

Veeko International Holdings Limited

Notes to Condensed Interim Accounts:

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts (the "Interim Accounts") for the six months ended 30th September, 2000 are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No.25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except that, in this first year of implementation of the Standard, as permitted by the Listing Rules, no comparative figures have been presented for the condensed cash flow statement.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual financial statements for the year ended 31st March, 2000.

2. TURNOVER BY MARKETS

The Group is principally engaged in design, manufacturing and retailing of ladies' apparel under the Group's two own brandnames, namely, **Wanko** and **Veeko**.

An analysis of the Group's turnover for the period by principal markets is as follows:

	Turnover	
	Six months ended	
	30th September	
	2000	1999
	HK\$'000	HK\$'000
Hong Kong	121,168	115,606
Macau	9,993	5,605
Taiwan	32,865	8,382
Others	2,070	2,048
	<u>166,096</u>	<u>131,641</u>

No analysis of the Group's turnover for the period by principal activities has been prepared as less than 10% of such amounts are derived from activities other than retailing of ladies' apparel.

3. DEPRECIATION

During the period, depreciation of HK\$7.12 million (1999: HK\$6.88 million) was charged in respect of the Group's property, plant and equipment.

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4. TAXATION

	Six months ended 30th September	
	2000	1999
The charge comprises:		
Hong Kong Profits Tax	1,265	911
Overseas Taxation	1,200	27
	<u>2,465</u>	<u>938</u>

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for the period. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

5. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the Group's profit attributable to shareholders of HK\$25,038,000 (1999: HK\$17,097,000) and on 1,656,000,000 (1999: weighted average of 1,624,524,590) shares in issue during the period adjusted for the effect of the subdivision of the Company's shares from each of the share of HK\$0.10 each into 10 new shares of HK\$0.01 each on 20th September 2000.

6. ADDITIONS TO INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group transferred HK\$8.76 million of land and building to investment properties which are held for investment potential, any rental income being negotiated at arm's length.

During the period, the Group spent approximately HK\$18.67 million on the acquisition of land and building and certain carparks in Hong Kong.

7. TRADE RECEIVABLES

The Group's credit card sales and credit terms on consignment sales are mostly range from 0 - 60 days. The aged analysis of trade receivables is as follows:

	30th September 2000	31st March 2000
	HK\$'000	HK\$'000
0 - 30 days	4,447	7,337
31 - 60 days	6,060	5,240
61 - 90 days	263	1,118
Over 90 days	688	867
	<u>11,458</u>	<u>14,562</u>

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8. TRADE PAYABLES

The aged analysis of the trade payables is as follows:

	30th September 2000 HK\$'000	31st March 2000 HK\$'000
0 - 30 days	5,749	5,528
31 - 60 days	6,734	1,802
61 - 90 days	5,590	4,387
Over 90 days	452	797
	<u>18,525</u>	<u>12,514</u>

9. SHARE CAPITAL

	Number of ordinary shares	Value HK\$'000
Authorised :		
At 1st April, 2000 (HK\$0.10 each)	1,000,000,000	100,000
Subdivision of shares of 1 into 10	<u>9,000,000,000</u>	<u>–</u>
At 30th September, 2000 (HK\$0.01 each)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid :		
At 1st April, 2000 (HK\$0.10 each)	165,600,000	16,560
Subdivision of shares of 1 into 10	<u>1,490,400,000</u>	<u>–</u>
At 30th September, 2000 (HK\$0.01 each)	<u>1,656,000,000</u>	<u>16,560</u>

An ordinary resolution approving the subdivision of each of the issued and unissued shares of HK\$0.10 each in the capital of the Company into 10 shares of HK\$0.01 each ("Subdivided Shares"). Share subdivision was duly passed at the Annual General Meeting held on 20th September, 2000. The Listing Committee of The Stock Exchange of Hong Kong Limited has granted the listing of and permission to deal in the "Subdivided Shares". The dealings in the Subdivided Shares was commenced on 21st September, 2000. For further details, please refer to the press announcement of the Company relating to the share subdivision dated 20th September, 2000.

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10. CONTINGENT LIABILITIES

At 30th September, 2000, the Company had guarantees of approximately of HK\$48,993,000 (31st March, 2000: HK\$28,619,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company. The amount utilised by the subsidiaries was approximately HK\$25,322,000 (31st March, 2000: HK\$2,223,000).

11. OPERATING LEASE COMMITMENTS

At 30th September, 2000, the Group had commitments to make payments in the following year under non-cancellable operating leases in respect of rented premises as follows:

	30th September 2000 HK\$'000	31st March 2000 HK\$'000
Operating leases which expire:		
Within one year	12,820	15,391
In the second to fifth year inclusive	95,610	47,022
Over five years	7,466	1,629
	<u>115,896</u>	<u>64,042</u>

12. POST BALANCE SHEET EVENT

Subsequent to the interim report date, the Group entered into a sale and purchase agreement with an independent third party to acquire certain properties for a total consideration of HK\$14,630,000.