

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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, 2010**

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, 2010 together with the comparative figures for the previous corresponding year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2010

	<i>Notes</i>	2010 HK\$'000	2009 HK\$'000
Turnover	3	886,335	789,644
Cost of goods sold		(378,429)	(318,376)
Gross profit		507,906	471,268
Selling and distribution costs		(366,606)	(324,618)
Administrative expenses		(113,371)	(118,262)
Other income, gains and losses		11,658	1,165
Increase (decrease) in fair values of investment properties		6,660	(9,510)
Surplus (deficit) on revaluation of leasehold land and buildings		2,196	(3,187)
Finance costs		(1,969)	(3,447)
Profit before taxation and loss on dissolution of a subsidiary		46,474	13,409
Loss on dissolution of a subsidiary	5	(12,432)	–
Profit before taxation		34,042	13,409
Income tax (expense) credit	4	(4,005)	4,607
Profit for the year	6	30,037	18,016

	<i>Note</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Other comprehensive income (expense)			
Surplus (deficit) on revaluation of buildings		3,411	(139)
(Recognition) reversal of deferred tax liability arising on revaluation of buildings		(777)	122
Effect of change in tax rate		–	43
Exchange differences arising on translation of foreign operations		(3,482)	3,112
Reclassification of translation reserve transferred to profit or loss upon dissolution of a subsidiary		12,432	–
		<hr/>	<hr/>
Other comprehensive income for the year		11,584	3,138
		<hr/>	<hr/>
Total comprehensive income for the year		41,621	21,154
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	8	HK1.628 cents	HK0.998 cent
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2010

	<i>Notes</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current Assets			
Investment properties		38,650	31,990
Property, plant and equipment		140,679	138,326
Prepaid lease payments		15,151	15,576
Rental deposits paid		42,227	34,457
Deferred tax assets		10,103	12,283
		<hr/> 246,810 <hr/>	<hr/> 232,632 <hr/>
Current Assets			
Inventories		212,867	194,500
Trade and other receivables	9	41,711	36,831
Prepaid lease payments		433	440
Rental and utility deposits paid		24,938	18,327
Tax recoverable		1,470	712
Pledged bank deposit		1,000	1,000
Bank balances and cash		31,549	29,230
		<hr/> 313,968 <hr/>	<hr/> 281,040 <hr/>
Current Liabilities			
Trade and other payables	10	64,716	51,445
Rental deposits received		1,005	559
Secured bank borrowings			
– due within one year		51,229	45,429
Secured bank overdrafts		26	6,440
Obligation under a finance lease			
– due within one year		251	230
Tax payable		3,988	5,774
		<hr/> 121,215 <hr/>	<hr/> 109,877 <hr/>
Net Current Assets		<hr/> 192,753 <hr/>	<hr/> 171,163 <hr/>
		<hr/> 439,563 <hr/>	<hr/> 403,795 <hr/>

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Capital and Reserves		
Share capital	18,449	18,449
Reserves	403,405	368,183
	<u>421,854</u>	<u>386,632</u>
Non-current Liabilities		
Rental deposits received	–	501
Secured bank borrowings		
– due after one year	9,801	10,716
Obligation under a finance lease		
– due after one year	674	925
Deferred tax liabilities	7,234	5,021
	<u>17,709</u>	<u>17,163</u>
	<u>439,563</u>	<u>403,795</u>

Notes:

1. Basis of Preparation

The audited consolidated financial statements have been 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 new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA:

Hong Kong Accounting Standard (“HKAS”) 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Hong Kong (International Financial Reporting Interpretations Committee – Interpretation (“HK(IFRIC) – INT”) 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – INT 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments, nor has the adoption of HKFRS 8 changed the basis of measurement of segment results.

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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 24 (Revised)	Related Party Disclosures ⁷
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁵
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁴
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁶
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁸
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁷
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments ⁶

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

² Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.

³ Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.

⁴ Effective for annual periods beginning on or after 1st January, 2010.

⁵ Effective for annual periods beginning on or after 1st February, 2010.

⁶ Effective for annual periods beginning on or after 1st July, 2010.

⁷ Effective for annual periods beginning on or after 1st January, 2011.

⁸ Effective for annual periods beginning on or after 1st January, 2013.

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 accounting treatment for changes in a the Group's ownership interest in a subsidiary.

In addition, as part of *Improvements to HKFRSs (2009)*, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective for the Group's accounting period beginning 1st April, 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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 consolidated financial statements.

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.

(a) Operating segments

The Group has adopted HKFRS 8 Operating Segments with effect from 1st April, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Chairman, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary operating segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating and reportable segments under HKFRS 8 are Fashion and Cosmetics Products.

Principal activities are as follows:

Fashion	–	Manufacture and sales of ladies fashion
Cosmetics	–	Sales of cosmetics

Information regarding the above segments is reported below.

SEGMENT REVENUE AND RESULTS

For the year ended 31st March, 2010

	Fashion	Cosmetics	Segment Total	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER					
Sales of goods	591,434	294,901	886,335	–	886,335
Inter-segment sales	40	5	45	(45)	–
	<u>591,474</u>	<u>294,906</u>	<u>886,380</u>	<u>(45)</u>	<u>886,335</u>

Inter-segment sales are charged at prevailing market rates.

SEGMENT RESULTS	<u>25,026</u>	<u>16,201</u>	<u>41,227</u>		41,227
Increase in fair values of investment properties					6,660
Surplus on revaluation of leasehold land and buildings					2,196
Other income					2,262
Central administration costs					(3,902)
Finance costs					(1,969)
Profit before taxation and loss on dissolution of a subsidiary					46,474
Loss on dissolution of a subsidiary					(12,432)
Profit before taxation					34,042
Income tax expense					(4,005)
Profit for the year					<u>30,037</u>

For the year ended 31st March, 2009

	Fashion HK\$'000	Cosmetics HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER					
Sales of goods	616,405	173,239	789,644	–	789,644
Inter-segment sales	118	3	121	(121)	–
	<u>616,523</u>	<u>173,242</u>	<u>789,765</u>	<u>(121)</u>	<u>789,644</u>

Inter-segment sales are charged at prevailing market rates.

SEGMENT RESULTS	<u>26,249</u>	<u>7,088</u>	<u>33,337</u>		33,337
Decrease in fair values of investment properties					(9,510)
Deficit on revaluation of leasehold land and buildings					(3,187)
Other income					2,588
Central administration costs					(6,372)
Finance costs					(3,447)
Profit before taxation					13,409
Income tax credit					4,607
Profit for the year					<u>18,016</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of changes in fair values of investment properties, surplus or deficit on revaluation of leasehold land and buildings, other income, central administration costs and finance costs, income tax expense/credit and loss on dissolution of a subsidiary. This is the measure reported to the Chairman for the purposes of resources allocation and performance assessment.

No analysis of segment asset and segment liability is presented as the chief operating decision maker does not review such information for the purposes of resources allocation and performance assessment.

(b) **Geographical information**

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 revenue from external customers are detailed below:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong and Macau	633,951	518,755
Taiwan	112,037	120,160
Singapore	48,557	44,529
Other regions of the PRC	91,790	106,200
	886,335	789,644

4. Income Tax Expense (Credit)

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax:		
Current year	781	2,517
Overprovision in prior years	–	(79)
	781	2,438
Other Jurisdictions Income Tax	(671)	361
	110	2,799
Deferred tax:		
Current year	3,059	(7,374)
Attributable to a change in tax rate	836	(32)
	4,005	(4,607)

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) 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% (2009: 16.5%) of the estimated assessable profit for the year.

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

5. Loss on Dissolution of a Subsidiary

On 15th December, 2009, Dong Guan Dico Fashion Company Limited (“Dong Guan Dico”), a subsidiary of the Group, has dissolved. The loss on dissolution of a subsidiary represents reclassification of the translation reserve attributable to Dong Guan Dico transferred from reserves to profit or loss upon its dissolution.

6. Profit for the Year

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' emoluments):		
Salaries and other benefits	200,663	202,265
Share based payments	981	560
Retirement benefits scheme contributions	8,817	11,458
	<u>210,461</u>	<u>214,283</u>
Amortisation of prepaid lease payments	432	375
Auditors' remuneration	1,776	1,761
Cost of inventories recognised as expenses (<i>Note</i>)	378,429	318,376
Depreciation of property, plant and equipment	30,529	31,704
Interest income	(43)	(104)
Loss on disposal of property, plant and equipment	1,051	903
Net exchange (gain) loss	(6,491)	3,251
Rental income, with negligible outgoings	(2,501)	(2,555)
	<u>210,461</u>	<u>214,283</u>

Note: Cost of inventories recognised as expenses included allowance for inventories of HK\$2,348,000 (2009: HK\$1,879,000).

7. Dividends

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2010 interim dividend of HK0.2 cent (2009: HK0.2 cent) per share	3,690	3,690
2009 final dividend of HK0.2 cent (2009: 2008 final dividend of HK0.9 cent) per share	3,690	13,510
	<u>7,380</u>	<u>17,200</u>

During the year ended 31st March, 2009, scrip dividends were offered in respect of the 2008 final dividends. These scrip dividends were accepted by the majority of shareholders, as follows:

	2010	2009	2009	2008
	Interim	Final	Interim	Final
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividends:				
Cash	3,690	3,690	3,690	4,688
Scrip alternative	—	—	—	8,822
	<u>3,690</u>	<u>3,690</u>	<u>3,690</u>	<u>13,510</u>

The 2010 final dividend of HK0.6 cent per share in cash with a scrip option has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to the owners of the Company of approximately HK\$30,037,000 (2009: HK\$18,016,000) and on the weighted average number of 1,844,886,976 (2009: 1,805,590,525) ordinary shares of the Company in issued during the year.

The computation of diluted earnings per share does not take into accounts the outstanding share options because the exercise price of those options was higher than the average market price of shares for both 2010 and 2009.

9. Trade and Other Receivables

	2010	2009
	HK\$'000	HK\$'000
Trade receivables	31,769	27,705
Other receivables	9,942	9,126
	<u>41,711</u>	<u>36,831</u>

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:

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	16,641	19,724
31 – 60 days	5,438	7,127
61 – 90 days	2,716	174
Over 90 days	6,974	680
	<u>31,769</u>	<u>27,705</u>

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, 89% (2009: 97%) 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.

10. Trade and Other Payables

At 31st March, 2010, included in the Group's trade and other payables were trade payables of HK\$22,723,000 (2009: HK\$10,529,000). Details of the aged analysis of trade payables are as follows:

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	13,897	6,731
31 – 60 days	2,569	1,905
61 – 90 days	3,305	843
Over 90 days	2,952	1,050
	<u>22,723</u>	<u>10,529</u>

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK0.6 cent per share (each a "Share") of HK\$0.01 each of the Company in respect of the year ended 31st March, 2010 to shareholders whose names appear on the register of members of the Company on 9th September, 2010 and also to recommend the offer to the shareholders the right to elect as an alternative, to receive such final dividend wholly or partly by allotment of new Shares credited as fully paid in lieu of cash (the "Scrip Dividend Scheme"), subject to the approval of the shareholders on the payment of final dividend at the annual general meeting of the Company and the granting by The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Shares to be issued pursuant thereto.

The Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares save that they will not be entitled to the final dividend for the year ended 31st March, 2010.

On condition that the payment of the above final dividend is approved by the shareholders at the annual general meeting of the Company, a circular containing details of the Scrip Dividend Scheme will be despatched to the shareholders of the Company shortly after the annual general meeting of the Company.

BUSINESS REVIEW AND PROSPECTS

Business Review

As of 31st March, 2010, the Group recorded a turnover of HK\$886,335,000 (2009: HK\$789,644,000), representing an increase of 12.2% as compared with the corresponding period last year. Included in the amount of turnover was HK\$294,901,000 generated by the cosmetics business, representing a significant increase of 70.2% (2009: HK\$173,239,000) over the same period last year. Turnover of the fashion business reached HK\$591,434,000 (2009: HK\$616,405,000), representing a decrease of 4.1% as compared with the same period in the previous year. The gross profit ratio of the Group as a whole decreased from 59.7% for last year to 57.3% for the current year. This was mainly due to the increase of cosmetics business sales with relatively lower gross profit ratio. Profit for the year before tax without taking into account of the special losses arising from dissolution of a subsidiary during the year was HK\$46,474,000 (2009: HK\$13,409,000), representing a significant increase of 246.6% over that of the corresponding period last year. During the year, the Group closed down the production operations of a subsidiary located in Dongguan and shifted its resources input to the self-owned plants in Shantou for enhancing the effectiveness of overall production costs. This resulted in the transfer of approximately HK\$12,432,000 from the translation reserve of such subsidiary to the consolidated statement of comprehensive income according to Hong Kong Accounting Standard No. 27 (revised) "Consolidated and Separate Financial Statements", that the profit for the year decreased to HK\$30,037,000 accordingly. During the year, the segment results of fashion business recorded a profit of HK\$25,026,000, representing a decrease of 4.7% as compared with a profit of HK\$26,249,000 for last year. Cosmetics business continued to contribute profits to the Group and recorded a segment profit of HK\$16,201,000 during the year, representing a significant increase of 128.6% over that of the corresponding period in last year, which was HK\$7,088,000. In overall, there was a significant increase in contribution of the cosmetics business to the Group. Moreover, the increase in fair value of investment properties and leasehold land and buildings amounted to HK\$8,856,000 for the year.

Fashion Business

As of 31st March, 2010, turnover of the fashion business amounted to HK\$591,434,000 (2009: HK\$616,405,000), representing a decrease of 4.1% over the previous year, and accounting for 66.7% of the Group's total turnover. As for segment results, that of the fashion business amounted to HK\$25,026,000, representing a drop of 4.7% as compared with HK\$26,249,000 of last year.

Fashion Business – Hong Kong and Macau Market

As of 31st March, 2010, the Group had altogether 72 outlets in Hong Kong and Macau (2009: 70 outlets). During the period under review, turnover of the Hong Kong and Macau market amounted to HK\$339,453,000 (2009: HK\$346,119,000), representing a slightly decrease of 1.9% over last year and accounted for 57.4% of the total turnover of fashion business of the Group. 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 rage of human swine flu at the end of April 2009, which 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 slowdown has been gradually stabilized since September 2009.

Fashion Business – Taiwan Market

Turnover of the retail business in Taiwan for the year was HK\$111,634,000 (2009: HK\$119,557,000), representing a decrease of 6.6% over the corresponding period last year and amounted to 18.9% of the total turnover of fashion business of the Group. As of 31st March, 2010, the Group had 55 outlets in Taiwan (2009: 59 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, which was the main factor underlying the decrease in the operating profit.

Fashion Business – Singapore Market

During the year, the retail business in Singapore recorded a turnover of HK\$48,557,000 (2009: HK\$44,529,000), representing an increase of 9.0% from the corresponding period last year and accounted for 8.2% of the total turnover of fashion business of the Group. As of 31st March, 2010, the Group had 17 outlets in Singapore (2009: 13 outlets).

Fashion Business – China Market

During the period under review, the business in China market recorded a turnover of HK\$91,790,000 (2009: HK\$106,200,000), representing a decrease of 13.6% over the corresponding period last year and accounted for 15.5% of the total turnover of fashion business of the Group. As of 31st March, 2010, the number of *Veeko* and *Wanko* outlets in China was 109 (2009: 146 outlets). For the financial year 2009, just when expanding the China market, the Group opened a number of outlets that borne fixed rentals but brought unsatisfactory benefits, hence, the Group decided to close down these loss-

making outlets during the year, such that the turnover went down as the number of outlets decreased. Although there was the write off of one-off expenses or expenditures which affected the results for the year, it has created a stronger condition than ever for the overall business in China and has laid a more solid foundation for future development, even though there was a significant net decrease of 37 outlets as of the end of the year as compared with last year.

Cosmetics Business

As of 31st March, 2010, the Group had established 37 outlets (2009: 26 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\$294,901,000 (2009: HK\$173,239,000), representing a significant increase of 70.2% over last year. The turnover of comparable outlets also increased by approximately 12.2% over the corresponding period last year. As of 31st March, 2010, the cosmetics business recorded a segment profit of approximately HK\$16,201,000, which represented a significant increase of 128.6% when compared with that of HK\$7,088,000 for the same period last year, represented a significant growth in this business.

PROSPECT

Fashion Business

In respect of fashion business, through the closing down of the production plant in Dongguan and shifting its resources input to the self-owned plants in Shantou during the year, the acquisition and consolidation was basically completed and was able to enhance the overall efficiency of production costs and may further reduce costs in the future in order to increase the gross profit of fashion business. Regarding the outlet network expansion, the number of outlets in Hong Kong and Macau, Taiwan and Singapore will maintain at an approximate level to the existing number. The highlights for future development will be placed on China market while a stronger business in China was created after the rectification over the past year. In the future, the Group will focus on the re-opening of outlets without fixed rentals burden in department stores and it is expected that there will be a significant increase in the number of outlets in China and an increase in the contribution from the business generated in China to the Group's profit. In all, during April and June in 2010, the turnover of comparable outlets in Hong Kong and Macau recorded a single-digit increase whereas the turnover of comparable outlets in China recorded a double-digit increase. In the future, the management will deploy more resources for the development of the retail market in China.

Cosmetics Business

The cosmetics business has been contributing to the Group's profit continuously since the financial year 2007/2008, and the contribution to the Group's profit for the year even surged drastically by 128.6% to HK\$16,201,000. As at the end of year, the number of outlets reached 37 outlets. In the future, the Group will continue to expand its retail network progressively according to the pace of opening outlets as last year. Since the opening of influential outlets in tourist attractions in Canton Road,

Tsimshatsui and Causeway Place, etc. in December 2009, *Colourmix* has enhanced its position and image gradually in the market and become well known among tourists from Mainland China and hence increased its popularity. Moreover, the Group will also keep on enriching the product portfolio, increasing the variety of cosmetic products with exclusive distributorship and trendy cosmetic products, and training employees to provide quality and professional services. In addition, the Group also planned to launch an online shopping service in the financial year 2011 in order to further diversify its business. In the aggregate, the turnover of cosmetics business during April and June 2010 increased by 103.2% over the corresponding period last year, while the turnover of comparable outlets also recorded an increase of 16.4%. The management is confident about the future development of the cosmetics business.

LIQUIDITY & FINANCIAL RESOURCES

The Group's working capital increased from HK\$171,163,000 as at 31st March, 2009 to HK\$192,753,000 for the year.

As at the balance sheet date, the Group's cash and bank balances amounted to HK\$32,549,000 (2009: HK\$30,230,000) and the outstanding bank borrowings and overdraft amounted to HK\$61,056,000 (2009: HK\$62,585,000) whereas the total borrowings was HK\$61,981,000 (2009: HK\$63,740,000). The capital expenditure for the year was HK\$28,515,000 (2009: HK\$62,038,000).

As at the balance sheet date, the current ratio was 2.59 (2009: 2.56) times and the gearing ratio of the Group was 0.15 (2009: 0.16) which was calculated based on the Group's total borrowings of HK\$61,981,000 (2009: HK\$63,740,000) and the total equity of HK\$421,854,000 (2009: HK\$386,632,000).

As at 31st March, 2010, the Group had banking facilities amounting to HK\$144,902,000 (2009: HK\$150,641,000), of which HK\$76,611,000 (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

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\$70,047,000 (2009: HK\$62,008,000).

FOREIGN EXCHANGE EXPOSURE

Several subsidiaries of the Company have foreign currency purchases, mainly in Euro and United States Dollar (2009: mainly Japanese Yen and United States Dollar) which expose the Group to foreign currency risk. Approximately 18% (2009: 26%) 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, 2010, the Company had provided guarantees of HK\$158,408,000 (2009: HK\$164,827,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company of which HK\$76,398,000 (2009: HK\$70,253,000) was utilised by the subsidiaries.

EVENTS AFTER THE REPORTING PERIOD

The Group had entered into sales and purchase agreements with independent third parties to dispose of two of its investment properties located in A13 on 3rd Floor and A8 and A13 on 7th Floor, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong in April and May 2010 for considerations of approximately HK\$6,900,000 and HK\$14,702,000 respectively

STAFF & REMUNERATION POLICIES

As at the balance sheet date, the Group had 3,707 employees (2009: 4,223). 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, 2010, the register of members of the Company will be closed from 6th September, 2010 to 9th September, 2010 (both days inclusive) during which period no transfer of Shares will be registered. The last day for dealing in Shares cum entitlements to the proposed final dividend for the year ended 31st March, 2010 will be 1st September, 2010. Shareholders are reminded that in order to qualify for the proposed final dividend for the year ended 31st March, 2010, 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 3rd September, 2010.

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 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, 2010, except that 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 meeting for approving final results.

Detailed information on the Company’s corporate governance practices is set out in the Corporate Governance Report of the Company’s 2010 Annual Report.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results for the year ended 31st March, 2010. The Audit Committee comprises all the three independent non-executive directors.

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

This results announcement for the year ended 31st March, 2010 containing all information required by Appendix 16 of the Listing Rules is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> under “Latest Listed Company Information” and the Company at <http://www.irasia.com/listco/hk/veeko/index.htm> respectively. The annual report of the Company for the year ended 31st March, 2010 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
Veeko International Holdings Limited
Cheng Chung Man, Johnny
Chairman

Hong Kong, 13th July, 2010

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.