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Veeko®

VEEKO INTERNATIONAL HOLDINGS LIMITED

威高國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1173)

**ANNOUNCEMENT OF AUDITED RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2015**

AUDITED RESULTS

The board of directors (the “Directors”) of Veeko International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2015 together with the comparative figures for the previous corresponding year, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31st March, 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	3	1,996,920	1,619,240
Cost of goods sold		(1,112,543)	(867,993)
Gross profit		884,377	751,247
Selling and distribution costs		(633,591)	(575,243)
Administrative expenses		(128,679)	(116,855)
Other income, gains and losses		1,112	(647)
Increase in fair values of investment properties		560	80
Finance costs		(2,281)	(2,048)
Profit before tax		121,498	56,534
Income tax expense	4	(19,057)	(10,774)
Profit for the year	5	102,441	45,760

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>5,189</u>	<u>635</u>
Total comprehensive income for the year		<u><u>107,630</u></u>	<u><u>46,395</u></u>
Earnings per share	7		
– basic		<u><u>HK4.365 cents</u></u>	<u><u>HK2.025 cents</u></u>
– diluted		<u><u>HK4.354 cents</u></u>	<u><u>HK2.017 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Non-current Assets			
Investment properties		2,400	1,840
Property, plant and equipment		148,692	149,685
Prepaid lease payments		7,722	7,984
Rental deposits paid		63,135	60,934
Deposits paid for acquisition of property, plant and equipment		59,892	–
Deposits paid for acquisition of investment properties		2,517	–
Deferred tax assets		9,893	8,486
		<hr/> 294,251 <hr/>	<hr/> 228,929 <hr/>
Current Assets			
Inventories		449,580	409,038
Trade and other receivables	8	56,442	57,024
Prepaid lease payments		262	262
Rental and utility deposits paid		45,943	40,545
Certificate of deposit		–	6,253
Pledged bank deposits		6,500	6,500
Bank balances, deposits and cash		76,879	91,279
		<hr/> 635,606 <hr/>	<hr/> 610,901 <hr/>
Current Liabilities			
Trade and other payables	9	78,185	71,916
Rental deposits received		12	12
Secured bank borrowings – due within one year		82,487	86,536
Tax payable		14,476	6,104
		<hr/> 175,160 <hr/>	<hr/> 164,568 <hr/>
Net Current Assets		<hr/> 460,446 <hr/>	<hr/> 446,333 <hr/>
		<hr/> 754,697 <hr/>	<hr/> 675,262 <hr/>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Capital and Reserves		
Share capital	23,888	23,153
Reserves	721,233	632,074
	<hr/> 745,121 <hr/>	<hr/> 655,227 <hr/>
Non-current Liabilities		
Secured bank borrowings		
– due after one year	5,145	15,258
Deferred tax liabilities	4,431	4,777
	<hr/> 9,576 <hr/>	<hr/> 20,035 <hr/>
	<hr/> 754,697 <hr/> <hr/>	<hr/> 675,262 <hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The audited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amounts Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the amounts reported in these consolidated financial statements or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁵

¹ Effective for annual periods beginning on or after 1st January, 2018.

² Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016.

³ Effective for annual periods beginning on or after 1st January, 2017.

⁴ Effective for annual periods beginning on or after 1st July, 2014.

⁵ Effective for annual periods beginning on or after 1st January, 2016.

⁶ Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.

The directors of the Company anticipate that the new and revised HKFRSs will have no material effect on the Group's consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes, by the Group to outside customers during the year.

(a) Operating segments

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

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

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

SEGMENT REVENUE AND RESULTS

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

For the year ended 31st March, 2015

	Fashion	Cosmetics	Segment Total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER					
External sales	548,072	1,448,848	1,996,920	–	1,996,920
Inter-segment sales	268	–	268	(268)	–
	<u>548,340</u>	<u>1,448,848</u>	<u>1,997,188</u>	<u>(268)</u>	<u>1,996,920</u>
Inter-segment sales are charged at prevailing market rates.					
SEGMENT PROFIT	<u>17,213</u>	<u>110,427</u>	<u>127,640</u>	–	127,640
Increase in fair values of investment properties					560
Other income, gains and losses					594
Central administration costs					(5,015)
Finance costs					(2,281)
Profit before tax					<u>121,498</u>

For the year ended 31st March, 2014

	Fashion HK\$'000	Cosmetics HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	589,585	1,029,655	1,619,240	–	1,619,240
Inter-segment sales	166	–	166	(166)	–
	<u>589,751</u>	<u>1,029,655</u>	<u>1,619,406</u>	<u>(166)</u>	<u>1,619,240</u>
Inter-segment sales are charged at prevailing market rates.					
SEGMENT PROFIT	<u>14,343</u>	<u>48,503</u>	<u>62,846</u>	–	62,846
Increase in fair values of investment properties					80
Other income, gains and losses					650
Central administration costs					(4,994)
Finance costs					(2,048)
Profit before tax					<u>56,534</u>

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

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

(b) **Geographical information**

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong and Macau	1,856,834	1,439,865
Taiwan	48,533	63,619
Singapore	42,262	45,941
Other regions of the PRC	49,291	69,815
	<u>1,996,920</u>	<u>1,619,240</u>

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

4. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	17,352	8,854
(Over)underprovision in prior years	(6)	452
	<u>17,346</u>	<u>9,306</u>
Income tax in other jurisdictions		
Current year	4,410	3,099
Overprovision in prior years	(848)	(1,257)
	<u>3,562</u>	<u>1,842</u>
Deferred tax		
Current year	(1,851)	(374)
	<u>19,057</u>	<u>10,774</u>

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' emoluments):		
Salaries and other benefits	283,192	272,145
Share-based payments	859	498
Retirement benefits scheme contributions	14,023	13,890
	<u>298,074</u>	<u>286,533</u>
Amortisation of prepaid lease payments	264	266
Auditors' remuneration	2,109	2,067
Cost of inventories recognised as expenses (<i>Note</i>)	1,112,543	867,993
Depreciation of property, plant and equipment	40,266	38,490
Bank interest income	(499)	(476)
Interest income from certificate of deposit	–	(86)
Loss on disposal of property, plant and equipment, net (included in other income, gains and losses)	378	1,580
Net exchange loss (included in other income, gains and losses)	2,609	1,433
Rental income from investment properties, with negligible outgoings	(95)	(83)
	<u><u> </u></u>	<u><u> </u></u>

Note: Cost of inventories recognised as expenses included allowance for inventories of HK\$9,327,000 (2014: reversal of allowance for inventories of HK\$1,344,000).

6. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2015 interim dividend of HK0.7 cent (2014: 2014 interim dividend of HK0.5 cent) per share	16,701	11,555
2014 final dividend of HK0.9 cent (2014: 2013 final dividend of HK0.9 cent) per share	20,342	23,080
	37,043	34,635

In respect of the 2014 final dividend, scrip dividends were offered and were accepted by the majority of shareholders as follows:

	2015 Interim <i>HK\$'000</i>	2014 Final <i>HK\$'000</i>	2014 Interim <i>HK\$'000</i>	2013 Final <i>HK\$'000</i>
Dividends:				
Cash	16,701	3,711	11,555	3,595
Scrip alternative	–	16,631	–	19,485
	16,701	20,342	11,555	23,080

The 2015 final dividend of HK1.3 cents per share totalling HK\$31,055,000 in cash has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit for the year of HK\$102,441,000 (2014: HK\$45,760,000) and on the weighted average number of ordinary shares of the Company set out below.

	2015	2014
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,346,954,827	2,260,078,318
Effect of dilutive potential ordinary shares:		
Share options	6,090,994	8,858,781
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,353,045,821	2,268,937,099

8. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	25,416	36,150
Other receivables	31,026	20,874
	<hr/>	<hr/>
	56,442	57,024
	<hr/> <hr/>	<hr/> <hr/>

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	17,227	13,713
31 – 60 days	1,482	3,718
61 – 90 days	275	1,320
Over 90 days	6,432	17,399
	<hr/>	<hr/>
	25,416	36,150
	<hr/> <hr/>	<hr/> <hr/>

Before accepting any new wholesale customers, the Group assesses the potential customer's credit quality by investigating their historical credit record and defines credit limits by customer. Credit sales are made to customers with a satisfactory and trustworthy credit history. Credit limits attributed to customers are reviewed regularly. At the end of the reporting period, 93% (2014: 83%) of the trade receivables are neither past due nor impaired. In the opinion of the directors, the trade receivables are of good credit quality and those debtors did not have any default payment history.

9. TRADE AND OTHER PAYABLES

At 31st March, 2015, included in the Group's trade and other payables were trade payables of HK\$29,464,000 (2014: HK\$27,433,000). Details of the aged analysis of trade payables presented based on the invoice date at the end of the reporting period are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	23,222	20,576
31 – 60 days	1,433	2,047
61 – 90 days	2,431	1,843
Over 90 days	2,378	2,967
	<hr/>	<hr/>
	29,464	27,433
	<hr/> <hr/>	<hr/> <hr/>

10. CAPITAL COMMITMENTS

On 14th January, 2015, two wholly-owned subsidiaries of the Company signed provisional sales and purchase agreements in respect of the acquisition of a property and investment properties at a consideration of HK\$86,680,000 and HK\$3,920,000, respectively, from two independent third parties (the “Acquisitions”). Deposits paid for acquisition of property, plant and equipment, investment properties and other related direct costs amounted to HK\$59,892,000 and HK\$2,517,000 were paid during the year and recognised in the consolidated statement of financial position at the end of the reporting period.

The Acquisitions were completed on 1st April, 2015 and capital commitments contracted for acquisition but not provided in the consolidated financial statements are as follows:

	2015 <i>HK\$'000</i>
Property, plant and equipment	34,196
Investment properties	1,579
	<u> </u>

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.3 cents (2014: HK0.9 cent) per share (each a “Share”) of HK\$0.01 each of the Company in respect of the year ended 31st March, 2015 to shareholders whose names appear on the register of members of the Company on 14th September, 2015. The said dividend will be paid on 13th October, 2015. Together with the paid interim dividend of HK0.7 cent (2014: HK0.5 cent) per share, the total dividend for the year will be HK2.0 cents (2014: HK1.4 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As of 31st March, 2015, the Group recorded a turnover of HK\$1,996,920,000 (2014: HK\$1,619,240,000), representing an increase of 23.3% as compared with the same period last year. Included in the amount of turnover, HK\$1,448,848,000 (2014: HK\$1,029,655,000) was generated by cosmetics business, representing an increase of 40.7% over the same period last year and 72.6% of the Group’s total turnover (2014: 63.6%). The turnover of fashion business reached HK\$548,072,000 (2014: HK\$589,585,000), representing a 7% decrease as compared with the same period in the previous year. The gross profit margin of the fashion business is 67.4%, representing an increase of 2.3 percentage points as compared with 65.1% for the same period last year. The gross profit margin of the cosmetics business for the current period was 35.6%, representing a slight drop of 0.1 percentage point as compared with 35.7% of the same period last year. The profit attributable to the shareholders for the year was HK\$102,441,000 (2014: HK\$45,760,000), representing a significant increase of 123.9% over the same period last year. Such increase was mainly due to the HK\$110,427,000 profit resulted from the cosmetics business segment, which surged 127.7% from the profit of HK\$48,503,000 for the same period last year. A profit of HK\$17,213,000 was recorded for the fashion business segment representing an increase of 20% as compared with the profit of HK\$14,343,000 for the same period last year.

Cosmetics Business

As of 31st March, 2015, the Group had 81 *Colourmix* stores (31st March, 2014: 70 stores), of which 76 were in Hong Kong, 4 were in Macau and 1 was in Mainland China. During the year, the cosmetics business recorded a turnover of HK\$1,448,848,000 (2014: HK\$1,029,655,000), representing an increase of 40.7% over the same period last year and accounting for 72.6% of the Group's total turnover. The turnover and number of transactions of comparable stores also increased by 24.1% and 17.7% respectively over the same period last year. During the year, the gross profit margin of cosmetics business was 35.6%, with a slight decrease of 0.1 percentage point as compared with 35.7% in the same period last year. During the year, the cosmetics business recorded a segment profit of HK\$110,427,000, representing a significant increase of 127.7% over HK\$48,503,000 in the same period last year. The cosmetics business contributed materially to the Group's results.

This year was the tenth anniversary since October 2004 when the Group commenced its cosmetics retail chain business by establishing its first *Colourmix* store. After aggressive expansion over the past decade, our retail network has evenly covered all major shopping malls and tourist areas in Hong Kong and Macau. With prime and competitive locations, *Colourmix* was gradually recognized in the market. As of 31st March, 2015, the Group had established 81 *Colourmix* stores. Over the decade, the Group has also continued to improve its store image by renovating existing stores with new designs. As a result, the market position and image of *Colourmix* stores have been continuously uplifted and have become popular among mainland and overseas tourists in general. As regard to merchandise, through the retail network with economies of scale, our procurement capability was enhanced. The Group has been successful in obtaining the sole distributorship of a number of well-known and quality brands in Europe and in Southeast Asia. The product portfolio which is constantly being enriched and the addition of trendy cosmetics products have been well received by the customers. During the period under review, the turnover of products with exclusive distributorship steadily increased by 31.5% over the same period last year. In addition, since June 2013, the Group has strengthened the use of computer information management to uplift operational efficiency through automation and systemization in areas including operational workflow, inventory planning and resource management. Inventory deployments were perfected in which the deployment of inventory and adjustment of product mix became more responsive to market situation. Operational efficiency was further uplifted, resulting in a decrease of 18 in the number of saleable days for inventories during the period under review over the same period last year. In terms of human resources, the Group has been providing its front-line staff with training for services and product knowledge over the years, with a view to provide quality and professional sales services to customers. In view of the above factors, the sales for the period under review increased by 40.7% year on year and the sales of comparable stores also recorded a 24.1% growth. During the period, cosmetics business has recorded a segment profit of HK\$110,427,000, representing a substantial growth of 127.7% as compared with the same period last year.

Fashion Business

As of 31st March, 2015, the Group had altogether 165 fashion stores in Hong Kong, Macau, Taiwan, Singapore and Mainland China (31st March, 2014: 183 stores). The main reason for the decrease in number of stores as compared to the same period last year was that the Group has restructured its retail network in overseas markets during the year by closing down some underperforming stores so as to enhance operational efficiency. In fact, this improved the performance of overseas markets during the year and reduced the negative impact on the overall performance of fashion business. The overall gross profit margin of fashion business increased by 2.3 percentage points, from 65.1% of the same period last year to 67.4% for the current year. The weak currencies in overseas markets, especially Taiwan and Singapore, have negatively influenced the performance of the overseas markets. Although the result of the fashion business has seen significant improvement for the first half financial year, the overall results of the fashion business segment recorded a profit of HK\$17,213,000, representing only a 20% increase from the profit of HK\$14,343,000 during the same period last year.

Fashion business – Hong Kong and Macau Market

The fashion retail business in Hong Kong and Macau accounted for 76.8% of the Group's total turnover in fashion business. During the year ended 31st March, 2015, the turnover of Hong Kong and Macau market reached HK\$421,022,000 (2014: HK\$421,241,000), which is similar to that of last year. During the previous year, the Hong Kong and Macau market had to clear the slow-moving inventories from Taiwan market at promotional prices. As there was no such promotional sales for this year, the gross profit margin increased by 1.96 percentage points to 69.3% as compared with the same period last year. The turnover of comparable stores for the year also recorded an increase of 8.2%. As of 31st March, 2015, the Group had a total of 82 stores in Hong Kong and Macau (31st March, 2014: 78 stores).

Fashion business – Taiwan Market

The retail business in Taiwan recorded a turnover of HK\$48,530,000 for the year (2014: HK\$63,606,000), representing a decrease of 23.7% as compared with the same period last year. As of 31st March, 2015, the Group had 26 stores in Taiwan (31st March, 2014: 32 stores).

Fashion Business – Singapore Market

The retail business in Singapore recorded a turnover of HK\$42,262,000 for the year (2014: HK\$45,941,000), representing a decrease of 8% as compared with the same period last year. As of 31st March, 2015, the Group had 10 stores in Singapore (31st March, 2014: 14 stores). During the year, the Group has closed down under-performing stores to alleviate their negative impact on the overall results of the fashion business. In fact, after such adjustments, the performance of the business in Singapore did improve with the turnover of comparable stores increased by 5.7% in local currency terms as compared with same period last year.

Fashion Business – China Market

The turnover of the China market reached HK\$36,258,000 for the year (2014: HK\$58,797,000), representing a decrease of 38.3% as compared with the same period last year, which was mainly due to the decrease in the number of stores. As of 31st March, 2015, the Group had a total of 47 *Veeko* and *Wanko* stores in the PRC (31st March, 2014: 59 stores).

PROSPECTS

The Group anticipates that the challenges faced by the retail industry will continue and consumers' sentiments will remain cautious. The Management will keep on monitoring closely the fluctuations and uncertainties in the market, implement contingency measures as necessary, and maintain prudent financial and operational management with stringent cost control and strengthened inventory management in order to lower inventory cost and enhance inventory efficiency.

Looking forward, beauty and skin-care products have become the daily necessities for consumers, indicating that the cosmetics business will be less susceptible to adverse changes in the market, and that the cosmetics business will continue to be the main source of revenue and the growth engine for the Group. In the future, the Group will continue to enrich its product portfolio, introduce more products with exclusive distributorship and more trendy beauty products, provide trainings to employees for the delivery of professional and quality services and step up internal consolidation. It will continue to expand store network at existing pace. To facilitate the future development of the cosmetics business, the Group has acquired a property located at 3rd Floor, Wyler Centre Phase II, Tai Lin Pai Road, Kwai Chung with a floor area of 25,618 square feet at a consideration of HK\$86,680,000 in April 2015, which will be used for the purpose of expanding its warehouse and office.

Regarding the fashion retail business, the Hong Kong and Macau market accounted for 76.8% of the total turnover of fashion business of the Group. In light of the outstanding performance in sales growth and gross profit margin of Hong Kong and Macau market as compared with other overseas markets, the Group will continue to develop the Hong Kong market in a pragmatic approach in the future. In view of increasing rentals and production costs, the Group will identify prime locations with competitive rents for the setting up of new stores. It will also focus on product design and offer popular products with higher margins to enhance brand value. In fact, during the year, in addition to the Group's own designed and manufactured garments, the Group also increased the proportion of handbags and other accessories, enabling product diversification in the stores for the attraction of the customers. In the overseas markets, the Group will continue to be cautious and will closely monitor the market situation. The Group will not only focus on uplifting the efficiency of existing stores, but also continue to integrate the underperforming stores in the overseas markets so as to redeploy resources to improve productivity.

The Group is prudently optimistic about its future development and believes that opportunities exist alongside with challenges. In an environment which is full of challenges, the best policy is to uplift our competitiveness and lay a good foundation for sustainable growth in the future by maintaining healthy growth of the core business in the long run. During the period from 1st April, 2015 to 20th June, 2015, sales of the cosmetics business increased by approximately 52% year on year, and the sales of comparable stores also recorded a satisfactory increase of approximately 23%. According to the prevail trend, the Group is confident that the cosmetics business will make further contribution to the Group's profit in the year 2015/2016.

LIQUIDITY & FINANCIAL RESOURCES

The Group's working capital increased from HK\$446,333,000 as at 31st March, 2014 to HK\$460,446,000 for the year 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\$83,379,000 (31st March, 2014: HK\$97,779,000). The outstanding bank borrowings (mainly in Hong Kong Dollar) amounted to HK\$87,632,000 (31st March, 2014: HK\$101,794,000). The borrowings were mainly used for the expansion of cosmetics retail network and payment of deposits for the acquisition of properties.

At the end of the reporting period, the current ratio was 3.63 times (31st March, 2014: 3.71 times) and the gearing ratio of the Group was 0.12 (31st March, 2014: 0.16) which was calculated based on the Group's total borrowings of HK\$87,632,000 (31st March, 2014: HK\$101,794,000) and the total equity of HK\$745,121,000 (31st March, 2014: HK\$655,227,000).

At 31st March, 2015, the Group had banking facilities amounting to HK\$243,937,000 (31st March, 2014: HK\$235,215,000), of which HK\$130,075,000 (31st March, 2014: HK\$143,235,000) was utilised by the Group. The management believes that existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing on favorable terms.

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. Approximately 38% (2014: 42%) of purchases costs are in foreign currencies for the year. The management closely monitors foreign exchange exposure and will consider hedging significant foreign currency risk by entering into forward contracts should the need arises.

PLEDGE OF ASSETS

At the end of the reporting period, the amount of assets pledged by the Group to certain banks to secure general banking facilities granted to the Group was HK\$55,265,000 (31st March, 2014: HK\$57,135,000).

CONTINGENT LIABILITIES

At 31st March, 2015, the Company had provided guarantees of HK\$263,159,000 (31st March, 2014: HK\$254,192,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company of which HK\$130,075,000 (31st March, 2014: HK\$143,235,000) was utilised by the subsidiaries.

STAFF & REMUNERATION POLICIES

At 31st March, 2015, the Group had 2,418 employees (31st March, 2014: 2,742). 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 performance. In addition to their basic remuneration and welfare, some key employees were granted share options as reward and incentive to enhance their loyalty to the Group.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the Company is scheduled to be held on Wednesday, 2nd September, 2015. For determining the qualification to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 31st August, 2015 to Wednesday, 2nd September, 2015 (both days inclusive) during which period no transfer of shares will be registered. In order to be qualify as members to attend and vote at the AGM, investors are urged to lodge all transfers of shares accompanied by the relevant share certificates and transfer forms with the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 28th August, 2015.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

In order to ascertain the entitlement to the proposed final dividend for the year ended 31st March, 2015, the register of members of the Company will be closed from Thursday, 10th September, 2015 to Monday, 14th September, 2015 (both days inclusive) during which period no transfer of shares will be registered. The last day for dealing in Shares cum entitlements to the proposed final dividend for the year ended 31st March, 2015 will be Monday, 7th September, 2015. Shareholders are reminded that in order to qualify for the entitlement to the proposed final dividend for the year ended 31st March, 2015, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9th September, 2015.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with all the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the year ended 31st March, 2015.

Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report of the Company's 2015 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding director's securities transactions on terms no less exacting than the required standard set out in Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to the Listing Rules. Having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results for the year ended 31st March, 2015. The Audit Committee comprises all the three independent non-executive directors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement containing all information required by Appendix 16 to the Listing Rules is published on the websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> under "Latest Listed Company Information" and the Company at <http://www.irasia.com/listco/hk/veeko/index.htm> respectively. The annual report of the Company for the year ended 31st March, 2015 will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt thanks to all the employees for their devotion, contribution and diligence and my deepest gratitude to all the shareholders, customers, suppliers and business partners for their continuous support. I sincerely hope that all of you will continue to contribute to the success of the Group.

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

Hong Kong, 24th June, 2015

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 and three independent non-executive directors, namely Dr. Fok Kam Chu, John, Mr. Yang Wei Tak and Mr. Yeung Wing Kay.