

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS	2024	2023	Change
	HK\$'000	HK\$'000	%
Continuing operations			
Revenue	3,973,103	3,073,686	+29.3%
Gross profit	774,634	504,136	+53.7%
Gross profit margin	19.5%	16.4%	+3.1% pt
Operating loss	(9,339)	(231,371)	-96.0%
Loss for the year			
— Continuing operations	(61,943)	(262,498)	
— Discontinued operations	—	(120,110)	
	(61,943)	(382,608)	-83.8%
Basic loss per share (<i>HK cents</i>)	(5.3)	(29.2)	-81.8%
OPERATIONAL HIGHLIGHTS			
<ul style="list-style-type: none"> • Revenue from continuing operations increased by 29.3% mainly attributable to the rebounded orders received from customers of Sportswear Manufacturing Business 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 from the European market, in particular arising from the large-scale major sports events. • Gross profit from continuing operations increased by 53.7%; while gross profit margin increased by 3.1 percentage points to 19.5% due to the improvement in production capacity utilisation rate and operating efficiency of Sportswear Manufacturing Business resulting from the rebounded orders. 			

- Consequently, operating loss reduced substantially to HK\$9.3 million. Such operating loss was mainly attributable to operating loss of HK\$63.5 million from continuing operations of High-end Fashion Retailing Business due to continued sluggish consumer consumption.
- The Group ceased to operate license stores of “*Champion*” since January 2024. The related operations had been regarded as discontinued operations and no further loss was incurred in 2024.
- The Group successfully turned around from loss after taxation of HK\$85.7 million in the first half of 2024 to profit after taxation of HK\$23.8 million in the second half of 2024. Overall, loss for the year was HK\$61.9 million which was significantly enhanced as compared with 2023.
- The financial and liquidity position remains healthy. As at 31 December 2024, cash and bank balances amounted to HK\$250.3 million (2023: HK\$209.5 million) and net gearing ratio was 16.0% (2023: 18.4%).
- The Board considers to conserve financial resources and does not recommend the payment of dividend in order to better prepare for the evolving market and business landscape. The Group will continue to closely monitor the market situation and review dividend payout from time to time.

The board of directors (the “**Board**” or “**Directors**”) of Win Hanverky Holdings Limited (the “**Company**”) presents the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2024, together with the comparative amounts for 2023 and the relevant explanatory notes.

CHAIRMAN’S STATEMENT

Business and Financial Highlights

In 2024, our Group demonstrated remarkable resilience and adaptability amidst a challenging economic landscape. We achieved a significant increase in revenue from continuing operations, amounting to HK\$3,973.1 million (2023: HK\$3,073.7 million), representing an increase of 29.3%.

Manufacturing Business has experienced a meaningful and solid recovery in 2024. The momentum of customer orders has been re-gained as our customers’ overstocking issue has been significantly improved. As a result, revenue from Manufacturing Business amounted to HK\$3,321.0 million (2023: HK\$2,466.0 million), representing an increase of 34.7%.

High-end Fashion Retailing Business has continued to focus on the Mainland China market. Although the customer demand is still frail, particularly for discretionary items, the introduction of direct operated plus franchise model indicates a promising direction for the business. Revenue from continuing operations of High-end Fashion Retailing Business amounted to HK\$652.1 million (2023: HK\$607.7 million), representing an increase of 7.3%.

Gross profit margin from continuing operations increased to 19.5% (2023: 16.4%), reflecting improved production capacity utilisation and operational efficiency in Sportswear Manufacturing Business due to rebound in orders received from customers.

The Group successfully turned around from loss after taxation of HK\$85.7 million in the first half of 2024 to profit after taxation of HK\$23.8 million in the second half of 2024. Overall, the Group recorded loss after taxation of HK\$61.9 million for the year ended 31 December 2024 (2023: loss after taxation of HK\$382.6 million).

Against the backdrop of the challenging environment, the financial and liquidity position of the Group remains healthy. As at 31 December 2024, cash and bank balances increased to HK\$250.3 million (2023: HK\$209.5 million) and net gearing ratio reduced to 16.0% (2023: 18.4%).

Outlook

As we look ahead, our view remains cautiously optimistic. The markets we operate in are still fraught with uncertainties, especially given the challenging and volatile macroeconomic backdrop. The potential resurgence of trade wars and the implementation of adverse tariff schemes are concerning, however, we are confident that our adaptability and diversified business model will enable us to navigate these challenges effectively and continue to support sustainable development.

Manufacturing Business has shown remarkable resilience. After a significant recovery in 2024, the inventory glut issue faced by our major customers have been significantly improved. It is anticipated that the business from existing customers will remain relatively stable in near future. As for the driver of our long-term growth, we remain dedicated to identifying new clientele and expanding our customer base. By broadening our customer portfolio, we aim to enhance our leading market position and secure sustainable long-term growth.

High-end Fashion Retailing Business will continue to focus on the Mainland China market. While it is expected that market sentiment remains volatile, with a prolonged and uneven recovery path, we are committed to navigating these challenges with agility and prudence.

While 2025 still presents uncertainties, we remain cautiously optimistic about our prospects. We will continue to prioritise prudent cost management and maintain operational agility against the backdrop of this dynamic environment.

Dividends

The Board considers to conserve financial resources and therefore does not recommend the payment of dividend in order to better prepare for the evolving market and business landscape. We will continue to monitor the market situation and reassess our dividend payout from time to time.

Acknowledgement

Finally, I would like to express my deepest gratitude to our Directors and the entire team for their unwavering dedication and tireless efforts in overcoming numerous challenges. I am also profoundly thankful to our clients, shareholders and business partners for their enduring trust and support.

LI Kwok Tung Roy
Chairman

Hong Kong, 20 March 2025

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
<u>Continuing operations</u>			
Revenue	2	3,973,103	3,073,686
Cost of sales		<u>(3,198,469)</u>	<u>(2,569,550)</u>
Gross profit		774,634	504,136
Selling and distribution costs		(365,553)	(343,552)
General and administrative expenses		(425,601)	(440,850)
Other income — net	3	<u>7,181</u>	<u>48,895</u>
Operating loss		(9,339)	(231,371)
Finance costs — net	4	(44,054)	(44,948)
Share of profits of associates		<u>2,679</u>	<u>1,319</u>
Loss before income tax		(50,714)	(275,000)
Income tax	5	<u>(11,229)</u>	<u>12,502</u>
Loss from continuing operations		(61,943)	(262,498)
<u>Discontinued operations</u>			
Loss from discontinued operations	10	<u>—</u>	<u>(120,110)</u>
Loss for the year		<u>(61,943)</u>	<u>(382,608)</u>
Loss for the year attributable to:			
Equity holders of the Company			
— Continuing operations		(68,438)	(255,181)
— Discontinued operations	10	<u>—</u>	<u>(120,110)</u>
		(68,438)	(375,291)
Non-controlling interests		<u>6,495</u>	<u>(7,317)</u>
		<u>(61,943)</u>	<u>(382,608)</u>
Loss per share attributable to:			
(basic and diluted, expressed in HK cents)	6		
Equity holders of the Company			
from continuing operations		(5.3)	(19.9)
Equity holders of the Company		<u>(5.3)</u>	<u>(29.2)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(61,943)	(382,608)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(35,047)	(27,727)
Share of other comprehensive income of associates	1,672	(2,254)
<i>Item that has been reclassified to profit or loss</i>		
Realisation of accumulated exchange differences and other reserves upon liquidation/disposal of subsidiaries	<u>(304)</u>	<u>5</u>
Total comprehensive income for the year	<u>(95,622)</u>	<u>(412,584)</u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company		
— Continuing operations	(100,076)	(278,035)
— Discontinued operations	<u>—</u>	<u>(126,416)</u>
	(100,076)	(404,451)
Non-controlling interests	<u>4,454</u>	<u>(8,133)</u>
	<u>(95,622)</u>	<u>(412,584)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		655,220	755,316
Intangible assets		198,328	201,156
Investments in associates		17,104	15,093
Other receivables and financial assets		52,005	46,445
Deferred tax assets		129,071	135,657
Pledged bank deposit		—	1,190
		<u>1,051,728</u>	<u>1,154,857</u>
Current assets			
Inventories		716,368	752,240
Trade and bills receivable	7	526,465	444,836
Other receivables and financial assets		150,788	266,167
Current tax recoverables		815	2,487
Pledged bank deposit		1,151	—
Cash and bank balances		250,321	209,456
		<u>1,645,908</u>	<u>1,675,186</u>
Current liabilities			
Trade payables	8	278,937	306,881
Accruals and other payables		321,279	275,734
Borrowings	9	464,985	472,760
Lease liabilities		94,891	94,610
Current tax liabilities		45,181	48,035
		<u>1,205,273</u>	<u>1,198,020</u>
Non-current liabilities			
Other payables		5,406	6,882
Lease liabilities		129,964	177,580
Deferred tax liabilities		11,834	6,780
		<u>147,204</u>	<u>191,242</u>
Net assets		<u>1,345,159</u>	<u>1,440,781</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity attributable to equity holders of the Company		
Share capital	128,440	128,440
Reserves	<u>1,226,055</u>	<u>1,333,246</u>
	1,354,495	1,461,686
Non-controlling interests	<u>(9,336)</u>	<u>(20,905)</u>
Total equity	<u><u>1,345,159</u></u>	<u><u>1,440,781</u></u>

NOTES:

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results 2024 does not constitute the Group's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of amendments to standards and interpretations that became applicable for the current reporting period. None of the amendments to standards and interpretations have had a material effect on the Group's results 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 reporting period. The Group is in the process of making an assessment of what the impact of those developments is expected to be in the period of initial adoption. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

2. 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 year ended 31 December 2024 are Manufacturing and High-end Fashion Retailing.

- The Manufacturing segment represents manufacturing and sales of (i) sportswear and (ii) high-end functional outerwear primarily under original equipment manufacturing (“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 other regions.
- In October 2023, the Group entered into a disposal agreement with a third party to sell, assign and novate the inventories and the licensed stores assets for the fashion brand “*Champion*” to the third party. The Group ceased to operate licensed stores of “*Champion*” since January 2024. The related operations were reclassified from the High-end Fashion Retailing segment and regarded as discontinued operations (Note 10).

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 consolidated financial statements.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Sales of goods	3,954,883	3,046,124
Provision of services	<u>18,220</u>	<u>27,562</u>
	<u>3,973,103</u>	<u>3,073,686</u>

For the year ended 31 December 2024, revenue of approximately HK\$2,165,416,000 (2023: HK\$1,670,127,000), representing 54.5% (2023: 54.3%) of the Group's total revenue, was derived from a single group of external customers and was attributable to the Manufacturing segment.

2. SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2024 are as follows:

	<u>Manufacturing</u>			Total <i>HK\$'000</i>
	Sportswear Manufacturing <i>HK\$'000</i>	High-end Functional Outerwear Manufacturing <i>HK\$'000</i>	High-end Fashion Retailing <i>HK\$'000</i>	
Total segment revenue	2,457,822	864,005	652,057	3,973,884
Inter-segment revenue	(743)	(38)	—	(781)
Revenue	<u>2,457,079</u>	<u>863,967</u>	<u>652,057</u>	<u>3,973,103</u>
Operating profit/(loss) and segment results	15,997	38,158	(63,494)	(9,339)
Finance costs — net				(44,054)
Share of profits of associates	2,679	—	—	2,679
Loss before income tax				(50,714)
Income tax				(11,229)
Loss for the year				<u>(61,943)</u>

Other segment items included in the consolidated income statement for the year ended 31 December 2024 are as follows:

Depreciation and amortisation of property, plant and equipment, and leased assets	74,532	10,997	73,538	159,067
Amortisation of intangible assets	—	2,130	698	2,828
Gain on liquidation of subsidiaries, net	(158)	—	—	(158)
Impairment loss of property, plant and equipment, and leased assets, net	—	—	34,768	34,768
(Write-back of provision)/provision for loss allowance of trade receivables, net	(2,216)	1,243	3,853	2,880
(Gain)/loss on disposal of property, plant and equipment, and lease modifications, net	(85)	8	676	599
Provision/(write-back of provision) for inventories, net	<u>25,473</u>	<u>5,155</u>	<u>(11,012)</u>	<u>19,616</u>

Inter-segment transactions are conducted at terms mutually agreed among group companies.

2. SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2023 are as follows:

	Manufacturing		High-end Fashion Retailing <i>HK\$'000</i>	Total continuing operations <i>HK\$'000</i>	Discontinued operations (<i>Note 10</i>) <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Sportswear Manufacturing <i>HK\$'000</i>	High-end Functional Outerwear Manufacturing <i>HK\$'000</i>				
Total segment revenue	1,889,495	585,744	607,726	3,082,965	261,572	3,344,537
Inter-segment revenue	(9,279)	—	—	(9,279)	—	(9,279)
Revenue	<u>1,880,216</u>	<u>585,744</u>	<u>607,726</u>	<u>3,073,686</u>	<u>261,572</u>	<u>3,335,258</u>
Operating (loss)/profit and segment results	(187,726)	3,460	(47,105)	(231,371)	(97,010)	(328,381)
Finance costs — net				(44,948)	(2,102)	(47,050)
Share of profits of associates	1,319	—	—	1,319	—	1,319
Loss before income tax				(275,000)	(99,112)	(374,112)
Income tax				12,502	—	12,502
Loss on disposal of discontinued operations				—	(20,998)	(20,998)
Loss for the year				<u>(262,498)</u>	<u>(120,110)</u>	<u>(382,608)</u>

Other segment items included in the consolidated income statement for the year ended 31 December 2023 are as follows:

Depreciation and amortisation of property, plant and equipment, and leased assets	87,222	18,032	81,125	186,379	26,169	212,548
Amortisation of intangible assets	—	2,130	698	2,828	—	2,828
Gain on disposal of a subsidiary, net	(21,388)	—	—	(21,388)	—	(21,388)
Impairment loss of property, plant and equipment, and leased assets, net	23,446	—	17,577	41,023	12,747	53,770
Provision for loss allowance of trade receivables, net	2,778	—	7,534	10,312	1,567	11,879
Loss on disposal of property, plant and equipment, and lease modifications, net	434	117	891	1,442	—	1,442
Provision/(write-back of provision) for inventories, net	<u>39,078</u>	<u>12,767</u>	<u>(11,463)</u>	<u>40,382</u>	<u>9,872</u>	<u>50,254</u>

Inter-segment transactions are conducted at terms mutually agreed among group companies.

2. SEGMENT INFORMATION (CONTINUED)

Segment assets/liabilities exclude current tax recoverables/liabilities and deferred tax assets/liabilities which are unallocated and managed on a group basis. The segment assets and liabilities are as follows:

	Manufacturing			Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Sportswear Manufacturing <i>HK\$'000</i>	High-end Functional Outerwear Manufacturing <i>HK\$'000</i>	High-end Fashion Retailing <i>HK\$'000</i>		
31 December 2024					
Assets	1,436,770	546,362	584,618	129,886	2,697,636
Liabilities	<u>(722,854)</u>	<u>(275,259)</u>	<u>(297,349)</u>	<u>(57,015)</u>	<u>(1,352,477)</u>
31 December 2023					
Assets	1,500,079	463,545	728,275	138,144	2,830,043
Liabilities	<u>(805,658)</u>	<u>(228,204)</u>	<u>(300,585)</u>	<u>(54,815)</u>	<u>(1,389,262)</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Mainland China	1,465,998	980,475
Europe	1,244,551	911,552
Other Asian countries	513,581	533,736
United States	438,663	425,725
Hong Kong	119,780	58,463
Canada	28,859	38,390
Others	<u>161,671</u>	<u>125,345</u>
	<u>3,973,103</u>	<u>3,073,686</u>

2. SEGMENT INFORMATION (CONTINUED)

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	339,596	358,549
Mainland China	241,876	273,781
Vietnam	191,042	218,426
Cambodia	130,295	135,948
Others	19,848	32,496
	<u>922,657</u>	<u>1,019,200</u>

3. OTHER INCOME — NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Government subsidies	3,084	17,283
Rental income	2,492	1,431
Gain on liquidation/disposal of subsidiaries, net (<i>Note</i>)	158	21,388
Net exchange gain	127	1,400
Loss on disposal of property, plant and equipment, and lease modifications, net	(599)	(1,442)
Others	1,919	8,835
	<u>7,181</u>	<u>48,895</u>

Note:

In 2024, the Group completed the liquidation of certain subsidiaries, resulting in a gain amounting to HK\$158,000.

In 2023, the Group completed the disposal of a subsidiary, resulting in a gain on disposal (before taxation) amounting to HK\$21,388,000. The subsidiary was principally engaged in the manufacturing of fabrics in Mainland China.

4. FINANCE COSTS — NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Finance income		
— Interest income from bank deposits	1,204	2,317
— Interest income from non-controlling interest of a subsidiary	579	619
	<u>1,783</u>	<u>2,936</u>
Finance cost		
— Interest on bank borrowings	(29,952)	(34,373)
— Interest on lease liabilities	(15,885)	(13,511)
	<u>(45,837)</u>	<u>(47,884)</u>
	<u>(44,054)</u>	<u>(44,948)</u>

5. INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Current tax		
— Mainland China	1,765	397
— Hong Kong	293	406
— Overseas	533	2,128
— Over-provision in prior years	(2,408)	(14,470)
	<u>183</u>	<u>(11,539)</u>
Deferred tax	11,046	(963)
	<u>11,229</u>	<u>(12,502)</u>

Mainland China corporate income tax and Hong Kong profits tax have been provided at the rates of 25% (2023: 25%) and 16.5% (2023: 16.5%) on the estimated assessable profits respectively. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to equity holders of the Company and on the weighted average number of ordinary shares of 1,284,400,000 shares (2023: 1,284,400,000 shares) in issue during the year.

	2024	2023
Basic and diluted loss per share (<i>HK cents</i>)		
— Continuing operations	(5.3)	(19.9)
— Discontinued operations	—	(9.3)
	<u>(5.3)</u>	<u>(29.2)</u>

The diluted loss per share for the years ended 31 December 2024 and 2023 are the same as the basic loss per share as the potential dilutive ordinary shares arising from the outstanding share options granted by the Company do not have dilutive effect.

7. TRADE AND BILLS RECEIVABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	538,755	455,640
Bills receivable	<u>3,957</u>	<u>4,022</u>
	542,712	459,662
Less: loss allowance of trade receivables	<u>(16,247)</u>	<u>(14,826)</u>
	<u><u>526,465</u></u>	<u><u>444,836</u></u>

Majority of 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	516,824	438,923
91–180 days	11,172	10,771
181–365 days	3,870	4,557
Over 365 days	<u>10,846</u>	<u>5,411</u>
	<u><u>542,712</u></u>	<u><u>459,662</u></u>

8. TRADE PAYABLES

The ageing of the trade payables based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	255,461	295,602
91–180 days	19,729	8,497
181–365 days	998	1,389
Over 365 days	2,749	1,393
	<u>278,937</u>	<u>306,881</u>

9. BORROWINGS

The interest-bearing bank borrowings are repayable as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year or on demand	<u>464,985</u>	<u>472,760</u>

As at 31 December 2024, based on the agreed payment schedules set out in the loan agreements ignoring the effect of any repayment on demand clause, the interest-bearing bank borrowings were due for repayment as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	394,485	472,760
After 1 year but within 2 years	5,000	—
After 2 years but within 5 years	15,000	—
After 5 years	50,500	—
	<u>464,985</u>	<u>472,760</u>

10. DISCONTINUED OPERATIONS

In October 2023, the Group entered into a disposal agreement with a third party to sell, assign and novate the inventories and the licensed stores assets for the fashion brand “*Champion*” to the third party. The Group ceased to operate licensed stores of “*Champion*” since January 2024. The related operations were reclassified from the High-end Fashion Retailing segment and regarded as discontinued operations. Financial information relating to discontinued operations for the year ended 31 December 2023 is set out below:

	2023 <i>HK\$'000</i>
Revenue	261,572
Cost of sales	<u>(197,312)</u>
Gross profit	64,260
Selling and distribution costs	(145,447)
General and administrative expenses	(15,823)
Other income — net	<u>—</u>
Operating loss	(97,010)
Finance costs — net	<u>(2,102)</u>
Loss before income tax	(99,112)
Income tax	—
Loss on disposal of discontinued operations (<i>Note</i>)	<u>(20,998)</u>
Loss for the year and attributable to equity holders of the Company	<u><u>(120,110)</u></u>

Note:

The disposal was completed on 29 December 2023 and loss on disposal, net of tax, amounting to HK\$20,998,000 was recognised during the year ended 31 December 2023.

	2023 <i>HK\$'000</i>
Cash consideration	89,840
Carrying amount of net assets disposal of	(96,336)
Goodwill allocated in association with the operations disposal of	<u>(14,502)</u>
Loss on disposal, net of tax	<u><u>(20,998)</u></u>

11. DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is an integrated manufacturer and retailer for internationally renowned sports, fashion and outdoor brands. The financial performance of the Group for the year ended 31 December 2024 is summarised below:

OVERALL REVIEW

Revenue of the Group from continuing operations amounted to HK\$3,973.1 million (2023: HK\$3,073.7 million), representing an increase of 29.3%. The increase was mainly attributable to the rebounded orders received from customers of Sportswear Manufacturing Business 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 from the European market, in particular arising from the large-scale major sports events.

Gross profit margin of the Group from continuing operations increased to 19.5% (2023: 16.4%). The increase in gross profit margin of 3.1 percentage points was mainly attributable to the improvement in production capacity utilisation rate and operating efficiency of Sportswear Manufacturing Business resulting from the rebounded orders. As a result, gross profit of the Group from continuing operations increased by HK\$270.5 million to HK\$774.6 million (2023: HK\$504.1 million), 53.7% higher than that of 2023.

Selling and distribution costs increased by HK\$22.0 million to HK\$365.6 million (2023: HK\$343.6 million), which was mainly due to impairment loss of HK\$34.8 million (2023: HK\$17.6 million) incurred for certain retail store assets.

General and administrative expenses decreased by HK\$15.3 million to HK\$425.6 million (2023: HK\$440.9 million), which was mainly attributable to the Group's effort of cost control.

Consequently, though operating results still recorded a loss of HK\$9.3 million, it was substantially reduced as compared to operating loss of HK\$231.4 million for the year ended 31 December 2023. Operating loss was mainly attributable to operating loss of HK\$63.5 million (2023: operating loss of HK\$47.1 million) from continuing operations of High-end Fashion Retailing Business due to continued sluggish consumer consumption.

The Group ceased to operate licensed stores of “*Champion*” since January 2024. The related operations had been regarded as discontinued operations and no further loss was incurred in 2024 (2023: loss after taxation of HK\$120.1 million).

The Group successfully turned around from loss after taxation of HK\$85.7 million in the first half of 2024 to profit after taxation of HK\$23.8 million in the second half of 2024. Overall, the Group recorded loss after taxation of HK\$61.9 million for the year ended 31 December 2024 (2023: loss after taxation of HK\$382.6 million, excluding discontinued operations, loss after taxation from continuing operations would be HK\$262.5 million for the year ended 31 December 2023).

The Board considers to conserve financial resources and does not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil) in view of the challenges ahead. We will continue to monitor the market situation and review our dividend payout from time to time.

BUSINESS REVIEW

The operating environment remained complex in 2024. Manufacturing Business re-gained momentum in customer orders as our major customers significantly improved their inventory glut issue. Despite this, the economic recovery in the Greater China regions remained sluggish, dampening consumer sentiment, particularly in the light luxury retail market where our High-end Fashion Retailing Business operates. While the situation stabilised in the second half of 2024, consumer sentiment was generally cautious, reflecting concerns over economic uncertainty.

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\$576.9 million to HK\$2,457.1 million (2023: HK\$1,880.2 million), representing an increase of 30.7%. 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, particularly from the large-scale major sports events. Overall, the business successfully turned around from operating loss of HK\$187.7 million for the year ended 31 December 2023 to operating profit of HK\$16.0 million for the year ended 31 December 2024.

High-end Functional Outerwear Manufacturing Business

Revenue from High-end Functional Outerwear Manufacturing Business increased by HK\$278.3 million to HK\$864.0 million (2023: HK\$585.7 million), representing an increase of 47.5%. It was mainly attributable to the increased orders received from the Mainland China market arising from the enlarged scope and volume of cooperation with a comprehensive sportswear conglomerate in the Mainland China market. Operating profit of HK\$38.2 million had been achieved for the year ended 31 December 2024 (2023: operating profit of HK\$3.5 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 and Taiwan, and "***Barbour***" in Mainland China and Hong Kong. It also operated licensed stores for brands "***DAKS***" in Mainland China and "***New Era***" in Hong Kong.

The Group introduced franchise stores, in addition to direct operated stores, for a fast-growing brand in the second half of 2024. This marked a pivotal strategic shift for High-end Fashion Retailing Business, enabling it to bolster business growth and profitability of certain brands with proven market presence. This strategic move successfully reduced operating loss of High-end Fashion Retailing Business from HK\$52.2 million in the first half of 2024 to HK\$11.3 million in the second half of 2024. The fast-growing brand primarily focuses on winter products and therefore the sales to franchise stores and profit generated are mainly recorded in the second half of the year.

Overall, revenue from High-end Fashion Retailing Business increased by HK\$44.4 million to HK\$652.1 million (2023: HK\$607.7 million), representing a slight increase of 7.3%. However, other brands of High-end Fashion Retailing Business were still impacted by market downturns and persistent weak economic factors. Due to the adverse impact on the retail store performance of other brands, impairment loss of HK\$34.8 million (2023: HK\$17.6 million) was provided. As a result, operating loss of HK\$63.5 million was recorded for the year ended 31 December 2024 (2023: operating loss of HK\$47.1 million).

As at 31 December 2024, the total number of direct operated stores of continuing operations decreased to 102 (2023: 123), of which 76 (2023: 94) stores were in Mainland China, 17 (2023: 18) stores were in Hong Kong and Macau, and 9 (2023: 11) stores in Taiwan and other regions.

PROSPECTS

Looking ahead, we will maintain a cautious approach, acknowledging the persistent uncertainties in the markets we operate in, particularly in light of the challenging and volatile macroeconomic environment. While the inflation and interest rates of the United States have declined, the pace of reduction is expected to be slow, indicating that global monetary policies are expected to remain restrictive in the short term. Despite the potential resurgence of trade wars and adverse tariff schemes, we believe that our flexibility and diversified business model will help us navigate the road ahead and foster sustainable development.

Manufacturing Business

Sportswear Manufacturing Business

Sportswear Manufacturing Business has successfully turned around, driven by rebound in orders received from customers. Sportswear products are expected to remain fundamentally attractive as the high awareness for health and fitness, coupled with the elevated sports participation rates in the world will sustain. In addition, the inventory glut issue faced by major customers has been significantly improved, leading to a more stable outlook for Sportswear Manufacturing Business in near future. As for the driver of our long-term growth, we remain dedicated to identifying new clientele and expanding our customer base. By broadening our customer portfolio, we aim to enhance our leading market position and secure sustainable long-term growth.

High-end Functional Outerwear Manufacturing Business

High-end Functional Outerwear Manufacturing Business has continued to make good progress in Mainland China market riding on the successful strategic partnership with a comprehensive sportswear conglomerate. It is expected that business performance of this segment will remain stable, driven by leveraging with this strategic partnership and ongoing consumer preference for high-quality and comfortable outerwear.

High-end Fashion Retailing Business

In Mainland China and Hong Kong, consumers remained cautious about spending, especially on discretionary items. The light luxury retail market is facing challenges due to evolving consumption patterns. As such, the path to recovery is expected to be prolonged and uneven, marked by diminishing momentum and a cautious market outlook. In response, the Group introduced franchise stores, in addition to direct operated stores, for a fast-growing brand in the second half of 2024. This marked a pivotal strategic shift for High-end Fashion Retailing Business, enabling it to bolster business growth and profitability of certain brands with proven market presence, indicating a promising direction for the business. By carrying this direct operated plus franchise model into 2025, the brand can capitalise on its existing reputation while expanding its footprint and driving revenue growth through a network of partner-operated retail stores. This approach not only diversifies risks but also fosters growth and adaptability to local markets. Despite these strategic moves, it is imperative to continue implementing strict cost controls and closing down non-profitable stores across the region.

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 31 December 2024, the Group had cash and bank balances of HK\$250.3 million (2023: HK\$209.5 million) and net borrowings (bank borrowings and loans from non-controlling interests of subsidiaries less cash and bank balances) of HK\$214.7 million (2023: HK\$265.2 million), together with available undrawn banking facilities of HK\$713.9 million (2023: HK\$666.2 million). The net change was mainly attributable to the cash generated from operating and investing activities, net with repayment of bank borrowings. The net gearing ratio (being net borrowings divided by total equity) as at 31 December 2024 was 16.0% (2023: 18.4%).

The Group expects that there will be steady cash inflow from operations coupled with sufficient cash and bank balances and based on its readily available banking facilities, 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 results announcement.

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 year given that HKD was pegged against USD.

The Group’s revenue and purchases were primarily denominated in USD, Renminbi (“**RMB**”) and HKD. During the year, approximately 59.7%, 36.0% and 3.0% of revenue were denominated in USD, RMB and HKD respectively, whereas approximately 74.5%, 23.0% and 1.1% of purchases were denominated in USD, RMB and HKD respectively.

As at 31 December 2024, approximately 52.0%, 37.2% and 7.8% of cash and bank balances were denominated in USD, RMB and HKD respectively, and approximately 58.2%, 31.0% and 10.7% 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 31 December 2024, the Group had approximately 17,000 employees (2023: approximately 16,000 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 31 December 2024, bank deposit of HK\$1.2 million (2023: HK\$1.2 million) was pledged as security deposit at Customs Department for a subsidiary of the Group; and land and properties with an aggregate carrying amount of HK\$82.0 million (2023: HK\$71.3 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 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year.

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 (including sale of treasury shares as defined under the Listing Rules) during the year. As at 31 December 2024, the Company and its subsidiaries did not hold any treasury shares.

DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 June 2025 to Tuesday, 24 June 2025 (both dates inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2025.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the year.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.winhanverky.com>). The annual report for the year ended 31 December 2024 will be dispatched to the Shareholders and will be available on the aforesaid websites in due course.

AUDIT COMMITTEE REVIEW

The Audit Committee has discussed with the management of the Company the internal control and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2024. It has also reviewed the consolidated financial statements for the year ended 31 December 2024 with the management and the auditor of the Company and recommended them to the Board for approval.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 24 June 2025. The notice of the annual general meeting, which constitutes part of the circular to the Shareholders, will be published on the aforesaid websites and despatched to the Shareholders together with the Company's annual report 2024 in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. LI Kwok Tung Roy, Mr. LAI Ching Ping, Mr. LEE Kwok Leung and Mr. WONG Chi Keung being the executive directors, and Mr. KWAN Kai Cheong, Mr. MA Ka Chun and Ms. CHAN Kit Fun Fanny being the independent non-executive directors.

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

Hong Kong, 20 March 2025