

Veeko®

Veeko International Holdings Limited

威高國際控股有限公司

Stock Code 股份代號 : 1173



Stephanie Lee 李芷晴
Veeko Image Girl 代言人



Rachel Chan 陳懿德
Wanko Image Girl 代言人



2025/2026 Interim Report 中期報告書

For the six months ended 30th September, 2025 截至2025年9月30日止6個月
Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司

Veeko®

Wanko®

colourmix®

MORIMOR®



細嘗魚子精萃

鑽亮 · 盈潤 · 緊緻



瑞士
製造

魚子緊緻提升眼霜
Caviar Supreme Lifting Eye Cream

CORPORATE INFORMATION

Directors

Executive directors

Mr. CHENG Chung Man, Johnny
(Chairman)
Ms. LAM Yuk Sum (*Chief Executive Officer*)

Independent non-executive directors

Mr. AU-YEUNG Hau Cheong
(resigned on 1 November 2025)
Mr. CHENG Man Loong, Monty
Mr. LAM Man Tin
(re-designated from a non-executive
director to an independent non-executive
director on 1 November 2025)

Ms. LAU Sze Tung

Audit Committee Members

Ms. LAU Sze Tung (*Chairlady*)
Mr. AU-YEUNG Hau Cheong
(resigned on 1 November 2025)
Mr. CHENG Man Loong, Monty
Mr. LAM Man Tin

(appointed on 1 November 2025)

Nomination Committee Members

Mr. CHENG Chung Man, Johnny
(Chairman)
Mr. AU-YEUNG Hau Cheong
(resigned on 1 November 2025)
Mr. CHENG Man Loong, Monty
Mr. LAM Man Tin
(appointed on 1 November 2025)

Ms. LAM Yuk Sum

Ms. LAU Sze Tung

Remuneration Committee Members

Ms. LAU Sze Tung (*Chairlady*)
Mr. AU-YEUNG Hau Cheong
(resigned on 1 November 2025)
Mr. CHENG Chung Man, Johnny
Mr. CHENG Man Loong, Monty
Mr. LAM Man Tin
(appointed on 1 November 2025)

Ms. LAM Yuk Sum

Authorised Representatives

Mr. CHENG Chung Man, Johnny
Ms. LAM Yuk Sum

Company Secretary

Ms. CHOW Man Yee

Legal Adviser as to Cayman Islands Law

Conyers Dill & Pearman, Cayman
Zephyr House
George Town
Grand Cayman
British West Indies

Legal Adviser as to Hong Kong Law

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th Floor, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

10th Floor, Wyler Centre Phase II
192-200 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
CTBC Bank Co., Ltd.
DBS Bank (Hong Kong) Limited
O-Bank Co., Ltd.

Website Addresses

www.veeko.com.hk
www.irasia.com/listco/hk/veeko/index.htm

Stock Code

1173

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, 2025. The results, together with the comparative figures for the corresponding period in 2024, are summarised below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2025

		Six months ended 30th September,	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	3	204,253	238,901
Cost of goods sold		(108,222)	(132,860)
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Gross profit		96,031	106,041
Other income and gains, net		7,197	6,014
Selling and distribution costs		(91,677)	(104,348)
Administrative expenses		(30,710)	(33,303)
Change in fair value of investment properties		(6,435)	289
Impairment of property, plant and equipment		-	(266)
Impairment of right-of-use assets		(1,076)	(1,965)
Finance costs		(13,714)	(20,537)
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Loss before tax	4	(40,384)	(48,075)
Income tax expense	5	(68)	(623)
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Loss for the period		(40,452)	(48,698)
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Other comprehensive income for the period			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties, net of deferred tax		335	722
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		1,350	3,192
<hr/>		<hr/>	<hr/>
Other comprehensive income for the period		1,685	3,914
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Total comprehensive loss for the period		(38,767)	(44,784)
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Loss per share attributable to ordinary equity holders of the parent	7	HK(1.607) cent	HK(1.934) cent
Basic and diluted		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2025

	Notes	30th September, 2025 (Unaudited) HK\$'000	31st March, 2025 (Audited) HK\$'000
Non-current Assets			
Investment properties		508,523	513,552
Property, plant and equipment	8	14,656	16,002
Right-of-use assets	9	75,075	89,929
Rental deposits paid		6,869	9,559
		<hr/>	<hr/>
Total Non-current Assets		605,123	629,042
Current Assets			
Inventories		106,718	120,605
Trade receivables	10	1,464	1,957
Prepayment and other receivables		7,929	8,740
Rental and utility deposits paid		25,525	25,287
Tax recoverable		130	126
Pledged deposits		11,979	13,070
Cash and cash equivalents		12,300	13,126
		<hr/>	<hr/>
Total Current Assets		166,045	182,911
Current Liabilities			
Trade payables	11	20,929	23,555
Other payables and accruals		32,064	36,114
Rental deposits received		1,537	927
Interest-bearing bank borrowings	12	205,422	178,095
Lease liabilities		54,116	64,544
Provision		329	329
Tax payable		270	311
		<hr/>	<hr/>
Total Current Liabilities		314,667	303,875
Net Current Liabilities		(148,622)	(120,964)
Total Assets Less Current Liabilities		456,501	508,078

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30th September, 2025

	Notes	30th September, 2025 (Unaudited) HK\$'000	31st March, 2025 (Audited) HK\$'000
Non-current Liabilities			
Other payables		1,910	2,369
Other borrowings	15(b)	366,800	369,100
Rental deposits received		1,283	1,803
Deferred tax liabilities		18,280	18,071
Lease liabilities		27,691	37,458
Total Non-current Liabilities		415,964	428,801
Net Assets		40,537	79,277
Equity			
Share capital	13	25,180	25,180
Reserves		15,357	54,097
Total Equity		40,537	79,277

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2025

	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000	Statutory reserves HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April, 2025	25,180	211,064	154,772	(7,112)	1,668	4,028	607	(310,930)	79,277
Loss for the period	-	-	-	-	-	-	-	(40,452)	(40,452)
Other comprehensive income for the period	-	-	335	1,350	-	-	-	-	1,685
Total comprehensive loss for the period	-	-	335	1,350	-	-	-	(40,452)	(38,767)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	27	-	27
Share options lapsed	-	-	-	-	-	-	(46)	46	-
Transfer of statutory reserves	-	-	-	-	-	155	-	(155)	-
At 30th September, 2025 (unaudited)	25,180	211,064	155,107	(5,762)	1,668	4,183	588	(351,491)	40,537
At 1st April, 2024	25,180	211,064	153,166	(6,149)	1,668	4,028	605	(186,241)	203,321
Loss for the period	-	-	-	-	-	-	-	(48,698)	(48,698)
Other comprehensive income for the period	-	-	722	3,192	-	-	-	-	3,914
Total comprehensive loss for the period	-	-	722	3,192	-	-	-	(48,698)	(44,784)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	52	-	52
At 30th September, 2024 (unaudited)	25,180	211,064	153,888	(2,957)	1,668	4,028	657	(234,939)	158,589

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2025

	Six months ended 30th September,	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Net cash from/(used in) operating activities	28,646	(20,307)
Net cash from/(used in) investing activities	595	(15,740)
Net cash (used in)/from financing activities	<u>(30,060)</u>	<u>39,533</u>
Net (decrease)/increase in cash and cash equivalents	(819)	3,486
Cash and cash equivalents at 1st April	13,126	8,537
Effect of foreign exchange rate changes	<u>(7)</u>	<u>42</u>
Cash and cash equivalents at 30th September Represented by bank balances, deposits and cash	<u>12,300</u>	<u>12,065</u>

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, 2025.

During the period ended 30th September, 2025, the Company and its subsidiaries (the "Group") incurred a net loss of HK\$40,452,000 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$148,622,000.

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, 2025 on a going concern basis.

1. BASIS OF PREPARATION (*Continued*)

As at 30th September, 2025, the Group had unutilised banking facilities of HK\$42,704,000. The measures that the Group has implemented or is in the process of implementing include (i) ongoing negotiation for renewal of existing banking facilities and external financing, including but not limited to, obtaining further 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, 2025 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31st March, 2025, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial statements.

Amendments to HKAS 21

Lack of Exchangeability

The application of the amended HKFRS Accounting Standard 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, 2025 (Unaudited)

Disaggregation of revenue from contracts with customers

	Cosmetics HK\$'000	Fashion HK\$'000	Total HK\$'000
Types of goods			
Sales of cosmetics	150,720	-	150,720
Manufacture and sales of ladies fashion	-	53,533	53,533
Total	150,720	53,533	204,253
Timing of revenue recognition			
At point in time	150,720	53,533	204,253
Geographical markets			
Hong Kong and Macau	150,720	53,533	204,253

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30th September, 2024 (Unaudited)

Disaggregation of revenue from contracts with customers

	Cosmetics HK\$'000	Fashion HK\$'000	Total HK\$'000
Types of goods			
Sales of cosmetics	178,701	-	178,701
Manufacture and sales of ladies fashion	-	60,200	60,200
Total	178,701	60,200	238,901
Timing of revenue recognition			
At point in time	178,701	60,200	238,901
	178,701	60,200	238,901
Geographical markets			
Hong Kong and Macau	178,701	60,200	238,901
	178,701	60,200	238,901

For sales of cosmetics products and ladies fashion to retail customers, revenue is recognized 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.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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 categorized 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 sales 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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating Segments (Continued)

Segment Revenue and Results

	Six months ended 30th September, 2025 (Unaudited)				
	Cosmetics HK\$'000	Fashion HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	150,720	53,533	204,253	-	204,253
Inter-segment sales	-	(66)	(66)	66	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	150,720	53,467	204,187	66	204,253
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SEGMENT LOSS	(13,454)	(12,705)	(26,159)	-	(26,159)
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Decrease in fair value of investment properties					(6,435)
Other income and gains, net					5,522
Central administration costs					(2,476)
Finance costs					(10,836)
					<hr/>
Loss before tax					(40,384)
					<hr/>

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating Segments (Continued)

Segment Revenue and Results (Continued)

	Six months ended 30th September, 2024 (Unaudited)				
	Cosmetics HK\$'000	Fashion HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	178,701	60,200	238,901	-	238,901
Inter-segment sales	-	31	31	(31)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	178,701	60,231	238,932	(31)	238,901
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
SEGMENT LOSS	(20,921)	(14,878)	(35,799)	-	(35,799)
	<hr/>	<hr/>	<hr/>		
Increase in fair value of investment properties					289
Other income and gains, net					6,401
Central administration costs					(2,743)
Finance costs					(16,223)
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Loss before tax					(48,075)
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3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating Segments (Continued)

Other Segment Information

	Six months ended 30th September, 2025 (Unaudited)				
	Cosmetics HK\$'000	Fashion HK\$'000	Segment total HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
Capital expenditure					
- Property, plant and equipment	277	474	751	-	751
Depreciation of right-of-use assets	24,621	14,732	39,353	234	39,587
Depreciation of property, plant and equipment	1,153	908	2,061	64	2,125
Impairment of right-of-use assets	1,076	-	1,076	-	1,076
Scrap, shrinkage and other provision for inventories	<u>364</u>	<u>370</u>	<u>734</u>	<u>-</u>	<u>734</u>
	Six months ended 30th September, 2024 (Unaudited)				
	Cosmetics HK\$'000	Fashion HK\$'000	Segment total HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
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>

4. LOSS BEFORE TAX

	Six months ended 30th September,	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Loss before tax is arrived at after (crediting)/charging:		
Depreciation of right-of-use assets	39,587	47,553
Depreciation of property, plant and equipment	2,125	1,716
(Gain)/loss on disposal of property, plant and equipment, net	(137)	310
Foreign exchange differences, net	938	1,753
Bank interest income	(118)	(1,316)
Rental income from investment properties, with negligible outgoings	(5,379)	(5,081)
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5. INCOME TAX EXPENSE

	Six months ended 30th September,	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
The charge comprises:		
Profits tax		
Hong Kong		
- Current	138	127
- Underprovision in prior periods	1	281
Other jurisdictions		
- Current	7	24
- (Overprovision)/underprovision in prior periods	(10)	79
Deferred tax	(68)	112
	<hr/>	<hr/>
	68	623
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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, 2026 (2025: nil).

7. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the period of HK\$40,452,000 (2024: HK\$48,698,000) 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 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. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$751,000 (2024: HK\$860,000). Leasehold land and buildings with a carrying amount of HK\$80,000 was transferred to investment properties resulting in a gain on revaluation of properties of HK\$98,000, net of the deferred tax charge of HK\$33,000, was recognised in other comprehensive income. No impairment loss related to property, plant and equipment was recognised during the current interim period (2024: impairment loss of HK\$266,000).

9. RIGHT-OF-USE ASSETS

During the current interim period, depreciation of right-of-use assets of HK\$39,587,000 (2024: HK\$47,553,000) was included in the loss for the period. Additions (including adjustments arising from lease modification) to right-of-use assets for the current interim period was HK\$29,751,000 (2024: HK\$35,098,000). The land use rights include in right-of-use assets with a carrying amount of HK\$16,000 was transferred to investment properties resulting in a gain on revaluation of right-of-use assets of HK\$237,000, net of the deferred tax charge of HK\$79,000, was recognised in other comprehensive income. Impairment loss of HK\$1,076,000 related to right-of-use assets was recognised during the current interim period (2024: HK\$1,965,000).

10. TRADE RECEIVABLES

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

	30th September, 2025 (Unaudited) HK\$'000	31st March, 2025 (Audited) HK\$'000
Within 30 days	1,164	1,579
31 - 60 days	212	290
61 - 90 days	-	-
91 - 120 days	-	-
Over 120 days	88	88
	<hr/>	<hr/>
	1,464	1,957
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11. 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:

	30th September, 2025 (Unaudited) HK\$'000	31st March, 2025 (Audited) HK\$'000
Within 30 days	7,819	7,231
31 - 60 days	8,294	12,269
61 - 90 days	3,257	2,946
Over 90 days	1,559	1,109
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	20,929	23,555
	<hr/>	<hr/>

12. INTEREST-BEARING BANK BORROWINGS

	30th September, 2025 (Unaudited) HK\$'000	31st March, 2025 (Audited) HK\$'000
Bank loans	194,060	166,647
Import loans	11,362	11,448
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	205,422	178,095
	<hr/>	<hr/>

13. SHARE CAPITAL

	Number of ordinary shares	Value HK\$'000
Ordinary shares at HK\$0.01 each		
Authorised:		
At 1st April, 2024, 31st March, 2025 and 30th September, 2025	10,000,000,000	100,000
Issued and fully paid:		
At 1st April, 2024, 31st March, 2025 and 30th September, 2025	2,518,001,334	25,180

14. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged by the Group to certain banks to secure general banking facilities granted to the Group:

	30th September, 2025 (Unaudited) HK\$'000	31st March, 2025 (Audited) HK\$'000
Investment properties	448,359	454,218
Leasehold land and buildings	5,092	5,181
Right-of-use assets	530	537
Pledged deposits	11,979	13,070
	465,960	473,006

15. RELATED PARTY DISCLOSURES

(a) The Group had the following transactions with related parties:

	Six months ended 30th September,	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Expenses relating to short-term leases to an entity controlled by a director of the Company	900	900
Interest paid to directors	<u>5,704</u>	<u>6,945</u>

(b) Outstanding balances with related parties

Included in other borrowings, the Group had an outstanding balance due to directors of the Company of HK\$366,800,000 (31st March, 2025: HK\$369,100,000) as at the end of the reporting period. This balances are unsecured, interest-bearing at Hong Kong Inter-bank Offered Rate +1% and repayable in 2027.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30th September,	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Short-term benefits	1,811	2,690
Post-employment benefits	42	60
Share-based payments	5	20
	<u>1,858</u>	<u>2,770</u>

The remuneration of directors and other members of key management is recommended to the Board by the remuneration committee having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a retailer which sells cosmetics products and ladies fashion through our retail network consisting of 98 points of sales 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, 2025 (the “2025 Interim Period”), the Group recorded revenue of HK\$204,253,000 (2024: HK\$238,901,000), representing a year-on-year decrease of 14.5%. The decrease in revenue was mainly driven by the decrease in the number of stores of the Group during the period. During the 2025 Interim Period, the Group recorded a gross profit of HK\$96,031,000 (2024: HK\$ 106,041,000), representing a year-on-year decrease of 9.4%. The decrease in gross profit was mainly attributable to the decline in revenue in both cosmetics and fashion segments. The gross profit margin of the cosmetics business increased, while the gross profit margin of the fashion business decreased.

During the 2025 Interim Period, the Group recorded a loss after tax of HK\$40,452,000, as compared with a loss after tax of HK\$48,698,000 for the six months ended 30th September, 2024. The fair value of investment properties decreased by HK\$6,435,000 during the period.

During the 2025 Interim Period, the Group focused on cost control, including but not limited to rental costs and administrative expenses, and achieved certain results, leading to a decrease in the Group’s selling and distribution costs and expenses compared to same period last year. Regarding finance costs, a decline in bank interest rates resulted in a reduction in such costs. Furthermore, the decrease in fair value of investment properties also partially offset the positive impact of the decrease in costs and expenses and finance costs.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Cosmetics Business

As at 30th September, 2025, the Group had 50 *Colourmix* and *MORIMOR* cosmetics stores (30th September, 2024: 55 stores) in total, of which 46 stores were located in Hong Kong and 4 stores were located in Macau. To revamp its retail network of the cosmetics business, the Group had closed certain underperforming stores during the period. For the 2025 Interim Period, the revenue of the Group's cosmetics business amounted to HK\$150,720,000 (2024: HK\$178,701,000), representing a year-on-year decrease of 15.7%, and recorded a segment loss of HK\$13,454,000 (2024: a loss of HK\$20,921,000).

Fashion Business

As at 30th September, 2025, the Group had a total of 48 ladies fashion stores (30th September, 2024: 54 stores) under the brands of *Veeko* and *Wanko*, with 46 stores located in Hong Kong and 2 stores located in Macau. During the 2025 Interim Period, the Group had ceased operation of certain underperforming stores. Given that the production of the Group's fashion business was centralised 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 2025 Interim Period, the revenue of the Group's fashion business amounted to HK\$53,533,000 (2024: HK\$60,200,000), representing a year-on-year decrease of 11.1% and recorded a segment loss of HK\$12,705,000 (2024: a loss of HK\$14,878,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

PROSPECTS

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. 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 optimise its retail network. In the year from November 2025 to October 2026, the Group has 66 stores whose leases have expired or will expire, accounting for 69% 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 and reduce overall rental costs.

The Group will strive to continuously optimise the product mix 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 operates its own e-shop via both website at <https://www.colourmix-cosmetics.com> and mobile app and will also continue to collaborate with renowned e-commerce platforms, such as Tmall Global, JD.com and Douyin Shop, etc. At the same time, the Group will continue to provide shopping information and limited-time offers through various social media platforms, including Facebook, Instagram, and Threads, etc., to enhance brand awareness and expand its customer base. The Group will continue to enhance the integration of its online and offline businesses, providing consumers with a more comprehensive and quality shopping experience.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)* PROSPECTS *(Continued)*

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 Colliers International (Hong Kong) Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers, the valuation of these properties totaled HK\$692,324,000 as at 30th September, 2025. These properties also provide financial support for the Group. As at 30th September, 2025, unpledged properties of the Group were valued at approximately HK\$101,957,000, which are available as securities for the Group to obtain new banking facilities when necessary. As at 30th September, 2025, the Group's total bank borrowings were approximately HK\$205,422,000. 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, restoring profit 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\$12,300,000 (31st March, 2025: HK\$13,126,000) and HK\$11,979,000 (31st March, 2025: HK\$13,070,000), respectively. The outstanding bank borrowings (mainly in Hong Kong Dollar) and loans from two directors amounted to HK\$205,422,000 (31st March, 2025: HK\$178,095,000) and HK\$366,800,000 (31st March, 2025: HK\$369,100,000), respectively.

At the end of the reporting period, the current ratio was 0.53 (31st March, 2025: 0.60) and the gearing ratio of the Group was 5.07 (31st March, 2025: 2.25) which was calculated based on the Group's total bank borrowings of HK\$205,422,000 (31st March, 2025: HK\$178,095,000) and the total equity of HK\$40,537,000 (31st March, 2025: HK\$79,277,000).

At 30th September, 2025, the Group had banking facilities amounting to HK\$250,567,000 (31st March, 2025: HK\$241,767,000), of which HK\$207,863,000 (31st March, 2025: HK\$180,625,000) was utilised by the Group.

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. 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\$465,960,000 (31st March, 2025: HK\$473,066,000).

CONTINGENT LIABILITIES

At 30th September, 2025, the Group had provided guarantees of HK\$262,600,000 (31st March, 2025: HK\$252,600,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company.

STAFF AND REMUNERATION POLICIES

At 30th September, 2025, the Group had approximately 730 employees (31st March, 2025: approximately 850). 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.

SHARE OPTION SCHEME

No options were granted to the directors or substantial shareholders of the Company during the period or outstanding under the share option scheme.

The following table discloses details of options held by employees of the Group and movements in such holdings during the period ended 30th September, 2025:

Date of grant	Vesting period	Exercise period	Exercise price per share	Balance at 1.4.2025	Lapsed during the period	Outstanding at 30.9.2025
29th January, 2021	29th January, 2021 to 28th January, 2024	29th January, 2024 to 28th January, 2026	HK\$0.0534	14,550,000	(1,200,000)	13,350,000
29th January, 2021	29th January, 2021 to 28th January, 2026	29th January, 2026 to 28th January, 2028	HK\$0.0534	14,550,000	(1,200,000)	13,350,000
16th February, 2022	16th February, 2022 to 15th February, 2025	16th February, 2025 to 15th February, 2027	HK\$0.0506	3,750,000	(500,000)	3,250,000
16th February, 2022	16th February, 2022 to 15th February, 2027	16th February, 2027 to 15th February, 2029	HK\$0.0506	3,750,000	(500,000)	3,250,000
				36,600,000	(3,400,000)	33,200,000

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2025, the interests of the directors and chief executive officer in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Name of director	Capacity/ Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheng Chung Man, Johnny	Founder and Beneficiary of Trust	1,393,347,737 (Note)	
	Beneficial owner	<u>185,219,227</u>	
		<u>1,578,566,964</u>	<u>62.69%</u>
Ms. Lam Yuk Sum (Chief Executive Officer)	Beneficiary of Trust	1,393,347,737 (Note)	
	Beneficial owner	<u>272,916,013</u>	
		<u>1,666,263,750</u>	<u>66.17%</u>

Note: These 1,393,347,737 shares are beneficially owned by Silver Crown Profits Limited ("Silver Crown"). The shares in Silver Crown are in turn held by the trustee of The J Cheng Family Trust, a discretionary trust, the discretionary objects of which include family members of Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Other than disclosed above and certain nominee shares in subsidiaries held by certain directors in trust for the Group, none of the directors and the chief executive officer had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as at 30th September, 2025, as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Other than disclosed above under the section headed "Directors' and Chief Executive Officer's Interests and Short Positions in Shares, Underlying Shares and Debentures" and other substantial shareholders' interests disclosed in the following table, at 30th September, 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the Company had not been notified by any persons (other than the directors and the chief executive officer) of any other relevant interests or short positions in the shares, underlying shares and debentures of the Company.

Name of shareholder	Capacity/ Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Silver Crown	Beneficial owner	1,393,347,737	55.34%
Well Feel Group Limited ("Well Feel")	Interest of a controlled corporation (Note)	1,393,347,737	55.34%
HSBC International Trustee Limited ("HSBC International")	Trustee (Note)	1,393,347,737	55.34%

Note: The entire issued share capital of Silver Crown was held by Well Feel which in turn was a wholly-owned subsidiary of HSBC International. By virtue of the provisions of Part XV of the SFO, each of Well Feel and HSBC International was deemed to be interested in all the shares of the Company in which Silver Crown was interested.

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

During the six months ended 30th September, 2025, 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 defined under the Listing Rules)).

At 30th September, 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

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, 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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, 2025.

AUDIT COMMITTEE

The unaudited results of the Group for the six months ended 30th September, 2025 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, 2025

FreshNation

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VEEKO INTERNATIONAL HOLDINGS LIMITED
威高國際控股有限公司