

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 INTERNATIONAL HOLDINGS LIMITED

威高國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1173)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2021

UNAUDITED INTERIM RESULTS

The Board of Directors (the “**Board**”) of Veeko International Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30th September, 2021. The results, together with the comparative figures for the corresponding period in 2020, are summarised below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2021

		Six months ended 30th September,	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	264,468	229,091
Cost of goods sold		(158,100)	(135,570)
Gross profit		106,368	93,521
Selling and distribution costs		(98,410)	(132,763)
Administrative expenses		(38,648)	(38,934)
Other income, gains and losses		10,340	36,736
Increase (decrease) in fair value of investment properties		5,665	(16,003)
Impairment of right-of-use assets		(1,525)	(23,920)
Finance costs		(5,477)	(8,937)

		Six months ended	
		30th September,	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Loss before tax		(21,687)	(90,300)
Income tax expense	5	<u>(633)</u>	<u>(1,088)</u>
Loss for the period	6	<u>(22,320)</u>	<u>(91,388)</u>
Other comprehensive income for the period			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties		6,182	–
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>1,578</u>	<u>4,345</u>
Other comprehensive income for the period		<u>7,760</u>	<u>4,345</u>
Total comprehensive expense for the period		<u>(14,560)</u>	<u>(87,043)</u>
Loss per share	8		
Basic and diluted		<u>HK(0.886) cent</u>	<u>HK(3.629) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2021

	<i>Notes</i>	30th September, 2021 (Unaudited) <i>HK\$'000</i>	31st March, 2021 (Audited) <i>HK\$'000</i>
Non-current Assets			
Investment properties		355,007	338,349
Property, plant and equipment		90,594	95,889
Right-of-use assets		62,363	58,046
Rental deposits paid		14,514	16,991
		<hr/> 522,478	<hr/> 509,275
Current Assets			
Inventories		160,507	195,156
Trade and other receivables	9	13,553	16,976
Rental and utility deposits paid		42,942	43,381
Tax recoverable		137	123
Bank balances, deposits and cash		37,839	47,114
		<hr/> 254,978	<hr/> 302,750
Current Liabilities			
Trade and other payables	10	59,717	52,736
Rental deposits received		56	124
Secured bank borrowings		392,068	389,494
Lease liabilities		96,220	114,939
Provision		1,209	1,209
Tax payable		270	270
		<hr/> 549,540	<hr/> 558,772
Net Current Liabilities		<hr/> (294,562)	<hr/> (256,022)
		<hr/> 227,916	<hr/> 253,253

	30th September, 2021 (Unaudited) <i>HK\$'000</i>	31st March, 2021 (Audited) <i>HK\$'000</i>
Capital and Reserves		
Share capital	25,180	25,180
Reserves	156,753	171,236
	<u>181,933</u>	<u>196,416</u>
 Non-current Liabilities		
Other payables	2,815	2,542
Rental deposits received	1,560	1,194
Deferred tax liabilities	15,103	12,724
Lease liabilities	26,505	40,377
	<u>45,983</u>	<u>56,837</u>
	<u>227,916</u>	<u>253,253</u>

NOTES TO CONDENSED INTERIM ACCOUNTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”).

In preparing these condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company and its subsidiaries (the “**Group**”) in light of the Group’s net loss of HK\$22,320,000 during the period ended 30th September, 2021 and net current liabilities position of HK\$294,562,000 as at 30th September, 2021, the outstanding bank borrowings and lease liabilities due for repayment against the expected future net cash inflows from operations, cash and cash equivalents and the existing banking facilities of the Group.

The Group has prepared a cash flow projection based on management’s judgments and estimations of key inputs and market conditions, including revenue and expenditure growth of the business, working capital needs and, the continuing renewal of the banking facilities. The management’s assessment included consideration of potential downside risk factors, working capital sensitivities and have identified mitigating actions that could be taken to further reduce cash expenditure or increase banking facilities if necessary.

The directors of the Company consider that, after taking into account the cash and cash equivalents, existing banking facilities and cash flows to be generated from operations, that the Group will have sufficient funds to meet its financial obligations for at least the next twelve months from the date of approval of these condensed consolidated financial statements. Accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2021.

3. APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1st April, 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

For the six months ended 30th September, 2021

Disaggregation of revenue from contracts with customers

	Cosmetics <i>HK\$'000</i>	Fashion <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods			
Sale of cosmetics	184,562	–	184,562
Manufacture and sale of ladies fashion	–	79,906	79,906
Total	<u>184,562</u>	<u>79,906</u>	<u>264,468</u>
Timing of revenue recognition			
A point in time	<u>184,562</u>	<u>79,906</u>	<u>264,468</u>
Geographical markets			
Hong Kong and Macau	184,562	75,919	260,481
Other regions of the People's Republic of China (the "PRC")	–	3,987	3,987
Total	<u>184,562</u>	<u>79,906</u>	<u>264,468</u>

For the six months ended 30th September, 2020

Disaggregation of revenue from contracts with customers

	Cosmetics <i>HK\$'000</i>	Fashion <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods			
Sale of cosmetics	154,858	–	154,858
Manufacture and sale of ladies fashion	–	74,233	74,233
	<hr/>	<hr/>	<hr/>
Total	154,858	74,233	229,091
	<hr/>	<hr/>	<hr/>
Timing of revenue recognition			
A point in time	154,858	74,233	229,091
	<hr/>	<hr/>	<hr/>
Geographical markets			
Hong Kong and Macau	154,858	69,548	224,406
Other regions of the PRC	–	4,685	4,685
	<hr/>	<hr/>	<hr/>
Total	154,858	74,233	229,091
	<hr/>	<hr/>	<hr/>

For sales of ladies fashion to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 60 to 120 days upon delivery.

For sales of cosmetics products and ladies fashion to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail shops. Payment of the transaction price is due immediately at the point the customer purchases the goods. For sales of ladies fashion to retail customers through sales counters in department stores, the normal credit term is 30 to 60 days upon the customer purchases the goods.

There are no transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

Operating Segments

Information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The information reported to the CODM is further categorised into different retail shops within Hong Kong and Macau, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment.

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

- Cosmetics – Sale of cosmetics
- Fashion – Manufacture and sale of ladies fashion

Segment Revenue and Results

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

	Unaudited six months ended 30th September, 2021				
	Cosmetics	Fashion	Segment Total	Eliminations	Consolidated
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
REVENUE					
External sales	184,562	79,906	264,468	–	264,468
Inter-segment sales	–	5	5	(5)	–
	<u>184,562</u>	<u>79,911</u>	<u>264,473</u>	<u>(5)</u>	<u>264,468</u>
SEGMENT LOSS	<u>(18,269)</u>	<u>(4,795)</u>	<u>(23,064)</u>	–	(23,064)
Increase in fair value of investment properties					5,665
Other income, gains and losses					3,024
Central administration costs					(3,416)
Finance costs					<u>(3,896)</u>
Loss before tax					<u>(21,687)</u>

Unaudited six months ended 30th September, 2020

	Segment				
	Cosmetics	Fashion	Total	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE					
External sales	154,858	74,233	229,091	–	229,091
Inter-segment sales	<u>–</u>	<u>7</u>	<u>7</u>	<u>(7)</u>	<u>–</u>
	<u>154,858</u>	<u>74,240</u>	<u>229,098</u>	<u>(7)</u>	<u>229,091</u>
SEGMENT LOSS	<u>(58,114)</u>	<u>(10,268)</u>	<u>(68,382)</u>	–	(68,382)
Decrease in fair value of investment properties					(16,003)
Other income, gains and losses					2,952
Central administration costs					(3,313)
Finance costs					<u>(5,554)</u>
Loss before tax					<u>(90,300)</u>

Inter-segment sales are charged at prevailing market rates for both periods.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss before tax incurred by each segment without allocation of change in fair value of investment properties, certain other income, gains and losses, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

No analysis of segment assets and liabilities is presented as the CODM do not review such information for the purposes of resource allocation and performance assessment.

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

Other Segment Information

Amounts included in the measure of segment results or regularly reviewed by the CODM:

	Unaudited six months ended 30th September, 2021				
	Cosmetics	Fashion	Total	Corporate	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure	128	525	653	–	653
– Property, plant and equipment					
Depreciation of right-of-use assets	13,268	17,916	31,184	–	31,184
Depreciation of property, plant and equipment	1,786	1,833	3,619	896	4,515
Impairment of right-of-use assets	1,233	292	1,525	–	1,525
Scrap, shrinkage and other provision for inventories	<u>3,664</u>	<u>168</u>	<u>3,832</u>	<u>–</u>	<u>3,832</u>

	Unaudited six months ended 30th September, 2020				
	Cosmetics	Fashion	Total	Corporate	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure	910	2,773	3,683	–	3,683
– Property, plant and equipment					
Depreciation of right-of-use assets	35,119	22,535	57,654	–	57,654
Depreciation of property, plant and equipment	4,071	2,407	6,478	974	7,452
Impairment of right-of-use assets	19,924	3,996	23,920	–	23,920
Scrap, shrinkage and other provision for inventories	<u>3,487</u>	<u>148</u>	<u>3,635</u>	<u>–</u>	<u>3,635</u>

5. INCOME TAX EXPENSE

	Six months ended	
	30th September,	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Profits tax		
Hong Kong	218	306
Other jurisdictions	218	26
Deferred tax	197	756
	633	1,088

The Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the qualifying group entity. The assessable profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Certain subsidiaries operating in Macau are subject to Macau complementary tax of 12%, subject to finalisation of the tax liability with the relevant tax authority.

Under the Law of the PRC on Enterprise Income Tax (“EIT”) (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

6. LOSS FOR THE PERIOD

Six months ended	
30th September,	
2021	2020
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Loss for the period has been arrived at after charging (crediting):

Depreciation of right-of-use assets	31,184	57,654
Depreciation of property, plant and equipment	4,515	7,452
(Gain) loss on disposal of property, plant and equipment, net	(15)	24
Net exchange loss	889	1,328
Bank interest income	(18)	(20)
Rental income from investment properties, with negligible outgoings	(3,005)	(2,933)
Government grants	–	(31,551)
Gain for the change in lease modification	(6,806)	(1,868)
	<u>(6,806)</u>	<u>(1,868)</u>

7. DIVIDENDS

The board of directors did not recommend the payment of any interim dividend in respect of the financial year ending 31st March, 2022 (2021: nil).

8. LOSS PER SHARE

Six months ended	
30th September,	
2021	2020
(Unaudited)	(Unaudited)

Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>HK\$(22,320,000)</u>	<u>HK\$(91,388,000)</u>
--	--------------------------------	--------------------------------

Number of shares:

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,518,001,334</u>	<u>2,518,001,334</u>
---	-----------------------------	-----------------------------

The computation of diluted loss per share in both periods does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES

At 30th September, 2021, included in the Group's trade and other receivables were trade receivables of HK\$4,756,000 (31st March, 2021: HK\$5,406,000). The following is an aged analysis of trade receivables presented based on the invoice date and net of loss allowance at the end of the reporting period:

	30th September, 2021 (Unaudited) HK\$'000	31st March, 2021 (Audited) HK\$'000
Within 30 days	3,924	3,223
31 – 60 days	131	85
61 – 90 days	42	727
91 – 120 days	49	347
Over 120 days	610	1,024
	<hr/>	<hr/>
	4,756	5,406

10. TRADE AND OTHER PAYABLES

At 30th September, 2021, included in the Group's trade and other payables were trade payables of HK\$12,428,000 (31st March, 2021: HK\$7,866,000). Details of the aged analysis of trade payables presented based on the invoice date at the end of the reporting period are as follows:

	30th September, 2021 (Unaudited) HK\$'000	31st March, 2021 (Audited) HK\$'000
Within 30 days	8,254	2,421
31 – 60 days	1,469	2,682
61 – 90 days	1,184	632
Over 90 days	1,521	2,131
	<hr/>	<hr/>
	12,428	7,866

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30th September, 2021, the Group recorded a turnover of HK\$264,468,000 (2020: HK\$229,091,000), representing an increase of 15.4% as compared with the same period last year. Included in the amount of turnover, HK\$184,562,000 (2020: HK\$154,858,000) was generated by the cosmetics business, representing an increase of 19.2% as compared with the same period last year and accounting for 69.8% of the Group's total turnover (2020: 67.6%). The turnover of the fashion business amounted to HK\$79,906,000 (2020: HK\$74,233,000), representing a 7.6% increase as compared with the same period last year. During the period under review, retail store operations continued to be affected by the global outbreak of the epidemic of COVID-19 (the “**Pandemic**”). The slow recovery in local sales pushed up the turnover of the Group's cosmetics and fashion segments. During the period under review, the Group recorded a loss of HK\$22,320,000 (2020: loss of HK\$91,388,000), representing a decrease of 75.6% as compared with the same period last year. The loss recorded by the Group in the same period last year included the allowances and subsidies totalling approximately HK\$31,551,000 received from governments in relation to the Pandemic while the Group did not receive any such allowances or subsidies during the period under review. The fashion business recorded a segment loss of HK\$4,795,000 (2020: loss of HK\$10,268,000), and the cosmetics business recorded a segment loss of HK\$18,269,000 (2020: loss of HK\$58,114,000), which included the impairment of right-of-use assets related to the Group's loss-making retail stores of HK\$1,525,000 (2020: HK\$23,920,000). In addition, the loss for the period also included an increase in the fair value of investment properties of HK\$5,665,000 (2020: decrease of HK\$16,003,000). Excluding the effect of the said non-cash impairment, loss for the period would have amounted to approximately HK\$26,460,000 (2020: loss of HK\$51,465,000).

Cosmetics Business

As at 30th September, 2021, the Group had 64 *Colourmix* and *MORIMOR* cosmetics stores (30th September, 2020: 72 stores) in total, of which 58 stores were located in Hong Kong and 6 stores were located in Macau. During the period under review, the cosmetics business of the Group was mainly supported by local consumption. The operations of certain cosmetics stores at the border gateways were suspended. During the period under review, the turnover of the Group's cosmetics business amounted to HK\$184,562,000 (2020: HK\$154,858,000), representing an increase of 19.2% as compared with the same period last year. The cosmetics business recorded a segment loss of HK\$18,269,000 (2020: a loss of HK\$58,114,000). During the period under review, the Group recognised impairment of right-of-use assets related to the loss-making cosmetics stores of HK\$1,233,000 (2020: HK\$19,924,000). Excluding the effect of the said non-cash impairment, the cosmetics business would have recorded a loss of approximately HK\$17,036,000 for the period (2020: a loss of HK\$38,190,000).

Fashion Business

As at 30th September, 2021, the Group had a total of 83 ladies fashion stores (30th September, 2020: 79 stores) under the brands of *Veeko* and *Wanko*, with 63 stores located in Hong Kong, 5 stores located in Macau and 15 stores located in the PRC. During the period under review, the turnover of the Group's fashion business amounted to HK\$79,906,000 (2020: HK\$74,233,000), representing an increase of 7.6% as compared with the same period last year. The fashion business recorded a segment loss of HK\$4,795,000 (2020: a loss of HK\$10,268,000). During the period under review, the Group recognised impairment of right-of-use assets related to the loss-making fashion stores of HK\$292,000 (2020: HK\$3,996,000). Excluding the effect of the said non-cash impairment, the fashion business would have recorded a loss of approximately HK\$4,503,000 for the period (2020: a loss of HK\$6,272,000).

PROSPECTS

The outbreak of the epidemic in early 2020 has since developed into a massive transnational pandemic that has brought challenges to different industries and the society as a whole. The Group has assessed the overall impact of the situation on its business and has taken all feasible and effective measures to safeguard our employees and customers. In the face of an exceptionally difficult operating environment, the management has immediately taken a number of contingency measures to reduce costs in order to preserve working capital, including proactively lowering inventory levels, stringently controlling costs and expenditures, negotiating with landlords for rent concessions, as well as closing down certain underperforming retail stores.

As the production resources of the Group's fashion business are concentrated in self-owned plant in China, we are able to control costs with flexibility. In face of the tough operating environment, the Group has immediately arranged for a reduction in production, proactively lowered inventory levels and maintained cash flows, and at the same time leased out some of the floors to earn rental income. During the period under review, the sales of the fashion business increased slightly, the gross profit margin also improved, and the amount of loss decreased compared with the same period last year.

Looking ahead, given the Pandemic continues, it is expected that the retail market will continue to be dominated by local consumption in year 2021/2022, and the number of visitors to Hong Kong will not recover in the short term. In addition to physical retail stores, the Group will continue to collaborate with well-known e-commerce platforms such as Tmall Global, Kaola.com, JD.com, WeChat Mini Programs, etc. The Group will focus on both online and offline businesses to drive the growth of the cosmetics and fashion businesses, enhance brand awareness and expand customer base.

The Group is principally engaged in cosmetics and fashion retail businesses, and also holds investment properties and self-occupied properties. Based on the valuation conducted by Jones Lang LaSalle Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers, the valuation of such properties amounted to approximately HK\$706,651,000 in aggregate as at 30th September, 2021. These properties also serve as financial support for the Group. The Group will continue to manage its financial and cash position prudently. Despite all the challenges ahead, the Group will continue to focus on its businesses and take a number of contingency measures, which include but are not limited to continuing to negotiate rent reductions with landlords, controlling inventory levels, and stringently controlling costs and expenditures, with an aim to reach breakeven as soon as possible.

LIQUIDITY & FINANCIAL RESOURCES

At the end of the reporting period, the Group's cash and bank balances (mainly in Hong Kong Dollar and Renminbi) amounted to HK\$37,839,000 (31st March, 2021: HK\$47,114,000). The outstanding bank borrowings (mainly in Hong Kong Dollar) amounted to HK\$392,068,000 (31st March, 2021: HK\$389,494,000).

At the end of the reporting period, the current ratio was 0.46 (31st March, 2021: 0.54) and the gearing ratio of the Group was 2.16 (31st March, 2021: 1.98) which was calculated based on the Group's total borrowings of HK\$392,068,000 (31st March, 2021: HK\$389,494,000) and the total equity of HK\$181,933,000 (31st March, 2021: HK\$196,416,000).

At 30th September, 2021, the Group had banking facilities amounting to HK\$465,786,000 (31st March, 2021: HK\$479,571,000), of which HK\$403,289,000 (31st March, 2021: HK\$395,166,000) was utilised by the Group.

FOREIGN EXCHANGE EXPOSURE

Several subsidiaries of the Company have foreign currency purchases (mainly in United States Dollar and Euro), which expose the Group to foreign currency risk. 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\$442,139,000 (31st March, 2021: HK\$429,439,000).

CONTINGENT LIABILITIES

At 30th September, 2021, the Company had provided guarantees of HK\$738,536,000 (31st March, 2021: HK\$737,388,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company.

STAFF AND REMUNERATION POLICIES

At 30th September, 2021, the Group had approximately 1,100 employees (31st March, 2021: approximately 1,100). 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.

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

During the six months ended 30th September, 2021, 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 Company has complied with all the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the six months ended 30th September, 2021.

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 enquiries, all of the directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30th September, 2021.

AUDIT COMMITTEE

The unaudited results of the Group for the six months ended 30th September, 2021 have not been reviewed by the Company's independent auditor, but have been reviewed by the Audit Committee. The Audit Committee comprises all the three independent non-executive directors.

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.

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

Hong Kong, 25th November, 2021

As at the date of this announcement, the Board comprises two executive directors, namely, Mr. Cheng Chung Man, Johnny (Chairman) and Ms. Lam Yuk Sum, one non-executive director, namely, Mr. Lam Man Tin, and three independent non-executive directors, namely, Mr. Au-Yeung Hau Cheong, Mr. Cheng Man Loong, Monty and Mr. Yeung Wing Kay.