Veeko®

VEEKO INTERNATIONAL HOLDINGS LIMITED

威高國際控股有限公司

2018/2019 Interim Report 中期報告書

For the six months ended 30th September, 2018

截至二零一八年九月三十日止六個月


FreshNation
Men
油光一掃而空
迎接清爽新肌遇
FreshNation
Men
Refreshing Moist
Emulsion
e 100ml
FreshNation
Men
Refreshing Moist
Lotion
e 125ml
FreshNation
Men
Refreshing Moist
Foam Cleanser
e 120ml
Men
水感保濕男仕系列

CORPORATE INFORMATION

Directors

Executive directors

Mr. CHENG Chung Man, Johnny
(Chairman)
Ms. LAM Yuk Sum
(Chief Executive Officer)

Non-executive director

Mr. LAM Man Tin
(re-designated from an independent non-executive director to a non-executive director on 13th July, 2018)

Independent non-executive directors

Mr. AU-YEUNG Hau Cheong
(appointed on 13th July, 2018)
Dr. FOK Kam Chu, John
Mr. YEUNG Wing Kay

Audit Committee Members

Mr. YEUNG Wing Kay *(Chairman)*
Mr. AU-YEUNG Hau Cheong
(appointed on 13th July, 2018)
Dr. FOK Kam Chu, John

Nomination Committee Members

Mr. CHENG Chung Man, Johnny
(Chairman)
Mr. AU-YEUNG Hau Cheong
(appointed on 13th July, 2018)
Dr. FOK Kam Chu, John
Ms. LAM Yuk Sum
Mr. YEUNG Wing Kay

Remuneration Committee Members

Mr. YEUNG Wing Kay *(Chairman)*
Mr. AU-YEUNG Hau Cheong
(appointed on 13th July, 2018)
Mr. CHENG Chung Man, Johnny
Dr. FOK Kam Chu, John
Ms. LAM Yuk Sum

Authorised Representatives

Mr. CHENG Chung Man, Johnny
Ms. LAM Yuk Sum

Company Secretary

Ms. WONG Chi Ying

Legal Adviser as to Cayman Islands Law

Conyers Dill & Pearman, Cayman
Zephyr House
George Town
Grand Cayman
British West Indies

Legal Adviser as to Hong Kong Law

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

10th Floor, Wyler Centre Phase II
192-200 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Website Addresses

http://www.veeko.com.hk
http://www.irasia.com/listco/hk/veeko/index.htm

Stock Code

1173

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)
	Notes	***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)
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	9	**167,548**	157,801
Property, plant and equipment	9	**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	10	**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	11	**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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

At 30th September, 2018

	Note	**30th September, 2018 (Unaudited)** *HK$'000*	31st March, 2018 (Audited) *HK$'000*
Capital and Reserves			
Share capital	12	**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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2018

	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Special reserve HK$'000	Statutory reserves *(Note)* HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2018 (audited)	**24,575**	**214,252**	**10,533**	**5,675**	**2,266**	**261**	**2,106**	**459,237**	**718,905**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,049)**	**(19,049)**
Other comprehensive income (expense) for the period	**-**	**-**	**2,378**	**(8,620)**	**-**	**-**	**-**	**-**	**(6,242)**
Total comprehensive income (expense) for the period	**-**	**-**	**2,378**	**(8,620)**	**-**	**-**	**-**	**(19,049)**	**(25,291)**
Recognition of equity-settled share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**127**	**-**	**127**
Share options cancelled	**-**	**-**	**-**	**-**	**-**	**-**	**(345)**	**345**	**-**
Statutory reserve transferred to profit or loss upon dissolution of a subsidiary	**-**	**-**	**-**	**-**	**-**	**(237)**	**-**	**237**	**-**
Dividends recognised as distribution *(Note 7)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12,288)**	**(12,288)**
At 30th September, 2018 (unaudited)	**24,575**	**214,252**	**12,911**	**(2,945)**	**2,266**	**24**	**1,888**	**428,482**	**681,453**
At 1st April, 2017 (audited)	23,888	205,048	1,795	(1,532)	2,266	213	1,925	465,844	699,447
Loss for the period	-	-	-	-	-	-	-	(40,381)	(40,381)
Other comprehensive income for the period	-	-	-	2,641	-	-	-	-	2,641
Total comprehensive income (expense) for the period	-	-	-	2,641	-	-	-	(40,381)	(37,740)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	152	-	152
Share options cancelled	-	-	-	-	-	-	(123)	123	-
Transfer	-	-	-	-	-	48	-	(48)	-
At 30th September, 2017 (unaudited)	23,888	205,048	1,795	1,109	2,266	261	1,954	425,538	661,859

Note: The statutory reserves of the Group comprise the aggregate of:

(a) non-distributable reserves set aside by the Macau subsidiaries in accordance with relevant statutory requirements; and

(b) reserves required by the relevant laws of the People's Republic of China (the "PRC") applicable to the Company's PRC subsidiary and are appropriated at directors' discretion, which are complied with Articles of Association of the PRC subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2018

	Six months ended 30th September, 2018 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'000*
Net cash (used in) from operating activities	**(24,042)**	15,446
Net cash used in investing activities	**(6,442)**	(4,178)
Net cash from (used in) financing activities	**2,703**	(33,865)
Net decrease in cash and cash equivalents	**(27,781)**	(22,597)
Cash and cash equivalents at 1st April	**65,168**	80,269
Effect of foreign exchange rate changes	**(2,642)**	908
Cash and cash equivalents at 30th September Represented by bank balances, deposits and cash	**34,745**	58,580

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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 and amendments which result in changes in accounting policies, amounts reported and/or disclosures as described below.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

3.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue ("HKAS 18"), HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from sale of cosmetics and ladies fashion at a point in time when the control of goods are transferred to the customers.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1st April, 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1st April, 2018.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. **APPLICATION OF NEW AND AMENDMENTS TO HKFRSs** *(Continued)*

3.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* *(Continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that the revenue from sale of cosmetics and ladies fashion are recognised at a point in time when the control of the products are transferred to the customers which is the same as the revenue recognition used under HKAS 18. Accordingly, the application of HKFRS 15 does not have material impact on the opening retained profits of the Group as at 1st April, 2018.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1st April, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st April, 2018. The difference between carrying amounts as at 31st March, 2018 and the carrying amounts as at 1st April, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39").

3. **APPLICATION OF NEW AND AMENDMENTS TO HKFRSs** *(Continued)*

3.2 **Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*** *(Continued)*

3.2.1 **Key changes in accounting policies resulting from application of HKFRS 9**

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 ***Financial Instruments*** *(Continued)*

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Classification and measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

The directors of the Company reviewed and assessed the Group's financial assets and liabilities as at 1st April, 2018 based on the facts and circumstances that existed at that date and concluded that the Group's financial assets and liabilities are continues to be measured at amortised cost upon adoption of HKFRS 9, which is the same as the method of measurement used under HKAS 39 except for impairment under ECL model for financial assets.

Impairment under ECL model

The Group assesses for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, rental and utility deposits paid and bank balances, deposits and cash). The assessment is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

3. **APPLICATION OF NEW AND AMENDMENTS TO HKFRSs** *(Continued)*

3.2 **Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*** *(Continued)*

3.2.1 **Key changes in accounting policies resulting from application of HKFRS 9** *(Continued)*

Impairment under ECL model *(Continued)*

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors and measured using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments* *(Continued)*

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model *(Continued)*

Significant increase in credit risk (Continued)

Particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. **APPLICATION OF NEW AND AMENDMENTS TO HKFRSs** *(Continued)*

3.2 **Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*** *(Continued)*

3.2.1 **Key changes in accounting policies resulting from application of HKFRS 9** *(Continued)*

Impairment under ECL model *(Continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

At 1st April, 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and have concluded that no material financial impact exists, and therefore no adjustment to the opening retained profits at 1st April, 2018 has been made.

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)

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4. SEGMENT INFORMATION *(Continued)*
Operating Segments *(Continued)*
Segment Revenue and Results *(Continued)*

	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.

4. **SEGMENT INFORMATION** *(Continued)*

Operating Segments *(Continued)*

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	**Fashion**	**Segment total**	**Corporate**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***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	Fashion	Segment total	Corporate	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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 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	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'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 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'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 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'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 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'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 (Unaudited)	2017 (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. MOVEMENTS IN INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the current interim period, leasehold land and buildings and the relevant useful rights included in prepaid lease payments with carrying values of HK$1,950,000 (six months ended 30th September, 2017: nil) and HK$608,000 (six months ended 30th September, 2017: nil), respectively, were transferred to investment properties.

In addition, during the current interim period, the Group acquired property, plant and equipment of HK$6,639,000 (six months ended 30th September, 2017: HK$4,309,000).

10. 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) ***HK$'000***	31st March, 2018 (Audited) *HK$'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

11. 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) ***HK$'000***	31st March, 2018 (Audited) *HK$'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

12. SHARE CAPITAL

	Number of ordinary shares	Value HK$'000
Ordinary shares at HK$0.01 each		
Authorised:		
At 1st April, 2017, 31st March, 2018 and 30th September, 2018	10,000,000,000	100,000
Issued and fully paid:		
At 1st April, 2017	2,388,884,410	23,888
Issue of new shares in lieu of cash dividends *(Note)*	68,692,164	687
At 31st March, 2018 and 30th September, 2018	2,457,576,574	24,575

Note: On 8th February, 2018, the Company issued and allotted a total of 68,692,164 ordinary shares of HK$0.01 each at HK$0.144 per share, in lieu of cash for the 2018 interim dividend.

13. OPERATING LEASES

The Group as lessee

During the period, the Group made rental payments for buildings under operating leases as follows:

	Six months ended 30th September, 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Minimum lease payments	**172,657**	198,527
Contingent rental payments	**12**	515
	172,669	199,042

colourmix MoriMor Veeko wanko

13. OPERATING LEASES *(Continued)*

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30th September, 2018 (Unaudited) ***HK$'000***	31st March, 2018 (Audited) *HK$'000*
Within one year	**274,282**	282,937
In the second to fifth year inclusive	**206,974**	218,024
	481,256	500,961

In addition to these commitments, the Group may pay additional rental expenses in respect of certain premises which are contingent upon the level of sales achieved by particular stores.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30th September, 2018 (Unaudited) ***HK$'000***	31st March, 2018 (Audited) *HK$'000*
Within one year	**8,735**	5,212
In the second to fifth year inclusive	**5,954**	7,897
	14,689	13,109

14. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged by the Group to certain banks to secure general banking facilities granted to the Group:

	30th September, 2018 (Unaudited) ***HK$'000***	31st March, 2018 (Audited) *HK$'000*
Investment properties	**142,310**	136,400
Leasehold land and buildings	**120,669**	123,569
	262,979	259,969

15. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term benefits	**2,292**	2,312
Post-employment benefits	**51**	49
Share-based payments	**30**	34
	2,373	2,395

The remuneration of directors and key executives is recommended to the Board by the remuneration committee having regard to the performance of individuals and market trends.

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 schedule 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.

PROSPECTS *(Continued)*

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 schedule 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.

SHARE OPTION SCHEME

No options were granted to the directors or substantial shareholders of the Company during the period or outstanding under the share option scheme.

The following table discloses details of options held by employees of the Group and movements in such holdings during the period ended 30th September, 2018:

Date of grant	Vesting period	Exercisable period	Exercise price per share	Balance at 1.4.2018	Cancelled during the period	Outstanding at 30.9.2018
7th October, 2013	7th October, 2013 to 6th October, 2016	7th October, 2016 to 6th October, 2018	HK$0.2250	14,760,000	(2,600,000)	12,160,000
7th October, 2013	7th October, 2013 to 6th October, 2018	7th October, 2018 to 6th October, 2020	HK$0.2250	14,760,000	(2,600,000)	12,160,000
25th April, 2014	25th April, 2014 to 24th April, 2017	25th April, 2017 to 24th April, 2019	HK$0.3000	2,120,000	(200,000)	1,920,000
25th April, 2014	25th April, 2014 to 24th April, 2019	25th April, 2019 to 24th April, 2021	HK$0.3000	2,120,000	(200,000)	1,920,000
9th January, 2017	9th January, 2017 to 8th January, 2020	9th January, 2020 to 8th January, 2022	HK$0.1832	3,000,000	(500,000)	2,500,000
9th January, 2017	9th January, 2017 to 8th January, 2022	9th January, 2022 to 8th January, 2024	HK$0.1832	3,000,000	(500,000)	2,500,000
				39,760,000	(6,600,000)	33,160,000

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2018, the interests of the directors and chief executive officer in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Name of director	**Capacity/ Nature of interest**	**Number of issued ordinary shares held**	**Percentage of the issued share capital of the Company**
Mr. Cheng Chung Man, Johnny	Founder	1,353,683,384 *(Note)*	
	Beneficial owner	179,790,762	
		1,533,474,146	62.40%
Ms. Lam Yuk Sum *(Chief Executive Officer)*	Beneficiary of Trust	1,353,683,384 *(Note)*	
	Beneficial owner	264,917,303	
		1,618,600,687	65.86%

Note: These 1,353,683,384 shares are beneficially owned by Silver Crown Profits Limited ("Silver Crown"). The shares in Silver Crown are in turn held by the trustee of The J Cheng Family Trust, a discretionary trust, the discretionary objects of which include family members of Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Other than disclosed above and certain nominee shares in subsidiaries held by certain directors in trust for the Group, none of the directors and the chief executive officer had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as at 30th September, 2018, as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Other than disclosed above under the section headed "Directors' and Chief Executive Officer's Interests in Shares, Underlying Shares and Debentures" and other substantial shareholders' interests disclosed in the following table, at 30th September, 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the Company had not been notified by any persons (other than the directors and the chief executive officer) of any other relevant interests or short positions in the shares, underlying shares and debentures of the Company.

Name of shareholder	Capacity/ Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Silver Crown	Beneficial owner	1,353,683,384	55.08%
Well Feel Group Limited ("Well Feel")	Interest of a controlled corporation *(Note)*	1,353,683,384	55.08%
HSBC International Trustee Limited ("HSBC International")	Trustee *(Note)*	1,353,683,384	55.08%

Note: The entire issued share capital of Silver Crown was held by Well Feel which in turn was a wholly-owned subsidiary of HSBC International. By virtue of the provisions of Part XV of the SFO, each of Well Feel and HSBC International was deemed to be interested in all the shares of the Company in which Silver Crown was interested.

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 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

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親膚馬油
家庭滋潤首選

日本製

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Stock Code 股份代號: 1173