



Win Hanverky Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3322)



INTERIM
REPORT
2023



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

Mr. KWAN Kai Cheong
Mr. MA Ka Chun
Ms. CHAN Kit Fun Fanny

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*)
Mr. MA Ka Chun
Ms. CHAN Kit Fun Fanny

Remuneration Committee

Ms. CHAN Kit Fun Fanny (*Chairman*)
Mr. LI Kwok Tung Roy
Mr. KWAN Kai Cheong

Nomination Committee

Mr. MA Ka Chun (*Chairman*)
Mr. LI Kwok Tung Roy
Ms. CHAN Kit Fun Fanny

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

6th Floor, Phase 6
Hong Kong Spinners Industrial Building
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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
DBS Bank (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 2023, together with the comparative amounts for the corresponding period of 2022. 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	
		2023	2022
Revenue	HK\$'000	1,667,320	2,261,973
Gross profit	HK\$'000	298,212	526,653
Gross profit margin	%	17.9	23.3
Operating (loss)/profit	HK\$'000	(172,050)	31,253
(Loss)/profit before income tax	HK\$'000	(193,664)	14,176
(Loss)/profit for the period	HK\$'000	(177,150)	21,288
(Loss)/profit attributable to equity holders	HK\$'000	(163,214)	20,522
Basic (loss)/earnings per Share	HK cents	(12.7)	1.6

		As at	
		30 June 2023	31 December 2022
Net gearing ratio (Note)	%	11.7	22.8
Current ratio	times	1.6	1.5
Trade receivable turnover period	days	43	41
Inventory turnover period	days	133	131

Note: 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 2023 is summarised below:

OVERALL REVIEW

Revenue of the Group amounted to HK\$1,667.3 million (30 June 2022: HK\$2,262.0 million), representing a decrease of 26.3%. The decrease was mainly attributable to the decreased orders received from customers of Manufacturing Business since the last quarter of 2022, amid inventory pileup particularly in the sportswear market as a result of lower consumer demand in all the markets.

Gross profit margin of the Group decreased to 17.9% (30 June 2022: 23.3%). The decrease in gross profit margin of 5.4 percentage points was a combined result of decline in production capacity utilisation rate and operating efficiency under Manufacturing Business as a consequence of decrease in orders received from customers and the deep discounts offered to stimulate customer spending under High-end Fashion Retailing Business as the recovery of customer demand was not as strong as expected despite the cessation of all COVID-19 related control measures in the Mainland China market. As a result, gross profit of the Group decreased by HK\$228.5 million to HK\$298.2 million (30 June 2022: HK\$526.7 million), 43.4% lower than that of the corresponding period of 2022.

Selling and distribution costs decreased by HK\$43.2 million to HK\$250.0 million (30 June 2022: HK\$293.2 million), which mainly attributable to the decrease in freight charges of Manufacturing Business and the decrease in rental and operating costs of High-end Fashion Retailing Business as a result of decrease in business scale for both business segments.

Consequently, operating result recorded a loss of HK\$172.1 million (30 June 2022: profit of HK\$31.3 million).

Net finance costs increased by HK\$4.6 million to HK\$22.6 million (30 June 2022: HK\$18.0 million), which was mainly attributable to the increase in interest on bank borrowings by HK\$7.7 million as a result of increase in interest rates.

Overall, the Group recorded loss after taxation of HK\$177.2 million (30 June 2022: profit of HK\$21.3 million).

The Board considers to conserve financial resources and does not recommend the payment of interim dividend for the six months ended 30 June 2023 (30 June 2022: 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 and challenging in the first half of 2023. The recovery path of global economy was surrounded by the residual adverse effect of COVID-19 and continued geopolitical tension, associated with the elevated interest rate and inflation rate as well as currency instability. The foundation for sustained recovery was still in doubt and the consumer sentiment remained pressured. As a consequence, the inventory glut issue particularly in the sportswear market continues to exist which would unavoidably interfere our business performance.

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 decreased by HK\$552.7 million to HK\$954.1 million (30 June 2022: HK\$1,506.8 million), representing a decrease of 36.7%. The decrease was mainly due to the decreased orders received from customers since the last quarter of 2022, amid inventory pileup as a result of lower consumer demand in all the markets. As a consequence, the production capacity utilisation rate and operating efficiency declined. In light of the potential adverse impact arising from the low utilisation of production facilities, impairment loss of HK\$23.4 million was provided for certain production facilities.

Operating loss of HK\$115.9 million was recorded for the six months ended 30 June 2023 (30 June 2022: profit of HK\$63.4 million). The significant change was mainly due to the decrease in revenue, decline in production capacity utilisation rate and operating efficiency as well as the related impairment loss as mentioned above. In addition, the first half of 2023 was absent of a one-off gain of HK\$14.6 million recorded in the first half of 2022 arising from the disposal of a subsidiary holding a warehouse in Hong Kong.

High-end Functional Outerwear Manufacturing Business

Revenue from High-end Functional Outerwear Manufacturing Business decreased by HK\$58.7 million to HK\$221.3 million (30 June 2022: HK\$280.0 million), representing a decrease of 21.0%. It was mainly attributable to the decreased orders received from the European and Mainland China markets which was partially offset by the increased orders from the United States market. As a result, operating loss of HK\$9.3 million was recorded for the six months ended 30 June 2023 (30 June 2022: profit of HK\$4.4 million) before the business entering into traditional peak season in the second half of the year.

High-end Fashion Retailing Business

The Group's High-end Fashion Retailing Business had fashion retail networks through "***D-mop***", "***J-01***" and "***Spoonyard***" 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 other Asia-Pacific regions, and "***Barbour***" and "***Heron Preston***" in Mainland China. It also operated licensed stores for brands "***Champion***" and "***DAKS***" in Mainland China and "***New Era***" in Hong Kong.

Revenue from High-end Fashion Retailing Business increased by HK\$16.8 million to HK\$492.0 million (30 June 2022: HK\$475.2 million), representing a mild increase of 3.5%. Although revenue slightly recovered from the low base in the first half of 2022 due to the temporary lockdowns in some major cities of Mainland China where the Group was operating during that period, the recovery of customer demand was not as strong as expected despite the cessation of all COVID-19 related control measures in the Mainland China market in the first half of 2023. As such, deep discounts were offered to stimulate customer spending and to clear aged inventory, while gross profit contribution was hindered whereas clearance of aged inventory could enhance the Group's cash and financial position. In addition, market competition continued to be fierce as competitors were urged to significantly reduce the elevated inventory level, in particular, certain brands which the Group was not the exclusive distributors incurred huge loss owing to head-to-head competition from other distributors. In light of the potential adverse impact on the performance of the Mainland China business arising from the highly pressurised market competition, impairment loss of HK\$13.8 million was provided mainly for the retail store assets in Mainland China particularly in those cities where the Group was operating as the non-exclusive distributors of certain brands. As such, operating loss of HK\$46.9 million was recorded for the six months ended 30 June 2023 (30 June 2022: HK\$36.5 million).

As at 30 June 2023, the total number of stores decreased to 208 (30 June 2022: 248), of which 180 (30 June 2022: 216) stores were in Mainland China, 17 (30 June 2022: 22) stores were in Hong Kong and Macau, and 11 (30 June 2022: 10) stores in Taiwan and other Asia-Pacific regions.

PROSPECTS

In the first half of 2023, the Group has experienced a range of economic and industrial specific challenges, the global economy is expected to remain uncertain and we need to contend with the high global interest rate, high inflation rate as well as currency instability in the second half of 2023. Against the backdrop of the dynamic environment, we will conservatively monitor the market conditions, adjust our strategies and operational mode timely to minimise the impact to our business.

Manufacturing Business

Sportswear Manufacturing Business

Sportswear Manufacturing Business has been severely impacted by the order reduction from customers since the last quarter of 2022. Our customers have been progressively resolving the inventory glut issue during the period but we believe that it will still take time for them to recover to a normal inventory level given the continued economic challenges. Having said that, it is anticipated that the high awareness for health and fitness as well as elevated sports participation rates in the globe will sustain, sportswear products are expected to remain fundamentally attractive in long term. As such, we will continue to develop new internationally renowned brands in order to capture the long-term business opportunity.

High-end Functional Outerwear Manufacturing Business

High-end Functional Outerwear Manufacturing Business made a decent progress in the last two years particularly through a strategic partnership with a comprehensive sportswear conglomerate in the Mainland China market. With this strategic partnership, we will continue to enlarge the scope of cooperation with this conglomerate especially their internationally renowned brands. Following the market adjustments in the first half of 2023, it is expected that orders from customers in the second half of the year will be better than the first half as it is the traditional peak season of the business.

High-end Fashion Retailing Business

Mainland China will continue as the major market of our High-end Fashion Retailing Business. Following the long-awaited cessation of all COVID-19 related control measures, the shop footfall in the Mainland China market snapped back temporarily in the first quarter of 2023 but it is anticipated that the customer demand is still frail after the pent-up demand faded. In other markets, the re-opening of border of Mainland China will continue to benefit our stores in Hong Kong and Macau.

Nevertheless, the pace of economy recovery is still uncertain and the profitability of High-end Fashion Retailing Business will be highly pressurised under tough economic environment which will be further exacerbated by the heightened promotional activity and the fierce market competition. We will remain cautious and continuously assess our brand portfolio and store network, and will proactively make any adjustment if necessary in order to respond to the dynamic market environment.

FINANCIAL POSITION AND LIQUIDITY

As at 30 June 2023, the Group had cash and bank balances of HK\$361.4 million (31 December 2022: HK\$370.5 million) and net borrowings (bank borrowings and loans from non-controlling interests of subsidiaries less cash and bank balances) of HK\$191.9 million (31 December 2022: HK\$423.7 million), together with available undrawn banking facilities of HK\$690.7 million (31 December 2022: HK\$432.2 million). The net change was mainly attributable to the cash generated from operating activities, net with repayment of bank borrowings. The net gearing ratio (being net borrowings divided by total equity) as at 30 June 2023 was 11.7% (31 December 2022: 22.8%).

The Group expects that there will be steady cash inflow from operations and additional cash inflow from the realisation of assets, 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 interim report.

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 63.8%, 30.2% and 3.7% of revenue were denominated in USD, RMB and HKD respectively, whereas approximately 83.5%, 13.0% and 2.1% of purchases were denominated in USD, RMB and HKD respectively.

As at 30 June 2023, approximately 45.9%, 40.1% and 7.1% of cash and bank balances were denominated in USD, RMB and HKD respectively, and approximately 52.0%, 38.1% and 9.9% 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 2023, the Group had approximately 16,000 employees (31 December 2022: 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 2023, bank deposit of HK\$1.2 million (31 December 2022: 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\$72.6 million (31 December 2022: HK\$74.5 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 2023.



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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 35, 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 2023 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 selected 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” issued by the Hong Kong Institute of Certified Public Accountants. 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, 24 August 2023

Consolidated Statement of Financial Position

As at 30 June 2023

		Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	6	717,443	862,886
Intangible assets	7	217,072	218,486
Investments in associates		16,532	16,028
Other receivables and financial assets	9	30,583	38,038
Deferred tax assets		151,668	136,187
Pledged bank deposit		1,170	1,211
		1,134,468	1,272,836
Current assets			
Inventories		871,857	1,137,376
Trade and bills receivable	8	348,386	449,481
Other receivables and financial assets	9	177,329	233,803
Current tax recoverables		1,738	1,199
Cash and bank balances		361,391	370,489
		1,760,701	2,192,348
Assets classified as held for sale	19	16,372	—
		1,777,073	2,192,348
Current liabilities			
Trade and bills payable	10	165,663	158,397
Accruals and other payables	11	269,088	304,673
Borrowings	12	548,351	789,236
Lease liabilities		89,207	116,892
Current tax liabilities		63,147	69,676
		1,135,456	1,438,874
Liabilities directly associated with assets classified as held for sale	19	612	—
		1,136,068	1,438,874
Non-current liabilities			
Other payables	11	5,722	8,704
Lease liabilities		119,176	150,287
Deferred tax liabilities		6,850	7,554
		131,748	166,545
Net assets		1,643,725	1,859,765

Consolidated Statement of Financial Position

As at 30 June 2023

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Equity attributable to equity holders of the Company		
Share capital	128,440	128,440
Reserves	1,543,412	1,737,697
	1,671,852	1,866,137
Non-controlling interests	(28,127)	(6,372)
Total equity	1,643,725	1,859,765

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 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	5	1,667,320	2,261,973
Cost of sales		(1,369,108)	(1,735,320)
Gross profit		298,212	526,653
Selling and distribution costs		(249,995)	(293,188)
General and administrative expenses		(222,747)	(222,236)
Other net income	13	2,480	20,024
Operating (loss)/profit	5	(172,050)	31,253
Finance costs – net	14	(22,594)	(17,990)
Share of profits of associates		980	913
(Loss)/profit before income tax		(193,664)	14,176
Income tax credit	15	16,514	7,112
(Loss)/profit for the period		(177,150)	21,288
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(163,214)	20,522
Non-controlling interests		(13,936)	766
		(177,150)	21,288
(Loss)/earnings per share attributable to equity holders of the Company			
(basic and diluted, expressed in HK cents)	16	(12.7)	1.6

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 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
(Loss)/profit for the period	(177,150)	21,288
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(32,014)	(53,915)
Share of other comprehensive income of associates	(476)	(338)
Total comprehensive income for the period	(209,640)	(32,965)
Total comprehensive income for the period attributable to:		
Equity holders of the Company	(194,285)	(31,845)
Non-controlling interests	(15,355)	(1,120)
	(209,640)	(32,965)

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 2023

	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 2023	128,440	1,737,697	1,866,137	(6,372)	1,859,765
Loss for the period	—	(163,214)	(163,214)	(13,936)	(177,150)
Other comprehensive income	—	(31,071)	(31,071)	(1,419)	(32,490)
Total comprehensive income for the period	—	(194,285)	(194,285)	(15,355)	(209,640)
Dividends declared to non-controlling interest of a subsidiary	—	—	—	(6,400)	(6,400)
At 30 June 2023	128,440	1,543,412	1,671,852	(28,127)	1,643,725
At 1 January 2022	128,440	1,830,655	1,959,095	(16,444)	1,942,651
Profit for the period	—	20,522	20,522	766	21,288
Other comprehensive income	—	(52,367)	(52,367)	(1,886)	(54,253)
Total comprehensive income for the period	—	(31,845)	(31,845)	(1,120)	(32,965)
At 30 June 2022	128,440	1,798,810	1,927,250	(17,564)	1,909,686

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 2023

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Cash flows generated from operating activities		
Cash generated from operations	283,588	116,175
Income taxes paid	(9,776)	(4,230)
Net cash generated from operating activities	273,812	111,945
Investing activities		
Interest received	1,748	489
Payment for property, plant and equipment	(21,860)	(28,236)
Proceeds from disposal of a land lease right	52,065	—
Proceeds from disposal of property, plant and equipment, and lease modifications	219	9
Deposit received/proceeds from disposal of subsidiaries	10,702	39,800
Increase in pledged bank deposit	—	(97)
Net cash generated from investing activities	42,874	11,965
Financing activities		
Proceeds from bank borrowings	350,344	694,397
Repayments of bank borrowings	(590,469)	(816,512)
Principal elements of lease payments	(73,597)	(67,833)
Interest elements of lease payments	(6,786)	(8,585)
(Decrease)/increase in loans from non-controlling interests of subsidiaries	(4)	408
Dividends paid to non-controlling interest of a subsidiary	(1,200)	—
Net cash used in financing activities	(321,712)	(198,125)
Net decrease in cash and cash equivalents	(5,026)	(74,215)
Cash and cash equivalents at beginning of the period	370,489	415,819
Exchange differences on cash and cash equivalents	(3,121)	(4,954)
Cash and cash equivalents of assets classified as held for sale	(951)	—
Cash and cash equivalents at end of the period	361,391	336,650

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 other Asia-Pacific regions. 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 2023, 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.

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, amendment 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 2022. Accordingly, readers should read the condensed interim financial information in conjunction with the annual financial statements for the year ended 31 December 2022, 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 2022.

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 2022. 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 and additional cash inflow from the realisation of assets, coupled with sufficient cash and bank balances and based on its financial records and long banking relationships to continue its available banking facilities. Amid the lingering effect of COVID-19 and the macroeconomic challenges continue 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 2023 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 other Asia-Pacific regions.

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	
	2023 HK\$'000	2022 HK\$'000
Sales of goods	1,664,000	2,258,486
Provision of services	3,320	3,487
	1,667,320	2,261,973

Notes to the Condensed Interim Financial Information

5 Segment information (Continued)

The segment results for the six months ended 30 June 2023 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	955,452	221,290	491,980	1,668,722
Inter-segment revenue	(1,402)	—	—	(1,402)
Revenue	954,050	221,290	491,980	1,667,320
Operating loss and segment results	(115,893)	(9,264)	(46,893)	(172,050)
Finance costs – net				(22,594)
Share of profits of associates	980	—	—	980
Loss before income tax				(193,664)
Income tax credit				16,514
Loss for the period				(177,150)

Other segment items charged/(credited) to the operating loss for the six months ended 30 June 2023 are as follows:

Depreciation and amortisation of property, plant and equipment, and leased assets	45,456	9,791	59,982	115,229
Amortisation of intangible assets	—	1,065	349	1,414
Provision/(write-back of provision) for inventories, net	24,599	10,105	(8,480)	26,224
(Gain)/loss on disposal of property, plant and equipment, and lease modifications, net	(135)	118	1,101	1,084
Impairment loss of property, plant and equipment, and leased assets, net (Note 6(a))	23,446	—	13,762	37,208

5 Segment information (Continued)

The segment results for the six months ended 30 June 2022 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	1,508,177	279,991	475,170	2,263,338
Inter-segment revenue	(1,365)	—	—	(1,365)
Revenue	1,506,812	279,991	475,170	2,261,973
Operating profit/(loss) and segment results	63,430	4,332	(36,509)	31,253
Finance costs — net				(17,990)
Share of profits of associates	913	—	—	913
Profit before income tax				14,176
Income tax credit				7,112
Profit for the period				21,288

Other segment items charged/(credited) to the operating profit for the six months ended 30 June 2022 are as follows:

Depreciation and amortisation of property, plant and equipment, and leased assets	53,309	6,535	78,395	138,239
Amortisation of intangible assets	—	1,065	349	1,414
Provision/(write-back of provision) for inventories, net	16,571	962	(16,252)	1,281
Loss on disposal of property, plant and equipment, and lease modifications, net	—	4	1,930	1,934
Gain on disposal of a subsidiary, net	(14,560)	—	—	(14,560)

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 2023	1,508,097	460,253	789,785	153,406	2,911,541
31 December 2022	1,825,756	472,540	1,029,502	137,386	3,465,184
Total liabilities					
30 June 2023	691,346	225,083	281,390	69,997	1,267,816
31 December 2022	841,672	204,894	481,623	77,230	1,605,419

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	
	2023 HK\$'000	2022 HK\$'000
Mainland China	517,198	674,121
Europe	504,530	772,218
Other Asian countries	274,189	328,214
United States	230,802	294,653
Hong Kong	65,600	55,591
Canada	17,919	38,034
Others	57,082	99,142
	1,667,320	2,261,973

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

	As at	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Hong Kong	360,374	366,038
Mainland China	262,416	372,135
Vietnam	194,726	226,920
Cambodia	144,158	154,574
Others	21,126	16,982
	982,800	1,136,649

6 Property, plant and equipment

	HK\$'000
For the six months ended 30 June 2023	
Opening net book amount	862,886
Additions	34,563
Disposals	(1,303)
Assets classified as held for sale (Note 19)	(15,269)
Lease modifications	(3,380)
Depreciation and amortisation	(115,229)
Impairment (Note (a))	(37,208)
Currency translation differences	(7,617)
Closing net book amount	717,443

Notes:

- (a) During the six months ended 30 June 2023, impairment loss of HK\$16,412,000 (30 June 2022: Nil) and HK\$7,034,000 (30 June 2022: Nil) had been included in “cost of sales” and “general and administrative expenses” of the consolidated income statement respectively for certain production facilities of Sportswear Manufacturing Business, and impairment loss of HK\$13,762,000 (30 June 2022: Nil) had been included in “selling and distribution costs” of the consolidated income statement for the retail stores assets of High-end Fashion Retailing Business.
- (b) As at 30 June 2023, land and properties with an aggregate carrying amount of HK\$72,594,000 (31 December 2022: HK\$74,499,000) were pledged to banks for certain banking facilities of the Group (Note 12).
- (c) The Group leases various land, retail stores, offices, warehouses, plant and equipment. As at 30 June 2023, the net book amount of the related right-of-use assets was HK\$272,048,000 (31 December 2022: HK\$335,519,000).

7 Intangible assets

	Customer			Total HK\$'000
	Goodwill HK\$'000	relationship HK\$'000	Trademarks HK\$'000	
For the six months ended 30 June 2023				
Opening net book amount	200,094	10,826	7,566	218,486
Amortisation	—	(1,065)	(349)	(1,414)
Closing net book amount	200,094	9,761	7,217	217,072

8 Trade and bills receivable

	As at	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables	343,244	446,528
Bills receivable	8,259	6,130
	351,503	452,658
Less: loss allowance of trade receivables	(3,117)	(3,177)
Financial assets measured at amortised cost	348,386	449,481

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 2023 HK\$'000	31 December 2022 HK\$'000
0-90 days	333,507	434,073
91-180 days	8,646	9,695
181-365 days	3,606	4,578
Over 365 days	5,744	4,312
	351,503	452,658

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

As at 30 June 2023 and 31 December 2022, 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 47% (31 December 2022: 45%) 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 2023 HK\$'000	31 December 2022 HK\$'000
Non-current		
Rental, utility and other deposits	19,416	25,242
Rental deposit to a related party (<i>Note 20(b)</i>)	—	443
Financial assets measured at amortised cost	19,416	25,685
Deposits for plant and equipment	11,167	12,353
	30,583	38,038
Current		
Rental, utility and other deposits	61,102	60,396
Receivables from a related party (<i>Note 20(b)</i>)	10,865	13,760
Other tax receivables	4,372	4,354
Other receivables from customers and suppliers	2,574	5,138
Rental deposit to a related party (<i>Note 20(b)</i>)	428	—
Receivables from disposal of a land lease right	—	52,065
Sundry receivables	6,120	9,995
Financial assets measured at amortised cost	85,461	145,708
Value-added tax recoverable	57,138	58,198
Prepayments for inventories	21,948	18,008
Prepayments for operating expenses	12,782	11,889
	177,329	233,803
	207,912	271,841

10 Trade and bills payable

	As at	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade payables	165,663	156,625
Bills payable	—	1,772
Financial liabilities measured at amortised cost	165,663	158,397

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

	As at	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
0–90 days	159,771	154,139
91–180 days	3,123	1,993
181–365 days	1,743	1,102
Over 365 days	1,026	1,163
	165,663	158,397

11 Accruals and other payables

	As at	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Current		
Accruals for employee benefit costs	96,552	120,751
Accruals for other operating expenses	62,889	70,979
Payables for purchases of property, plant and equipment	24,085	31,700
Other taxes payable	15,531	27,909
Payables to related parties <i>(Note 20(b))</i>	10,040	8,044
Deposits received	320	1,529
Others	4,424	5,047
	213,841	265,959
Financial liabilities measured at amortised cost		
Contract liabilities	30,743	24,602
Provision for re-instatement of leased assets	10,948	10,322
Deposit received for disposal of a subsidiary <i>(Note 19)</i>	10,702	—
Others	2,854	3,790
	269,088	304,673
Non-current		
Provision for re-instatement of leased assets	4,856	7,060
Others	866	1,644
	5,722	8,704
	274,810	313,377

12 Borrowings

The Group's borrowings are carried at amortised cost and the interest-bearing bank borrowings are repayable within one year or on demand. As at 30 June 2023 and 31 December 2022, 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 2023, 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 2023 HK\$'000	31 December 2022 HK\$'000
Within 1 year	548,351	773,403
After 1 year but within 2 years	—	15,833
	548,351	789,236

13 Other net income

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Gain on disposal of ancillary materials, net	1,852	752
Government subsidies	1,300	5,338
Rental income	749	734
Net exchange (loss)/gain	(1,013)	88
Loss on disposal of property, plant and equipment, and lease modifications, net	(1,084)	(1,934)
Gain on disposal of a subsidiary, net (<i>Note</i>)	—	14,560
Others	676	486
	2,480	20,024

Note: The Group completed a disposal of a subsidiary in March 2022, resulting in a gain on disposal amounting to HK\$14,560,000. The subsidiary was principally engaged in property holding in Hong Kong and its principal asset was a property which was under-utilised as the Group's warehouse.

14 Finance costs – net

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Finance income		
– Interest income from bank deposits	1,458	379
– Interest income from non-controlling interest of a subsidiary (<i>Note 20(a)</i>)	305	110
	1,763	489
Finance cost		
– Interest on bank borrowings	(17,571)	(9,894)
– Interest on lease liabilities	(6,786)	(8,585)
	(24,357)	(18,479)
	(22,594)	(17,990)

15 Income tax credit

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

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Current tax	141	14,391
Deferred tax	(16,655)	(21,503)
	(16,514)	(7,112)

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% (2022: 25%) and 16.5% (2022: 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 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated (loss)/profit attributable to equity holders of the Company and on the weighted average number of ordinary shares of 1,284,400,000 shares (30 June 2022: 1,284,400,000 shares) in issue during the period.

The diluted (loss)/earnings per share for the six months ended 30 June 2023 and 2022 are the same as the basic (loss)/earnings 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 2023 (30 June 2022: 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 2023 HK\$'000	31 December 2022 HK\$'000
Capital injection in subsidiaries	121,932	125,444
Property, plant and equipment	2,293	3,704

(b) Lease commitments

At 30 June 2023, the total future lease payments for leases committed but not yet commenced in relation to leased properties were HK\$49,937,000 (31 December 2022: HK\$9,511,000).

19 Assets held for sale

On 9 June 2023, the Group entered into an equity transfer agreement with a third party to transfer its entire equity interest (i.e. 100% of the shares) of a subsidiary in Mainland China at a consideration of RMB33,000,000 (equivalent to approximately HK\$36,432,000). As at 30 June 2023, a deposit of HK\$10,702,000 had been received and was included in “accruals and other payables” of the consolidated statement of financial position. Respective assets amounting to HK\$16,372,000 and liabilities amounting to HK\$612,000 were classified as “assets held for sale” and “liabilities directly associated with assets held for sales” respectively as at 30 June 2023. The disposal is expected to complete in the second half of 2023.

20 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 2023. 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	
	2023 HK\$'000	2022 HK\$'000
Interest income (Note 14)		
Non-controlling interest of a subsidiary	305	110
Lease expenses		
An associate of the Group	1,273	1,362

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.

20 Related party transactions (Continued)**(b) Balances with related parties**

	As at	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Included in other receivables (Note 9)		
Receivables from non-controlling interest of a subsidiary (Note (i))	10,865	13,760
Rental deposit to an associate of the Group (Note (ii))	428	443
	11,293	14,203
Included in accruals and other payables (Note 11)		
Payables to non-controlling interests of subsidiaries (Note (iii))	5,140	3,140
Loans from non-controlling interests of subsidiaries (Note (iii))	4,900	4,904
	10,040	8,044

Notes:

- (i) 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.
- (ii) Rental deposit will be refunded at the end of the lease term.
- (iii) Amounts are unsecured, interest-free and repayable on demand.

(c) Key management compensation

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Salaries, bonus and allowances	9,008	9,299
Defined contribution retirement schemes	36	36
	9,044	9,335

DIRECTORS' DISCLOSURE OF INTERESTS

As at 30 June 2023, 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 2023.

Notes:

- 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.
- 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.
- Mr. WONG Chi Keung holds 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 2023, 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 2023, 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 2023.

Save as disclosed above, as at 30 June 2023, 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

Movements of the options under the Share Option Scheme for the six months ended 30 June 2023 are as follows:

Grantee	Date of grant	Exercise price per Share HK\$	Exercise period	Number of options under the Share Option Scheme			
				As at 01/01/2023	Exercised during the period	Lapsed/cancelled during the period	As at 30/06/2023
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 2023.

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, Mr. MA Ka Chun and Ms. CHAN Kit Fun Fanny, 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, Ms. CHAN Kit Fun Fanny and Mr. KWAN Kai Cheong. The chairman of the Remuneration Committee is Ms. CHAN Kit Fun Fanny.

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 three members comprising Mr. LI Kwok Tung Roy and our independent non-executive Directors, Mr. MA Ka Chun and Ms. CHAN Kit Fun Fanny. 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 2023.

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 2023.

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 2023.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

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 2023. It has also reviewed the unaudited condensed interim financial information for the six months ended 30 June 2023 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 2023 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 thank our Directors and the whole team for their dedication, ongoing commitment and perseverance. Once again, we have demonstrated resilience during the extremely difficult time. My gratitude also goes to our clients, shareholders and business partners for their continued confidence, full support and enduring trust.

By Order of the Board
Win Hanverky Holdings Limited

LI Kwok Tung Roy
Chairman

Hong Kong, 24 August 2023

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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