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Win Hanverky Holdings Limited

永嘉集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3322)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE FACTORY LEASE APPENDIX**

The Board announces that on 10 May 2024, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Factory Lease Appendix with the Landlord to extend the lease in relation to the Factory Premises which will continue to be used by the Group as one of its production bases in Vietnam. As the Original Factory Lease Contract expired on 29 February 2024, the Tenant and the Landlord have entered into the Factory Lease Appendix to extend the lease term of the Original Factory Lease Contract to 31 January 2027.

In accordance with HKFRS 16 “Leases”, the Group will recognise a right-of-use asset and related lease liability on its consolidated statement of financial position in connection with the Factory Lease Appendix at its effective date (i.e. the date of the Factory Lease Appendix). The estimated amounts of the right-of-use asset and related lease liability are calculated as the present value of the lease payments to be made by the Group. The present value is calculated by using a discount rate which is equivalent to the Tenant’s incremental borrowing rate at the effective date of the Factory Lease Appendix. At the effective date of the Factory Lease Appendix, the Group will recognise the right-of-use asset of approximately VND43,402,800,000 (equivalent to approximately HK\$13,563,000). Accordingly, the entering into of the Factory Lease Appendix will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

As the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated amount of the right-of-use asset to be recognised by the Group under the Factory Lease Appendix is more than 5% but less than 25%, the transactions contemplated under the Factory Lease Appendix constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

FACTORY LEASE APPENDIX

The major terms of the Factory Lease Appendix are as follows:

Date:	10 May 2024
Landlord:	Hung Thinh Trading Manufacture Construction Joint Stock Company
Tenant:	Bowker (Vietnam) Garment Factory Co., Ltd, an indirect wholly-owned subsidiary of the Company
Property:	Ready-built factories and other supplemental constructions (including but not limited to canteen, warehouse and parking lot) at Lot K5, Road No. 6, Dong An 1 Industrial Park, Binh Hoa Ward, Thuan An City, Binh Duong Province, Vietnam
Lease Term:	1 March 2024 to 31 January 2027 (both dates inclusive)
Deposit:	Approximately VND11,965,800,000 (equivalent to approximately HK\$3,739,000) which has already been paid by the Tenant under the Original Factory Lease Contract and shall be refunded to the Tenant upon the expiry of the lease term or upon the termination of the Factory Lease Appendix in accordance with the terms and conditions thereof

Rent: Approximately VND1,418,400,000 (equivalent to approximately HK\$443,000) per month (exclusive of value added tax)

The Tenant shall pay the rent in 3 tranches as follows:

- 1st payment: rent for the 12 months from 1 March 2024 to 28 February 2025 shall be payable within 10 days after signing the Factory Lease Appendix
- 2nd payment: rent for the 12 months from 1 March 2025 to 28 February 2026 shall be payable before 10 February 2025
- 3rd payment: rent for the 11 months from 1 March 2026 to 31 January 2027 shall be payable before 10 February 2026

The terms of the Factory Lease Appendix were determined after arm's length negotiations between the parties thereto and with reference to the prevailing market rent for similar premises in the district. The rental payments will be settled out of the internal resources of the Group.

INFORMATION OF THE GROUP AND THE TENANT

The Group is an integrated manufacturer and retailer for international sports, fashion and outdoor brands.

The Tenant is a company incorporated in Vietnam with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the manufacturing of garment products in Vietnam.

INFORMATION OF THE LANDLORD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Landlord is a company incorporated in Vietnam and is principally engaged in property investment and development; (ii) the ultimate beneficial owner of the Landlord is Mr. Bui Manh Lan; and (iii) each of the Landlord and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORY LEASE APPENDIX

The Group has been using the Factory Premises as one of its production bases in Vietnam since 2014 and the Original Factory Lease Contract has expired on 29 February 2024. The Directors are of the view that it is in the interest of the Company to enter into the Factory Lease Appendix having considered that (i) the Group would be able to maintain a stable and necessary production base for its business operation in Vietnam; (ii) it would be cost-efficient to maintain the Group's operation on the Factory Premises to save relocation costs; and (iii) the monthly rental of the Factory Premises under the Factory Lease Appendix is fair and reasonable with reference to the prevailing market rent for similar premises in the district.

Taking into account of the above, the Directors considered that the transactions contemplated under the Factory Lease Appendix were entered into in the ordinary and usual course of business of the Group and normal commercial terms after arms' length negotiations between the parties, and the terms of the transactions contemplated under the Factory Lease Appendix are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group will recognise a right-of-use asset and related lease liability on its consolidated statement of financial position in connection with the Factory Lease Appendix at its effective date (i.e. the date of the Factory Lease Appendix). The estimated amounts of the right-of-use asset and related lease liability are calculated as the present value of the lease payments to be made by the Group. The present value is calculated by using a discount rate which is equivalent to the Tenant's incremental borrowing rate at the effective date of the Factory Lease Appendix. At the effective date of the Factory Lease Appendix, the Group will recognise the right-of-use asset of approximately VND43,402,800,000 (equivalent to approximately HK\$13,563,000). Accordingly, the entering into of the Factory Lease Appendix will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

As the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated amount of the right-of-use asset to be recognised by the Group under the Factory Lease Appendix is more than 5% but less than 25%, the transactions contemplated under the Factory Lease Appendix constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Win Hanverky Holdings Limited (Stock Code: 3322), a company incorporated under the laws of Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Factory Lease Appendix”	the appendix to lease contract dated 10 May 2024 entered into between the Landlord and the Tenant in relation to the amendment of the Original Factory Lease Contract
“Factory Premises”	ready-built factories and other supplemental constructions (including but not limited to canteen, warehouse and parking lot) at Lot K5, Road No. 6, Dong An 1 Industrial Park, Binh Hoa Ward, Thuan An City, Binh Duong Province, Vietnam
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	party independent of and not connected with the Company and its connected persons
“Landlord”	Hung Think Trading Manufacture Construction Joint Stock Company, a company incorporated in Vietnam
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

“Original Factory Lease Contract”	the original lease contract dated 9 October 2014 entered into between the Landlord and the Tenant in relation to the Factory Premises, as amended and supplemented by (i) the first contract amendment dated 25 April 2016; (ii) the second contract amendment dated 24 August 2016; (iii) the third contract amendment dated 31 August 2016; (iv) the fourth contract amendment dated 15 October 2016; (v) the fifth contract amendment dated 9 May 2017; and (vi) the sixth contract amendment dated 2 August 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Bowker (Vietnam) Garment Factory Co., Ltd, a company incorporated in Vietnam with limited liability and an indirect wholly-owned subsidiary of the Company
“VND”	Vietnamese dong, the lawful currency of Vietnam
“%”	per cent.

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

Hong Kong, 10 May 2024

As at the date of this announcement, the Board comprises Mr. Li Kwok Tung Roy, Mr. Lai Ching Ping, Mr. Lee Kwok Leung and Mr. Wong Chi Keung being the executive Directors, and Mr. Kwan Kai Cheong, Mr. Ma Ka Chun and Ms. Chan Kit Fun Fanny being the independent non-executive Directors.

For the purpose of this announcement, the exchange rate of VND3,200 = HK\$1 has been used for currency translation. Such exchange rate is for illustration purpose only and does not constitute a representation that any amount in VND has been, could have been or may be converted at such rate or any other rates.