Win Hanverky Holdings Limited
永嘉集團控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 3322)

REDUCTION IN LOSS AND BUSINESS UPDATE

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

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that based on the information currently available and the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the "**Current Year**"), the Group is expected to record loss after taxation of approximately HK$60 million for the Current Year as compared to loss after taxation of HK$383 million for the year ended 31 December 2023 (the "**Prior Year**"). In particular, the Group successfully turned around from loss after taxation of HK$86 million in the first half of the Current Year to profit after taxation of approximately HK$26 million in the second half of the Current Year.

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

(i) increase in operating profit from Sportswear Manufacturing Business by approximately HK$198 million, resulting in operating profit of HK$10 million (2023: operating loss of HK$188 million). The successful turnaround from operating loss to operating profit was mainly attributable to increase in revenue by approximately HK$577 million or 31% to HK$2,457 million (2023: HK$1,880 million). The increase in revenue was mainly due to the rebounded orders received from customers as they have significantly improved their inventory glut issue; and

(ii) the Current Year was absent of loss of HK$120 million recorded in the Prior Year arising from the discontinued operations of the fashion brand "*Champion*" under High-end Fashion Retailing Business as the Group ceased to operate licensed stores of "*Champion*" since January 2024.

BUSINESS UPDATE

Manufacturing Business

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

Sportswear Manufacturing Business

Revenue from Sportswear Manufacturing Business increased by approximately HK$577 million to HK$2,457 million (2023: HK$1,880 million), representing an increase of 31%. The increase was mainly due to the rebounded orders received from customers as they have significantly improved their inventory glut issue. The momentum of customer orders has been re-gained as driven by the increased consumer demand, particularly from large-scale major sports events. Overall, the business successfully turned around from operating loss of HK$188 million in the Prior Year to operating profit of approximately HK$10 million in the Current Year.

High-end Functional Outerwear Manufacturing Business

Revenue from High-end Functional Outerwear Manufacturing Business increased by approximately HK$278 million to HK$864 million (2023: HK$586 million), representing an increase of 47%. It was mainly attributable to the increased orders received from the Mainland China market arising from the enlarged scope and volume of cooperation with a comprehensive sportswear conglomerate in the Mainland China market. Operating profit of approximately HK$35 million had been achieved in the Current Year (2023: operating profit of HK$3 million).

High-end Fashion Retailing Business

The Group introduced franchise stores, in addition to direct operated stores, for a fast-growing brand in the second half of the Current Year. This marked a pivotal strategic shift for High-end Fashion Retailing Business, enabling it to bolster business growth and profitability of certain brands with proven market presence. This strategic move successfully reduced operating loss of High-end Fashion Retailing Business from HK$52 million in the first half of the Current Year to approximately HK$8 million in the second half of the Current Year. The fast-growing brand primarily focuses on winter products and therefore the sales to franchise stores and profit generated are mainly recorded in the second half of the year.

Overall, revenue from High-end Fashion Retailing Business increased by approximately HK$43 million to HK$651 million (2023: HK$608 million), representing an increase of 7%. However, other brands of High-end Fashion Retailing Business were still impacted by market downturns and persistent weak economic factors. Due to the adverse impact on the retail store performance of other brands, impairment loss of approximately HK$35 million (2023: HK$18 million) was provided. As a result, operating loss of approximately HK$60 million was recorded in the Current Year (2023: operating loss of HK$47 million).

FINANCIAL POSITION AND LIQUIDITY

In view of the challenges and uncertainties ahead, the Group will continue to proactively monitor the situation and impose strict cost control measures and focus on its cash flow management to ensure that it remains a healthy liquidity position.

Against the backdrop of the challenging environment, the Group's financial and liquidity position remains healthy. As at 31 December 2024, the Group had cash and bank balances of approximately HK$250 million (2023: HK$209 million) and net borrowings (bank borrowings and loans from non-controlling interest of subsidiaries less cash and bank balances) of approximately HK$215 million (2023: HK$265 million). The net gearing ratio (being net borrowings divided by the total equity) was approximately 16% (2023: 18%).

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the consolidated management accounts of the Group which have not yet been audited or reviewed by the auditor and audit committee of the Company. The shareholders of the Company and potential investors are advised to refer to the details in the annual results announcement of the Company for the year ended 31 December 2024, which is expected to be published by the end of March 2025. There may be changes or adjustments following the review of the consolidated management accounts by the auditor and audit committee of the Company.

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

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

Hong Kong, 13 February 2025

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

\# *Independent non-executive directors*