods beginning on or after 1st July, 2008.

7 Effective for annual periods beginning on or after 1st October, 2008.

8 Effective for transfers on or after 1st July, 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the Group's accounting treatment for changes in a Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and Segments Information

Turnover

Turnover represents the fair value of amounts received and receivable for goods sold, net of discounts, returns and allowances, by the Group to outside customers during the year.

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 sales of ladies fashion and sales of cosmetics. Segment information about these businesses is presented below:

2009
INCOME STATEMENT

	Fashion	Cosmetics	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER				
Sales of goods	**616,405**	**173,239**	**–**	**789,644**
Inter-segment sales	**118**	**3**	**(121)**	**–**
	616,523	**173,242**	**(121)**	**789,644**

Inter-segment sales are charged at prevailing market rates.

	Fashion	Cosmetics	Eliminations	Consolidated
SEGMENT RESULT	**26,249**	**7,088**		**33,337**
Decrease in fair values of investment properties				**(9,510)**
Deficit on revaluation of leasehold land and buildings				**(3,187)**
Corporate income				**2,588**
Corporate expenses				**(6,372)**
Finance costs				**(3,447)**
Profit before taxation				**13,409**
Taxation				**4,607**
Profit for the year				**18,016**

2008
INCOME STATEMENT

	Fashion	Cosmetics	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER				
Sales of goods	601,516	152,708	–	754,224
Inter-segment sales	13	4	(17)	–
	601,529	152,712	(17)	754,224

Inter-segment sales are charged at prevailing market rates.

	Fashion	Cosmetics	Eliminations	Consolidated
SEGMENT RESULT	79,352	3,441		82,793
Increase in fair values of investment properties				7,740
Corporate income				4,010
Corporate expenses				(5,118)
Finance costs				(3,280)
Profit before taxation				86,145
Taxation				(8,219)
Profit for the year				77,926

Geographical segments

The Group's operations are principally located in Hong Kong, Macau, Taiwan, Singapore and other regions of the People's Republic of China ("PRC"). The following is an analysis of the Group's sales by geographical market location:

	Turnover	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong and Macau	**518,755**	516,072
Taiwan	**120,160**	112,113
Singapore	**44,529**	46,267
Other regions of the PRC	**106,200**	79,772
	789,644	754,224

4. Taxation

	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**2,517**	4,660
Overprovision in prior years	**(79)**	(462)
	2,438	4,198
Other jurisdictions	**361**	4,960
	2,799	9,158
Deferred tax:		
Current year	**(7,374)**	(939)
Attributable to a change in tax rate	**(32)**	–
	(4,607)	8,219

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. Profit for the Year

	2009	2008
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' emoluments):		
Salaries and other benefits	**202,265**	185,739
Share based payments	**560**	1,356
Retirement benefits scheme contributions	**11,458**	6,775
	214,283	193,870
Amortisation of prepaid lease payments	**375**	246
Auditors' remuneration	**1,761**	1,882
Cost of inventories recognised as expenses *(Note)*	**318,376**	262,835
Depreciation of property, plant and equipment	**31,704**	24,688
Interest income	**(104)**	(174)
Loss on disposal of property, plant and equipment	**903**	1,200
Net exchange loss (gain)	**3,251**	(6,297)
Rental income, with negligible outgoings	**(2,555)**	(3,392)

Note: Cost of inventories recognised as expenses included allowance for inventories of HK$1,879,000 (2008: reversal of allowance for inventories of HK$2,470,000). The reversal of allowance for inventories was recognised in the consolidated income statement on subsequent sales of the inventories.

6. Dividends

	2009	2008
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2009 interim dividend of HK0.2 cent (2008: HK0.8 cent) per share	**3,690**	15,882
2008 final dividend of HK0.9 cent (2008: 2007 final dividend of HK1.0 cent) per share	**13,510**	17,745
	17,200	33,627

During the year, scrip dividends were offered in respect of the 2007 and 2008 final dividends and 2008 interim dividend. These scrip dividends were accepted by the majority of shareholders, as follows:

	2009 Interim	2008 Final	2008 Interim	2007 Final
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Dividends:				
Cash	**3,690**	4,688	4,314	4,970
Scrip alternative	**–**	8,822	11,568	12,775
	3,690	13,510	15,882	17,745

The 2009 final dividend of HK0.2 cent per share totalling HK$3,690,000 in cash has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. Earnings Per Share

	2009	2008
Earnings:		
Profit for the year and earnings for the purposes of basic and diluted earnings per share	**HK$18,016,000**	HK$77,926,000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,805,590,525**	1,699,123,467
Effect of dilutive potential ordinary shares in respect of share options *(Note)*	**–**	7,289,320
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**–**	1,706,412,787

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 year ended 31st March, 2009.

8. Trade and Other Receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**27,705**	40,149
Other receivables	**9,126**	9,100
Total trade and other receivables	**36,831**	49,249

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 at the reporting date:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**19,724**	27,308
31 – 60 days	**7,127**	9,845
61 – 90 days	**174**	1,287
Over 90 days	**680**	1,709
	27,705	40,149

Before accepting any new wholesale customers, the Group assesses the potential customer's credit quality by investigating their historical credit record and define credit limits by customer. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly. At the balance sheet date, 97% (2008: 92%) of the trade receivables that are neither past due nor impaired. In the opinion of Directors, the trade receivables are of good credit quality and the debtors did not have any default payment history.

9. Trade and Other Payables

At 31st March, 2009, included in the Group's trade and other payables were trade payables of HK$10,529,000 (2008: HK$9,006,000). Details of the aged analysis of trade payables are as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**6,731**	7,322
31 – 60 days	**1,905**	572
61 – 90 days	**843**	1,034
Over 90 days	**1,050**	78
	10,529	9,006

DIVIDEND

The Board of Directors is pleased to resolve that a final dividend of HK0.2 cent (2008: HK0.9 cent) per share be proposed at the forthcoming annual general meeting. The said dividend will be paid to shareholders whose names appear in the register of members of the Company as at 8th September, 2009. Together with the paid interim dividend of HK0.2 cent (2008: HK0.8 cent) per share, the total dividend for the year will be HK0.4 cent (2008: HK1.7 cents) per share.

BUSINESS REVIEW AND PROSPECTS

Business Review

As of 31st March, 2009, the Group recorded a turnover of HK$789,644,000 (2008: HK$754,224,000), representing an increase of 4.7% as compared with the corresponding period last year. Included in the amount of turnover was HK$173,239,000 (2008: HK$152,708,000) generated by the cosmetics business, representing an increase of 13.4% over the same period last year. Turnover of the fashion business reached HK$616,405,000 (2008: HK$601,516,000), representing an increase of 2.5% as compared with the same period in the previous year. The gross profit ratio of the Group as a whole decreased from 65.2% for last year to 59.70% for the current year, while profit for the year was HK$18,016,000 (2008: HK$77,926,000), representing a decrease of 76.9% over that of the corresponding period last year. This was partly due to the impairment of HK$9,510,000 in fair values of investment properties, comparing to an appreciation of HK$7,740,000 for the same period last year, in addition to a valuation loss of HK$3,187,000 was accured for its leasehold land and buildings for the year, all of which resulted in a plunge in profit for the year of HK$20,437,000 as compared with that of last year. On the other hand, the Group had acquired two blocks of industrial building with a total construction area of approximately 19,000 square meters during the year. Its investment and integration had been substantially completed, and its production operations had been commenced. This represents the Group's strategic deployment to close down its production operations in Dongguan and to shift its resources input to the newly acquired plant in Shantou for enhancing effectiveness of production costs. As the initial preparation expenses invested into the plant and the expenses associated with closure of plants in Dongguan, such as the severance payments and all other necessary payments to the staff, during the year had been dealt with in its accounts, it was inevitable that earnings of the year had been affected temporarily. Moreover, some markets in which the Group has been operating, namely Taiwan and Singapore, had a weaker currency as compared those of last year, resulting in an exchange loss this year while there was an exchange gain last year. In addition, the impact of the global financial tsunami spread to Asia, particularly in the second half of the year, where the purchasing desire as well as the modes had been adversely affected that subsequently had influenced the results of the year. As for the segment results of the cosmetic business, a profit of HK$7,088,000 was contributed to the Group for the year, as compared with a profit of HK$3,441,000 for the same period last year, representing a marked improvement in overall contribution the Group.

Fashion Business

As of 31st March, 2009, turnover of the fashion business amounted to HK$616,405,000, (2008: HK$601,516,000), representing an increase of 2.5% over the previous year, and accounting for 78.1% of the Group's total turnover. As for segment results, that of the fashion business amounted to HK$26,249,000, representing a drop of 66.9% as compared with HK$79,352,000 of last year.

Fashion Business – Hong Kong and Macau Market

As of 31st March, 2009, the Group had altogether 70 outlets in Hong Kong and Macau (2008: 63 outlets). During the period under review, turnover of the Hong Kong and Macau market amounted to HK$346,119,000 (2008: HK$364,220,000), representing a decrease of 5% over the corresponding period last year. The slowdown in the growth rate of fashion retail business in Hong Kong and Macau was primarily due to the dampened purchasing desire of the customers as a result of the global financial tsunami and consequently the economic decline, which was particularly the case since September, 2008. Faced with such drastic changes in economy, the Group had strategically implemented more aggressive promotional activities with an aim to boost sales, such that there was a drop in gross profit margin.

Fashion Business – Taiwan Market

Turnover of the retail business in Taiwan for the year was HK$119,557,000 (2008: HK$111,257,000), representing an increase of 7.5% over the corresponding period last year and amounted to 19.4% of the total turnover of fashion business of the Group. As of 31st March, 2009, the Group had 59 outlets in Taiwan (2008: 51 outlets). The economy of Taiwan remained weakened in general during the year as proved by the frail consumption desire and purchasing power of the customers there. The continued weakening of New Taiwan Dollar during the year was also one of the factors affects the results in Taiwan.

Fashion Business – Singapore Market

During the year, the retail business in Singapore recorded a turnover of HK$44,529,000 (2008: HK$46,267,000), representing a decrease of 3.8% from the corresponding period last year. As of 31st March, 2009, the Group had 13 outlets in Singapore (2008: 11 outlets). The results in Singapore were also affected inevitably by the continued weakening of Singapore Dollar during the period under review.

Fashion Business – China Market

During the period under review, the business in China market recorded a turnover of HK$106,200,000 (2008: HK$79,772,000), accounting for 17.2% of the Group's total turnover in fashion business and representing an increase of 33.1% over the corresponding period last year. As of 31st March, 2009, the number of ***Veeko*** and ***Wanko*** outlets in China had reached 146 (2008: 124 outlets).

Cosmetics Business

As of 31st March, 2009, the Group had established 26 outlets (2008: 19 outlets) under the brand of ***Colourmix***, which were mainly situated in Hong Kong and Macau. For the year, cosmetics retail business of the Group recorded a turnover of HK$173,239,000 (2008: HK$152,708,000), representing an increase of 13.4% over last year. The sales of comparable outlets also increased by approximately 10.8% over the corresponding period last year. As of 31st March, 2009, the cosmetics business recorded a profit of approximately HK$7,088,000, which represented a significant increase of 106% when compared with that of HK$3,441,000 for the same period last year, represented a significant improvement in this business.

PROSPECTS

Fashion Business

Clouded by the concerns about global economic recession, the fiscal year of 2009/2010 will remain to be a challenging year for the Group's business. The Group's management will closely monitor any future fluctuations and uncertainties of the market, take appropriate contingency measures, maintain prudent financial and operational management and implement strict cost control. Besides, it will intensify inventory management to lower cost of inventory and enhance stock effectiveness. Regarding the outlet network expansion, the Group will review the current outlet mix with caution and close down outlets with poor performance and expiring leases to offset the pressure exerted by increasing rents. In the meantime, as there are signs that the rental level is lowering in light of the current economic decline, the Group will grasp the business opportunities in such unfavorable conditions to identify prime locations with reasonable rental with caution to set up new outlets. It is anticipated that these initiatives will continue to be beneficial to the Group.

In respect of the fashion business, the Chinese government has raised three times the export Value Added Tax refund rates of garments in the second half of the fiscal year of 2008/2009, which has proved conducive to reducing the production costs of fashion goods, and it is expected to be more beneficial to the Group in the coming year. On the other hand, the Group had basically completed the acquisition and consolidation of two newly acquired industrial buildings in China, which had been put into full production operation. In spite of the temporary effects that the initial preparation expenses invested into the plant, the expenses associated with closure of plants in Dongguan, such as the severance payments and all other necessary payments to the staff, and the expenses regarding removal and integration had been dealt with in its accounts during this financial year, this initiative will further decrease its production costs and improve the gross profit of fashion business. Besides, the temporary impacts will be overcome by the long-term benefits it generates to cost control of goods, not to mention the fact that it matches up the development of retail business in China.

Cosmetics Business

The cosmetics business had taken a favorable turn from loss to profit since the year 2007/2008 and continued to generate earning contributions to the Group as it segment results for the year surged 106% as compared with the corresponding period last year and the number of outlets under the brand of ***Colourmix*** increased from 19 as of 31st March, 2008 to 26 as of 31st March, 2009. In the future, the Group will keep on enriching the product portfolio, increasing the number 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, as at the end of August, 2009, the number of outlets in Hong Kong and Macau will further increase to 31. While the uncertainties arising from the global financial crisis had emerged in September last year, the cosmetic business was less affected by the adverse change of market situation as beauty and skincare products are considered daily necessity by consumers. In addition, the cosmetic business was in its expansion period last year and its retail network will be further developed to bring about larger cost effectiveness under such scale. Judging from the development trend nowadays, the Group is confident that the cosmetics business will contribute more profits in the year 2009/2010.

LIQUIDITY & FINANCIAL RESOURCES

The Group's working capital decreased from HK$198,682,000 as at 31st March, 2008 to HK$171,163,000 for the year.

As at the balance sheet date, the Group's cash and bank balances amounted to HK$30,230,000 (2008: HK$26,855,000) and the outstanding bank borrowings and overdraft amounted to HK$62,585,000 (2008: HK$59,448,000) whereas the total borrowings was HK$63,740,000 (2008: HK$59,448,000). The increase in total borrowings was mainly attributable to the acquisition of production plant of approximately 19,000 square meters in Shantou at a consideration of RMB22,000,000 in April, 2008, the capital expenditure incurred for acquiring advanced machineries for production plants and the expansion of fashion retail business in China during the year. The renovation cost and machineries cost for the production plants amounted to HK$2,837,000 and HK$5,136,000 respectively. Besides, the expansion of fashion retail business in China (the number of outlets was increased from 124 as of 31st March, 2008 to 146 as of 31st March, 2009) led to increase in capital expenditure of HK$8,928,000 and increase in stock level of HK$3,578,000 for the year.

As at the balance sheet date, the current ratio was 2.56 (2008: 3.04) times and the gearing ratio of the Group was 0.16 (2008: 0.16) times which was calculated based on the Group's total borrowings of HK$63,740,000 (2008 : HK$59,448,000) and the total equity of HK$386,632,000 (2008: HK$372,405,000).

As of 31st March, 2009, the Group had banking facilities amounting to HK$150,641,000 (2008: HK$108,427,000), of which HK$70,467,000 (2008: HK$65,968,000) 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

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$62,008,000 (2008: HK$75,142,000).

FOREIGN EXCHANGE EXPOSURE

Several subsidiaries of the Company have foreign currency purchases, mainly in Japanese Yen and United States Dollar which expose the Group to foreign currency risk. Approximately 26% (2008: 28%) of purchases costs are in foreign currency for the year. The management closely monitors foreign exchange exposure and will consider hedging significant foreign currency risk by entering into forward contracts should the need arises.

CONTINGENT LIABILITIES

At 31st March, 2009, the Company had provided guarantees of HK$164,827,000 (2008: HK$149,427,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company of which HK$70,253,000 (2008: HK$65,968,000) was utilised by the subsidiaries.

STAFF & REMUNERATION POLICIES

As at the balance sheet date, the Group had 4,223 employees (2008: 4,534). 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.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to the final dividend for the year ended 31st March, 2009, the register of members of the Company will be closed from 3rd September, 2009 to 8th September, 2009 (both days inclusive) during which period no transfer of Shares will be registered. Shareholders are reminded that in order to qualify for the proposed final dividend for the year ended 31st March, 2009, all transfers of Shares accompanied by the relevant share certificate and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2nd September, 2009.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Group has complied with most of the Code Provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2009, except for the following deviations:

There were twelve Board meetings held during the year under review with two of which were regular meetings held for approving the final results for the year ended 31st March, 2008 and interim results for the six months ended 30th September, 2008. The others were held as and when the business or operational needs arose.

As there had been delays on the finalization of the financial statements, board papers were sent to the audit committee members less than 3 days before the meetings for approving interim results and final results.

Detailed information on the Company's corporate governance practice is set out in the Corporate Governance Report of the Company's 2009 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all the directors, the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31st March, 2009.

AUDIT COMMITTEE

The audit committee has reviewed the financial results for the year ended 31st March, 2009.

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

The Company's preliminary results announcement for the year ended 31st March, 2009 containing all information required by Appendix 16 of the Listing Rules 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 annual report of the Company for the year ended 31st March, 2009 will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt thanks to all the employees for their devotion, contribution and diligence and my deepest gratitude to all the shareholders, customers, suppliers and business partners for their continuous support. I sincerely hope that all of you will continue to contribute to the success of the Group.

On behalf of the Board
Cheng Chung Man, Johnny
Chairman

Hong Kong, 23rd July, 2009

As at the date of this announcement, the Board comprises Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum as executive directors, Mr. Cheng Chung Hoo, Mr. Yang Wei Tak and Mr. Yeung Wing Kay as independent non-executive directors.