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, 2011

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, 2011 together with the comparative figures for the previous corresponding year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000* (restated)
Turnover	3	**1,111,421**	886,335
Cost of goods sold		**(505,031)**	(378,343)
Gross profit		**606,390**	507,992
Selling and distribution costs		**(426,560)**	(366,606)
Administrative expenses		**(125,466)**	(113,059)
Other income, gains and losses		**15,735**	11,658
Increase in fair values of investment properties		**3,460**	6,660
Finance costs		**(1,353)**	(1,969)
Profit before taxation and loss on dissolution of a subsidiary		**72,206**	44,676
Loss on dissolution of a subsidiary	4	**–**	(12,432)
Profit before taxation		**72,206**	32,244
Income tax expense	5	**(5,470)**	(3,567)
Profit for the year	6	**66,736**	28,677

	Note	2011 HK$'000	2010 HK$'000 (restated)
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations		**(3,115)**	(3,482)
Translation reserve transferred to profit or loss upon dissolution of a subsidiary		**–**	12,432
Other comprehensive (expense) income for the year		**(3,115)**	8,950
Total comprehensive income for the year		**63,621**	37,627
Earnings per share	8		
– basic		**HK3.376 cents**	HK1.554 cents
– diluted		**HK3.359 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2011

	Notes	**2011** **HK$'000**	2010 HK$'000 (restated)	2009 HK$'000 (restated)
Non-current Assets				
Investment properties		**21,510**	38,650	31,990
Property, plant and equipment		**127,207**	134,598	137,543
Prepaid lease payments		**14,468**	11,912	12,248
Rental deposits paid		**43,815**	42,227	34,457
Deferred tax assets		**7,189**	10,103	12,283
		214,189	237,490	228,521
Current Assets				
Inventories		**227,817**	212,867	194,500
Trade and other receivables	9	**51,897**	41,711	36,831
Prepaid lease payments		**430**	344	351
Rental and utility deposits paid		**32,267**	24,938	18,327
Tax recoverable		**–**	1,470	712
Pledged bank deposit		**1,191**	1,000	1,000
Bank balances, deposits and cash		**117,890**	31,549	29,230
		431,492	313,879	280,951
Current Liabilities				
Trade and other payables	10	**58,805**	64,716	51,445
Rental deposits received		**11**	1,005	559
Secured bank overdrafts		**331**	26	6,440
Secured bank borrowings – due within one year		**9,253**	51,229	45,429
Obligation under a finance lease – due within one year		**273**	251	230
Tax payable		**3,607**	3,988	5,774
		72,280	121,215	109,877
Net Current Assets		**359,212**	192,664	171,074
		573,401	430,154	399,595

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Capital and Reserves			
Share capital	**21,647**	18,449	18,449
Reserves	**538,889**	396,016	364,788
	560,536	414,465	383,237
Non-current Liabilities			
Rental deposits received	**–**	–	501
Secured bank borrowings			
– due after one year	**7,804**	9,801	10,716
Obligation under a finance lease			
– due after one year	**401**	674	925
Deferred tax liabilities	**4,660**	5,214	4,216
	12,865	15,689	16,358
	573,401	430,154	399,595

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/Change in Accounting Policy**

   New and revised standards, amendments and interpretations applied in the current year

   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:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK - Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

   Except as described below, the adoption of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

   Amendments to HKAS 17 "Leases"

   As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$3,417,000 and HK$3,328,000 as at 1st April, 2009 and 31st March, 2010 respectively being reclassified to property, plant and equipment.

As at 31st March, 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$3,239,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit for the current and prior years.

Change in accounting policy

In prior years, the Group accounted for both leasehold land and buildings included in property, plant and equipment using the revaluation model. In the current year, the directors revisited the accounting policies adopted by the Group and decided to change its accounting policy in relation to the measurement of leasehold land and buildings to the cost model (i.e. stated at cost less subsequent accumulated depreciation and impairment losses, if any). The directors of the Company consider the impact on the change in accounting policy in the current and prior years is insignificant. Furthermore, the directors of the Company do not expect a significant fluctuation in the fair values of the leasehold land and buildings and hence, the impact on the change from revaluation model to cost model is not expected to be significant to the Group in future years. Most of the companies engaging in the similar businesses as the Group in Hong Kong adopt the cost model in measuring leasehold land and buildings. This change means that the Group's leasehold land classified as prepaid lease payments and leasehold land and buildings included in property, plant and equipment are measured on the same and consistent cost basis.

The change has been applied retrospectively in the current year.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	2011			2010		
	Amendments to HKAS 17	**Change to the cost model**	**Total**	Amendments to HKAS 17	Change to the cost model	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in depreciation under cost of goods sold	**–**	**265**	**265**	–	86	86
(Increase) decrease in depreciation under administrative expenses	**(89)**	**560**	**471**	(89)	312	223
Decrease in amortisation of prepaid lease payments under administrative expenses	**89**	**–**	**89**	89	–	89
Decrease in reversal of revaluation deficit of leasehold land and buildings	**–**	**(990)**	**(990)**	–	(2,196)	(2,196)
Decrease in deferred tax charge	**–**	**58**	**58**	–	438	438
Decrease in profit for the year	**–**	**(107)**	**(107)**	–	(1,360)	(1,360)
	HK cent	***HK cent***	***HK cent***	*HK cent*	*HK cent*	*HK cent*
Decrease in basic earnings per share	**–**	**(0.005)**	**(0.005)**	–	(0.074)	(0.074)
Decrease in diluted earnings per share	**–**	**(0.005)**	**(0.005)**	–	(0.074)	(0.074)

The effects of the above changes in accounting policies on the financial positions of the Group as at 1st April, 2009 and 31st March, 2010 are as follows:

	As at 1.4.2009 (originally stated) HK$'000	Amendments to HKAS 17 HK$'000	Change to the cost model HK$'000	As at 1.4.2009 (restated) HK$'000	As at 31.3.2010 (originally stated) HK$'000	Amendments to HKAS 17 HK$'000	Change to the cost model HK$'000	As at 31.3.2010 (restated) HK$'000
Property, plant and equipment	138,326	3,417	(4,200)	137,543	140,679	3,328	(9,409)	134,598
Prepaid lease payments	16,016	(3,417)	–	12,599	15,584	(3,328)	–	12,256
Deferred tax liabilities	(5,021)	–	805	(4,216)	(7,234)	–	2,020	(5,214)
Total effects on net assets	149,321	–	(3,395)	145,926	149,029	–	(7,389)	141,640
Property revaluation reserve	6,073	–	(6,073)	–	8,707	–	(8,707)	–
Translation reserve	(8,010)	–	(113)	(8,123)	940	–	(113)	827
Retained profits	315,345	–	2,791	318,136	336,701	–	1,431	338,132
Total effects on equity	313,408	–	(3,395)	310,013	346,348	–	(7,389)	338,959

New and revised standards, amendments and interpretations issued but not yet effective

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 issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosures of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1st July, 2010 or 1st January, 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1st July, 2011.
[3] Effective for annual periods beginning on or after 1st January, 2013.
[4] Effective for annual periods beginning on or after 1st January, 2012.
[5] Effective for annual periods beginning on or after 1st January, 2011.
[6] Effective for annual periods beginning on or after 1st July, 2010.

The amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 will result in no deferred tax to be recognised in respect of the changes in fair value of the Group's investment properties that are measured using the fair value model.

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 Segment 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

Information reported to the Directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered.

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are Fashion and Cosmetics, of which principal activities are as follows:

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

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31st March, 2011

	Fashion	Cosmetics	Segment Total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
Sales of goods	**623,799**	**487,622**	**1,111,421**	**–**	**1,111,421**
Inter-segment sales	**158**	**18**	**176**	**(176)**	**–**
	623,957	**487,640**	**1,111,597**	**(176)**	**1,111,421**

Inter-segment sales are charged at prevailing market rates.

	Fashion	Cosmetics	Segment Total	Eliminations	Consolidated
SEGMENT RESULTS	**47,774**	**25,143**	**72,917**	**–**	**72,917**
Increase in fair values of investment properties					**3,460**
Other income					**2,497**
Central administration costs					**(5,315)**
Finance costs					**(1,353)**
Profit before taxation					**72,206**
Income tax expense					**(5,470)**
Profit for the year					**66,736**

For the year ended 31st March, 2010 (restated)

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

Inter-segment sales are charged at prevailing market rates.

	Fashion	Cosmetics	Segment Total	Eliminations	Consolidated
SEGMENT RESULTS	25,112	16,201	41,313	–	41,313
Increase in fair values of investment properties					6,660
Other income					2,262
Central administration costs					(3,590)
Finance costs					(1,969)
Profit before taxation and loss on dissolution of a subsidiary					44,676
Loss on dissolution of a subsidiary					(12,432)
Profit before taxation					32,244
Income tax expense					(3,567)
Profit for the year					28,677

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, other income, central administration costs, finance costs, loss on dissolution of a subsidiary and income tax expense. This is the measure reported to the Directors for the purposes of resources allocation and performance assessment.

No analysis of segment assets and segment liabilities is presented as the Directors 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 and Macau, Taiwan, Singapore and other regions of the People's Republic of China ("PRC"). The Group's revenue from external customers by geographical location is detailed below:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong and Macau	**854,915**	633,951
Taiwan	**110,045**	112,037
Singapore	**55,580**	48,557
Other regions of the PRC	**90,881**	91,790
	1,111,421	886,335

No revenue from a customer of the Group contributed over 10% of the total turnover of the Group of the corresponding years.

4. Loss on Dissolution of a Subsidiary

On 15th December, 2009, Dong Guan Dico Fashion Company Limited ("Dong Guan Dico"), a subsidiary of the Group, had dissolved. The loss on dissolution of a subsidiary for the year ended 31st March, 2010 represented reclassification of the translation reserve attributable to Dong Guan Dico transferred from reserves to profit or loss upon its dissolution.

5. Income Tax Expense

	2011	2010
	HK$'000	*HK$'000*
		(restated)
The charge comprises:		
Hong Kong Profits Tax		
Current year	**3,350**	781
Underprovision in prior years	**157**	–
	3,507	781
Income tax in other jurisdictions		
Current year	**2,157**	1,740
Overprovision in prior years	**(2,969)**	(2,411)
	(812)	(671)
Deferred tax		
Current year	**2,245**	2,621
Attributable to a change in tax rate	**530**	836
	2,775	3,457
	5,470	3,567

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. During the current year, the income tax rate in Taiwan was changed from 20% to 17% (2010: from 25% to 20%) and it resulted in a decrease in opening deferred tax assets of the relevant subsidiary.

6. Profit for the Year

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' emoluments):		
Salaries and other benefits	**222,063**	200,663
Share based payments	**544**	981
Retirement benefits scheme contributions	**9,531**	8,817
	232,138	210,461
Amortisation of prepaid lease payments	**418**	343
Auditors' remuneration	**2,010**	1,776
Cost of inventories recognised as expenses *(Note)*	**505,031**	378,343
Depreciation of property, plant and equipment	**31,027**	30,220
Interest income	**(151)**	(43)
Loss on disposal of property, plant and equipment	**688**	1,051
Gain on disposal of investment properties (included in other income, gains and losses)	**(1,002)**	–
Net exchange gain	**(10,736)**	(6,491)
Rental income, with negligible outgoings	**(1,346)**	(2,501)

Note: Cost of inventories recognised as expenses included allowance for inventories of HK$348,000 (2010: HK$2,348,000).

7. Dividends

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2011 interim dividend of HK0.6 cent (2010: 2010 interim dividend of HK0.2 cent) per share	**11,509**	3,690
2010 final dividend of HK0.6 cent (2010: 2009 final dividend of HK0.2 cent) per share	**13,691**	3,690
	25,200	7,380

In respect of the 2011 interim and 2010 final dividends, scrip dividends were offered and were accepted by the majority of shareholders as follows:

	2011 Interim *HK$'000*	2010 Final *HK$'000*	2010 Interim *HK$'000*	2009 Final *HK$'000*
Dividends:				
Cash	**2,996**	1,204	3,690	3,690
Scrip alternative	**8,513**	12,487	–	–
	11,509	13,691	3,690	3,690

The 2011 final dividend of HK1.1 cents per share totalling HK$23,811,000 in cash 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 HK$66,736,000 (2010: HK$28,677,000, as restated) and on the weighted average number of ordinary shares of the Company set out below.

	2011 *HK$'000*	2010 *HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,976,836,633**	1,844,886,976
Effect of dilutive potential ordinary shares:		
Share options *(Note)*	**9,651,104**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,986,487,737**	N/A

Note: The computation of diluted earnings per share for the year ended 31st March, 2010 did not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" were higher than the average market price of the shares for that year.

9. Trade and Other Receivables

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**41,569**	31,769
Other receivables	**10,328**	9,942
	51,897	41,711

The Group allows a 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:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**23,085**	16,641
31 – 60 days	**7,605**	5,438
61 – 90 days	**2,442**	2,716
Over 90 days	**8,437**	6,974
	41,569	31,769

Before accepting any new wholesale customers, the Group assesses the potential customer's credit quality by investigating their historical credit record and defines 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 end of the reporting period, 89% (2010: 89%) of the trade receivables are neither past due nor impaired. In the opinion of the Directors, the trade receivables are of good credit quality and those debtors did not have any default payment history.

10. Trade and Other Payables

At 31st March, 2011, included in the Group's trade and other payables were trade payables of HK$17,726,000 (2010: HK$22,723,000). Details of the aged analysis of trade payables are as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**12,910**	13,897
31 – 60 days	**2,349**	2,569
61 – 90 days	**1,879**	3,305
Over 90 days	**588**	2,952
	17,726	22,723

DIVIDEND

The Board of Directors is pleased to resolve that a final dividend of HK1.1 cents (2010: HK0.6 cent) per share shall be proposed at the forthcoming annual general meeting. The said dividend will be paid on or about 4th October, 2011 to shareholders whose names appear on the register of members of the Company on 15th September, 2011. Together with the paid interim dividend of HK0.6 cent (2010: HK0.2 cent) per share, the total dividend for the year will be HK1.7 cents (2010: 0.8 cent) per share.

BUSINESS REVIEW AND PROSPECTS

Business Review

As of 31st March, 2011, the Group recorded a turnover of HK$1,111,421,000 (2010: HK$886,335,000), representing an increase of 25.4% as compared with the corresponding period last year. Included in the amount of turnover was HK$487,622,000 (2010: HK$294,901,000) generated by the cosmetics business, representing a significant increase of 65.4% over the same period last year. Turnover of the fashion business reached HK$623,799,000 (2010: HK$591,434,000), representing an increase of 5.5% as compared with the same period in the preceding year. The gross profit ratio of the Group as a whole decreased from 57.3% (as restated) for last year to 54.6% for the current year, which was mainly due to increase of cosmetics business sales with relatively lower gross profit ratio. Profit for the year attributable to the shareholders was HK$66,736,000, representing a boost of 132.7% as compared to HK$28,677,000 in 2010 (as restated). During the year, the segment results of fashion business recorded a profit of HK$47,774,000, representing a remarkable increase of 90.2% as compared with a profit of HK$25,112,000 for last year (as restated). Cosmetics business continued to contribute profits to the Group and recorded a segment profit of HK$25,143,000 during the year, representing a significant increase of 55.2% over that of the corresponding period in last year, which was HK$16,201,000. In overall, there was a significant increase in contribution of both fashion business and cosmetics business to the Group, and the operating profit margin has increased 1.8 percentage points to 6.3% from last year (2010: 4.5%). Besides, the increase in fair value of investment properties amounted to HK$3,460,000 for the year (2010: HK$6,660,000).

Fashion Business

As of 31st March, 2011, turnover of the fashion business amounted to HK$623,799,000 (2010: HK$591,434,000), representing an increase of 5.5% over the previous year, and accounting for 56.1% of the Group's total turnover. As for segment results, that of the fashion business recorded a profit of HK$47,774,000, representing a significant increase of 90.2% as compared with HK$25,112,000 of last year (as restated). During the year, the gross profit margin of fashion business also increased from 64.5% of last year (as restated) to 66.7%, representing an increase of 2.2 percentage points.

Fashion Business – Hong Kong and Macau market

As of 31st March, 2011, the Group had altogether 70 outlets in Hong Kong and Macau (2010: 72 outlets). During the period under review, turnover from the Hong Kong and Macau market amounted to HK$367,558,000 (2010: HK$339,453,000), representing an 8.3% increase over last year and accounted for 58.9% of the total turnover of fashion business of the Group. During the year, the turnover of comparable outlets also recorded an increase of 8.0%.

Fashion Business – Taiwan Market

Turnover of the retail business in Taiwan for the year was HK$109,780,000 (2010: HK$111,634,000), representing a decrease of 1.7% over the corresponding period last year and amounted to 17.6% of the total turnover of fashion business of the Group. As of 31st March, 2011, the Group had 51 outlets in Taiwan (2010: 55 outlets).

Fashion Business – Singapore Market

During the year, turnover of the retail business in Singapore increased 14.5% over the same period last year, to HK$55,580,000 (2010: HK$48,557,000), representing 8.9% of the total turnover of fashion business of the Group. As of 31st March, 2011, the Group had 16 outlets in Singapore (2010: 17 outlets).

Fashion Business – China Market

During the period under review, turnover of the China market amounted to HK$90,881,000 (2010: HK$91,790,000), representing a decrease of 1.0% over the corresponding period last year, and accounted for 14.6% of the total turnover of fashion business of the Group. As of 31st March, 2011, the number of ***Veeko*** and ***Wanko*** outlets in China was 108 (2010: 109). Commencing from financial year 2009/2010, the Group has been closing some local outlets that borne fixed rentals but brought unsatisfactory benefits, and there was write off of one-off expenses or compensation expenditure. Although the results of fashion business in China for the year was still affected by the aforementioned, most of the loss-making outlets to be closed down had completed their restructuring during the year, and the Group will focus on the re-opening of outlets without fixed rentals burden in department stores. Thus, it created a stronger and healthier condition than ever for the overall business in China and laying a more solid foundation for future development.

Cosmetics Business

As of 31st March, 2011, the Group had established 45 cosmetics outlets (2010: 37 outlets), which were mainly situated in Hong Kong and Macau, under the brand of ***Colourmix***. For the year, cosmetics retail business of the Group recorded a turnover of HK$487,622,000 (2010: HK$294,901,000), representing a significant increase of 65.4% over last year. The turnover of comparable outlets also increased by approximately 16.2% over the corresponding period last year. The gross profit margin of cosmetics business for the year was 39.1%, representing a decrease of 3.8 percentage points as compared to 42.9% of last year. As of 31st March, 2011, the cosmetics business recorded a segment profit of approximately HK$25,143,000, which represented a significant increase of 55.2% when compared with that of HK$16,201,000 for the same period last year, demonstrating a significant growth in this business.

PROSPECTS

Fashion Business

In respect of fashion business, through consolidation of plant facilities in Mainland China and increased investment in advanced production machinery equipment in the previous year, the overall production effectiveness was enhanced to offset the rise in raw material price and other production cost. In addition, through strengthening product designs, and providing popular products with higher profitability, the gross profit margin of fashion business for the year increased 2.2 percentage points to 66.7%. 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. In the future, the Group will focus on the growth of sales of comparable outlets, and further raise the gross profit margin by reducing production cost and markdowns, so as to mitigate the pressure from the increase in rental cost. Regarding the fashion business in China, starting from financial year 2009/2010, the Group has been successively closing some outlets that borne fixed rentals but brought unsatisfactory benefits. Although the turnover went down as the number of outlets decreased, the negative effects posed by these loss-making outlets on results alleviated accordingly, and the measures implemented has been yielding results during the year. As most of the loss-making outlets to be closed down have completed their restructuring during the year, the Group will focus on the re-opening of outlets without fixed rentals burden in department stores, thus creating a stronger and healthier condition than ever for the overall business in China and laying a more solid foundation for future development. 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 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 segment profit for the year even surged drastically by 55.2% to HK$25,143,000. The overall turnover has increased 65.4% over last year, and turnover from comparable outlets also recorded an increase of 16.2%. As at the end of year, the number of outlets reached 45 outlets, principally located at Hong Kong and Macau. For the year, gross profit margin of cosmetics business was 39.1%, representing a decrease of 3.8 percentage points from 42.9% of last year. It was mainly attributable to the opening of influential outlets in tourist attractions in Canton Road, Tsimshatsui, Granville Road and Causeway Place, etc. Since which ***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, but the gross profit margin of those outlets would be lower in the starting period of their businesses. It is believed that the gross profit margin of such will rise after the tourists becoming familiar to the products with exclusive distributorship. In the future, the Group will speed up its pace in opening outlets and expand its retail network actively to increase sales of comparable outlets. For the year, sales of exclusively distributed branded products accounted for 39% of total sales of the cosmetics business. In 2011, the Group successfully obtained the exclusive distributorship of several well-known skin care product brands and those brands received satisfactory response since their launch at ***Colourmix*** outlets. The Group will 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 has also launched an online shopping service in the end of year 2010 in order to further diversify its business. Looking forward to the performance of cosmetics business in the coming year, during the period of April and May 2011, the sales of comparable outlets increased by 17.7% over the corresponding period last year, maintaining the momentum of the double-digit growth during the year 2010/2011, and the gross profit margin was approximately 40.2%. The management is confident about the future development of the cosmetics business and will step up its speed of expanding outlet network. Apart from Hong Kong and Macau, the Group is also considering the feasibility of developing cosmetics retailing business in China.

LIQUIDITY & FINANCIAL RESOURCES

The Group's working capital increased from HK$192,664,000 (restated) as at 31st March, 2010 to HK$359,212,000 for the year end.

At the end of the reporting period, the Group's cash and bank balances (mainly in Hong Kong Dollars and Renminbi) amounted to HK$119,081,000 (31st March, 2010: HK$32,549,000). The outstanding bank borrowings and overdraft (mainly in Hong Kong Dollars) amounted to HK$17,388,000 (31st March, 2010: HK$61,056,000) whereas the total borrowings was HK$18,062,000 (31st March, 2010: HK$61,981,000). The capital expenditure for the year was HK$22,745,000 (31st March, 2010: HK$28,515,000).

At the end of the reporting period, the current ratio was 5.97 times (31st March, 2010: 2.59 times) and the gearing ratio of the Group was 0.03 (31st March, 2010: 0.15) which was calculated based on the Group's total borrowings of HK$18,062,000 (31st March, 2010: HK$61,981,000) and the total equity of HK$560,536,000 (31st March, 2010 (restated): HK$414,465,000).

As at 31st March, 2011, the Group had banking facilities amounting to HK$164,318,000 (31st March, 2010: HK$144,902,000), of which HK$37,123,000 (31st March, 2010: HK$76,611,000) 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.

CAPITAL STRUCTURE

On 20th September, 2010 and 24th December, 2010, the Company issued and allotted 150,000,000 and 100,000,000 new shares respectively to certain independent third parties. The net proceed of the subscription amounted to HK$83.4 million in total has been received in cash and was retained as general working capital for the purpose of expanding cosmetics retail business in Hong Kong and Macau and opening counters at department stores for the fashion retail business in the Mainland China.

FOREIGN EXCHANGE EXPOSURE

Several subsidiaries of the Company have foreign currency purchases, mainly in Euro and United States Dollar, which expose the Group to foreign currency risk. Approximately 26% (2010: 18%) 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.

PLEDGE OF ASSETS

At the end of the reporting period, the amount of assets pledged by the Group to certain banks to secure general banking facilities granted to the Group was HK$48,401,000 (31st March, 2010 (restated): HK$66,702,000).

CONTINGENT LIABILITIES

At 31st March, 2011, the Company had provided guarantees of HK$171,189,000 (31st March, 2010: HK$158,408,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company of which HK$36,909,000 (31st March, 2010: HK$76,398,000) was utilised by the subsidiaries.

STAFF & REMUNERATION POLICIES

At the end of the reporting period, the Group had 3,197 employees (31st March, 2010: 3,707). 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 FOR ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company is scheduled to be held on Tuesday, 6th September, 2011. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 2nd September, 2011 to Tuesday, 6th September, 2011 (both days inclusive) during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1st September, 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

In order to ascertain the entitlement to the proposed final dividend for the year ended 31st March, 2011, the register of members of the Company will be closed from Monday, 12th September, 2011 to Thursday, 15th September, 2011 (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, 2011 will be Wednesday, 7th September, 2011. Shareholders are reminded that in order to qualify for the proposed final dividend for the year ended 31st March, 2011, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 9th September, 2011.

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

In the opinion of the Board, the Group has complied with most of the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2011, except for the following deviations:

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.

The Company had not at all times during the year ended 31st March, 2011 met the requirement of the Listing Rules relating to the appointment of at least three independent non-executive directors meeting owing to the pass away of Mr. Cheng Chung Hoo on 25th December, 2010. Mr. Fok Kam Chu, John was subsequently appointed as an independent non-executive director of the Company on 24th March, 2011.

Due to other commitment, the Chairmen of the Audit Committee and the Remuneration Committee were not present at the 2010 AGM.

Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report of the Company's 2011 Annual Report.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results for the year ended 31st March, 2011. 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, 2011 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, 2011 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, 24th June, 2011

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