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## **Win Hanverky Holdings Limited**

**永嘉集團控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3322)**

### **REDUCTION IN LOSS AND BUSINESS UPDATE**

This announcement is made by Win Hanverky Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the information currently available and the unaudited consolidated management accounts of the Group for the six months ended 30 June 2024 (the “**Current Period**”), the Group is expected to record loss after taxation of approximately HK\$85 million for the Current Period as compared to loss after taxation of HK\$177 million in the corresponding period in 2023.

The estimated reduction of loss after taxation for the Current Period was mainly attributable to the following reasons:

- (i) increase in operating profit from Sportswear Manufacturing Business by approximately HK\$118 million to operating profit of HK\$2 million (30 June 2023: operating loss of HK\$116 million). The successful turnaround from operating loss to operating profit was mainly attributable to increase in revenue by approximately HK\$261 million or 27% to HK\$1,215 million (30 June 2023: HK\$954 million). The increase in revenue was mainly due to the rebounded orders received from customers as they have significantly improved their inventory glut issue;

- (ii) the absence of loss arising from the discontinued operations of the fashion brand “*Champion*” under High-end Fashion Retailing Business in the Current Period (30 June 2023: operating loss of HK\$35 million) as the Group ceased to operate licensed stores of “*Champion*” since January 2024; and
- (iii) the above were somewhat offset by the increase in operating loss from continuing operations of High-end Fashion Retailing Business by approximately HK\$36 million to HK\$50 million (30 June 2023: operating loss of HK\$14 million) which was after taking into account impairment loss of approximately HK\$20 million (30 June 2023: HK\$1 million). The increase in operating loss was mainly due to continued sluggish consumer consumption.

## **BUSINESS UPDATE**

### **Manufacturing Business**

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

#### ***Sportswear Manufacturing Business***

Revenue from Sportswear Manufacturing Business increased by approximately HK\$261 million to HK\$1,215 million (30 June 2023: HK\$954 million), representing an increase of 27%. The increase was mainly due to the rebounded orders received from customers as they have significantly improved their inventory glut issue. The momentum of customer orders has been re-gained as driven by the increased consumer demand, in particular arising from large-scale major sports events. As a result, operating profit of approximately HK\$2 million was recorded for the Current Period (30 June 2023: operating loss of HK\$116 million).

#### ***High-end Functional Outerwear Manufacturing Business***

Revenue from High-end Functional Outerwear Manufacturing Business increased by approximately HK\$39 million to HK\$260 million (30 June 2023: HK\$221 million), representing an increase of 18%. It was mainly attributable to the increased orders received from the Mainland China market arising from the enlarged scope of cooperation with a comprehensive sportswear conglomerate in the Mainland China market which was offset by the decreased orders from the European market and United States market with higher profit margin. As a result, operating loss of approximately HK\$10 million was recorded for the Current Period (30 June 2023: operating loss of HK\$9 million) before the business entering into traditional peak season in the second half of the year.

### ***High-end Fashion Retailing Business***

Revenue from High-end Fashion Retailing Business decreased by approximately HK\$32 million to HK\$281 million (30 June 2023: HK\$313 million), representing a decrease of 10%. Light luxury retail consumption remained sluggish after a temporary snap-back in the early of 2023. The market sentiment in Mainland China and Hong Kong has been experiencing a downturn, influenced by persistent economic factors and geopolitical challenges. This trend is further compounded by a shift in consumer spending patterns, transitioning from domestic expenditure to a preference for outbound travel. In light of the adverse impact on the retail store performance, impairment loss of approximately HK\$20 million (30 June 2023: HK\$1 million) was provided. As a result, operating loss of approximately HK\$50 million was recorded for the Current Period (30 June 2023: operating loss of HK\$14 million).

### **FINANCIAL POSITION AND LIQUIDITY**

In view of the challenges and uncertainties ahead, 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 healthy. As at 30 June 2024, the Group had cash and bank balances of approximately HK\$240 million (31 December 2023: HK\$209 million) and net borrowings (bank borrowings and loans from non-controlling interest of subsidiaries less cash and bank balances) of approximately HK\$225 million (31 December 2023: HK\$265 million). The net gearing ratio (being net borrowings divided by the total equity) was approximately 17% (31 December 2023: 18%).

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the consolidated management accounts of the Group which have not yet been audited or reviewed by the auditor and audit committee of the Company. The shareholders of the Company and potential investors are advised to refer to the details in the interim results announcement of the Company for the six months ended 30 June 2024, which is expected to be published by the end of August 2024. There may be changes or adjustments following the review of the consolidated management accounts by the auditor and audit committee of the Company.

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

By Order of the Board  
**Win Hanverky Holdings Limited**  
**Li Kwok Tung Roy**  
*Chairman*

Hong Kong, 9 August 2024

*As at the date of this announcement, the directors are Li Kwok Tung Roy, Lai Ching Ping, Lee Kwok Leung, Wong Chi Keung, Kwan Kai Cheong<sup>#</sup>, Ma Ka Chun<sup>#</sup> and Chan Kit Fun Fanny<sup>#</sup>.*

<sup>#</sup> *Independent non-executive directors*