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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)

PROFIT WARNING

This announcement is made by Veeko International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 and the information currently available, as compared to a loss of approximately HK\$79,000,000 recorded last year, the Group is expected to record a loss of approximately HK\$230,000,000 to HK\$300,000,000 for the year ended 31 March 2020 (including a one-off impairment loss of right-of-use assets and property, plant and equipment, inventories and other related provisions, as well as a decrease in fair value of investment properties totalling approximately HK\$45,000,000 to HK\$90,000,000). If excluding such non-cash impairment and provisions, the Group is expected to record a loss of approximately HK\$185,000,000 to HK\$210,000,000. Such increase in loss was mainly due to the drop in sales for both cosmetics and fashion segments of the Group amid sluggish consumption sentiments in Hong Kong and a continued weak retail environment since the social events beginning in mid-2019 and in particular since the outbreak of the novel coronavirus epidemic in January this year, which has affected economies around the world and of which the retail industry has borne the brunt.

The above-mentioned provision for impairment loss of right-of-use assets and property, plant and equipment would be made in accordance with the Hong Kong Accounting Standard 36 that applies to the retail store assets, and the impairment losses arise due to losses at the Group’s retail stores as a result of drastic decline in sales. Such provision for impairment losses is a non-cash item. As such, it has no impact on the Group’s cash

flows, operations and liquidity for the year ended 31 March 2020. As at the date of this announcement, the Group has sufficient cash on hand to meet its current business needs and has available banking facilities. The Group is principally engaged in cosmetics and fashion retail operations, but also holds investment properties and self-occupied properties at the same time. As at 31 March 2020, the market valuation of such properties amount to approximately HK\$700,000,000 in aggregate and serve as financial support for the Group. To cope with the challenges ahead, the Group has managed and will continue to manage its financial and cash position prudently and has taken and will take a number of contingency measures, which include but are not limited to negotiating with the landlords to lower rents, proactively reducing inventory levels, and stringently controlling costs and expenditures.

The information contained in this announcement is only based on the Board's preliminary assessment after reviewing the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 and the information currently available, and such information has not been audited or reviewed by the Company's independent auditor or the audit committee of the Board. Therefore, the actual results of the Group for the year ended 31 March 2020 may differ from the information contained in this announcement. Shareholders and potential investors are advised to refer to the details in the annual results announcement of the Company for the year ended 31 March 2020, which is to be released not later than 30 June 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 5 June 2020

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.