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## VEEKO INTERNATIONAL HOLDINGS LIMITED

威高國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1173)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2025

#### ANNUAL RESULTS

The board of directors (the “**Board**”) of Veeko International Holdings Limited (the “**Company**”) presented the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st March, 2025 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, 2025*

		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue	3	481,484	586,710
Cost of goods sold		(260,316)	(327,389)
Gross profit		221,168	259,321
Other income and gains, net	4	15,161	18,034
Selling and distribution costs		(206,319)	(214,516)
Administrative expenses		(67,327)	(68,925)
Change in fair value of investment properties, net		(40,918)	5,324
Reversal of expected credit loss for trade receivables		–	3,381

		2025	2024
	Notes	HK\$'000	HK\$'000
Impairment of property, plant and equipment		(482)	(442)
Impairment of right-of-use assets		(5,495)	(5,783)
Finance costs		<u>(39,781)</u>	<u>(34,805)</u>
Loss before tax	6	(123,993)	(38,411)
Income tax expense	5	<u>(774)</u>	<u>(1,632)</u>
Loss for the year		<u>(124,767)</u>	<u>(40,043)</u>
<b>Other comprehensive (loss)/income for the year</b>			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties, net of deferred tax		1,606	60,168
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>(963)</u>	<u>(4,579)</u>
Other comprehensive income for the year		<u>643</u>	<u>55,589</u>
Total comprehensive (loss)/income for the year		<u>(124,124)</u>	<u>15,546</u>
Loss per share attributable to ordinary equity holders of the parent	8		
– Basic (in HK cents)		<u>(4.955)</u>	<u>(1.590)</u>
– Diluted (in HK cents)		<u>(4.955)</u>	<u>(1.590)</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31st March, 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-current Assets			
Investment properties		<b>513,552</b>	552,651
Property, plant and equipment		<b>16,002</b>	18,517
Right-of-use assets		<b>89,929</b>	127,848
Rental deposits paid		<b>9,559</b>	13,157
Total Non-current Assets		<b>629,042</b>	712,173
Current Assets			
Inventories		<b>120,605</b>	106,501
Trade receivables	<i>10</i>	<b>1,957</b>	5,969
Prepayments and other receivables	<i>9</i>	<b>8,740</b>	5,695
Rental and utility deposits paid		<b>25,287</b>	26,116
Tax recoverable		<b>126</b>	378
Pledged deposits		<b>13,070</b>	2,231
Cash and cash equivalents		<b>13,126</b>	8,537
Total Current Assets		<b>182,911</b>	155,427
Current Liabilities			
Trade payables	<i>11</i>	<b>23,555</b>	30,620
Other payables and accruals	<i>12</i>	<b>36,114</b>	42,178
Rental deposits received		<b>927</b>	656
Interest-bearing bank borrowings		<b>178,095</b>	390,454
Lease liabilities		<b>64,544</b>	78,103
Provision		<b>329</b>	898
Tax payable		<b>311</b>	274
Total Current Liabilities		<b>303,875</b>	543,183
Net Current Liabilities		<b>(120,964)</b>	(387,756)
Total Assets Less Current Liabilities		<b>508,078</b>	324,417

		<b>2025</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Non-current Liabilities			
Other payables	<i>12</i>	<b>2,369</b>	3,523
Other borrowings	<i>13</i>	<b>369,100</b>	37,450
Rental deposits received		<b>1,803</b>	1,859
Deferred tax liabilities		<b>18,071</b>	17,756
Lease liabilities		<b>37,458</b>	60,508
		<hr/>	<hr/>
Total Non-current Liabilities		<b>428,801</b>	121,096
		<hr/>	<hr/>
Net Assets		<b>79,277</b>	203,321
		<hr/>	<hr/>
Equity			
Share capital		<b>25,180</b>	25,180
Reserves		<b>54,097</b>	178,141
		<hr/>	<hr/>
Total Equity		<b>79,277</b>	203,321
		<hr/>	<hr/>

*Notes:*

## **1. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Going concern basis**

During the year ended 31st March, 2025, the Group incurred a net loss of HK\$124,767,000 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$120,964,000.

As at 31st March, 2025, the Group’s interest-bearing bank borrowings due within one year or contain a repayable on demand clauses amounted of HK\$178,095,000. As at 31st March, 2025, the Group had cash and cash equivalents of HK\$13,126,000.

In view of the above circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The directors of the Company have reviewed the Group’s cash flow projection prepared by management, which includes revenue and expenditure growth of the business, working capital needs and, the continuing renewal of the banking facilities.

In the opinion of directors of the Company, the Group will have adequate funds available to enable it to operate as a going concern after taking into the following:

- (i) In April 2025, the Group repaid revolving loan of HK\$20 million and in the same month, a new HK\$20 million mortgage loan, repayable in 180 monthly installments, was negotiated and obtained;
- (ii) on going negotiation for renewal of existing banking facilities and external financing, including but not limited to, obtaining further banking facilities; and
- (iii) consideration of potential downside risk factors, working capital sensitivities and identified mitigating actions that could be taken to further reduce cash expenditure and meet operating cashflow.

The directors of the Company are of the opinion that, after taking into account the measures implemented or being implemented, the Group will have sufficient working capital to finance its operation and to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the directors of the Company believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31st March, 2025 on a going concern basis.

Whether the Group will be able to generate adequate cash flows to continue as a going concern would depend on the successful outcome of the above measures.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following Amended HKFRS Accounting Standards for the first time for the current year's financial statement:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the Amended HKFRS Accounting Standards that are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1st April, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

### 3. SEGMENT INFORMATION

*For the year ended 31st March, 2025*

#### Disaggregation of revenue from contracts with customers

	<b>Cosmetics</b> <b>HK\$'000</b>	<b>Fashion</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
<b>Types of goods</b>			
Sale of cosmetics	350,815	–	350,815
Manufacture and sale of ladies fashion	–	130,669	130,669
Total	<u>350,815</u>	<u>130,669</u>	<u>481,484</u>
<b>Timing of revenue recognition</b>			
At point in time	<u>350,815</u>	<u>130,669</u>	<u>481,484</u>
<b>Geographical markets</b>			
Hong Kong and Macau	350,815	130,669	481,484
Other regions of the People's Republic of China ("PRC")	–	–	–
Total	<u>350,815</u>	<u>130,669</u>	<u>481,484</u>

For the year ended 31st March, 2024

**Disaggregation of revenue from contracts with customers**

	Cosmetics HK\$'000	Fashion HK\$'000	Total HK\$'000
<b>Types of goods</b>			
Sale of cosmetics	426,537	–	426,537
Manufacture and sale of ladies fashion	–	160,173	160,173
Total	426,537	160,173	586,710
<b>Timing of revenue recognition</b>			
At point in time	426,537	160,173	586,710
<b>Geographical markets</b>			
Hong Kong and Macau	426,537	160,147	586,684
Other regions of the PRC	–	26	26
Total	426,537	160,173	586,710

For sales of ladies fashion to the wholesale market, revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following the delivery, the wholesaler has the full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 60 to 120 days upon delivery.

For sales of cosmetics products and ladies fashion to retail customers, revenue is recognised when control of the goods has been transferred, being at the point when the customer purchases the goods at the retail shops. Payment of the transaction price is due immediately at the point when the customer purchases the goods. For sales of ladies fashion to retail customers through sales counters in department stores, the normal credit term is 30 to 60 days upon the customer purchases the goods.

There are no transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.



### *Segment information*

Information reported to the executive directors of the Company, being the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The information reported to the CODM is further categorised into different retail stores within Hong Kong and Macau, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment. The Group has presented the following two reportable segments:

- (a) the cosmetics segment engages in the sales of cosmetics; and
- (b) the fashion segment engages in manufacture and sale of ladies’ fashion.

The accounting policies of the operating segments are the same as the Group’s material accounting policies.

Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group’s loss before tax except the change in fair value of investment properties, certain other income and gains, net, central administration costs, interest expense on bank and other borrowings and interest on certain lease liabilities.

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

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

## Segment Revenue and Results

*For the year ended 31st March, 2025*

	Cosmetics <i>HK\$'000</i>	Fashion <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	350,815	130,669	481,484	–	481,484
Inter-segment sales	–	36	36	(36)	–
	<u>350,815</u>	<u>130,705</u>	<u>481,520</u>	<u>(36)</u>	<u>481,484</u>
SEGMENT LOSS	<u>(32,612)</u>	<u>(25,297)</u>	<u>(57,909)</u>	–	(57,909)
Decrease in fair value of investment properties					(40,918)
Other income and gains, net					12,158
Central administration costs					(5,501)
Finance costs					<u>(31,823)</u>
Loss before tax					<u>(123,993)</u>

For the year ended 31st March, 2024

	Cosmetics HK\$'000	Fashion HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	426,537	160,173	586,710	–	586,710
Inter-segment sales	–	12	12	(12)	–
	<u>426,537</u>	<u>160,185</u>	<u>586,722</u>	<u>(12)</u>	<u>586,710</u>
SEGMENT LOSS	<u>(19,467)</u>	<u>(3,618)</u>	<u>(23,085)</u>	–	(23,085)
Increase in fair value of investment properties					5,324
Other income and gains, net					12,459
Central administration costs					(6,042)
Finance costs					<u>(27,067)</u>
Loss before tax					<u>(38,411)</u>

#### Geographical information

The Group's operations are principally located in Hong Kong and Macau. Information about the Group's revenue from external customers is presented based on the geographical locations of operations.

	2025 HK\$'000	2024 HK\$'000
Hong Kong and Macau	481,484	586,684
Other regions of the PRC	–	26
	<u>481,484</u>	<u>586,710</u>

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

#### 4. OTHER INCOME AND GAINS, NET

	2025 HK\$'000	2024 HK\$'000
<b>Other income</b>		
Bank interest income	1,949	13
Interest income from rental deposits paid	1,557	1,224
Rental income from investment properties, with negligible outgoings	10,148	11,564
	<u>13,654</u>	<u>12,801</u>
<b>Gains, net</b>		
(Loss)/gain on disposal of items of property, plant and equipment	(280)	275
Foreign exchange differences, net	41	1,012
Reversal of/(provision for) onerous contract	569	(314)
Gains on modification of leases	48	499
Gains on termination of leases	6	755
Penalties from tenants for early termination of lease	58	868
Others	1,065	2,138
	<u>1,507</u>	<u>5,233</u>
	<u>15,161</u>	<u>18,034</u>

## 5. INCOME TAX

	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Charge for the year	369	572
Underprovision in prior years	283	–
	<u>652</u>	<u>572</u>
Current – other jurisdictions		
Charge for the year	92	(2)
Underprovision/(overprovision) in prior years	79	(69)
	<u>171</u>	<u>(71)</u>
Deferred tax	<u>(49)</u>	<u>1,131</u>
	<u>774</u>	<u>1,632</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

Certain subsidiaries operating in Macau are subject to Macau complementary tax of 12% (2024: 12%), subject to finalisation of the tax liability with the relevant tax authority. In addition, for the years ended 31st March, 2025 and 2024, a special complementary tax incentive was provided to the effect that the tax-free income threshold was Macau Pataca (“MOP”) 600,000 (equivalent to HK\$582,000) with profit above MOP600,000 (equivalent to HK\$582,000) being taxed at a fixed rate of 12% (2024: 12%).

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 PRC subsidiaries is 25% (2024: 25%).

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after (crediting)/charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of inventories sold	260,720	324,981
Depreciation of property, plant and equipment	3,682	4,879
Depreciation of right-of-use assets	92,869	93,137
Lease payments not included in the measurement of lease liabilities	8,549	13,293
Employee benefits expenses (including directors' emoluments):		
Salaries and other benefits	115,643	115,701
Share-based payments	80	155
Retirement benefits schemes contributions**	6,610	6,518
	<u>122,333</u>	<u>122,374</u>
Foreign exchange difference, net	(41)	(1,012)
Reversal of expected credit loss for trade receivables	–	(3,381)
Impairment of property, plant and equipment	482	442
Impairment of right-of-use assets	5,495	5,783
(Reversal of)/provision for inventories*	(1,906)	987
Write-off of inventories*	1,502	1,421
(Reversal of)/provision for onerous contracts	(569)	314
Change in fair value of investment properties, net	40,918	(5,324)
Loss/(gains) on disposal of items of property, plant and equipment	<u>280</u>	<u>(275)</u>

\* Scrap, shrinkage and provision for slow moving inventories for the year are included in "cost of goods sold" in the consolidated statement of profit or loss and other comprehensive income.

\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year ended 31st March, 2025 (2024: nil).

## 8. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year of HK\$124,767,000 (2024: HK\$40,043,000) attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,518,001,334 (2024: 2,518,001,334) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31st March, 2025 and 2024 in respect of dilution as the calculation of diluted loss per share for the year ended 31st March, 2025 and 2024 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. PREPAYMENTS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayment	5,077	3,375
Other receivables	3,663	2,320
	<u>8,740</u>	<u>5,695</u>

## 10. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	1,957	5,969
Impairment losses, net	–	–
	<u>1,957</u>	<u>5,969</u>

The Group allows credit period of 30 to 60 days for receivables from department stores in which sales counters are located and a credit period of 60 to 120 days for its wholesale customers. The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	1,579	5,136
31 – 60 days	290	530
61 – 90 days	–	278
91 – 120 days	–	–
Over 120 days	88	25
	<u>1,957</u>	<u>5,969</u>

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 customers. Credit sales are made to customers with a satisfactory and trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

## 11. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	7,231	16,401
31 – 60 days	12,269	10,267
61 – 90 days	2,946	3,016
Over 90 days	1,109	936
	<u>23,555</u>	<u>30,620</u>

Trade payables are non-interest-bearing and are normally settled on a credit term of 30 to 60 days.

## 12. OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Accrued expenses	24,289	27,368
Other payables	3,745	3,509
Provision of reinstatement costs	8,697	9,180
Contract liabilities	1,656	5,533
Other taxes payables	96	111
	<u>38,483</u>	<u>45,701</u>
Less: non-current portion		
– Provision for reinstatement cost	<u>(2,369)</u>	<u>(3,523)</u>
Current portion	<u>36,114</u>	<u>42,178</u>

## 13. OTHER BORROWINGS

The loans from directors are unsecured, interest-bearing at HIBOR +1% and repayable in 2027 (2024: repayable in 2025 to 2026).



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a retailer which sells cosmetics products and ladies fashion through our retail network consisting of 105 points of sale in Hong Kong and Macau, to provide quality and value for money cosmetics products and fashion apparel and accessories to a wide range of consumers at cosmetics stores, namely *Colourmix* and *MORIMOR*, and ladies fashion stores, namely *Veeko* and *Wanko*, respectively.

## BUSINESS REVIEW

During the year ended 31st March, 2025 (the “**Year**”), the Group recorded revenue of HK\$481,484,000 (2024: HK\$586,710,000), representing a decrease of 17.9% as compared to the same period last year. Hong Kong economy continued to face grave challenges. The decrease in revenue was driven by the decrease in the number of stores of the Group during the Year, continued northbound spending and overseas travel by Hong Kong residents and reduced consumption from tourists. The Group recorded a gross profit of HK\$221,168,000 for the Year, representing a decrease of 14.7% as compared with HK\$259,321,000 for the same period last year, whereas the overall gross profit margin increased by 1.7 percentage points to 45.9% for the Year from 44.2% for the previous year. The gross profit margin of cosmetics segment increased in the Year when compared with that of the previous year, while the gross profit margin of fashion segment remained at the same level.

During the Year, the Group recorded a loss after tax of HK\$124,767,000 (2024: a loss after tax of HK\$40,043,000). During the Year, the fair value of investment properties of the Group declined by HK\$40,918,000, compared to an increase of HK\$5,324,000 for the previous year. In addition, due to persistently high bank interest rates, finance costs increased by HK\$4,976,000 from HK\$34,805,000 in the previous year to HK\$39,781,000 in the Year.

## Cosmetics Business

As at 31st March, 2025, the Group had a total of 53 cosmetics stores (31st March, 2024: 57), namely **Colourmix** and **MORIMOR**, with 49 located in Hong Kong and 4 in Macau. The cosmetics business of the Group recorded revenue of HK\$350,815,000 (2024: HK\$426,537,000), representing a decrease of 17.8% as compared to the same period last year. The cosmetics business recorded a segment loss of HK\$32,612,000 (2024: loss of HK\$19,467,000). During the Year, the continued trend of northbound consumption as well as overseas travels by Hong Kong residents led to a continued sluggishness in the retail environment, the Group have adjusted its sales and marketing strategies in response to market conditions, and closed certain underperforming stores, resulting in a decrease in the revenue of the cosmetics business over the previous year, whereas the gross profit margin increased slightly.

## Fashion Business

As at 31st March, 2025, the Group had a total of 52 ladies fashion stores (31st March, 2024: 60), namely **Veeko** and **Wanko**, with 49 located in Hong Kong and 3 in Macau. The revenue of the Group's fashion business was HK\$130,669,000 (2024: HK\$160,173,000), representing a decrease of 18.4% as compared to the same period last year. The fashion business recorded a segment loss of HK\$25,297,000 (2024: loss of HK\$3,618,000). During the Year, the revenue of the fashion business has dropped due to the decrease in the number of stores, while the gross profit margin remained at the same level. As the production resources of the Group's fashion business were concentrated in its self-owned plant in Mainland China, we were able to control costs with flexibility. In face of challenging operating environments, the Group arranged production flexibly, as a bid to reduce inventory level, production costs and expenses.

## PROSPECT

In view of those factors such as Hong Kong residents' continued northbound consumption and overseas travel as well as the reduced consumption from tourists, it is expected that the Hong Kong retail market will continue to face a challenging environment in the coming year. Despite the sluggish retail environment, management has taken a number of swift countermeasures to proactively restore profitability and remains cautiously optimistic about the long-term prospects. Through the implementation of a series of sales and marketing strategies, the Group's sales performance has improved. From April to mid June 2025, the same-store sales of the fashion business recorded a single-digit year-on-year growth, while the gross profit margin of the cosmetics business increased as compared with the same period in the Previous Year.

At the same time, the Group will continue to negotiate reasonable rents with landlords to reduce rental costs, close those stores whose leases have expired but have not achieved operational efficiency, and strategically adjust and optimize its retail network. In the financial year ending 31st March, 2026, the Group has 58 stores whose leases have expired or will expire, accounting for 56% of all store leases. In the current weak retail leasing market, the Group believes that it will have stronger bargaining power to negotiate better rental terms for the Group.

The Group will strive to continuously optimise the product combination of cosmetics and fashion, enhance the attractiveness of its products and provide customers with quality products and sales services, with a view to boosting its overall revenue and gross profit margin. For the cosmetics business, apart from physical retail stores, the Group will also continue to collaborate with renowned e-commerce platforms, such as Tmall Global, JD.com and Douyin Shop, etc, committing to both online and offline businesses to enhance brand awareness and expand its customer base. In addition, the Group has launched a new mobile application at the end of May this year to enhance the integration of its online and offline businesses, providing consumers with a more comprehensive and quality shopping experience.

The Group is primarily engaged in cosmetics and fashion retail businesses, and also holds investment properties and self-occupied properties. The properties were valued at approximately HK\$698,646,000 as at 31st March, 2025, based on the valuations conducted by independent qualified professional valuers Jones Lang LaSalle Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, as financial support to the Group. As at 31st March, 2025, unpledged properties of the Group were valued at approximately HK\$101,484,000, which are available as securities for the Group to obtain new banking facilities when necessary. As at 31st March, 2025, the Group's total bank borrowings were approximately HK\$178,095,000. The low level of Hong Kong Interbank Offered Rate in recent months has helped the Group reduce its interest expenses. Besides, with the purpose of repaying loans under the Group's banking facilities in order to reduce interest expenses in the future and to provide working capital conduct in the normal course of business, the executive directors of the Company have provided financial support with revolving loan facilities up to HK\$375,000,000 to the Group without asset pledged, which also reflects their confidence and support for the Group's future. The Group will continue to prudently manage its financial and cash position.

Despite all the challenges ahead, the Group will continue focusing on its cosmetics and fashion retail businesses, and initiated numerous countermeasures, including but not limited to continuing to negotiate reasonable rents with landlords, strategically adjusting and optimising its retail network, implementing targeted sales and marketing strategies in a timely manner, and refining the product mix to enhance the attractiveness of our products and improve sales performance. Meanwhile, we will strictly control the costs and expenses, aiming at achieving a return to growth in the results of the two core retail segments, achieving breakeven for the Group as soon as possible and getting back on an upward trajectory.

## **LIQUIDITY & FINANCIAL RESOURCES**

At the end of the reporting period, the Group's cash and bank balances (mainly in Hong Kong dollar and Renminbi) and pledged deposits amounted to HK\$13,126,000 (31st March, 2024: HK\$8,537,000) and HK\$13,070,000 (31st March, 2024: HK\$2,231,000), respectively. The outstanding bank borrowings (mainly in Hong Kong Dollar) and loan from two directors amounted to HK\$178,095,000 (31st March, 2024: HK\$390,454,000) and HK\$369,100,000 (31st March, 2024: HK\$37,450,000), respectively.

At the end of the reporting period, the current ratio was 0.60 (31st March, 2024: 0.29) and the gearing ratio of the Group was 2.25 (31st March, 2024: 1.92) which was calculated based on the Group's total bank borrowings of HK\$178,095,000 (31st March, 2024: HK\$390,454,000) and the total equity of HK\$79,277,000 (31st March, 2024: HK\$203,321,000).

At 31st March, 2025, the Group had banking facilities amounting to HK\$241,767,000 (31st March, 2024: HK\$440,950,000), of which HK\$180,625,000 (31st March, 2024: HK\$394,967,000) was utilised by the Group.

For the details of the cashflow management of the Group, please refer to the "Prospects" of the "Management Discussion and Analysis" section of this announcement.

## **FOREIGN EXCHANGE EXPOSURE**

Several subsidiaries of the Company have foreign currency purchases (mainly in United States Dollar, Euro, Swiss Franc and Japanese Yen), which expose the Group to foreign currency risk. Approximately 29% (2024: 30%) 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\$473,006,000 (31st March, 2024: HK\$570,010,000).

## **CONTINGENT LIABILITIES**

At 31st March, 2025, the Group had provided guarantees of HK\$252,600,000 (31st March, 2024: HK\$838,857,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company.

## **STAFF & REMUNERATION POLICIES**

At 31st March, 2025, the Group had approximately 850 employees (31st March, 2024: approximately 870). 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 (“**AGM**”) of the Company is scheduled to be held on Tuesday, 23rd September, 2025. For determining the qualification to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 18th September, 2025 to Tuesday, 23rd September, 2025 (both days inclusive) during which period no transfer of shares will be registered. The record date will be Tuesday, 23rd September 2025. In order to be eligible to attend and vote at the AGM, investors are urged to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17th September, 2025.

## **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 (including sale of treasury shares). As at 31st March, 2025, the Company did not hold any treasury shares.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and code provisions as set out in Part 2 of Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and has adopted it as the code for the Company’s corporate governance practices.

In the opinion of the Board, the Company has complied with all the applicable code provisions set out in the CG Code throughout the year ended 31st March, 2025.

Detailed information on the Company’s corporate governance practices is set out in the Corporate Governance Report of the Company’s 2025 Annual Report.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 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 year ended 31st March, 2025.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the financial results for the year ended 31st March, 2025. The Audit Committee comprises all the three independent non-executive directors.

## **SCOPE OF WORK OF ERNST & YOUNG ON THE ANNUAL RESULTS ANNOUNCEMENT**

The figures in respect of the annual results announcement of the Group's results for the year ended 31st March, 2025 have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the annual results announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is the extract of the Independent Auditor's Report from the auditor of the Company, Ernst & Young:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty related to Going Concern**

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$124,767,000 during the year ended 31st March, 2025 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$120,964,000. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement containing all information required by Appendix D2 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, 2025 will be available on the above websites (and will be despatched to the shareholders of the Company, where applicable) not later than 31st July, 2025.

## **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.

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

Hong Kong, 27th June, 2025

*As at the date of this announcement, the Board comprises two executive directors, namely Mr. Cheng Chung Man, Johnny (Chairman) and Ms. Lam Yuk Sum, one non-executive director, namely Mr. Lam Man Tin and three independent non-executive directors, namely Mr. Au-Yeung Hau Cheong, Mr. Cheng Man Loong, Monty and Ms. Lau Sze Tung.*