VOLUME One No. 115 W E D N E S D A Y October 13, 1999

VEEKO INTERNATIONAL HOLDINGS LTD: IT APPEARS TO BE MORE THAN A LITTLE SHORT OF CASH TO EXPAND OPERATIONS

When Veeko International Holdings Ltd went to the market in order to raise $HK32 million, gross, it was only too apparent, then, that the reason that it wanted to tap the public purse was because, simply put, it needed the money.

The March 1999 Prospectus was as accurate as any prospectus could be – at least, TARGET could find no glaring errors -- and, today, with the publication of Veeko's Annual Report, for the Financial Year, ended March 31, 1999, one can see just how accurate was TARGET with regard to the statement about Veeko's need for money.

In fact, it would appear that the Company could need some more money in short order since one of the most obvious aspects of the 1999 Annual Report is that the Company has little in the way of ready cash.

The Consolidated Balance Sheet of Veeko indicates that, as at Year's end, Current Assets stood at about $HK52.69 million with Current Liabilities at about $HK38.13 million, giving rise to a Current Ratio (Current Assets Divided by Current Liabilities) of 1.38 times.

However, it is further noted that the composition of the Current Assets is such that the Quick Ratio (Current Assets Minus Inventories Divided by Current Liabilities) stood at 0.85 times.

The importance of looking at the Quick Ratio – the acid test of the liquidity of a company – is that one is able to ascertain the amount of readily available liquid resources at the disposal of a company.

In the case of Veeko, the amount of cash, which was available as at March 31, 1999, was exactly $HK2,034,000.

At the same time, it must be noted that this public company has to retire about $HK16.16 million, short-term borrowings before the end of the Current Year …