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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, 2018

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, 2018. The results, together with the comparative figures for the corresponding period in 2017, are summarised below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2018

		Six months ended 30th September,	
		2018	2017
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	*4*	**869,799**	918,401
Cost of goods sold		**(546,409)**	(552,003)
Gross profit		**323,390**	366,398
Selling and distribution costs		**(296,993)**	(345,565)
Administrative expenses		**(52,631)**	(57,329)
Other income, gains and losses		**8,456**	1,991
Increase in fair value of investment properties		**5,963**	–
Finance costs		**(4,494)**	(3,286)

	Notes	Six months ended 30th September, 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Loss before tax		**(16,309)**	(37,791)
Income tax expense	*5*	**(2,740)**	(2,590)
Loss for the period	*6*	**(19,049)**	(40,381)
Other comprehensive income (expense) for the period			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**2,378**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(8,620)**	2,641
		(6,242)	2,641
Total comprehensive expense for the period		**(25,291)**	(37,740)
Dividends	*7*	**12,288**	–
Loss per share	*8*		
Basic and diluted		**HK(0.775) cent**	HK(1.690) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2018

	Notes	**30th September, 2018 (Unaudited) *HK$'000***	31st March, 2018 (Audited) *HK$'000*
Non-current Assets			
Investment properties		**167,548**	157,801
Property, plant and equipment		**177,689**	191,246
Prepaid lease payments		**4,379**	5,514
Rental deposits paid		**47,839**	54,185
Deferred tax assets		**5,157**	6,451
		402,612	415,197
Current Assets			
Inventories		**534,067**	498,522
Trade and other receivables	*9*	**42,513**	53,293
Prepaid lease payments		**169**	254
Rental and utility deposits paid		**55,717**	56,230
Tax recoverable		**9,373**	9,897
Bank balances, deposits and cash		**34,745**	65,168
		676,584	683,364
Current Liabilities			
Trade and other payables	*10*	**98,961**	101,056
Dividends payable		**12,288**	–
Rental deposits received		**34**	27
Secured bank borrowings		**276,364**	269,206
Tax payable		**1,654**	1,525
		389,301	371,814
Net Current Assets		**287,283**	311,550
		689,895	726,747

	30th September, 2018 (Unaudited)	31st March, 2018 (Audited)
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**24,575**	24,575
Reserves	**656,878**	694,330
	681,453	718,905
Non-current Liabilities		
Deferred tax liabilities	**7,017**	6,533
Rental deposits received	**1,425**	1,309
	8,442	7,842
	689,895	726,747

NOTES TO CONDENSED INTERIM ACCOUNTS

1. STATEMENT OF COMPLIANCE

The condensed consolidated financial statements for the six months ended 30th September, 2018 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"), and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

2. BASIS OF PREPARATION

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 changes in accounting policies resulting from application of new and 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, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2018.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st April, 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards.

4. SEGMENT INFORMATION

Operating Segments

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segment has been aggregated in arriving at the reportable segments of the Group as identified by the chief operating decision makers.

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

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

All revenue generated by the Group is recognised at a point in time.

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, 2018				
	Cosmetics	**Fashion**	**Segment Total**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
External sales	**736,681**	**133,118**	**869,799**	**–**	**869,799**
Inter-segment sales	**–**	**25**	**25**	**(25)**	**–**
	736,681	**133,143**	**869,824**	**(25)**	**869,799**
SEGMENT LOSS	**(4,073)**	**(13,521)**	**(17,594)**	**–**	**(17,594)**
Increase in fair value of investment properties					**5,963**
Other income, gains and losses					**2,909**
Central administration costs					**(3,093)**
Finance costs					**(4,494)**
Loss before tax					**(16,309)**

	Unaudited six months ended 30th September, 2017				
	Cosmetics	Fashion	Segment Total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
External sales	747,852	170,549	918,401	–	918,401
Inter-segment sales	–	282	282	(282)	–
	747,852	170,831	918,683	(282)	918,401
SEGMENT LOSS	(25,197)	(8,428)	(33,625)	–	(33,625)
Other income, gains and losses					1,889
Central administration costs					(2,769)
Finance costs					(3,286)
Loss before tax					(37,791)

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 increase 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 executive directors of the Company for the purposes of resource allocation and performance assessment.

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

Other Segment Information

Amounts included in the measure of segment results or regularly reviewed by the chief operating decision makers:

	Unaudited six months ended 30th September, 2018				
	Cosmetics *HK$'000*	**Fashion** *HK$'000*	**Segment Total** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
Capital expenditure	**2,293**	**4,346**	**6,639**	**–**	**6,639**
Depreciation of property, plant and equipment	**9,587**	**4,626**	**14,213**	**1,254**	**15,467**

	Unaudited six months ended 30th September, 2017				
	Cosmetics *HK$'000*	Fashion *HK$'000*	Segment Total *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Capital expenditure	1,488	2,821	4,309	–	4,309
Depreciation of property, plant and equipment	10,349	5,713	16,062	1,254	17,316

Geographical information

The Group's operations are principally located in Hong Kong and Macau, Singapore and other regions of the People's Republic of China (the "PRC"). Information about the Group's revenue from external customers is presented based on the geographical locations of operations.

	Six months ended 30th September,	
	2018 **(Unaudited)** ***HK$'000***	2017 (Unaudited) *HK$'000*
Hong Kong and Macau	**856,533**	894,518
Singapore	**–**	8,297
Other regions of the PRC	**13,266**	15,586
	869,799	918,401

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

5. INCOME TAX EXPENSE

	Six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax		
Hong Kong	**460**	422
Other jurisdictions	**1,031**	600
Deferred tax	**1,249**	1,568
	2,740	2,590

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

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,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**91**	122
Depreciation of property, plant and equipment	**15,467**	17,316
Loss on disposal of property, plant and equipment, net (included in other income, gains and losses)	**97**	730
Net exchange (gain) loss (included in other income, gains and losses)	**(2,188)**	1,349
Bank interest income	**(36)**	(99)
Rental income from investment properties, with negligible outgoings	**(2,873)**	(1,790)

7. DIVIDENDS

	Six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
2018 final dividend of HK0.5 cent (2017: Nil) per share	**12,288**	–

The 2018 final dividend of HK0.5 cent per share in cash with a scrip option has been approved in the annual general meeting held on 5th September, 2018. HK$2,282,000 cash dividend has been paid and 60,424,760 scrip shares have been allotted and issued on 31st October, 2018.

8. LOSS PER SHARE

	Six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**HK$(19,049,000)**	HK$(40,381,000)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,457,576,574**	2,388,884,410

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, 2018, included in the Group's trade and other receivables were trade receivables of HK$25,856,000 (31st March, 2018: HK$34,917,000). The Group allows 30 to 60 days credit period for receivables from sales counters and a credit period of 60 to 120 days to its wholesale customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	30th September, 2018 (Unaudited)	31st March, 2018 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**13,808**	24,801
31 – 60 days	**1,935**	160
61 – 90 days	**2,386**	308
91 – 120 days	**1,430**	4,770
Over 120 days	**6,297**	4,878
	25,856	34,917

10. TRADE AND OTHER PAYABLES

At 30th September, 2018, included in the Group's trade and other payables were trade payables of HK$58,010,000 (31st March, 2018: HK$55,961,000). 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, 2018 (Unaudited)	31st March, 2018 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**35,293**	43,814
31 – 60 days	**17,101**	7,963
61 – 90 days	**3,546**	1,693
Over 90 days	**2,070**	2,491
	58,010	55,961

INTERIM DIVIDEND

At the Board Meeting held on 19th November, 2018, the Board has resolved to declare the payment of an interim dividend of HK0.20 cent (2018: HK0.50 cent) per share of HK$0.01 each in respect of the financial year ending 31st March, 2019. The interim dividend will be payable on or about Wednesday, 23rd January, 2019, to the shareholders whose names appeared on the register of members of the Company on Thursday, 13th December, 2018.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to the interim dividend for the year ending 31st March, 2019, the register of members of the Company will be closed from Monday, 10th December, 2018 to Thursday, 13th December, 2018 (both days inclusive) during which period no transfer of shares will be registered. The last day for dealing in shares cum entitlements to the interim dividend for the year ending 31st March, 2019 will be Wednesday, 5th December, 2018. Shareholders are reminded that in order to qualify for the interim dividend for the year ending 31st March, 2019, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 7th December, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30th September, 2018, the Group recorded a turnover of HK$869,799,000 (2017: HK$918,401,000), representing a decrease of 5.3% as compared with the corresponding period last year. Included in the amount of turnover, HK$736,681,000 (2017: HK$747,852,000) was generated by the cosmetics business, representing a decrease of 1.5% over the same period last year and 84.7% of the Group's total turnover (2017: 81.4%). The turnover of fashion business amounted to HK$133,118,000 (2017: HK$170,549,000), representing a 21.9% decrease as compared with the same period last year. During the period under review, being affected by the Sino-US trade war, the continued depreciation of the Renminbi exchange rate has weakened tourists' desire to consume. Coupled with the typhoon which hit Hong Kong and Macau in September, the bad weather has seriously affected the traffic of Hong Kong and Macau, which has inevitably diminished the turnover for the first half of the year. In addition to the above external environmental factors, the decrease in turnover of the fashion business was due to the ceasing of retail business in Singapore in October last year. Furthermore, the Group integrated the production resources of the Zhuhai plant into the existing self-owned plant in Shantou at the end of last year, of which the integration process involved the relocation of the plant, the planning and deployment of production operation, which delayed the production period of products, and resulted in the delay to meet the demand of the fashion retail market timely, thereby affecting the turnover of the fashion business during the period under review, which led to a decrease in the results as compared with the same period last year. During the period under review, the Group recorded a loss of HK$19,049,000 (2017: loss of HK$40,381,000). The decrease in loss as compared with the same period last year was mainly attributable to the reduction in loss of the Group's cosmetics business. During the period under review, the cosmetics business recorded a segment loss of HK$4,073,000 (2017: loss of HK$25,197,000), and the fashion business recorded a segment loss of HK$13,521,000 (2017: loss of HK$8,428,000). In addition, the fair value of the investment properties recorded an appreciation of HK$5,963,000 during the period under review.

Cosmetics Business

As of 30th September, 2018, the Group had 88 cosmetics stores in total (30th September 2017: 92 stores), with 82 ***Colourmix*** stores and 6 ***MORIMOR*** stores respectively, of which 81 stores were located in Hong Kong, 6 stores were located in Macau and 1 store was located in the PRC. During the period under review, the Group continued to improve the product display of its stores to attract customers and enhance the shopping experience. At the same time, the Group provided its customers with intimate and premium personalized services and skin care consultations through professional beauty consultants, which catered to the market demand. The cosmetics business recorded a segment loss of HK$4,073,000 (2017: loss of HK$25,197,000) for the period, representing a significant decrease in loss as compared with the same period last year, as it was benefited from the decrease in the rental expenses of the stores, which was mainly attributable to the more reasonable rental as agreed on the renewed leases or new leases of retail stores resulting in a significant improvement in cost-effectiveness. In addition, the Group closed down its cosmetics stores with unsatisfactory performance, and opened new stores at favorable locations with affordable rental, which also improved the overall performance of the cosmetics business. During the period under review, the cosmetics business recorded a turnover of HK$736,681,000 (2017: HK$747,852,000), representing a decrease of 1.5%, which accounted for 84.7% of the total turnover of the Group. The gross profit margin of the cosmetics business for the period under review was 31.1%, representing a decrease by 1.1 percentage points as compared to the gross profit margin of 32.2% of the same period last year.

Fashion Business

As of 30th September, 2018, the Group had 91 fashion stores (30th September, 2017: 106 stores) under the brand ***Veeko*** and ***Wanko*** across Hong Kong, Macau and the PRC, with 70 stores located in Hong Kong and Macau, and 21 stores located in the PRC respectively. The reason for the decrease in the number of stores as compared with the same period last year was the closing down of fashion stores with unsatisfactory performance by the Group and the better allocation of resources to profitable stores. During the period under review, the turnover of the Group's fashion business was HK$133,118,000 (2017: HK$170,549,000), representing a decrease of 21.9% as compared with the same period of last year. In addition to the termination of fashion retail operation in Singapore, the decline in turnover was due to the decrease in the number of overall fashion stores as compared with the same period of last year. During the period under review, due to the impact arising from the relocation of the plant in mainland China, the production period was delayed, and resulted in the delay to meet the demand of the fashion retail market timely, thereby leading to the decrease in turnover of the fashion business for the period. It also led to an increase in production costs, resulting in a decline in results. During the period under review, the gross profit margin decreased by 2.6 percentage points to 70.9% as compared with the same period last year. The fashion business of the Group recorded a segment loss of HK$13,521,000 (2017: loss of HK$8,428,000).

Prospects

The Group remains cautiously optimistic about the prospects of the retail market in Hong Kong. Facing the challenges of macroeconomic environment of the retail industry, the Group actively adjusts its strategies and continues to closely monitor the changes in market trends in order to improve its product portfolio and enhance service quality. The Group takes contingency measures under different economic environments to deal with adverse environmental factors. The management maintains prudent financial and operational management, and controls costs strictly. Looking forward, in the face of a rapidly changing market environment, the Group will adjust its product portfolio in a timely and strategic manner and increase trendy beauty products with exclusive distributorship in order to stimulate customer spending. Although the performance of our cosmetics retail business has improved significantly for the first half of this financial year, the Group will continue to monitor the market rental and adjust the store portfolio prudently to implement cost control strategies more effectively. With the rapid development of technology, in addition to traditional physical retail stores, the Group also actively explores methods to promote the growth of its cosmetics business, enhance the brand's popularity, expand customer base and increase turnover through various e-commerce platforms.

Regarding the fashion business, the Hong Kong and Macau market accounted for 92.1% of the total turnover of the Group's fashion business. The Group will continue to focus primarily on the Hong Kong and Macau market in the future, optimize product designs and improve customers' shopping experience, and look for opportunities to meet the constantly changing demands in the market. The Group closed down its fashion stores with unsatisfactory performance, meanwhile it will continue to open new stores at favorable locations with affordable rental. The Group will continue to be cautious in the adjustment of the store portfolio by deploying the resources to profitable stores and improving retail operation in the stores. Since the end of last year, the Group has deployed its production resources to its existing self-owned production plant in Shantou, which will further reduce production costs, increase gross profit of the fashion business and control the cost of goods effectively. However, the integration process of production resources involved the relocation of plant, the planning and deployment of production operation, which delayed the production period of products, and temporarily affected the turnover and results of the fashion business for the period. Nevertheless, the Group has substantially completed the integration process in August, and the production efficiency and cost management have also been continuously improved in accordance with the Group's plan. As the delivery quantity resumed to normal, the Group is confident that it can minimize the operating loss generated from the fashion business in the short term. Moreover, with the re-integration of production resources, the space in the existing self-owned plant in Shantou can be utilised more effectively. Since December last year, the Group has gradually leased certain floors of its Shantou plant to earn rental income, which has brought greater returns to the Group.

Despite the impact of the Sino-US trade war for the year and the continued depreciation of the Renminbi exchange rate which has weakened tourists' desire to consume, the retail industry in Hong Kong has started to recover since the second half of last year, with the completion of the construction of various important infrastructure facilities in Hong Kong, such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge, it is expected that the number of inbound tourists will further increase, which will bring positive impact to the retail industry. Looking ahead, the cosmetics business will carry on its significant improvement momentum for the first half of the year, and the fashion business has resumed normal production and supply. Moreover, the second half of the financial year includes Christmas and New Year which are filled with festive atmosphere and are the peak seasons of retail business. The Group is confident that the business will continue to grow in the future.

LIQUIDITY & FINANCIAL RESOURCES

The Group's working capital decreased from HK$311,550,000 as at 31st March, 2018 to HK$287,283,000 for the period end.

At the end of the reporting period, the Group's cash and bank balances (mainly in Hong Kong Dollar and Renminbi) amounted to HK$34,745,000 (31st March, 2018: HK$65,168,000). The outstanding bank borrowings (mainly in Hong Kong Dollar) amounted to HK$276,364,000 (31st March, 2018: HK$269,206,000).

At the end of the reporting period, the current ratio was 1.74 times (31st March, 2018: 1.84 times) and the gearing ratio of the Group was 0.41 (31st March, 2018: 0.37) which was calculated based on the Group's total borrowings of HK$276,364,000 (31st March, 2018: HK$269,206,000) and the total equity of HK$681,453,000 (31st March, 2018: HK$718,905,000).

At 30th September, 2018, the Group had banking facilities amounting to HK$350,540,000 (31st March, 2018: HK$357,810,000), of which HK$296,400,000 (31st March, 2018: HK$286,523,000) 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$262,979,000 (31st March, 2018: HK$259,969,000).

CONTINGENT LIABILITIES

At 30th September, 2018, the Company had provided guarantees of HK$450,500,000 (31st March, 2018: HK$450,500,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company.

STAFF AND REMUNERATION POLICIES

At 30th September, 2018, the Group had approximately 1,700 employees (31st March, 2018: approximately 1,800). 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, 2018, 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, 2018.

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, 2018.

AUDIT COMMITTEE

The unaudited results of the Group for the six months ended 30th September, 2018 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. 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, 19th November, 2018

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, Dr. Fok Kam Chu, John and Mr. Yeung Wing Kay.