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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)

**(1) DISCLOSEABLE TRANSACTION
IN RELATION TO THE LICENCE AGREEMENT;
AND
(2) NON-COMPLIANCE OF LISTING RULES**

INTRODUCTION

Reference is made to the 2024 Annual Results Announcement. As set out in the 2024 Annual Results Announcement, the Company recognised right-of-use assets of approximately HK\$127.8 million as at 31 March 2024. The Board announces that such right-of-use assets comprised the right-of-use-assets recognised by the Group from the Licence Agreement which constituted as a discloseable transaction for the Company that was subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

PRINCIPAL TERMS OF THE LICENCE AGREEMENT

Principal terms of the Licence Agreement are as follows:

Date: 2 June 2023

Parties: (i) MTR Corporation Limited (as landlord); and
(ii) Colourmix Cosmetics Company Limited (as licensee),
a wholly-owned subsidiary of the Company.

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| Premises: | Shop No. SHT 13-14 at Sha Tin Station |
| Term of licence: | Three-year from 27 July 2023 to 26 July 2026 |
| Monthly licence fee payable: | <p>The monthly licence fee is exclusive of electricity charges, chilled water charge, management fee, service charges, promotion fee, Government Rates and other outgoings for the three-year term. The monthly licence fee shall be as follows:</p> <p>First year: HK\$453,000 per month; Second year: HK\$463,000 per month; and Third year: HK\$473,000 per month;</p> <p>or 6% of monthly gross sales turnover, being the aggregate amount or consideration received or to be received from all trades and business carried on in or from the Premises by the Group during the term of the Licence Agreement, whichever is higher.</p> |
| Licence deposit: | A licence deposit of HK\$1,397,682, being the three-month average monthly licence fee, chilled water charge and management fee |

Pursuant to HKFRS 16, the tenancy under the Licence Agreement was recognised as a right-of-use asset for an amount of approximately HK\$15.0 million, which is calculated with reference to the then present value of the aggregated licence payments to be made under the Licence Agreement.

INFORMATION OF THE PARTIES

The Group

The Company is an investment holding company. The Group is principally engaged in the manufacturing and retail of ladies' apparel under the Group's two own brand names, namely *Wanko* and *Veeko*, and the retailing of cosmetics and skin care products at its cosmetics chain store *Colourmix* and *MORIMOR*.

The Landlord

The Landlord is a company incorporated in Hong Kong with limited liability and is listed on the Main Board of the Stock Exchange. The Landlord is principally engaged in the following core businesses – railway design, construction, operation, maintenance and investment in Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, Mainland China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and Mainland China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and Mainland China; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies.

To the best of the Directors’ knowledge, information and belief, each of the Landlord and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE LICENCE AGREEMENT

The Premises is newly licenced by the Group. The Directors consider the Premises being located at the prime location in the shopping area in Shatin, Hong Kong, which is easily accessible by public transportation. Thus, the Directors are of the view that the entering into of the Licence Agreement is in favour of the Group’s future development.

The terms of the Licence Agreement was determined after arm’s length negotiations between the parties and with reference to the prevailing market price of comparable premises in the vicinity of the Premises. The entering into of the Licence Agreement is necessary for expansion of the Group’s business operation. The entering into of the Licence Agreement is in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Licence Agreement is on normal commercial terms and fair and reasonable and the entering into of the Licence Agreement is in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Given the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Licence Agreement is more than 5% but less than 25%, the Licence Agreement constitutes a discloseable transaction for the Company under the Listing Rules and was subject to reporting and announcement requirements of Chapter 14 of the Listing Rules.

NON-COMPLIANCE OF LISTING RULES

Reasons for failure to comply with the requirements of the Listing Rules

Pursuant to the Licence Agreement, the Group is subject to confidentiality obligations. During the year ended 31 March 2024, due to inadvertent oversight of the management, the Company failed to report and announce the Licence Agreement upon entering thereof. Hence, the transaction contemplated under the Licence Agreement constituted non-compliance of rules under Chapter 14 of the Listing Rules.

The Company deeply regrets for the unintentional non-compliance of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

Remedial actions

The Company takes the incident seriously.

In order to prevent the occurrence of similar non-compliance incident in the future and to comply with the requirements under the Listing Rules on an on-going basis, the Company will (i) arrange regular training on regulatory compliance matters relating to notifiable transactions and connected transactions for the Directors, senior management and responsible staff to ensure that they fully comprehend the requirements of the Listing Rules; (ii) discuss and review its internal control and compliance system to identify any weakness and consider further remedial actions to address them; and (iii) obtain all necessary approval and/or consent prior to entering into any agreement that would constitute notifiable and/or connected transaction for the Company going forward.

The Company would like to stress that the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure the full compliance with the Listing Rules on an on-going basis.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

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| “2024 Annual Results Announcement” | the annual results announcement of the Company for the year ended 31 March 2024 dated 25 June 2024 |
| “Board” | the board of Directors |
| “Company” | Veeko International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | the Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HKFRS” | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants |
| “Independent Third Party(ies)” | a party independent of and not connected with the Company and its connected persons |
| “Landlord” | MTR Corporation Limited, an Independent Third Party |
| “Licence Agreement” | the licence agreement dated 2 June 2023 and entered into between the Group, as the licensee, and the Landlord, as the landlord, in respect of the licensing of the Premises |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

“Premises” Shop No. SHT 13-14 at Sha Tin Station

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By Order of the Board
Veeko International Holdings Limited
Cheng Chung Man, Johnny
Chairman

Hong Kong, 19 July 2024

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 Mr. Yeung Wing Kay.