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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2024**

#### **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, 2024. The results, together with the comparative figures for the corresponding period in 2023, are summarised below:

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

*For the six months ended 30th September, 2024*

		<b>Six months ended 30th September,</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>238,901</b>	281,289
Cost of goods sold		<b>(132,860)</b>	(147,523)
Gross profit		<b>106,041</b>	133,766
Other income and gains, net		<b>6,014</b>	12,235
Selling and distribution costs		<b>(104,348)</b>	(102,219)
Administrative expenses		<b>(33,303)</b>	(34,902)
Change in fair value of investment properties		<b>289</b>	3,378
Reversal of expected credit loss for trade receivables		–	3,381
Impairment of property, plant and equipment		<b>(266)</b>	–
Impairment of right-of-use assets		<b>(1,965)</b>	–
Finance costs		<b>(20,537)</b>	(15,732)

		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss before tax	4	<b>(48,075)</b>	(93)
Income tax expense	5	<b>(623)</b>	(771)
Loss for the period		<b><u>(48,698)</u></b>	<u>(864)</u>
<b>Other comprehensive income/(loss) for the period</b>			
<i>Item that will not be reclassified subsequently</i>			
<i>to profit or loss</i>			
Gain on revaluation of properties, net of deferred tax		<b>722</b>	–
<i>Item that may be reclassified subsequently</i>			
<i>to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<b><u>3,192</u></b>	<u>(7,156)</u>
Other comprehensive income/(loss) for the period		<b><u>3,914</u></b>	<u>(7,156)</u>
Total comprehensive loss for the period		<b><u>(44,784)</u></b>	<u>(8,020)</u>
Loss per share attributable to ordinary equity holders of the parent	7		
Basic and diluted		<b><u>HK(1.934) cent</u></b>	<u>HK(0.034) cent</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2024

	<i>Notes</i>	<b>30th September, 2024 (Unaudited) <i>HK\$'000</i></b>	31st March, 2024 (Audited) <i>HK\$'000</i>
<b>Non-current Assets</b>			
Investment properties		<b>555,896</b>	552,651
Property, plant and equipment		<b>17,092</b>	18,517
Right-of-use assets		<b>113,339</b>	127,848
Rental deposits paid		<b>11,932</b>	13,157
		<hr/>	<hr/>
<b>Total Non-current Assets</b>		<b>698,259</b>	712,173
<b>Current Assets</b>			
Inventories		<b>128,725</b>	106,501
Trade receivables	8	<b>865</b>	5,969
Prepayments and other receivables		<b>7,777</b>	5,695
Rental and utility deposits paid		<b>27,048</b>	26,116
Tax recoverable		<b>279</b>	378
Pledged deposits		<b>18,428</b>	2,231
Cash and cash equivalents		<b>12,065</b>	8,537
		<hr/>	<hr/>
<b>Total Current Assets</b>		<b>195,187</b>	155,427
<b>Current Liabilities</b>			
Trade payables	9	<b>16,057</b>	30,620
Other payables and accruals		<b>36,196</b>	42,178
Rental deposits received		<b>1,016</b>	656
Interest-bearing bank borrowings		<b>179,111</b>	390,454
Lease liabilities		<b>78,089</b>	78,103
Provision		<b>329</b>	898
Tax payable		<b>465</b>	274
		<hr/>	<hr/>
<b>Total Current Liabilities</b>		<b>311,263</b>	543,183
<b>Net Current Liabilities</b>		<b>(116,076)</b>	(387,756)
		<hr/>	<hr/>
<b>Total Assets Less Current Liabilities</b>		<b>582,183</b>	324,417

		<b>30th September, 2024</b>	31st March, 2024
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-current Liabilities			
Other payables		<b>3,383</b>	3,523
Other borrowings	<i>10</i>	<b>354,000</b>	37,450
Rental deposits received		<b>1,579</b>	1,859
Deferred tax liabilities		<b>18,441</b>	17,756
Lease liabilities		<b>46,191</b>	60,508
		<hr/>	<hr/>
Total Non-current Liabilities		<b>423,594</b>	121,096
		<hr/>	<hr/>
Net Assets		<b>158,589</b>	203,321
		<hr/>	<hr/>
Equity			
Share capital		<b>25,180</b>	25,180
Reserves		<b>133,409</b>	178,141
		<hr/>	<hr/>
Total Equity		<b>158,589</b>	203,321
		<hr/>	<hr/>

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements 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**”), as well as the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”). The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31st March, 2024.

During the period ended 30th September, 2024, the Company and its subsidiaries (the “**Group**”) incurred a net loss of HK\$48,698,000 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$116,076,000.

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. They 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 condensed consolidated financial statements. Accordingly, the directors of the Company believe it is appropriate to prepare the condensed consolidated financial statements of the Group for the period ended 30th September, 2024 on a going concern basis.

As at 30th September, 2024, the Group had unutilised banking facilities of HK\$171,562,000. The measures that the Group has implemented or is in the process of implementing include (i) negotiation for external financing, including but not limited to, obtaining further banking facilities or renegotiating to defer the repayment dates of existing banking facilities; and (ii) 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.

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 condensed consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 30th September, 2024 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31st March, 2024, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial statements.

Amendment to HKFRS 16	<i>Lease Liability in a Sales and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (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 application of the revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

*For the six months ended 30th September, 2024*

### Disaggregation of revenue from contracts with customers

	<b>Cosmetics</b> <i>HK\$'000</i>	<b>Fashion</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Types of goods</b>			
Sale of cosmetics	178,701	–	178,701
Manufacture and sale of ladies fashion	–	60,200	60,200
Total	<u>178,701</u>	<u>60,200</u>	<u>238,901</u>
<b>Timing of revenue recognition</b>			
At point in time	<u>178,701</u>	<u>60,200</u>	<u>238,901</u>
<b>Geographical markets</b>			
Hong Kong and Macau	178,701	60,200	238,901
Other regions of the People's Republic of China (the "PRC")	–	–	–
Total	<u>178,701</u>	<u>60,200</u>	<u>238,901</u>

For the six months ended 30th September, 2023

**Disaggregation of revenue from contracts with customers**

	Cosmetics <i>HK\$'000</i>	Fashion <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of goods</b>			
Sale of cosmetics	202,850	–	202,850
Manufacture and sale of ladies fashion	–	78,439	78,439
	<hr/>	<hr/>	<hr/>
Total	202,850	78,439	281,289
	<hr/>	<hr/>	<hr/>
<b>Timing of revenue recognition</b>			
At point in time	202,850	78,439	281,289
	<hr/>	<hr/>	<hr/>
<b>Geographical markets</b>			
Hong Kong and Macau	202,850	78,413	281,263
Other regions of the PRC	–	26	26
	<hr/>	<hr/>	<hr/>
Total	202,850	78,439	281,289
	<hr/>	<hr/>	<hr/>

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 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 price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

## **Operating Segments**

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 shops 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 the 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 profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/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

Unaudited six months ended 30th September, 2024

	Segment			Eliminations	Consolidated
	Cosmetics	Fashion	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE					
External sales	178,701	60,200	238,901	–	238,901
Inter-segment sales	–	31	31	(31)	–
	<u>178,701</u>	<u>60,231</u>	<u>238,932</u>	<u>(31)</u>	<u>238,901</u>
SEGMENT LOSS	<u>(20,921)</u>	<u>(14,878)</u>	<u>(35,799)</u>	–	<u>(35,799)</u>
Increase in fair value of investment properties					289
Other income and gains, net					6,401
Central administration costs					(2,743)
Finance costs					<u>(16,223)</u>
Loss before tax					<u>(48,075)</u>

Unaudited six months ended 30th September, 2023

	Segment			Eliminations	Consolidated
	Cosmetics	Fashion	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE					
External sales	202,850	78,439	281,289	–	281,289
Inter-segment sales	–	10	10	(10)	–
	<u>202,850</u>	<u>78,449</u>	<u>281,299</u>	<u>(10)</u>	<u>281,289</u>
SEGMENT PROFIT/(LOSS)	<u>(823)</u>	<u>6,898</u>	<u>6,075</u>	–	6,075
Increase in fair value of investment properties					3,378
Other income and gains, net					6,179
Central administration costs					(3,204)
Finance costs					<u>(12,521)</u>
Loss before tax					<u>(93)</u>

## Other Segment Information

	Unaudited six months ended 30th September, 2024				
	Cosmetics <i>HK\$'000</i>	Fashion <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure					
– Property, plant and equipment	726	134	860	–	860
Depreciation of right-of-use assets	27,795	19,524	47,319	234	47,553
Depreciation of property, plant and equipment	843	809	1,652	64	1,716
Impairment of right-of-use assets	1,543	422	1,965	–	1,965
Scrap, shrinkage and other provision for inventories	<u>378</u>	<u>518</u>	<u>896</u>	<u>–</u>	<u>896</u>
	Unaudited six months ended 30th September, 2023				
	Cosmetics <i>HK\$'000</i>	Fashion <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure					
– Property, plant and equipment	2,333	1,808	4,141	–	4,141
Depreciation of right-of-use assets	23,478	20,261	43,739	41	43,780
Depreciation of property, plant and equipment	659	1,142	1,801	674	2,475
Impairment of right-of-use assets	–	–	–	–	–
Scrap, shrinkage and other provision for inventories	<u>144</u>	<u>37</u>	<u>181</u>	<u>–</u>	<u>181</u>

#### 4. LOSS BEFORE TAX

	Six months ended 30th September,	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before tax is arrived at after charging/(crediting):		
Depreciation of right-of-use assets	47,553	43,780
Depreciation of property, plant and equipment	1,716	2,475
Loss on disposal of property, plant and equipment, net	310	25
Foreign exchange differences, net	1,753	(2,884)
Bank interest income	(1,316)	(7)
Rental income from investment properties, with negligible outgoings	(5,081)	(6,165)
Gain on modification of leases	(5)	(499)
	<u>          </u>	<u>          </u>

#### 5. INCOME TAX EXPENSE

	Six months ended 30th September,	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Profits tax		
Hong Kong		
– Current	127	61
– Underprovision in prior periods	281	–
Other jurisdictions		
– Current	24	99
– Underprovision in prior periods	79	6
Deferred tax	112	605
	<u>          </u>	<u>          </u>
	<u>623</u>	<u>771</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, 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 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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. DIVIDENDS

The board of directors did not recommend the payment of any interim dividend in respect of the financial year ending 31st March, 2025 (2024: nil).

## 7. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the period of HK\$48,698,000 (2023: HK\$864,000) attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,518,001,334 (2023: 2,518,001,334) in issue during the period.

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.

## 8. TRADE RECEIVABLES

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	<b>30th September, 2024 (Unaudited) HK\$’000</b>	31st March, 2024 (Audited) HK\$’000
Within 30 days	743	5,136
31 – 60 days	35	530
61 – 90 days	–	278
91 – 120 days	63	–
Over 120 days	24	25
	<hr/>	<hr/>
	<b>865</b>	<b>5,969</b>

## 9. TRADE PAYABLES

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

	<b>30th September, 2024 (Unaudited) HK\$'000</b>	31st March, 2024 (Audited) HK\$'000
Within 30 days	7,158	16,401
31 – 60 days	7,287	10,267
61 – 90 days	1,057	3,016
Over 90 days	555	936
	<hr/> <b>16,057</b>	<hr/> 30,620

## 10. OTHER BORROWINGS

The Group had an outstanding balance due to directors of the Company of HK\$354,000,000 (31st March, 2024: HK\$37,450,000) as at the end of the reporting period. This balance is unsecured, interest-bearing at HIBOR +1% per annum and repayable in 2026.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a retailer which sells cosmetics products and ladies fashion through our retail network consisting of 109 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 six months ended 30th September, 2024 (the “**2024 Interim Period**”), the Group recorded revenue of HK\$238,901,000 (2023: HK\$281,289,000), representing a year-on-year decrease of 15.1%. During the 2024 Interim Period, the Group recorded a gross profit of HK\$106,041,000 (2023: HK\$ 133,766,000), representing a year-on-year decrease of 20.7%. The decrease in gross profit was mainly attributable to the decline in revenue in both cosmetics and fashion segments, while coupled with the decline in gross profit margin of cosmetics segment.

During the 2024 Interim Period, the Group recorded a loss after tax of HK\$48,698,000, as compared with a loss after tax of HK\$864,000 for the six months ended 30th September, 2023 (the “**2023 Interim Period**”). In addition to the aforementioned decline in revenue and gross profit margin, the following factors had further contributed to the loss after tax.

During the 2024 Interim Period, there was an increase of finance costs of HK\$4,805,000, mainly due to increased borrowings (including the loans from directors) as compared with that for 2023 Interim Period. Due to the change in exchange rate, an exchange loss of HK\$1,753,000 was recorded in 2024 Interim Period, while an exchange gain of HK\$2,884,000 was recorded in 2023 Interim Period. Furthermore, no reversal of expected credit loss for trade receivables was recorded during the 2024 Interim Period, while HK\$3,381,000 of such reversal was recorded during the 2023 Interim Period. In addition, the increase amount in fair value of the Group’s investment properties for the 2024 Interim Period (i.e. HK\$289,000) was significantly less than the same for the 2023 Interim Period (i.e. HK\$3,378,000). On the other hand, an impairment loss of right-of-use assets of HK\$1,965,000 was recorded for the 2024 Interim Period because the recoverable amounts of right-of use assets for the 2024 Interim Period of certain retail stores were lower than the carrying amounts as at 30th September, 2024, whereas no impairment loss of right-of-use assets was recorded for the 2023 Interim Period.

## **Cosmetics Business**

As at 30th September, 2024, the Group had 55 *Colourmix* and *MORIMOR* cosmetics stores (30th September, 2023: 58 stores) in total, of which 50 stores were located in Hong Kong and 5 stores were located in Macau. To revamp its retail network of the cosmetics business, the Group had ceased operation of 2 underperforming stores upon expiration of leases. For the 2024 Interim Period, the revenue of the Group's cosmetics business amounted to HK\$178,701,000 (2023: HK\$202,850,000), representing a year-on-year decrease of 11.9%, and recorded a segment loss of HK\$20,921,000 (2023: a loss of HK\$823,000).

## **Fashion Business**

As at 30th September, 2024, the Group had a total of 54 ladies fashion stores (30 September, 2023: 60 stores) under the brands of *Veeko* and *Wanko*, with 50 stores located in Hong Kong and 4 stores located in Macau. During the 2024 Interim Period, the Group had ceased operation of 6 underperforming stores upon expiration of leases. Given that the production of the Group's fashion business was centralized in its self-owned plant in China, the Group was able to mitigate risks and manage costs with flexibility in face of the dynamic retail environment. For the 2024 Interim Period, the revenue of the Group's fashion business amounted to HK\$60,200,000 (2023: HK\$78,439,000), representing a year-on-year decrease of 23.3% and recorded a segment loss of HK\$14,878,000 (2023: a profit of HK\$6,898,000).

## **PROSPECTS**

The recovery of retail markets in Hong Kong and Macau has been hindered by increased outbound travel and the weakened consumption of visitors, thus impacting the Group's sales performance. Despite the sluggish retail environment, the Group strives for profitability through swift actions and maintains a positive long-term outlook. By diversifying its product portfolio and launching an extensive customer loyalty program, these lay a solid foundation for the Group's long-term growth. The Group will persist in seeking prime locations with reasonable rents for launching new stores as well as closing down underperforming stores to optimize its retail network. At the same time, the Group continues to negotiate with landlords for reasonable rents in order to reduce rental costs. In addition, the Group has implemented cost-optimization strategies, stringently controlled costs and expenditures, in order to expedite the restoration of profitability.

The implementation of a series of adjusted sales and marketing strategies by the Group has led to improvements in its retail sales from October to early November 2024, with the comparable retail sales growth rate in the cosmetics segment showing a double-digit year-on-year improvement, coupled with a year-on-year improvement in gross profit margin. Coupled with the efforts in revamping its retail network and seizing market opportunities, the Group believes that these strategies can boost the sales performance of the cosmetic business in the second half of the year. In addition to offline sales, the Group will also continue to collaborate with prominent e-commerce platforms such as Tmall Global, JD.com and Douyin Shop, etc. By committing to both online and offline businesses, the Group aims to stay aligned with dynamic consumer preferences, enhance brand awareness and expand its customer base.

Unlike the cosmetics business, which targets a broader consumer base, the fashion business mainly focuses on local consumers. From October to early November, 2024, the comparable retail sales remained relatively stable as compared to the same period last year. The second half of the financial year is considered as the peak season, with fall and winter sales boosted by traditional festivals such as Christmas and New Year, making it the golden period for the fashion business. Thus, the Group is cautiously optimistic about the performance of the fashion business in the second half of the financial year.

The Group is primarily engaged in the cosmetics and fashion retail businesses, and also holds investment properties and self-occupied properties. According to the valuation conducted by Jones Lang LaSalle Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers, the valuation of these properties totaled HK\$745,759,000 as at 30th September, 2024. These properties also provide financial support for the Group. The Group will continue to prudently manage its financial and cash position.

Despite the macroeconomic uncertainties fueled a challenging retail environment, the Group remains committed to maximizing operational efficiency to accelerate the restoration of profitability. To remain competitive and resilient, the Group has implemented efficient working capital and inventory management strategies, aiming to streamline operations, optimize retail network, reduce inventory turnover days and revamp the product portfolio in order to improve earnings and profitability.



## **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\$12,065,000 (31st March, 2024: HK\$8,537,000) and HK\$18,428,000 (31st March, 2024: HK\$2,231,000), respectively. The outstanding bank borrowings (mainly in Hong Kong Dollar) and loans from two directors amounted to HK\$179,111,000 (31st March, 2024: HK\$390,454,000) and HK\$354,000,000 (31st March, 2024: HK\$37,450,000), respectively.

At the end of the reporting period, the current ratio was 0.63 (31st March, 2024: 0.29) and the gearing ratio of the Group was 1.13 (31st March, 2024: 1.92) which was calculated based on the Group's total bank borrowings of HK\$179,111,000 (31st March, 2024: HK\$390,454,000) and the total equity of HK\$158,589,000 (31st March, 2024: HK\$203,321,000).

At 30th September, 2024, the Group had banking facilities amounting to HK\$353,004,000 (31st March, 2024: HK\$440,950,000), of which HK\$181,442,000 (31st March, 2024: HK\$394,967,000) was utilised by the Group.

## **FOREIGN EXCHANGE EXPOSURE**

Several subsidiaries of the Company have foreign currency purchases (mainly in United States Dollar, Euro and Japanese Yen), 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\$519,206,000 (31st March, 2024: HK\$570,010,000).

## **CONTINGENT LIABILITIES**

At 30th September, 2024, the Group had provided guarantees of HK\$362,600,000 (31st March, 2024: HK\$838,857,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company.

## **STAFF AND REMUNERATION POLICIES**

At 30th September, 2024, the Group had approximately 880 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 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.

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

During the six months ended 30th September, 2024, 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 applicable code provisions set out in Part 2 of the Corporate Governance Code as contained in Appendix C1 to the Listing Rules throughout the six months ended 30th September, 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions 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 six months ended 30th September, 2024.

## **AUDIT COMMITTEE**

The unaudited results of the Group for the six months ended 30th September, 2024 have not been reviewed by the Company's independent auditor, but 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.

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

Hong Kong, 27th November, 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.*