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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

HIGHLIGHTS

- Revenue for the six months ended 30 June 2008 amounted to HK$1,712.8 million, an increase of 23.1% as compared with the corresponding period of 2007.
- Profit attributable to equity holders of the Company for the six months ended 30 June 2008 amounted to HK$102.7 million, a decrease of 26.8% as compared with the corresponding period of 2007 (a decrease of 14.6% as if excluding non-recurring gain in the corresponding period of 2007).
- Basic earnings per share amounted to HK8.1 cents.
- The Board declared the payment of an interim dividend of HK2.5 cents per share.

The board of directors (the "Board" or "Directors") of Win Hanverky Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2008, together with the comparative amounts for the corresponding period of 2007. The interim results and condensed interim financial information have not been audited but have been reviewed by the Company's audit committee ("Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Unaudited Six months ended 30 June	
		2008	2007
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,712,822**	1,391,482
Cost of sales		**(1,168,906)**	(914,329)
Gross profit		**543,916**	477,153
Selling and distribution costs		**(190,542)**	(155,586)
General and administrative expenses		**(223,255)**	(157,851)
Other income and gains	*4*	**970**	34,350
Operating profit		**131,089**	198,066
Finance income		**7,040**	14,602
Finance costs		**(2,290)**	(3,854)
Share of (loss)/profit of associates		**(986)**	469
Share of loss of jointly controlled entities		**—**	(11,353)
Profit before income tax		**134,853**	197,930
Income tax expense	*5*	**(31,781)**	(41,340)
Profit for the period		**103,072**	156,590
Attributable to:			
Equity holders of the Company		**102,728**	140,405
Minority interest		**344**	16,185
		103,072	156,590
Earnings per share for profit attributable to the equity holders of the Company (expressed in HK cents per share)	*6*		
- basic		**8.1**	11.3
- diluted		**8.1**	11.0
Dividends	*7*	**31,710**	41,857

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Unaudited 30 June 2008 HK$'000	Audited 31 December 2007 HK$'000
Non-current assets			
Property, plant and equipment	*8*	**671,543**	547,028
Leasehold land and land use rights	*8*	**53,036**	53,086
Intangible assets	*8*	**275,180**	52,324
Investments in associates		**24,198**	25,184
Deferred income tax assets		**22,564**	13,717
Available-for-sale financial asset		**32,370**	—
Other receivables		**22,815**	28,599
		1,101,706	719,938
Current assets			
Inventories		**556,508**	486,155
Trade and bills receivable	*9*	**677,790**	704,067
Deposits, prepayments and other receivables		**127,792**	125,980
Cash and cash equivalents		**415,733**	580,280
		1,777,823	1,896,482
Current liabilities			
Trade and bills payable	*10*	**339,434**	376,877
Accruals and other payables		**203,157**	178,133
Current income tax liabilities		**96,163**	79,330
Borrowings		**59,410**	68,242
		698,164	702,582
Net current assets		**1,079,659**	1,193,900
Total assets less current liabilities		**2,181,365**	1,913,838

	Note	Unaudited 30 June 2008 *HK$'000*	Audited 31 December 2007 *HK$'000*
Non-current liabilities			
Borrowings		**11,982**	11,509
Deferred income tax liabilities		**2,415**	1,231
		14,397	12,740
Net assets		**2,166,968**	1,901,098
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital		**126,840**	126,840
Reserves		**1,787,935**	1,686,336
		1,914,775	1,813,176
Minority interest		**252,193**	87,922
Total equity		**2,166,968**	1,901,098

NOTES:

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") No. 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies are consistent with those used in the annual financial statements for the year ended 31 December 2007:

(a) Starting from this period, the Group has combined its "Active and outer wear" segment and "Sportswear manufacturing" segment, and reported the aggregated amounts as "Sportswear manufacturing" segment, as these two former business segments are subject to similar risks and returns and the new presentation is consistent with its internal management financial reporting. Prior period segment information is restated for comparative purposes.

(b) HK(IFRIC) – Int 11, "HKFRS 2 – Group and treasury share transactions" is mandatory for the first time for the financial year beginning 1 January 2008 and is relevant to the Group. This interpretation has no material impact on the Group's accounting policies as the Group's existing accounting policy on share-based payment complies with the amended requirements.

(c) The following new standards, amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

HKFRS 8	Operating segments
HKAS 23 (revised)	Borrowing costs
HKFRS 2 (revised)	Share-based payment
HKFRS 3 (revised)	Business combinations
HKAS 1 (revised)	Presentation of financial statements
HK(IFRIC) – Int 13	Customer loyalty programmes

3. SEGMENT INFORMATION

Business segments

At 30 June 2008, the Group is organised on a worldwide basis into two main business segments:

(1) Sportswear manufacturing; and

(2) Sportswear distribution and retail.

The segment results for the six months ended 30 June 2008 are as follows:

	Sportswear manufacturing	**Sportswear distribution and retail**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	1,391,439	327,527	—	1,718,966
Inter-segment revenue	(6,144)	—	—	(6,144)
Revenue	1,385,295	327,527	—	1,712,822
Operating profit/ segment results	125,346	7,761	(2,018)	131,089
Finance income				7,040
Finance costs				(2,290)
Share of loss of associates	(986)	—	—	(986)
Profit before income tax				134,853
Income tax expense				(31,781)
Profit for the period				103,072

Other segment expenditure items included in the condensed consolidated income statement are as follows:

Cost of goods sold	987,379	180,001	—	1,167,380
Depreciation of property, plant and equipment	33,176	10,102	—	43,278
Amortisation of leasehold land and land use rights	517	—	—	517
Amortisation of intangible assets	—	1,747	—	1,747
Impairment of inventories	—	2,539	—	2,539
Reversal of impairment of receivables	(255)	—	—	(255)
Loss on disposal of property, plant and equipment	—	238	—	238

The segment results for the six months ended 30 June 2007 are as follows:

	Sportswear manufacturing	Sportswear distribution and retail	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(restated)			*(restated)*
Total segment revenue	1,136,204	255,420	—	1,391,624
Inter-segment revenue	(142)	—	—	(142)
Revenue	1,136,062	255,420	—	1,391,482
Operating profit/ segment results	128,828	75,037	(5,799)	198,066
Finance income				14,602
Finance costs				(3,854)
Share of profit of associates	469	—	—	469
Share of loss of jointly controlled entities	—	(11,353)	—	(11,353)
Profit before income tax				197,930
Income tax expense				(41,340)
Profit for the period				156,590

Other segment expenditure items included in the condensed consolidated income statement are as follows:

Cost of goods sold	777,147	128,115	—	905,262
Depreciation of property, plant and equipment	24,616	3,517	—	28,133
Amortisation of leasehold land and land use rights	322	—	—	322
Amortisation of intangible assets	—	9,067	—	9,067
Impairment of inventories	796	—	—	796
Impairment of receivables	—	352	—	352
Gain on disposal of property, plant and equipment	(1,051)	—	—	(1,051)

Unallocated costs represent corporate expenses. Inter-segment transactions are conducted at terms mutually agreed among group companies.

4 OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Gain on derecognition of licence rights and related licence fees payable *(Note 8(b))*	**—**	33,526
Others	**970**	824
	970	34,350

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%).

Subsidiaries, associates and jointly controlled entities established and operated in Mainland China are subject to Mainland China Enterprise Income Tax at rates ranging from 18% to 25% for the six months ended 30 June 2008 (2007: 15% to 33%). In accordance with the applicable tax regulations, subsidiaries, associates and jointly controlled entities established in Mainland China as wholly-owned foreign enterprises or sino-foreign joint ventures, fulfilling certain conditions, are entitled to full exemption from Enterprise Income Tax for the first two years and a 50% reduction in Enterprise Income Tax for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from previous years.

The amounts of income tax expenses charged to the consolidated income statement represent:

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Current income tax –		
Hong Kong profits tax	**29,560**	25,230
Mainland China enterprise income tax	**9,532**	17,595
Deferred income tax	**(7,311)**	(1,485)
	31,781	41,340

6 EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders of the Company and on the weighted average number of shares in issue during the period.

	For the six months ended 30 June	
	2008	2007
Profit attributable to equity holders of the Company *(HK$'000)*	**102,728**	140,405
Weighted average number of shares in issue *('000)*	**1,268,400**	1,245,133
Basic earnings per share *(HK cents)*	**8.1**	11.3

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares . Shares issuable under the share option schemes are the only dilutive potential shares . A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the daily average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	For the six months ended 30 June	
	2008	2007
Profit attributable to equity holders of the Company *(HK$'000)*	**102,728**	140,405
Weighted average number of shares in issue *('000)*	**1,268,400**	1,245,133
Adjustment for share options *('000)*	**1,738**	27,976
Weighted average number of shares for diluted earnings per share *('000)*	**1,270,138**	1,273,109
Diluted earnings per share *(HK cents)*	**8.1**	11.0

7 DIVIDENDS

Dividends relating to the year ended 31 December 2007 of HK$44,394,000 were paid in May 2008 (2007: Nil).

At the Board meeting held on 16 September 2008, the Board declared an interim dividend of HK2.5 cents (2007: HK3.3 cents) per share. The interim dividend, amounting to HK$31,710,000 (2007: HK$41,857,000), has not been recognised as a liability in this interim financial information.

8 CAPITAL EXPENDITURE

	Property, plant and equipment	**Leasehold land and land use rights**	**Intangible assets**
	HK$'000	*HK$'000*	*HK$'000*
For the six months ended 30 June 2008			
Opening net book amount at 1 January 2008	547,028	53,086	52,324
Exchange differences	22,540	467	6,203
Additions (Note (a))	145,608	—	218,400
Disposals	(355)	—	—
Depreciation and amortisation	(43,278)	(517)	(1,747)
Closing net book amount at 30 June 2008	671,543	53,036	275,180
For the six months ended 30 June 2007			
Opening net book amount at 1 January 2007	345,907	31,476	150,296
Exchange differences	(49)	—	—
Acquisition of subsidiaries	4,562	—	41,734
Additions	107,742	21,685	—
Disposals/derecognition of licence rights (Note (b))	(237)	—	(130,312)
Depreciation and amortisation	(28,133)	(322)	(9,067)
Closing net book amount at 30 June 2007	429,792	52,839	52,651

Notes:

(a) In April 2008, the Group entered into agreements to establish a company for the manufacture and sale of products bearing the “Diadora” trademarks in Mainland China, Hong Kong and Macau. The Group has subscribed 60% equity interest in this company for a cash consideration of HK$234,000,000. The other shareholder has subscribed the remaining 40% equity interest in this company by assignment to it the rights to use the “Diadora” trademarks, after receiving a payment of HK$62,400,000 from this company. In this connection, the Group and the other shareholder of this company have entered into a put option and a call option agreement, under which the Group can sell and the other shareholder can purchase the Group’s 60% equity interest in this company at pre-determined amounts only upon occurrence of a limited number of events. In addition, this company acquired certain trade receivables and inventories relating to “Diadora” trademarks from a former licensee of the “Diadora” trademarks.

Upon completion of the establishment of this company, intangible assets, representing the “Diadora” trademarks, amounted to HK$218,400,000 have been recognised and are to be amortised over their estimated useful life of 25 years.

(b) In February 2007, the Group entered into a new agreement to act as an exclusive distributor of the Umbro branded products in the Greater China from March 2007 to December 2020. Consequently, the original agreement for the licence rights was terminated. Under the new distribution agreement, the Group is required to pay Umbro International Limited, a shareholder of Team & Sports Limited, royalty on all “Umbro” branded products sold at pre-agreed rates ranging from 6% to 25%, based on the selling price, but is not obligated to any fixed periodic royalty payment. Consequently, the former recognised licence rights and the related licence fees payable were derecognised. The excess of the carrying amount of the licence fees payable over the carrying value of the licence rights of HK$33,526,000 was recognised as other gains in the condensed consolidated income statement (Note 4).

9 TRADE AND BILLS RECEIVABLE

Majority of trade receivables are with customers having an appropriate credit history and at credit terms of 7 to 90 days. At 30 June 2008, the ageing analysis of trade and bills receivable is as follows:

	As at	
	30 June	31 December
	2008	2007
	HK$'000	*HK$'000*
0-30 days	**278,348**	339,833
31-60 days	**184,438**	248,517
61-90 days	**90,162**	38,792
91-120 days	**49,524**	43,906
121-180 days	**35,274**	19,616
181-365 days	**36,607**	12,485
Over 365 days	**12,117**	16,605
	686,470	719,754
Less: provision for impairment of trade receivables	**(8,680)**	(15,687)
	677,790	704,067

10 TRADE AND BILLS PAYABLE

At 30 June 2008, the ageing analysis of the trade and bills payable is as follows:

	As at	
	30 June	31 December
	2008	2007
	HK$'000	*HK$'000*
0-30 days	**194,249**	205,255
31-60 days	**45,150**	101,575
61-90 days	**59,139**	43,107
91-120 days	**23,018**	17,502
121-365 days	**13,042**	6,331
Over 365 days	**4,836**	3,107
	339,434	376,877

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2008, the Group has achieved a satisfactory growth in revenue, up by 23.1% to HK$1,712.8 million from HK$1,391.5 million for the corresponding period in 2007.

Gross profit of the Group amounted to HK$543.9 million, representing an increase of 14.0%; while its gross profit margin decreased to 31.8% against 34.3% for the corresponding period in 2007. Operating profit also decreased from HK$198.1 million to HK$131.1 million. Operating profit for the corresponding period in 2007 included a non-recurring gain on derecognition of licence rights of HK$33.5 million (as further detailed in notes 4 and 8(b) to the condensed consolidated interim financial information) (the "Non-recurring Gain"). Excluding the Non-recurring Gain, the operating profit for the six months ended 30 June 2008 decreased by 20.3% primarily reflecting the unsatisfactory performance in the manufacturing and sales of active and outer wear products affected by the US economic downturn during the first half of 2008.

Net finance income decreased from HK$10.7 million to HK$4.7 million mainly because of the continuous reduction of interest rate and decrease in cash and cash equivalents during the first half of 2008, resulting in less interest income earned by the Group from its bank deposits.

The effective income tax rate increased to 23.6% as compared to the corresponding period of 20.9% in 2007 (25.1% for 2007 as if excluding Non-recurring Gain). The profit attributable to the equity holders of the Company was HK$102.7 million and the basic earnings per share was HK8.1 cents.

The Board declared the payment of an interim dividend of HK2.5 cents per Share for the six months ended 30 June 2008.

BUSINESS REVIEW

The Group is an integrated manufacturer, distributor and retailer for renowned international sports brands. In response to the rapid changes of the operating and business environment, the Group changed its previously three business lines, namely "Sportswear Manufacturing", "Sportswear Distribution and Retail" and "Active and Outer Wear" into two new business lines, namely "Sportswear Manufacturing" and "Sportswear Distribution and Retail" during the period under review as the two former business segments are subject to similar risks and returns and the new segmental presentation is consistent with the Group's internal management financial reporting. Further segment information regarding these two lines of business is set out in note 3 to the condensed consolidated interim financial information. The financial performances of these two new business lines are summarised as below, and certain comparative amounts have also been restated to conform with the current period's presentation.

Sportswear Manufacturing Business

The Group's Sportswear Manufacturing Business mainly manufactures sportswear products on original equipment manufacturing basis for international sports brands, including but not limited to adidas, Reebok, Umbro, Diadora and Jako. Most of the Group's products are exported and sold to Europe and North America. During the period under review, Sportswear Manufacturing Business achieved satisfactory growth, with the sales revenue increased by 22.5% to HK$1,391.4 million, accounting for 80.9% of the Group's total sales revenue as compared to 81.6% (as restated) for the corresponding period in 2007. Although the US economic downturn has created pressure on the manufacture and sales of active and outer wear products to the market, the Group has expanded its production capacity and its top quality product portfolio, which stimulated orders from key and sports brand customers. These customers have kept the Group on their consolidated supplier bases and that explained the satisfactory growth in sales revenue in this business segment.

With its production facilities close to full utilisation and to meet the high demand from our sports brand customers, the Group has invested more resources into expanding production capacity. During the period under review, the Group has established new factories and enhanced the capacities for existing factories in Mainland China. These measures helped the Group increase the sales revenue from this business segment during the period under review. Continuous trust and support from customers and a strengthened management team were both reasons for the boosted sales revenue of this segment.

The Group faced challenging operating environment in the first half of 2008. The Group had to cope with rising production costs resulting from inflation and the appreciation of the Renminbi ("RMB"). Furthermore, uncertainty about the general economic prospect and the downturn of the US economy encouraged customers to request significant sales discounts from the Group. However, at its efforts to improve production, and operational and management efficiency, the Group was able to maintain reasonable margins. As a result, segmental gross profit increased to HK$404.1 million with overall margin at a reasonable 29.0% (corresponding period in 2007 (as restated): HK$359.1 million with its margin 31.6%). In addition, as aforementioned, the Group has established and commenced productions for its new factories which incurred preliminary expenses, additional administrative staff costs and depreciation during the period under review. The operating profit for the period under review was therefore maintained at HK$125.3 million with its margins at 9.0% (corresponding period in 2007 (as restated): HK$128.8 million at 11.3%).

Sportswear Distribution and Retail Business

This segment includes the businesses of distribution of Umbro products through Team and Sports Limited ("T&S HK"), retail of multi-brand products and distribution of merchandise through Win Sports Limited ("Win Sports"), and manufacturing and sales of Diadora products through Winor International Company Limited ("Winor"). T&S HK and Win Sports are indirect 60%- and 75%-owned subsidiaries of the Company respectively starting from March 2007, and Winor is an indirect 60%-owned subsidiary of the Company starting from April 2008 (as discussed below).

Overall sales revenue of Sportswear Distribution and Retail Business increased by 28.2% to HK$327.5 million, representing 19.1% of the Group's total sales revenue as compared to 18.4% for the corresponding period in 2007. The segmental gross profit increased to HK$139.9 million with its margin at 42.7% (corresponding period in 2007: HK$118.1 million with its margin at 46.2%). During the period, the market was generally over-estimated on the demand of sportswear products for 2008 Beijing Olympic Games. To cope with this over stock situation, the Group had to offer greater sales discounts to accelerate the stock clearance and to maintain reasonable sales volume and amounts and inevitably the sales performance and margin of the business were affected.

Segmental operating profit was HK$7.8 million with its margin at 2.4% (corresponding period in 2007: HK$75.0 million at 29.4%). After excluding the Non-recurring Gain, segmental operating profit for the current period decreased from HK$41.5 million (as adjusted) to HK$7.8 million. The decrease in operating profit was attributable to the investments in promotion and advertising to enhance consumer awareness and the image of the brands and of the Group. These expenses are expected to prove their worth and boost sales revenue from different brands in the coming years.

T&S HK has the exclusive rights to distribute Umbro products in the Greater China region. Sales revenue from this business increased by 14.0% to HK$257.2 million for the period under review. The steady segmental growth was mainly the result of increased demand for Umbro products in Mainland China and the additions of points-of-sale of the brand during the period under review. As at 30 June 2008, T&S HK had a network comprising over 110 Umbro product distributors operating approximately 1,400 points-of-sale in the Greater China region (of which approximately 1,200 points-of-sale were in Mainland China).

Win Sports is engaging in the sportswear retail business selling products of various sportswear brands in the Greater China region. The Group acquired an additional 25% stake in Win Sports and it became an indirect 75%-owned subsidiary of the Group starting from March 2007. For comparison, had the sales revenue and the operating results of Win Sports been consolidated into the Group starting from 1 January 2007, sales revenue from this business would have increased by 15.1% to HK$103.2 million and the operating loss would have reduced from HK$20.4 million to HK$15.2 million for the period under review.

The Group now has an extensive distribution network in the Greater China region. As at 30 June 2008, apart from the Umbro product distributor network with approximately 1,300 retail outlets in the Greater China region (of which approximately 100 retail outlets are from distributors of Win Sports), the Group also managed approximately 120 retail outlets and concessionary counters in Mainland China and Hong Kong. These retail outlets include stand-alone stores selling exclusively Umbro products, and sports specialty stores and concessionary counters selling Umbro products and products of other brands.

During the period under review, the Group continued to expand its retail business by forming a joint venture with Diadora S.P.A ("Diadora"). On 7 April 2008, Windia Holdings Limited ("Windia"), a wholly-owned subsidiary of the Company, and Diadora have entered into an agreement to form a joint venture (the "Agreement") for the manufacture, sales and distribution of Diadora products in Mainland China, Hong Kong and Macau.

Pursuant to the Agreement, among other things, Windia has agreed to subscribe for shares in Winor, to hold 60% of the enlarged issued share capital of Winor, for a consideration of approximately HK$234.0 million. On the other hand, Diadora has agreed to subscribe for shares in Winor (representing 40% of the enlarged issued share capital of Winor) (the "Consideration Shares"), and on completion, Diadora shall enter into a deed of assignment (the "Deed"), pursuant to which Diadora agreed to assign to Winor (or its subsidiary) the Diadora trademarks in consideration of Winor agreeing to pay the sum of US$8.0 million (equivalent to approximately HK$62.4 million), issuing and allotting the Consideration Shares, and entering into the asset purchase agreement (the "Purchase Agreement") with, among others, Fan Shing International Limited and Takson Holdings Limited, collectively with other vendors are referred to as the "Asset Vendors", to purchase certain stock-in-trade and book debts at a consideration of approximately RMB6.9 million (equivalent to approximately HK$7.9 million). The considerations to Diadora and the Asset Vendors under the Agreement, the Deed and Purchase Agreement, respectively were determined after arm's length negotiation between the parties.

As at 30 June 2008, the Group has contributed approximately HK$78.0 million to Winor in accordance with the terms and conditions as set out under the Agreement, and Winor has paid the sum of US$8.0 million (equivalent to approximately HK$62.4 million) and issued Consideration Shares to Diadora in accordance with the terms set out under the Deed. The remaining balance of capital contribution to Winor of approximately HK$156.0 million will be paid on demand by the board of directors of Winor but in any event no later than 31 December 2009.

PROSPECTS

Year 2008 has been a challenging year for the Group. It has brought pressure from increasing cost of productions, global inflation, appreciation of the RMB and a weak us market to the Group. Furthermore, the sportswear retail market in Mainland China has become more and more competitive. However, with the Chinese economy continuing to grow, followed by surge in disposal income and consumption power of the Chinese population, and the Group enjoying long-standing business relationship with its sports brand customers, the Directors believe the Group will be able to sustain growth momentum in coming years.

Sportswear Manufacturing Business

As mentioned above, the Group has established new factories and enhanced capacities of existing factories in Mainland China to support an output of up to approximately 6.0 million pieces of garments per month. The Directors consider that the Group's capacity of its production facilities are sufficient to satisfy the future production orders and sales demands in the coming two to three years and the Group will continue to enhance the utilisation rate of its production facilities heeding sales demands and its own expansion plans.

In addition, the Group will continue to work closely with and grow the demands of its customers owning international sports brands. It will seek to increase the sales contribution from Sportswear Manufacturing Business to the manufacturing segment by exploiting the fast growing Mainland China retail market. This move will help to diversify the income source of the manufacturing segment. The Group will also manufacture by itself the products covered by the Umbro products distribution business in Mainland China to enhance return, as well as assure quality and timely delivery, thus reaping the benefit of vertical integration.

Furthermore, efforts will be made to strengthen the management team for effective cost controls on material, human and transportation. The overall profit margin will be heightened through controlling general and administrative expenses. The Directors expect that its Sportswear Manufacturing Business shall maintain satisfactory growth and provide the Group with stable cash flow in the coming years.

Sportswear Distribution and Retail Business

The Mainland China economy is expected to be buoyant in the foreseeable future and interest in and awareness of sports and fitness are expected to continue after the 2008 Beijing Olympics Games. To capitalise on these trends, the Group will:

(1) increase points-of-sales in Mainland China to 1,400 by the end of 2008;

(2) continue to invest into advertising, marketing and sponsorship to enhance customer awareness and loyalty to licensed brands;

(3) inject resources into new product design and development together with Umbro Group;

(4) increase self-manufactured Umbro products to ensure product quality and market expectation; and

(5) put extra resources and manpower into improving the sales and operational efficiency and enhance profitability of multi-brand products sales through Win Sports.

Further, during the period under review, the Group has also entered into the Agreement with Diadora to form a join venture for the manufacture, sale and distribution of Diadora products in Mainland China, Hong Kong and Macau. Diadora is a global brand name covering a wide range of products with its production concentrated on sports like tennis, football, running and cycling, and is the Group's first in-house brand jointly owned with a joint venture partner. The Group expects to launch the first new series of Diadora products to the market in the second quarter of 2009 and targets to open 200 new retail outlets selling Diadora products by the end of 2009. The Directors believe that, by launching and investing more resources on its self-owned brand supported by a specific group of customers, and collaborating with Diadora, the Group will be able to enhance its strategic position in the retail and wholesale markets in the Greater China region.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding director's securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of 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 throughout the accounting period covered by the interim report.

PURCHASE, SALE OR REDEMPTION OF 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 2008.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.5 cents per share of the Company for the six months ended 30 June 2008 (2007: HK3.3 cents) payable to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 10 October 2008. The interim dividend will be paid on or about Friday, 31 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 8 October 2008 to Friday, 10 October 2008 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2008, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 6 October 2008.

CORPORATE GOVERNANCE

The Board adopted its own code of corporate governance, which covered all the code provisions and most of the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules.

The Company had complied with all the code provisions of the CG Code as set out in the Listing Rules during the six months ended 30 June 2008.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company's website (http://www.winhanverky.com). The interim report for the six months ended 30 June 2008 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 unaudited condensed consolidated interim financial information for the six months ended 30 June 2008. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 with the management and the auditors of the Company and recommended them to the Board for approval.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. LI Kwok Tung Roy, Mr. LAI Ching Ping, Mr. CHEUNG Chi, Mr. CHOW Chi Wai and Mr. LEE Kwok Leung being the Executive Directors, and Dr. CHAN Kwong Fai, Mr. WUN Kwang Vincent, Mr. MA Ka Chun and Mr. KWAN Kai Cheong being the Indepednent Non-Executive Directors.

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

Hong Kong, 16 September 2008