



Win Hanverky Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3322)



2021 INTERIM REPORT



Win Hanverky Holdings Limited and its subsidiaries are an integrated manufacturer and retailer for international sports, fashion and outdoor brands. We have two broad lines of business, namely Manufacturing Business and High-end Fashion Retailing Business, with geographical markets spanning over Europe, the United States, Mainland China and Hong Kong.

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 6 September 2006.

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BOARD OF DIRECTORS

Executive Directors

Mr. LI Kwok Tung Roy (*Chairman*)
Mr. LAI Ching Ping (*Deputy Chairman*)
Mr. LEE Kwok Leung (*Chief Executive Officer*)
Mr. WONG Chi Keung (*Chief Financial Officer*)

Independent Non-Executive Directors

Dr. CHAN Kwong Fai
Mr. KWAN Kai Cheong
Mr. MA Ka Chun
Mr. CHAN Ka Kui

COMPANY SECRETARY

Ms. LAM Choi Ha

AUTHORISED REPRESENTATIVES

Mr. LI Kwok Tung Roy
Mr. WONG Chi Keung

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

LEGAL ADVISOR

Deacons

BOARD COMMITTEES

Audit Committee

Mr. KWAN Kai Cheong (*Chairman*)
Dr. CHAN Kwong Fai
Mr. MA Ka Chun
Mr. CHAN Ka Kui

Remuneration Committee

Dr. CHAN Kwong Fai (*Chairman*)
Mr. LI Kwok Tung Roy
Mr. KWAN Kai Cheong

Nomination Committee

Mr. MA Ka Chun (*Chairman*)
Mr. LI Kwok Tung Roy
Dr. CHAN Kwong Fai
Mr. CHAN Ka Kui

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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481-483 Castle Peak Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

INVESTOR RELATIONS CONTACT

Strategic Financial Relations Limited

SHARE INFORMATION

Listing: The Main Board of
The Stock Exchange of Hong Kong
Limited
Board lot: 2,000 Shares
Stock code: 3322

COMPANY WEBSITE

www.winhanverky.com

Financial Highlights

The Board of Directors of Win Hanverky Holdings Limited presented the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021, together with the comparative amounts for the corresponding period of 2020. The interim results and condensed interim financial information have not been audited but have been reviewed by the Company's audit committee ("Audit Committee") and the independent auditor.

KEY FINANCIAL INFORMATION AND RATIOS (UNAUDITED)

		Six months ended 30 June	
		2021	*2020 (Restated)
Continuing operations			
Revenue	<i>HK\$'000</i>	2,087,391	1,942,825
Gross profit	<i>HK\$'000</i>	547,098	438,206
Gross profit margin	%	26.2	22.6
Operating profit/(loss)	<i>HK\$'000</i>	49,252	(95,437)
Profit/(loss) before income tax	<i>HK\$'000</i>	33,909	(115,311)
Profit/(loss) from continuing operations	<i>HK\$'000</i>	27,343	(115,933)
Loss from discontinued operations	<i>HK\$'000</i>	—	(94,917)
Profit/(loss) for the period	<i>HK\$'000</i>	27,343	(210,850)
Profit/(loss) attributable to equity holders	<i>HK\$'000</i>	33,033	(166,281)
Basic earnings/(loss) per Share	<i>HK cents</i>	2.6	(12.9)

		As at	
		30 June 2021	31 December 2020
Net gearing ratio [^]	%	11.5	10.2
Current ratio	<i>times</i>	1.5	1.4
Trade receivable turnover period	<i>days</i>	39	49
Inventory turnover period	<i>days</i>	136	138

Notes:

* The income statements distinguish discontinued operations from continuing operations. Comparative figures have been re-presented accordingly.

[^] Net gearing ratio represents total borrowings (including bank borrowings and loans from non-controlling interests of subsidiaries) less cash and bank balances, divided by total equity.

The Group is an integrated manufacturer and retailer for internationally renowned sports, fashion and outdoor brands. The financial performance of the Group for the six months ended 30 June 2021 is summarised below:

OVERALL REVIEW

Revenue of the Group from continuing operations amounted to HK\$2,087.4 million (30 June 2020: HK\$1,942.8 million), representing an increase of 7.4%. The increase was mainly attributable to the recovery from the impact of COVID-19 pandemic (“**COVID-19**”). The orders received from customers of Sportswear Manufacturing Business regained a growth and, in addition, revenue of High-end Fashion Retailing Business generated from stores in the Mainland China market rebounded.

Gross profit margin of the Group from continuing operations increased to 26.2% (30 June 2020: 22.6%). The increase in gross profit margin of 3.6 percentage points was mainly attributable to the improved operating efficiencies of Sportswear Manufacturing Business. Moreover, gross profit was brought in by the increased revenue generated from High-end Fashion Retailing Business. As a result, gross profit increased by HK\$108.9 million to HK\$547.1 million (30 June 2020: HK\$438.2 million), 24.8% higher than that of the corresponding period of 2020.

Selling and distribution costs decreased by HK\$23.4 million to HK\$291.9 million (30 June 2020: HK\$315.3 million), which was mainly due to no further impairment loss incurred for the retail store assets in Hong Kong (30 June 2020: loss of HK\$35.9 million).

General and administrative expenses decreased by HK\$18.1 million to HK\$209.1 million (30 June 2020: HK\$227.2 million), which was mainly attributable to the Group’s continued effort of cost reduction initiatives.

Operating result from continuing operations recorded a profit of HK\$49.3 million (30 June 2020: loss of HK\$95.4 million), a combined result of increase in revenue and gross profit and further reduction of operating costs.

Net finance costs decreased by HK\$4.9 million to HK\$15.4 million (30 June 2020: HK\$20.3 million), which was mainly attributable to the decrease in interest on bank borrowings by HK\$8.0 million.

The Group has disposed of e.dye Business in August 2020 and as such no further loss was incurred (30 June 2020: loss of HK\$94.9 million).

Overall, the Group recorded profit after taxation of HK\$27.3 million for the six months ended 30 June 2021 (30 June 2020: loss of HK\$210.9 million).

The Board considers to conserve financial resources and does not recommend the payment of interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil) in view of the challenges and uncertainties ahead arising from the new wave of COVID-19 variants. We will continue to monitor the market situation and review our dividend payout from time to time.

BUSINESS REVIEW

Although the ongoing pandemic of COVID-19 continued to make the operating environment difficult and unpredictable, the Group's overall financial performance has rebounded in the first half of 2021 as compared with the corresponding period of 2020.

The financial performance of the business segments is summarised below:

Manufacturing Business

Our Manufacturing Business comprises "***Sportswear Manufacturing Business***" and "***High-end Functional Outerwear Manufacturing Business***".

Sportswear Manufacturing Business

The Group's Sportswear Manufacturing Business operates mainly through its OEM arrangements for a number of internationally renowned brands. Most of the Group's products are exported and sold to Europe, the United States and Mainland China. The Group has a long history and a distinctive position in sportswear garment manufacturing and has established long-term business relationships with its key customers.

Revenue from Sportswear Manufacturing Business increased by HK\$53.1 million to HK\$1,290.1 million (30 June 2020: HK\$1,237.0 million), representing an increase of 4.3%. The increase was mainly due to the increased orders received from customers, in particular, demand in the United States market recovered from a significant decline during the second quarter of 2020. The demand for sportswear products was driven by the return of sports events after lockdown, as well as increasing health awareness of the general public. It was partially offset by the reduced production for shipments to the European market arising from the temporary closure of our Cambodian factory due to COVID-19.

An operating profit of HK\$29.4 million was recorded for the six months ended 30 June 2021 (30 June 2020: loss of HK\$44.7 million). The significant change was driven by the improved operating efficiencies which was resulting from our cautious deployment of resources by adjusting factory operation mode and size of workforce.

High-end Functional Outerwear Manufacturing Business

Revenue from High-end Functional Outerwear Manufacturing Business decreased by HK\$10.6 million to HK\$152.7 million (30 June 2020: HK\$163.3 million), representing a decrease of 6.5%. It was mainly attributable to the reduced orders from an outdoor brand as the demand for fall/winter products has only been restored since the second quarter of 2021.

In order to prepare for the potential orders in the coming peak season, which is normally in the second half of 2021, additional product development costs and production enhancement expenses were incurred to capture the expected growth. As a result, an operating loss of HK\$17.7 million was recorded for the six months ended 30 June 2021 (30 June 2020: loss of HK\$10.0 million).

High-end Fashion Retailing Business

The Group's High-end Fashion Retailing Business had fashion retail networks through "***D-mop***" and "***J-01***" stores to sell self-owned brands, as well as imported brands, in Hong Kong and Mainland China. In addition, it had distribution rights for brands including "***Y-3***" in Mainland China, Hong Kong, Macau, Taiwan and Singapore and "***Heron Preston***" in Mainland China. It also operated licensed stores for brands "***Champion***" and "***DAKS***" in Mainland China and "***New Era***" in Mainland China, Hong Kong and Macau.

Revenue from High-end Fashion Retailing Business increased by HK\$102.1 million to HK\$644.6 million (30 June 2020: HK\$542.5 million), representing an increase of 18.8%. The increase was mainly attributable to the recovery from the low base in the first half of 2020 due to temporary closure of stores in the Mainland China market during the widespread outbreak of COVID-19. In other markets, the negative impact arising from COVID-19 on our stores in Hong Kong, Macau and Singapore continued in 2021 and had extended to Taiwan during the outbreak in the first half of 2021.

An operating profit of HK\$37.6 million was recorded for the six months ended 30 June 2021 (30 June 2020: loss of HK\$40.7 million). It was mainly attributable to the gross profit brought in by the increased revenue from the Mainland China market and no further impairment loss for the retail store assets in Hong Kong (30 June 2020: loss of HK\$35.9 million). Despite revenue from the Mainland China market had picked up, gross profit margin of High-end Fashion Retailing Business was still under high pressure due to the increased promotional activities and higher retail discounts offered to motivate customer spending.

As at 30 June 2021, the total number of stores increased to 242 (30 June 2020: 222), of which 205 stores were in Mainland China, 27 stores were in Hong Kong and Macau, and 10 stores in Taiwan and Singapore.

PROSPECTS

The impact of COVID-19 is complex and continuously evolving, resulting in significant disruption to the operating environment. The Group's Manufacturing Business and High-end Fashion Retailing Business have been impacted by the new wave of COVID-19 variants since July 2021.

Manufacturing Business

Productions of the factories in Vietnam have been temporarily ceased since mid-July of 2021 due to the containment measures imposed by the local authority following the outbreak of COVID-19 variants. Apart from our production facilities, the supply chain of raw materials and the logistics for delivery of finished goods have also been facing challenges due to the outbreak of COVID-19 variants in Vietnam and the surrounding areas. Although we endeavour to re-allocate certain production orders to our factories in Mainland China and Cambodia, given productions arising from the Vietnam factories contributed 48.2% of the revenue from the Group's Manufacturing Business for the six months ended 30 June 2021, it will inevitably significantly interfere the momentum of our revenue growth and disrupt operating efficiencies in the second half of 2021.

Sportswear Manufacturing Business

Although the recent outbreak of COVID-19 variants in South East Asian countries where the major supply chains are situated could dampen the recovery path in the second half of 2021, due to the recent vaccination achievements for COVID-19 in the United States and Europe, it is anticipated that new impetus will continue to be brought in to the consumer market at the demand side.

With the accelerating global concerns about physical exercise and awareness of healthy lifestyle, as well as the return of major sports events, demand for sportswear products is expected to remain optimistic in the long term.

We will continue to explore new initiatives to further enhance operational excellence in order to untangle the complexities of the challenges ahead. Given the highly uncertain situation in the short term arising from the new wave of COVID-19 variants in Vietnam, we will hold up large capital expenditure projects in the second half of 2021 including temporarily postponing the development of our new factories in Vinh Long, Vietnam again.

High-end Functional Outerwear Manufacturing Business

As certain products shipped to the European market are produced in Vietnam, the production of High-end Functional Outerwear Manufacturing Business has also been impacted by the temporary closure of factories in Vietnam, Mainland China will continue to be one of the important markets of this business segment as the impact arising from COVID-19 has been relatively mild in the first half of 2021. It is believed that the revenue growth momentum in the Mainland China market will sustain while demand from other markets will gradually pick up. Moreover, we will continue to improve our production efficiency and enhance cost control in order to prepare for a challenging recovery path ahead.

High-end Fashion Retailing Business

Mainland China will remain as the major market of our High-end Fashion Retailing Business. Although the Chinese government has imposed new measures since late July 2021 due to the new wave of COVID-19 variants which has temporarily affected the business of retail stores in Mainland China, since COVID-19 is still overall continuously under control in Mainland China, we are optimistic on the development of our business in this market and will continue our targeted store expansion plan in the second half of 2021.

In other markets, the impact arising from COVID-19 on our stores in Hong Kong, Macau, Singapore and Taiwan, especially business from tourists, continued, though there was a mild recovery on spending from local customers. It is anticipated that the negative impact will carry on in the second half of 2021 until the cities have been re-opened to tourists. In light of this, we will continue to prudently assess the profitability of the retail stores across the region and subject to the outcome, certain retail stores would be closed when necessary.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated cash flow and banking facilities and has maintained a healthy financial position during the period.

In view of the challenges and uncertainties ahead arising from the new wave of COVID-19 variants, the Group will continue to proactively monitor the situation and impose strict cost control measures and focus on its cash flow management to ensure that it remains a healthy liquidity position. Against the backdrop of the challenging environment, the Group's financial and liquidity position remains stable. As at 30 June 2021, the Group had cash and bank balances of HK\$681.7 million (31 December 2020: HK\$695.1 million) and net borrowings (bank borrowings and loans from non-controlling interests of subsidiaries less cash and bank balances) of HK\$230.1 million (31 December 2020: HK\$201.6 million), together with available undrawn banking facilities of HK\$548.8 million (31 December 2020: HK\$693.1 million). The net change was mainly attributable to the cash generated from operating activities and bank borrowings, net with payments for investing activities. The net gearing ratio (being net borrowings divided by total equity) as at 30 June 2021 was 11.5% (31 December 2020: 10.2%).

FOREIGN CURRENCY EXPOSURE

Hong Kong Dollar (“**HKD**”) serves as the Company’s functional currency and the Group’s presentation currency. The Group considers its foreign currency exchange exposure arising from United States Dollar (“**USD**”) transactions and USD cash balances to be minimal during the period given that HKD was pegged against USD.

The Group’s revenue and purchases were primarily denominated in USD, Renminbi (“**RMB**”) and HKD. During the period, approximately 55.1%, 39.6% and 3.6% of revenue were denominated in USD, RMB and HKD respectively, whereas approximately 81.0%, 14.2% and 3.4% of purchases were denominated in USD, RMB and HKD respectively.

As at 30 June 2021, approximately 49.5%, 37.0% and 10.8% of cash and bank balances were denominated in USD, RMB and HKD respectively, and approximately 55.4%, 41.9% and 2.7% of bank borrowings were denominated in HKD, USD and RMB respectively.

To minimise the impact of foreign currency rate volatility, we monitor foreign currency risk closely on an ongoing basis to ensure that the net exposure is at an acceptable level. If necessary, after consideration of the Group’s future operation and investment needs in different currencies, we may use proper financial instruments to reduce the currency risk exposure.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2021, the Group had approximately 19,000 employees (31 December 2020: approximately 19,000 employees). The Group remunerates employees based on their performance, working experience and prevailing market conditions. Other employee benefits include retirement benefits, insurance, medical coverage and share option schemes.

CHARGES ON THE GROUP’S ASSETS

As at 30 June 2021, bank deposit of HK\$1.2 million (31 December 2020: HK\$1.2 million) was pledged as security deposit at Custom Department for a subsidiary of the Group; and land and properties with an aggregate carrying amount of HK\$56.2 million (31 December 2020: HK\$57.5 million) were pledged to banks for certain banking facilities of the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities, litigation or arbitration of material importance as at 30 June 2021.



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**TO THE BOARD OF DIRECTORS OF
WIN HANVERKY HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed interim financial information set out on pages 13 to 39, which comprises the consolidated statement of financial position of Win Hanverky Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2021 and the consolidated income statement, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2021

Consolidated Statement of Financial Position

As at 30 June 2021

		Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	6	1,051,769	1,030,022
Intangible assets	7	222,728	224,142
Investments in associates		15,016	14,864
Other receivables and financial assets	9	41,728	59,326
Deferred tax assets		94,689	92,875
Pledged bank deposit		—	1,189
		1,425,930	1,422,418
Current assets			
Inventories		1,206,415	1,105,582
Trade and bills receivable	8	451,929	449,942
Other receivables and financial assets	9	171,905	144,568
Current tax recoverables		3,001	1,432
Pledged bank deposit		1,201	—
Cash and bank balances		681,661	695,088
		2,516,112	2,396,612
Current liabilities			
Trade and bills payable	10	339,343	257,525
Accruals and other payables	11	293,262	328,753
Borrowings	12	907,352	889,244
Lease liabilities		114,899	141,598
Current tax liabilities		79,111	79,461
		1,733,967	1,696,581
Non-current liabilities			
Other payables	11	15,401	20,554
Lease liabilities		179,356	125,813
Deferred tax liabilities		7,532	7,736
		202,289	154,103
Net assets		2,005,786	1,968,346

Consolidated Statement of Financial Position (Continued)

As at 30 June 2021

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Equity attributable to equity holders of the Company		
Share capital	128,440	128,440
Reserves	1,887,253	1,844,369
	2,015,693	1,972,809
Non-controlling interests	(9,907)	(4,463)
Total equity	2,005,786	1,968,346

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Income Statement

For the six months ended 30 June 2021

	Note	Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations			
Revenue	5	2,087,391	1,942,825
Cost of sales		(1,540,293)	(1,504,619)
Gross profit		547,098	438,206
Selling and distribution costs		(291,884)	(315,345)
General and administrative expenses		(209,081)	(227,156)
Other net income	13	3,119	8,858
Operating profit/(loss)	5	49,252	(95,437)
Finance costs – net	14	(15,444)	(20,297)
Share of profits of associates		101	423
Profit/(loss) before income tax		33,909	(115,311)
Income tax expense	15	(6,566)	(622)
Profit/(loss) from continuing operations		27,343	(115,933)
Discontinued operations			
Loss from discontinued operations	20	–	(94,917)
Profit/(loss) for the period		27,343	(210,850)
Profit/(loss) for the period attributable to:			
Equity holders of the Company			
– Continuing operations		33,033	(117,883)
– Discontinued operations	20	–	(48,398)
		33,033	(166,281)
Non-controlling interests		(5,690)	(44,569)
		27,343	(210,850)
Earnings/(loss) per share (basic and diluted) attributable to:			
(expressed in HK cents per share)	16		
– Equity holders of the Company from continuing operations		2.6	(9.2)
– Equity holders of the Company		2.6	(12.9)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (Restated)
Profit/(loss) for the period	27,343	(210,850)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	10,046	(15,879)
Share of other comprehensive income of associates	51	(19)
<i>Item that will not be reclassified to profit or loss</i>		
Change in the fair value of financial assets at fair value through other comprehensive income	—	(354)
Total comprehensive income for the period	37,440	(227,102)
Total comprehensive income for the period attributable to:		
Equity holders of the Company		
— Continuing operations	42,884	(132,485)
— Discontinued operations	—	(48,651)
	42,884	(181,136)
Non-controlling interests	(5,444)	(45,966)
	37,440	(227,102)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Unaudited				
	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021	128,440	1,844,369	1,972,809	(4,463)	1,968,346
Profit/(loss) for the period	–	33,033	33,033	(5,690)	27,343
Other comprehensive income	–	9,851	9,851	246	10,097
Total comprehensive income for the period	–	42,884	42,884	(5,444)	37,440
At 30 June 2021	128,440	1,887,253	2,015,693	(9,907)	2,005,786
At 1 January 2020	128,440	2,028,707	2,157,147	(43,822)	2,113,325
Loss for the period	–	(166,281)	(166,281)	(44,569)	(210,850)
Other comprehensive income	–	(14,855)	(14,855)	(1,397)	(16,252)
Total comprehensive income for the period	–	(181,136)	(181,136)	(45,966)	(227,102)
Employee share option scheme	–	87	87	–	87
Change in ownership interests in subsidiaries without change of control	–	(3,760)	(3,760)	(1,241)	(5,001)
	–	(3,673)	(3,673)	(1,241)	(4,914)
At 30 June 2020	128,440	1,843,898	1,972,338	(91,029)	1,881,309

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	101,751	266,153
Income taxes paid	(10,524)	(11,630)
Net cash generated from operating activities	91,227	254,523
Investing activities		
Interest received	739	1,340
Payment for property, plant and equipment	(32,659)	(18,497)
Repayment of receivables from a landlord	2,730	2,730
Proceeds from disposal of property, plant and equipment, and lease modifications	46	18,645
Payment for consideration of subsidiaries acquired in prior year	—	(42,578)
Net cash used in investing activities	(29,144)	(38,360)
Financing activities		
Proceeds from bank borrowings	534,141	718,413
Repayments of bank borrowings	(516,273)	(645,582)
Principal elements of lease payments	(84,287)	(67,886)
Interest elements of lease payments	(8,102)	(7,960)
Decrease in loans from non-controlling interests of subsidiaries	(2,998)	—
Payment for equity interest acquired from non-controlling interest of subsidiaries	—	(27,000)
Net cash used in financing activities	(77,519)	(30,015)
Net (decrease)/increase in cash and cash equivalents	(15,436)	186,148
Cash and cash equivalents at beginning of the period	695,088	486,623
Exchange differences on cash and cash equivalents	2,009	(3,019)
Cash and cash equivalents at end of the period	681,661	669,752

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 General information

Win Hanverky Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are engaged in the manufacturing and selling of garment products, including sportswear, high-end functional outerwear, high-end fashion apparel, and related accessories. Sales are primarily under original equipment manufacturing (“**OEM**”) arrangements to customers mainly in Europe, the United States, Mainland China and other countries, and under retail modes in Mainland China, Hong Kong, Macau, Taiwan and Singapore. Its production bases are primarily located in Mainland China, Vietnam and Cambodia.

The Company is an exempted company with limited liability under the Companies Law, Cap. 22, (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

2 Basis of preparation

The condensed interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed interim financial information contains the consolidated statement of financial position as at 30 June 2021, the consolidated income statement, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended and selected explanatory notes. The condensed interim financial information does not include all of the notes of the type normally included in the annual financial report. Certain comparative figures for the six months ended 30 June 2020 have been re-presented to distinguish discontinued operations from continuing operations.

The HKICPA has issued a number of new amendments that became applicable for the current reporting period. None of the developments have had a material effect on the Group’s result and financial position for the current and prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Save as described above, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020. Accordingly, readers should read the condensed interim financial information in conjunction with the annual financial statements for the year ended 31 December 2020, prepared in accordance with Hong Kong Financial Reporting Standards.

This condensed interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

3 Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020. There have been no significant changes in the risk management policies since year end.

Regarding liquidity risk, prudent management includes maintaining sufficient cash and the availability of funding from an adequate amount of banking facilities. Certain of the Group's banking facilities are subject to fulfilment of financial covenants as required by the banks. The Group regularly monitors its compliance with these covenants and re-negotiates to relax the undertakings or apply waivers against these undertakings from respective banks when necessary. The Group expects that there will be steady cash inflow from operations, coupled with sufficient cash and bank balances and based on its financial records and long banking relationships to continue its available banking facilities. Amid of COVID-19 continues to impact the Group's operations, management's assessment indicates that the Group has adequate liquidity and financial resources to cover its operating costs and meet its financial obligations as and when they fall due in the coming twelve months from the date of this condensed interim financial information.

4.2 Fair value estimation

The carrying values less impairment provision of trade and bills receivable, trade and bills payable, financial assets and liabilities measured at amortised cost and financial assets at fair value through other comprehensive income are a reasonable approximation of their fair values. The carrying values of pledged bank deposit and cash and bank balances also approximate their fair values.

5 Segment information

The chief operating decision-maker has been identified collectively as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and report segment performance based on internal reporting.

The executive directors review the performance of the Group mainly from a business operation perspective. The major business segments of the Group for the six months ended 30 June 2021 are Manufacturing and High-end Fashion Retailing.

- The Manufacturing segment represents manufacturing and sales of (i) sportswear and (ii) high-end functional outerwear of which both primarily under OEM arrangements to customers mainly in Europe, the United States, Mainland China and other countries.
- The High-end Fashion Retailing segment represents retailing of high-end fashion products in Mainland China, Hong Kong, Macau, Taiwan and Singapore.
- The e.dye segment represented manufacturing and sales of fabric and yarn products. It was disposed of in August 2020 and regarded as discontinued operations (Note 20). The comparative segment information for the six months ended 30 June 2020 has been re-presented to align with current period's disclosure.

The executive directors assess the performance of the business segments based on a measure of operating results of each segment, which excludes net finance costs in the result for each operating segment. Other information provided to the executive directors is measured in a manner consistent with that in the condensed interim financial information.

Disaggregation of revenue from contracts with customer by products or service lines is as follows:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Sales of goods	2,083,465	1,938,314
Provision of services	3,926	4,511
	2,087,391	1,942,825

5 Segment information (Continued)

The segment results for the six months ended 30 June 2021 are as follows:

	Manufacturing			Total HK\$'000
	Sportswear Manufacturing HK\$'000	High-end Functional Outerwear Manufacturing HK\$'000	High-end Fashion Retailing HK\$'000	
Total segment revenue	1,290,989	152,741	644,544	2,088,274
Inter-segment revenue	(883)	—	—	(883)
Revenue	1,290,106	152,741	644,544	2,087,391
Operating profit/(loss) and segment results	29,403	(17,778)	37,627	49,252
Finance costs – net				(15,444)
Share of profits of associates	101	—	—	101
Profit before income tax				33,909
Income tax expense				(6,566)
Profit for the period				27,343

Other segment items charged/(credited) to the operating profit for the six months ended 30 June 2021 are as follow:

Depreciation and amortisation of property, plant and equipment, and leased assets	50,974	6,843	75,823	133,640
Amortisation of intangible assets	—	1,065	349	1,414
Reversal of impairment of trade receivables, net	—	(1,214)	—	(1,214)
Provision/(write-back of provision) for inventories, net	17,199	2,136	(17,521)	1,814
(Gain)/loss on disposal of property, plant and equipment, and lease modifications, net	(1,124)	63	—	(1,061)

5 Segment information (Continued)

The segment results for the six months ended 30 June 2020 are as follows:

	Manufacturing			Total Continuing Operations	Discontinued Operations – e.dye (Note 20)	Total
	Sportswear Manufacturing HK\$'000	High-end Functional Outerwear Manufacturing HK\$'000	High-end Fashion Retailing HK\$'000			
Total segment revenue	1,237,498	164,780	542,455	1,944,733	20,009	1,964,742
Inter-segment revenue	(456)	(1,452)	–	(1,908)	(134)	(2,042)
Revenue	1,237,042	163,328	542,455	1,942,825	19,875	1,962,700
Operating loss and segment results	(44,737)	(9,995)	(40,705)	(95,437)	(92,268)	(187,705)
Finance costs – net				(20,297)	(2,649)	(22,946)
Share of profits of associates	423	–	–	423	–	423
Loss before income tax				(115,311)	(94,917)	(210,228)
Income tax expense				(622)	–	(622)
Loss for the period				(115,933)	(94,917)	(210,850)

Other segment items charged/(credited) to the operating loss for the six months ended 30 June 2020 are as follow:

Depreciation and amortisation of property, plant and equipment, and leased assets	51,953	7,467	100,865	160,285	2,871	163,156
Amortisation of intangible assets	–	1,065	349	1,414	1,874	3,288
Impairment of, net:						
– property, plant and equipment, and leased assets	–	–	35,889	35,889	12,984	48,873
– intangible assets	–	–	–	–	19,984	19,984
– trade receivables	–	–	–	–	6,641	6,641
– other receivables	–	–	–	–	22,587	22,587
Provision/(write-back of provision) for inventories, net	14,743	2,265	(30,323)	(13,315)	11,637	(1,678)
Loss/(gain) on disposal of property, plant and equipment, and lease modifications, net	2,512	134	(6,801)	(4,155)	–	(4,155)

5 Segment information (Continued)

The segment assets and liabilities are as follows:

	Manufacturing			Unallocated HK\$'000	Total HK\$'000
	Sportswear Manufacturing HK\$'000	High-end Functional Outerwear Manufacturing HK\$'000	High-end Fashion Retailing HK\$'000		
Total assets					
30 June 2021	2,252,585	406,489	1,185,278	97,690	3,942,042
31 December 2020	2,020,097	383,877	1,320,749	94,307	3,819,030
Total liabilities					
30 June 2021	1,139,754	224,053	485,806	86,643	1,936,256
31 December 2020	991,928	185,117	586,442	87,197	1,850,684

Segment assets/liabilities exclude current tax recoverables/liabilities and deferred tax assets/liabilities which are managed on a group basis.

5 Segment information (Continued)

The Group's revenue by geographical location is determined by the final destination of delivery of the products. The Group's revenue from external customers by geographical location is as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000 (Restated)
Continuing operations		
Mainland China	855,387	751,942
Europe	458,647	532,970
United States	323,807	258,809
Other Asian countries	268,232	223,358
Hong Kong	89,721	98,269
Canada	21,562	15,167
Others	70,035	62,310
	2,087,391	1,942,825

The total of non-current assets other than deferred tax assets by geographical location is as follows:

	As at	
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Mainland China	457,148	490,745
Hong Kong	391,800	391,274
Vietnam	287,451	240,099
Cambodia	188,335	199,532
Others	6,507	7,893
	1,331,241	1,329,543

6 Property, plant and equipment

	HK\$'000
For the six months ended 30 June 2021	
Opening net book amount	1,030,022
Additions	166,030
Disposals	(309)
Lease modifications	(14,823)
Depreciation and amortisation	(133,640)
Currency translation differences	4,489
Closing net book amount	1,051,769

As at 30 June 2021, certain land and properties with an aggregate carrying amount of HK\$56,225,000 (31 December 2020: HK\$57,494,000) were pledged for certain banking facilities (Note 12).

7 Intangible assets

	Goodwill HK\$'000	Customer relationship HK\$'000	Trademarks HK\$'000	Total HK\$'000
For the six months ended 30 June 2021				
Opening net book amount	200,094	15,086	8,962	224,142
Amortisation	—	(1,065)	(349)	(1,414)
Closing net book amount	200,094	14,021	8,613	222,728

8 Trade and bills receivable

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade receivables	455,323	449,067
Bills receivable	797	6,241
	456,120	455,308
Less: impairment of trade receivables	(4,191)	(5,366)
Financial assets measured at amortised cost	451,929	449,942

Majority of the trade receivables are with customers having good credit history. The Group usually grants its customers credit terms within 90 days. Most of the Group's sales are on open account, while sales made to a small number of customers are covered by letters of credit issued by banks or settled by documents against payment issued by banks. The ageing of trade and bills receivable based on invoice date is as follows:

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
0-90 days	439,883	434,860
91-180 days	9,530	9,814
181-365 days	3,250	6,272
Over 365 days	3,457	4,362
	456,120	455,308

The carrying values of trade and bills receivable approximate their fair values due to their short term maturities.

As at 30 June 2021 and 31 December 2020, there was one single group of customer with an aggregated outstanding balance which exceeded 10% of the Group's total trade and bills receivable from third parties. The aggregated balances due from this single group of customer accounted for approximately 55% (31 December 2020: 44%) of the Group's total trade and bills receivable from third parties. Other than this single group of customer, there was no other significant concentration of credit risk with respect to trade and bills receivable.

9 Other receivables and financial assets

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Non-current		
Rental, utility and other deposits	27,590	37,156
Rental deposit to a related party (Note 19(c))	475	471
Financial assets measured at amortised cost	28,065	37,627
Deposits for plant and equipment	13,663	21,699
	41,728	59,326
Current		
Rental, utility and other deposits	59,439	55,094
Other receivables from customers and suppliers	14,386	12,094
Receivables from a related party (Note 19(c))	13,289	14,104
Receivables from a landlord (Note)	2,730	5,460
Sundry receivables	9,273	9,387
Financial assets measured at amortised cost	99,117	96,139
Prepayments for inventories	29,009	11,872
Value-added tax recoverable	27,926	27,402
Prepayments for operating expenses	15,853	9,155
	171,905	144,568
	213,633	203,894

Note: Amounts represented receivables from a landlord in Vietnam which are repayable semi-annually, unsecured, interest-bearing at 5% (31 December 2020: 5%) per annum and denominated in United States Dollars.

10 Trade and bills payable

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade payables		
– to third parties	325,734	242,256
– to a related party (<i>Note 19(b)</i>)	9,550	13,322
Bills payable	4,059	1,947
Financial liabilities measured at amortised cost	339,343	257,525

The ageing of the trade and bills payable based on invoice date is as follows:

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
0–90 days	336,380	239,513
91–180 days	284	12,482
181–365 days	244	1,228
Over 365 days	2,435	4,302
	339,343	257,525

11 Accruals and other payables

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Current		
Accruals for employee benefit costs	117,234	137,760
Accruals for other operating expenses	63,508	62,839
Other taxes payable	27,884	22,924
Payables for purchases of property, plant and equipment	26,259	27,320
Deposits received	10,881	28,721
Payables to related parties <i>(Note 19(d))</i>	7,563	10,561
Payables for acquisition of remaining interests of subsidiaries from non-controlling interests	1,645	2,812
Others	8,068	11,503
Financial liabilities measured at amortised cost	263,042	304,440
Deferred income	13,458	15,860
Provision for re-instatement of leased assets	10,241	8,330
Contract liabilities	6,521	123
	293,262	328,753
Non-current		
Provision for re-instatement of leased assets	9,314	10,416
Deferred income	6,087	10,138
	15,401	20,554
	308,663	349,307

12 Borrowings

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 1 year or on demand	907,352	889,244

The Group's borrowings were carried at amortised cost. As at 30 June 2021 and 31 December 2020, the Group's borrowings were secured by certain land and properties of the Group and/or corporate guarantees given by the Company and/or personal guarantees given by certain related parties.

As at 30 June 2021, based on the repayment dates set out in the payment schedules ignoring the effect of any repayment on demand clause, the interest-bearing bank borrowings were due for repayment as follows:

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 1 year	796,518	754,240
After 1 year but within 2 years	63,334	59,995
After 2 years but within 3 years	47,500	59,995
After 3 years but within 4 years	—	15,014
	907,352	889,244

13 Other net income

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Gain on disposal of property, plant and equipment, and lease modifications, net	1,061	4,155
Gain on disposal of ancillary materials, net	844	485
Rental income	703	702
Government subsidies	525	3,057
Net exchange losses	(712)	(1,451)
Others	698	1,910
	3,119	8,858

14 Finance costs – net

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Finance income		
– Interest income from bank deposits and receivables from a landlord	566	756
– Interest income from discontinued operations	–	2,567
– Others	104	278
	670	3,601
Finance cost		
– Interest on lease liabilities	(8,102)	(7,867)
– Interest on bank borrowings	(8,012)	(16,031)
	(16,114)	(23,898)
	(15,444)	(20,297)

15 Income tax expense

The amounts of income tax expense charged/(credited) to the consolidated income statement represent:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Current tax		
– Mainland China	6,786	7,233
– Overseas	889	405
– Hong Kong	788	2,001
– (Over)/under provision in prior years	(14)	6
Deferred tax	(1,883)	(9,023)
	6,566	622

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Mainland China corporate income tax and Hong Kong profits tax have been provided at the rates of 25% (2020: 25%) and 16.5% (2020: 16.5%) on the estimated assessable profits respectively. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

16 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit/(loss) attributable to equity holders of the Company and on the weighted average number of ordinary shares of 1,284,400,000 shares (30 June 2020: 1,284,400,000 shares) in issue during the period.

	Six months ended 30 June	
	2021	2020
Basic earnings/(loss) per share (<i>HK cents</i>)		
– Continuing operations	2.6	(9.2)
– Discontinued operations	–	(3.7)
	2.6	(12.9)

The diluted earnings/(loss) per share for the six months ended 30 June 2021 and 2020 are the same as the basic earnings/(loss) per share as the potential ordinary shares arising from the share options granted by the Company outstanding do not have dilutive effect.

17 Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

18 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet provided for is as follows:

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Capital injection in subsidiaries	138,599	146,689
Property, plant and equipment	5,340	7,195

(b) Lease commitments

At 30 June 2021, the total future lease payments for leases committed but not yet commenced in relation to leased properties are HK\$38,584,000 (31 December 2020: HK\$13,401,000).

19 Related party transactions

The Group is controlled by Quinta Asia Limited (the immediate holding company), a company incorporated in the British Virgins Islands, which owns approximately 57.91% of the Company's shares as at 30 June 2021. The Company's directors regard Quinta Asia Limited as being the ultimate controlling party.

Apart from those disclosed elsewhere in this condensed interim financial information, the following significant transactions were carried out with related parties:

(a) Transactions with related parties

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Sales of goods		
Entity controlled by non-controlling interest of a subsidiary	—	266
Purchases of goods and services		
Major shareholder of an associate of the Group	20,365	10,829
Entity controlled by non-controlling interest of a subsidiary	—	111
	20,365	10,940
Interest income		
Non-controlling interest of a subsidiary	104	205
Entity controlled by non-controlling interest of a subsidiary	—	72
	104	277
Lease expenses		
An associate of the Group	1,358	996

Goods and services are sold/purchased at prices mutually agreed by both parties.

Interest income from related parties are charged at prevailing market rates.

Lease expenses are recognised based on monthly rental charge mutually agreed by both parties.

19 Related party transactions (Continued)**(b) Period/year-end balances arising from purchases of goods**

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Included in trade payables (Note 10)		
Major shareholder of an associate of the Group	9,550	13,322

All amounts are unsecured, interest-free and payable within normal trade credit terms.

(c) Amounts due from related parties

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Included in other receivables (Note 9)		
Receivables from non-controlling interest of a subsidiary	13,289	14,104
Rental deposit to an associate of the Group	475	471
	13,764	14,575

The receivables from non-controlling interest of a subsidiary are secured by a property held by non-controlling interest of a subsidiary, interest-bearing at floating rates that are market dependent and repayable on demand.

Rental deposit will be refunded at the end of the lease term.

19 Related party transactions (Continued)**(d) Amounts due to related parties**

	As at	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Included in accruals and other payables (Note 11)		
Loans from non-controlling interests of subsidiaries	4,423	7,421
Payables to non-controlling interest of a subsidiary	3,140	3,140
	7,563	10,561

All amounts are unsecured, interest-free and repayable on demand.

(e) Key management compensation

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Salaries, bonus and allowances	9,645	8,653
Retirement benefits schemes	36	36
Share-based compensation in respect of share options	—	87
	9,681	8,776

20 Discontinued operations

On 20 August 2020, the Group entered into a sale and purchase agreement with one of the other shareholders of e.dye Business and disposed of the 51% equity interest of e.dye Business which represented all the interest held by the Group to the shareholder. The transaction was completed in August 2020 and e.dye Business was regarded as discontinued operations. Financial information relating to discontinued operations for the six months ended 30 June 2020 is set out below.

	Six months ended 30 June 2020 HK\$'000
Revenue	20,009
Cost of sales	(22,420)
Gross loss	(2,411)
Selling and distribution costs	(1,616)
General and administrative expenses	(15,310)
Other net expenses (<i>Note</i>)	(72,931)
Operating loss	(92,268)
Finance costs — net	(2,649)
Loss before income tax	(94,917)
Income tax expense	—
Loss for the period	(94,917)
Loss for the period attributable to:	
Equity holders of the Company	(48,398)
Non-controlling interests	(46,519)
	(94,917)

20 Discontinued operations (Continued)*Note:*

	Six months ended 30 June 2020 HK\$'000
<hr/>	
Other net expenses	
Impairment of assets	(73,833)
Net exchange gain	275
Government subsidies	214
Others	413
	<hr/>
	(72,931)
	<hr/>
	Six months ended 30 June 2020 HK\$'000
<hr/>	
Cash flows	
Operating cash flows	(16,439)
Investing cash flows	(145)
Financing cash flows	15,733
	<hr/>
	(851)
	<hr/>

21 Non-adjusting event after the reporting period

Subsequent to the end of the reporting period up to the date of this condensed interim financial information, following the COVID-19 containment measures imposed by the local authority and for the benefit of the well-being and safety of the employees, the Group's factories in Binh Duong Province, Vietnam, has been temporarily closed starting from July 2021.

In terms of revenue, productions arising from the Vietnam factories contributed 32.4% of the Group's total revenue and 48.2% of Manufacturing Business' revenue for the six months ended 30 June 2021. To mitigate the impact of the temporary closure of the Vietnam factories to its customers and the Group, the Group endeavours to re-allocate certain production orders to its factories in Mainland China and Cambodia.

The uncertainties arising from the widespread of COVID-19 variants in South East Asia countries are expected to have negative impact on the operating environment as well as the Group's revenue, cash flow and operating results in the remainder of 2021. Apart from the Group's production facilities, the supply chain of raw materials and the logistics for delivery of finished goods have also been facing challenges due to the outbreak of COVID-19 variants in Vietnam and the surrounding areas.

DIRECTORS' DISCLOSURE OF INTERESTS

As at 30 June 2021, the interests and short positions of the Directors and chief executive(s) of the Company (if any) 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”)) which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in the shares/underlying shares of the Company

<u>Name of Directors</u>	<u>Capacity</u>	<u>Number of shares/ Underlying shares</u>	<u>Percentage of interest in the Company*</u>
Mr. LI Kwok Tung Roy	Interests in a controlled corporation	743,769,967 ¹	57.91%
Mr. LAI Ching Ping	Beneficial owner	4,186,000	0.33%
Mr. LEE Kwok Leung	Beneficial owner	12,000,000 ²	0.93%
Mr. WONG Chi Keung	Beneficial owner	10,102,000 ³	0.79%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 30 June 2021.

Notes:

1. Mr. LI Kwok Tung Roy holds 70% of the issued share capital of Quinta Asia Limited (“Quinta”). Mr. LI Kwok Tung Roy has a controlling interest in Quinta and is therefore deemed to be interested in Quinta’s interest in the Company for the purposes of the SFO.
2. Mr. LEE Kwok Leung is interested as a grantee of options to subscribe for up to 12,000,000 Shares under the Share Option Scheme.
3. Mr. WONG Chi Keung held 102,000 Shares and is interested as a grantee of options to subscribe for up to 10,000,000 Shares under the Share Option Scheme.

(b) Long positions in the shares of associated corporation of the Company (as defined in the SFO)

Name of directors	Associated corporation	Capacity	Number of shares	Percentage of interest in associated corporation
Mr. LI Kwok Tung Roy	Quinta	Beneficial owner	7	70%
Mr. LAI Ching Ping	Quinta	Beneficial owner	3	30%

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executive(s) or any of their respective associates had any interest or short position, whether beneficial or non-beneficial, in the shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, as far as the Directors were aware, the following persons (other than the Directors or chief executive(s) of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO.

Name	Capacity	Number of shares			Percentage of interest in the Company*
		Long position	Short position	Lending pool	
Quinta	Beneficial owner	743,769,967	—	—	57.91%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any person (other than the Directors or chief executive(s) of the Company) who had interests or short position in the shares and underlying shares of the Company which were recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME AND NEW SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 8 August 2006, the Company has established a share option scheme (“**Share Option Scheme**”) whereby the Board may, at their discretion, invite any directors, employees, consultants, professionals, customers, suppliers, agents, partners or advisers of or contractors to the Group (subject to the eligibility requirements as set out therein). The total number of Shares available for issue under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the listing date on 6 September 2006 unless further Shareholders’ approval has been obtained. In addition, the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other schemes adopted by the Group shall not exceed 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme or any other schemes adopted by the Group if the grant of such option will result in the limit being exceeded. The total number of Shares issued and to be issued upon the exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months’ period up to the date of grant to a substantial Shareholder or an independent non-executive director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK\$5,000,000 unless further Shareholders’ approval has been obtained; and to each other eligible person would not exceed 1% of the Shares in issue.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group. It also provides the eligible participants with an opportunity to acquire proprietary interests in the Company with a view to (a) motivate the eligible participants to optimise the performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

The Share Option Scheme has expired on 5 September 2016. In order to continue to provide the eligible participants, where appropriate, with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long-term success of the business of the Group, the Board has sought and obtained approval of the Shareholders for the adoption of a new share option scheme ("**New Share Option Scheme**") at the annual general meeting of the Company on 16 June 2016. The New Share Option Scheme adopted became effective from 20 June 2016 and will remain in force for a period of 10 years.

Under the New Share Option Scheme, the Board may, at their discretion, grant share options to eligible participants including any directors, employees or partners of the Group. The offer shall remain open for acceptance by the eligible participants for a period of not less than three business days from the date of offer and the Board may, at its discretion, specify the minimum period for which an option must be held before it can be exercised at the time of grant. A non-refundable consideration of HK\$10 shall be paid by each grantee on acceptance of the options. The exercise price is to be determined by the Board, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The total number of Shares which may be issued under the New Share Option Scheme must not exceed 128,440,000 shares, representing 10% of the issued share capital of the Company as at the date of this interim report. Other major terms of the New Share Option Scheme are substantially similar to those under the Share Option Scheme.

Upon the expiry of the Share Option Scheme, no share options can be further granted thereunder, whereas outstanding share options under the Share Option Scheme remain valid.

Other Information (Continued)

Movements of the options under the Share Option Scheme for the six months ended 30 June 2021 are as follows:

Grantee	Date of grant	Exercise price per Share HK\$	Exercise period	Number of options under the Share Option Scheme			
				As at 01/01/2021	Exercised during the period	Lapsed/ cancelled during the period	As at 30/06/2021
Mr. LEE Kwok Leung <i>Executive Director</i>	16/07/2014	0.946	16/07/2015–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2016–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2017–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2018–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2019–15/07/2024	2,400,000	–	–	2,400,000
				12,000,000	–	–	12,000,000
Mr. WONG Chi Keung <i>Executive Director</i>	22/12/2015	1.562	22/12/2016–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2017–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2018–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2019–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2020–21/12/2025	2,000,000	–	–	2,000,000
				10,000,000	–	–	10,000,000
An employee	16/07/2014	0.946	16/07/2016–15/07/2024	1,000,000	–	–	1,000,000
			16/07/2017–15/07/2024	1,000,000	–	–	1,000,000
			16/07/2018–15/07/2024	1,000,000	–	–	1,000,000
			16/07/2019–15/07/2024	1,000,000	–	–	1,000,000
				4,000,000	–	–	4,000,000
An employee	09/01/2014	1.010	09/01/2015–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2016–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2017–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2018–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2019–08/01/2024	1,000,000	–	–	1,000,000
				5,000,000	–	–	5,000,000
Total				31,000,000	–	–	31,000,000

No option has been granted under the New Share Option Scheme by 30 June 2021.

AUDIT COMMITTEE

The Company established the Audit Committee on 18 April 2006 with written terms of reference which were in compliance with the Listing Rules. The primary duties of the Audit Committee include reviewing, overseeing and supervision of the effectiveness of our financial reporting processes, internal control systems and risk management. The Audit Committee is also responsible for developing and reviewing the Company's policies and practices on corporate governance and reviewing the Company's compliance with the Corporate Governance Code as required under the Listing Rules. The Audit Committee shall comprise at least three members with the majority being independent non-executive Directors.

Currently, Mr. KWAN Kai Cheong, Dr. CHAN Kwong Fai, Mr. MA Ka Chun and Mr. CHAN Ka Kui, all being independent non-executive Directors, are members of the Audit Committee with Mr. KWAN Kai Cheong acting as the chairman.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 18 April 2006 with written terms of reference which were in compliance with the Listing Rules. The primary duties of the Remuneration Committee include making recommendations to the Board on the policy and structure of all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee shall comprise a majority of independent non-executive Directors.

The Remuneration Committee has three members comprising Mr. LI Kwok Tung Roy and our independent non-executive Directors, Mr. KWAN Kai Cheong and Dr. CHAN Kwong Fai. The chairman of the Remuneration Committee is Dr. CHAN Kwong Fai.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 18 April 2006 with written terms of reference which were in compliance with the Listing Rules. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of the Board succession. It carries out the process of selecting and recommending candidates for directorship with reference to the selection guidelines which include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills. The Nomination Committee also considers referrals and engagement of external recruitment professionals when necessary and makes recommendations to the Board for selection and approval. The Nomination Committee shall comprise a majority of independent non-executive Directors.

The Nomination Committee has four members comprising Mr. LI Kwok Tung Roy and our independent non-executive Directors, Mr. MA Ka Chun, Dr. CHAN Kwong Fai and Mr. CHAN Ka Kui. The chairman of the Nomination Committee is Mr. MA Ka Chun.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code. All Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2021.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has discussed with the management of the Company the financial reporting matters related to the preparation of the unaudited condensed interim financial information for the six months ended 30 June 2021. It has also reviewed the unaudited condensed interim financial information for the six months ended 30 June 2021 with the management and the auditor of the Company and recommended them to the Board for approval.

The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed interim financial information for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

ACKNOWLEDGEMENT

Finally, I would like to express my most sincere gratitude to our Directors, and the whole team for their consistent hard work, commitment and invaluable contributions to the Group. I would like to thank our clients, shareholders and business partners for their enduring support. We are well positioned to deal with challenges, expand on our capabilities and capture the opportunities ahead.

By Order of the Board
Win Hanverky Holdings Limited

LI Kwok Tung Roy
Chairman

Hong Kong, 26 August 2021

Glossary

In this interim report, unless the context states otherwise, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Win Hanverky Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2005
“Director(s)”	the director(s) of the Company
“Group” or “we” or “our” or “us”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region in Mainland China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mainland China”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“OEM”	acronym for original equipment manufacturing, a business that manufactures or purchases from other manufacturers and possibly modifies goods or equipment for branding and resale by others
“RMB”	Renminbi, the lawful currency of Mainland China
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	Shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“US”	the United States of America



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