



Win Hanverky Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 3322)

2016
INTERIM REPORT



Futbol Trend Flagship Store in Guangzhou

Shop 302A, 3/F Summer Mall, GT Land Plaza, No.8, Zhujiang West Road, Zhujiang New Town, Tianhe District, Guangzhou



Win Hanverky Holdings Limited and its subsidiaries are an integrated sportswear manufacturer, distributor and retailer for international sports brands and have diversified into high-end fashion retail business. We have two broad lines of businesses, namely Manufacturing Business and Distribution and Retail 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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Corporate Information

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*)
(*appointed on 1 March 2016*)

Independent Non-Executive Directors

Dr. CHAN Kwong Fai
Mr. KWAN Kai Cheong
Mr. MA Ka Chun
Ms. CHAU Pui Lin

COMPANY SECRETARY

Ms. LAM Choi Ha

AUTHORISED REPRESENTATIVES

Mr. LI Kwok Tung Roy
Mr. WONG Chi Keung
(*appointed on 1 March 2016*)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISOR

Deacons

BOARD COMMITTEES

Audit Committee

Mr. KWAN Kai Cheong (*Chairman*)
Dr. CHAN Kwong Fai
Mr. MA Ka Chun
Ms. CHAU Pui Lin

Remuneration Committee

Dr. CHAN Kwong Fai (*Chairman*)
Mr. LI Kwok Tung Roy
Mr. KWAN Kai Cheong

Nomination Committee

Mr. MA Ka Chun (*Chairman*)
Mr. LI Kwok Tung Roy
Dr. CHAN Kwong Fai
Ms. CHAU Pui Lin

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

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of China Limited
Citigroup, N.A.

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 of 2016 Interim Results

The Board of Directors of Win Hanverky Holdings Limited is pleased to present the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2016, together with the comparative amounts for the corresponding period of 2015. The interim results and condensed consolidated 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	
		2016	2015
Revenue	HK\$'000	2,040,072	1,877,476
Gross profit	HK\$'000	594,957	578,908
Gross profit margin	%	29.2	30.8
Operating profit	HK\$'000	141,979	158,745
Operating profit (excluding impact of land disposal*)	HK\$'000	141,979	131,195
Profit attributable to equity holders	HK\$'000	105,665	147,268
Profit attributable to equity holders (excluding impact of land disposal*)	HK\$'000	105,665	120,017
Basic EPS	HK cents	8.2	11.6
Interim dividend per Share	HK cents	4.0	4.0

* During the last period, there was a gain on disposal of land use rights for a closed factory in Mainland China of HK\$27.6 million.

		As at	
		30 June 2016	31 December 2015
Gearing ratio ¹	%	3.7	4.8
Current ratio	times	2.9	2.7
Trade receivable turnover period	days	39	36
Inventory turnover period	days	85	84

Notes:

- Gearing ratio represents the ratio between total borrowings and total equity.
- The formula used for the calculation of ratios is consistent with that applied in the annual report for the year ended 31 December 2015.

OVERALL REVIEW

For the six months ended 30 June 2016, the Group recorded revenue of HK\$2,040.1 million (30 June 2015: HK\$1,877.5 million), representing an increment of 8.7%. The increment was mainly contributed by the Manufacturing Business which benefited from growth in sales orders, and this compensated the revenue decrease of the Distribution and Retail Business.

Gross profit margin of the Group dropped by 1.6% to 29.2% in the current period (30 June 2015: 30.8%). The decline in gross profit margin was primarily due to the lower gross profit margin of the Distribution and Retail Business, a result of the weak sentiment of retail markets. Despite the drop in gross profit margin, overall gross profit of the Group increased by HK\$16.1 million to HK\$595.0 million in the current period (30 June 2015: HK\$578.9 million). The increase was mainly contributed by the Manufacturing Business and partially offset by the drop in the Distribution and Retail Business.

There was no gain on disposal of land use rights in Mainland China for the current period (30 June 2015: HK\$27.6 million), which caused the operating profit of the Group decreased by HK\$16.7 million to HK\$142.0 million (30 June 2015: HK\$158.7 million).

Profit attributable to equity holders for the period ended 30 June 2016 also decreased by HK\$41.6 million to HK\$105.7 million (30 June 2015: HK\$147.3 million) due to higher income tax expenses from increased taxable income. Excluding the impact of one-off gain on disposal of land use rights mentioned above, profit attributable to equity holders would have decreased by HK\$14.3 million.

Taking into consideration the stable business performance and healthy cash position of the Group, the Board has proposed payment of an interim dividend of HK4.0 cents per share for the six months ended 30 June 2016 (30 June 2015: HK4.0 cents per share).

BUSINESS REVIEW

The Group is an integrated manufacturer, distributor and retailer for renowned sports and fashion brands. The financial performances of the two business segments, namely the “**Manufacturing Business**” and the “**Distribution and Retail Business**” are summarised below.

Manufacturing Business

The Group’s Manufacturing Business operates mainly through OEM arrangements for a number of renowned sports brands. Most of the Group’s products are exported and sold to Europe, the United States, Mainland China and other countries. The Group has a long history and a distinctive position in the sportswear garment manufacturing, and has established long-term business relationships with its key customers.

Management Discussion and Analysis (Continued)

The demand of sportswear in Europe and the United States was boosted both by economic recovery in those regions and the UEFA European Championship 2016. More orders were also received from our international sportswear customers for their sales in Mainland China where the sportswear market has been rapidly expanding in recent years. As a result, the Manufacturing Business recorded an increase in revenue by 12.0% to HK\$1,586.3 million in the current period (30 June 2015: HK\$1,416.5 million), accounting for 77.6% of the Group's total revenue as compared with 75.4% for the corresponding period in 2015.

Excluding the one-off gain on disposal of land use rights in Mainland China in the corresponding period of 2015, operating profit of the Manufacturing Business would have increased by HK\$20.7 million to HK\$126.6 million (30 June 2015: HK\$105.9 million) for the current period.

In order to meet customers' orders, the Group continued to expand its production facilities and recruit workers in Vietnam and Cambodia during the current period. Although Southeast Asia countries are our best choices of production base at the moment given their relatively lower labour costs and stable labour supply, the pay rates of workers in those countries have been rising rapidly recently, hence are expected to pose pressure on the Group's operating profitability in the future. The management will thus continue to monitor the level of labour cost and take measures to mitigate its impact on the Group's operating profitability.

Distribution and Retail Business

The Group's Distribution and Retail Business comprises (1) the retail of high-end fashion products in Mainland China, Hong Kong, Macau, Taiwan and Singapore, and (2) the retail of sportswear products in Hong Kong and Mainland China

In the first half of 2016, revenue from the Distribution and Retail Business decreased slightly by HK\$5.3 million (or 1.1%) to HK\$457.9 million (30 June 2015: HK\$463.2 million), accounting for 22.4% of the Group's total revenue as compared with 24.6% for the corresponding period in 2015. The decrease in revenue of high-end fashion products outweighed the increase in revenue of sportswear products.

The Distribution and Retail Business generated operating profit of HK\$15.4 million for the current period (30 June 2015: HK\$25.2 million). Excluding the non-cash amortisation expense of licence rights and trademarks of HK\$22.3 million in the corresponding period of 2015, operating profit would have decreased by HK\$32.1 million in the current period. Further explanation of the performance in each stream of this segment is set out below.

Retail of High-end Fashion Products

The retail of high-end fashion products is operated under the Shine Gold Group. It has a self-managed retail network of “**D-mop**” stores to sell several self-owned brands including “**Blues Heroes**”, “**Loveis**”, “**Queen 11**” etc., as well as imported brands, in Hong Kong, Macau, Mainland China and Taiwan. It also has exclusive distribution rights for brands including “**Y-3**” in Mainland China (excluding Beijing), Hong Kong, Taiwan and Singapore, and other international brands in Hong Kong and Mainland China.

As at 30 June 2016, the Shine Gold Group had 88 (31 December 2015: 82) self-managed high-end fashion retail stores, of which 48 stores were in Mainland China, 28 stores were in Hong Kong and Macau, 11 stores were in Taiwan and 1 store was in Singapore.

Revenue of the Shine Gold Group for the six months ended 30 June 2016 decreased by HK\$20.9 million to HK\$317.6 million (30 June 2015: HK\$338.5 million), representing an decrease of 6.2%. The decrease in revenue was mainly the result of the persistently weak consumption sentiment in the retail markets in Hong Kong and Macau. Loss in revenue from same-store sales outweighed the revenue from new stores in Hong Kong and Macau. Revenue generated in Mainland China and other countries increased slightly in the current period as a result of increase in the number of stores.

The Shine Gold Group generated operating profit of HK\$25.5 million in the first half of 2016 (30 June 2015: HK\$22.1 million). Excluding the non-cash amortisation expense of licence rights and trademarks of HK\$22.3 million in the corresponding period of 2015, operating profit would have decreased by HK\$18.9 million in the current period. The decrease was mainly attributable to decrease in revenue and lower gross profit resulted from more discounted sales and additional provision for inventories.

Retail of Sportswear Products

The retail of sportswear products is operated under the Win Sports Group. As at 30 June 2016, it had 30 (31 December 2015: 30) self-managed sportswear retail stores in Hong Kong and Mainland China, of which 5 stores were under the name of “**Futbol Trend**”, 13 stores were under the name of “**Sports Corner**” or “**Little Corner**” and 12 stores were under the names of several international sports brands. During the current period, the Win Sports Group extended its footprint in Mainland China by opening 2 Futbol Trend flagship stores in Guangzhou and Hangzhou, Mainland China.

Revenue of the Win Sports Group for the six months ended 30 June 2016 increased by HK\$15.6 million to HK\$140.3 million (30 June 2015: HK\$124.7 million), representing an increase of 12.5%. As compared with the corresponding period in 2015, the number of stores increased by 10 to 30 (30 June 2015: 20). However, store productivity deteriorated in the first half of 2016 with tourists to Hong Kong and local citizens spending less. The increase in revenue from new stores was partially offset by loss in revenue from same-store sales in the current period.

Management Discussion and Analysis (Continued)

Facing weak consumer sentiment with high operating cost in Hong Kong retail market, the Win Sports Group incurred operating loss of HK\$10.1 million in the first half of 2016 (30 June 2015: operating profit of HK\$3.1 million). Operating loss was mainly attributable to further provision for inventories of HK\$5.5 million and decrease of same-store sales while rental level remained high in the current period.

PROSPECTS

Manufacturing Business

As at 30 June 2016, around 70% of the Group's production capacity was located in Vietnam and Cambodia while around 30% was located in Mainland China. The Group continues to shift its production capacity from Mainland China to Southeast Asia. The competitive advantages of Southeast Asia countries are lower costs, stable labour supply as well as attractive tax and customs policies. In the long run, it is expected that more than 80% of the production capacity will be relocated to Southeast Asia countries. However, we are also aware that the pay rate of workers in those Southeast Asia countries has risen rapidly in recent years. We are closely monitoring how it will affect our future operating profitability and will adopt measures to mitigate the impact of these trends. We are also continuing our factory relocation strategy as the overall competitive advantages still outweigh the possible increased labour costs.

In order to streamline our production chain, the Group has decided to set up our own printing factory in Vietnam for providing printing services to our garment production factories in Southeast Asia with an investment of approximately US\$10 million. The printing factory project has commenced and operation is expected to begin in late 2017.

The Trans-Pacific Partnership ("TPP") trade agreement among twelve Pacific Rim countries, including Vietnam, has been signed in February 2016. The TPP trade agreement is currently undergoing a ratification period and the trade pact still likely requires years of negotiation among TPP members before coming into effect. Once the TPP trade agreement has been ratified by a majority of the countries, our customers could greatly reduce their tariff costs on garments manufactured in Vietnam and exported to the twelve Pacific Rim countries especially the United States. The Group continues to cooperate with our customers to meet their demands for manufacturing in Vietnam.

Apart from nurturing ties with existing customers to ensure a steady growth of orders, the Group will continue to seek out new customers to serve as additional growth drivers. Moreover, the Group will explore the opportunities for vertical integration to fully tap the market potential.

Distribution and Retail Business

Multi-branding is one of the key strategies of the Group for tapping the full potential in the local and overseas markets. To further enhance the brand portfolio in the young and light luxury fashion market, D-mop Limited (“**D-mop**”), an indirect 70%-owned subsidiary of the Group, has entered into an exclusive distribution agreement for the brand “**Thomas Sabo**” in June 2016. Originally founded in Germany in 1984, Thomas Sabo is one of the leading global brands designing, selling and distributing costume jewelry for women and men. D-mop has been appointed as its exclusive distributor for distribution and sale in Mainland China through retail, wholesale and internet sales channels. In addition, D-mop has also commenced to operate licensed stores under the name of “**New Era**” in Hong Kong selling New Era products. New Era is an international lifestyle brand with a sports heritage dating back more than 90 years. Originating from the United States, the brand is well known for being the official on-field caps for both Major League Baseball and the National Football League. The above moves signify an important milestone for our brand portfolio development, and the Group’s merchandising team will continue to source fashion and sportswear products of internationally renowned brands. The Group is striving to cater for the Asian market’s demand for quality branded products through a diversity of licensed brands and the Group’s own brands across our retail network.

For Mainland China, despite the slowdown of economic growth, the demand for fashion and sportswear products is still strong given the rapid rise of the young affluent middle class. Apart from the enhancement of brand portfolio as mentioned above, the Group continues to develop its e-commerce business in Mainland China as online shopping has already becomes part of the daily life of the new young generation. Moreover, we will also tap into the soccer sportswear market in Mainland China as the Chinese government has implemented a long-term development plan for this sport and related activities at a national level. This year we have already opened 2 Futbol Trend flagship stores at Guangzhou and Hangzhou, Mainland China.

As Hong Kong has faced a protracted slowdown in inbound tourism and economic and political uncertainty, its retail sales plummeted 10.5% in the first half of 2016. Moving into the second half of 2016, the market is expected to remain under pressure but the risk of further deterioration is limited. In July 2016, the number of visitors to Hong Kong climbed for the first time in thirteen months. Despite the slightly improving tourist sentiment in Hong Kong, the market is still challenging and extremely tough in 2016. Shop rentals remain high though the consumer traffic has already dropped, thus the Group is cautiously opening new stores and will promptly close the stores with unsatisfactory performance until the operating environment improves.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated cashflow and bank facilities and has maintained a healthy financial position during the period. As at 30 June 2016, it had cash and bank balances amounting to HK\$558.6 million (31 December 2015: HK\$676.1 million). The decrease was mainly attributable to the cash used in capital expenditure, payment of final dividends and repayment of bank loans, net with cash generated from operating activities.

As at 30 June 2016, the Group had bank borrowings amounting to HK\$84.1 million (31 December 2015: HK\$110.7 million) and unutilised banking facilities amounting to HK\$499.5 million (31 December 2015: HK\$209.2 million). The gearing ratio, being total borrowings divided by total equity, as at 30 June 2016, was 3.7% (31 December 2015: 4.8%).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2016, the Group had approximately 16,000 employees (31 December 2015: approximately 16,000 employees). The Group remunerates employees based on their performance, working experience and prevailing market conditions. Other employee benefits include retirement benefits, insurance, medical coverage and share option schemes.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2016, a bank deposit of HK\$8.9 million (31 December 2015: HK\$6.4 million) was pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities, litigation or arbitration of material importance as at 30 June 2016.

FOREIGN CURRENCY EXPOSURE

The Group's revenue and purchases were primarily denominated in US Dollars, Hong Kong Dollars and RMB. During the period, approximately 62.4%, 20.3% and 15.0% of revenue were denominated in US Dollars, Hong Kong Dollars and RMB respectively, whereas approximately 77.5%, 16.0% and 5.8% of purchases were denominated in US Dollars, Hong Kong Dollars and RMB respectively. As at 30 June 2016, approximately 58.0%, 33.7% and 6.6% of cash and bank balances were denominated in US Dollars, RMB and Hong Kong Dollars respectively.

Hong Kong Dollar serves as the Company's functional currency and the Group's presentation currency. The Group considers its foreign currency exchange exposure arising from US Dollar transactions and US Dollar cash balances to be minimal during the period given that the Hong Kong Dollar was pegged to the US Dollar. RMB has depreciated in 2015 and the depreciation pressure for RMB against US Dollars remains in 2016. For the Group, it foresees benefits arising from the depreciation of RMB as approximately 15% of its revenue was denominated in RMB while approximately 22% of its cost of sales and operating expenses were denominated in RMB during the current period. The Group will closely monitor its foreign currency position and fluctuation of RMB and, when necessary, will consider using derivative instruments to hedge against foreign currency exposure.



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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 interim financial information set out on pages 14 to 43, which comprises the condensed consolidated interim statement of financial position of Win Hanverky Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2016 and the related condensed consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on 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 interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this 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 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.

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*



羅兵咸永道

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2016

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2016

	Note	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Non-current assets			
Land use rights	7	99,210	103,975
Property, plant and equipment	7	676,612	717,121
Intangible assets	7	172,110	174,360
Investments in associates		15,633	17,315
Deferred tax assets		39,395	37,609
Deposits, prepayments and other receivables	9	115,215	105,635
Total non-current assets		1,118,175	1,156,015
Current assets			
Inventories		669,711	678,582
Trade and bills receivable	8	485,464	387,798
Current tax recoverables		3,255	10,761
Deposits, prepayments and other receivables	9	109,738	101,198
Pledged bank deposits		8,880	6,406
Cash and bank balances		558,588	676,080
Total current assets		1,835,636	1,860,825
Current liabilities			
Trade and bills payable	10	261,809	298,730
Accruals and other payables	11	210,257	231,861
Current tax liabilities		86,466	60,033
Borrowings	12	84,149	110,680
Total current liabilities		642,681	701,304
Non-current liabilities			
Deferred tax liabilities		8,174	9,110
Net assets		2,302,956	2,306,426

The notes on pages 21 to 43 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Financial Position (Continued)

As at 30 June 2016

	Note	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Equity			
Equity attributable to equity holders of the Company			
Share capital	13	128,440	128,340
Reserves	14	2,148,331	2,147,669
		2,276,771	2,276,009
Non-controlling interests		26,185	30,417
Total equity		2,302,956	2,306,426

The notes on pages 21 to 43 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2016

	Note	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Revenue	6	2,040,072	1,877,476
Cost of sales		(1,445,115)	(1,298,568)
Gross profit		594,957	578,908
Selling and distribution costs		(227,726)	(231,166)
General and administrative expenses		(227,481)	(225,405)
Other income	16	2,753	4,950
Other (losses)/gains — net	17	(524)	31,458
Operating profit	15	141,979	158,745
Finance income	18	5,419	6,005
Finance costs	18	(1,516)	(2,359)
Finance income — net		3,903	3,646
Share of (losses)/profits of associates		(1,028)	2,330
Profit before income tax		144,854	164,721
Income tax expense	19	(36,421)	(21,640)
Profit for the period		108,433	143,081
Attributable to:			
Equity holders of the Company		105,665	147,268
Non-controlling interests		2,768	(4,187)
		108,433	143,081
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	20		
Basic		8.2	11.6
Diluted		8.2	11.6

The notes on pages 21 to 43 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period	108,433	143,081
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(12,580)	(8,155)
Share of other comprehensive income of associates	(654)	(121)
Total comprehensive income for the period	95,199	134,805
Total comprehensive income for the period		
attributable to:		
Equity holders of the Company	93,879	140,133
Non-controlling interests	1,320	(5,328)
	95,199	134,805

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2016

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital <i>(Note 13)</i>	Reserves <i>(Note 14)</i>	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2016					
Balance at 1 January 2016	128,340	2,147,669	2,276,009	30,417	2,306,426
Comprehensive income					
Profit for the period	–	105,665	105,665	2,768	108,433
Other comprehensive income					
Currency translation differences	–	(11,132)	(11,132)	(1,448)	(12,580)
Share of other comprehensive income of associates	–	(654)	(654)	–	(654)
Total other comprehensive income for the period ended 30 June 2016	–	(11,786)	(11,786)	(1,448)	(13,234)
Total comprehensive income for the period ended 30 June 2016	–	93,879	93,879	1,320	95,199
Transactions with owners					
Employee share option scheme					
– value of services provided	–	2,267	2,267	–	2,267
– exercise of share options	100	846	946	–	946
Dividends paid to non-controlling interest of a subsidiary	–	–	–	(5,552)	(5,552)
2015 final dividends paid <i>(Note 21)</i>	–	(96,330)	(96,330)	–	(96,330)
Total transactions with owners	100	(93,217)	(93,117)	(5,552)	(98,669)
Balance at 30 June 2016	128,440	2,148,331	2,276,771	26,185	2,302,956

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016

	Unaudited				
	Attributable to equity holders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Total		
	(Note 13)	(Note 14)		HK\$'000	HK\$'000
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the six months ended 30 June 2015					
Balance at 1 January 2015	126,840	2,015,090	2,141,930	(3,377)	2,138,553
Comprehensive income					
Profit/(loss) for the period	—	147,268	147,268	(4,187)	143,081
Other comprehensive income					
Currency translation differences	—	(7,014)	(7,014)	(1,141)	(8,155)
Share of other comprehensive income of associates	—	(121)	(121)	—	(121)
Total other comprehensive income for the period ended 30 June 2015	—	(7,135)	(7,135)	(1,141)	(8,276)
Total comprehensive income for the period ended 30 June 2015	—	140,133	140,133	(5,328)	134,805
Transactions with owners					
Employee share option scheme					
— value of services provided	—	1,642	1,642	—	1,642
— exercise of share options	200	1,820	2,020	—	2,020
Dividends paid to non-controlling interest of a subsidiary	—	—	—	(1,727)	(1,727)
Changes in ownership interests in subsidiaries without change of control	—	132	132	(132)	—
2014 final dividends paid (Note 21)	—	(50,816)	(50,816)	—	(50,816)
Total transactions with owners	200	(47,222)	(47,022)	(1,859)	(48,881)
Balance at 30 June 2015	127,040	2,108,001	2,235,041	(10,564)	2,224,477

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities		
Cash generated from operating activities	71,239	212,903
Income tax paid	(4,984)	(12,895)
Net cash generated from operating activities	66,255	200,008
Cash flows from investing activities		
Interest received	2,512	6,856
Capital expenditure	(62,359)	(116,702)
Repayment of receivables from a landlord	2,340	8,775
Proceeds from disposal of property, plant and equipment	1,645	1,203
New pledged bank deposits	(2,388)	—
Increase in bank deposits with initial terms of over three months	(117,000)	(326,789)
Net cash used in investing activities	(175,250)	(426,657)
Cash flows from financing activities		
Repayment of borrowings, net	(26,531)	(12,672)
Dividends paid	(96,330)	(50,816)
Proceeds from exercise of share options	946	2,020
Decrease in amount due to non-controlling interest	(164)	—
Net cash used in financing activities	(122,079)	(61,468)
Net decrease in cash and cash equivalents	(231,074)	(288,117)
Cash and cash equivalents at beginning of the period	676,080	711,175
Exchange differences on cash and cash equivalents	(3,418)	(373)
Cash and cash equivalents at end of the period	441,588	422,685
Represented by:		
Cash and cash equivalents	441,588	422,685
Bank deposits with initial terms of over three months	117,000	326,789
Cash and bank balances	558,588	749,474

Notes to the Condensed Consolidated Interim Financial Information

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, golf and 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 distribution and retail modes in Mainland China, Hong Kong, Macau, Taiwan and Singapore. 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.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

This condensed consolidated interim financial information has not been audited but has been reviewed by the Company’s Audit Committee and the independent auditor.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

3 Principal accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2016.

- (a) Amendments to HKFRSs effective for the financial year ending 31 December 2016 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

- (b) Impact of standards issued but not yet adopted by the Group

The following new standards and amendments to standards and interpretations have been issued but not yet effective for the financial year beginning 1 January 2016 and have not been early adopted:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
HKFRS 16	Leases ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ³

(1) Effective for annual periods beginning on or after 1 January 2018

(2) Effective for annual periods beginning on or after 1 January 2019

(3) Effective date to be determined

Management is assessing the impact of the above new standards and amendments to standards and interpretations, which have been issued but are not yet effective for 2016, on the Group's operations, and is yet to be in the position to conclude the impact.

There are no other new standards and amendments to standards and interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

4 Estimates

The preparation of 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 consolidated 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 2015.

5 Financial risk management

5.1 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 consolidated 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 2015.

There have been no significant changes in the risk management policies since year end.

5.2 Fair value estimation

The fair values of the trade, bills and other receivables, cash and bank balances, trade, bills and other payables and borrowings as at 30 June 2016 approximate their carrying amounts.

6 Segment information

The chief operating decision-maker has been identified collectively as the executive Directors of the Company. 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 Group has two major business segments, namely (i) Manufacturing, and (ii) Distribution and Retail. The Manufacturing segment represents manufacturing and sales of sportswear primarily under OEM arrangements to customers mainly in Europe, the United States, Mainland China and other countries. The Distribution and Retail segment represents the distribution and retail of high-end fashion products and sportswear products in Mainland China, Hong Kong, Macau, Taiwan and Singapore.

The executive Directors assess the performance of the business segments based on a measure of operating results of each segment, which excludes the effects of non-recurring earnings and expenditures and finance income and finance costs in the result for each business segment. Other information provided to the executive Directors is measured in a manner consistent with that in the condensed consolidated interim financial information.

The segment results for the six months ended 30 June 2016 are as follows:

	Manufacturing <i>HK\$'000</i>	Distribution and Retail <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	1,586,307	457,862	2,044,169
Inter-segment revenue	(4,097)	—	(4,097)
Revenue	1,582,210	457,862	2,040,072
Operating profit and segment results	126,556	15,423	141,979
Finance income			5,419
Finance costs			(1,516)
Share of losses of associates	(1,028)	—	(1,028)
Profit before income tax			144,854
Income tax expense			(36,421)
Profit for the period			108,433

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Segment information (Continued)

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

	Manufacturing HK\$'000	Distribution and Retail HK\$'000	Total HK\$'000
Amortisation of land use rights	1,418	—	1,418
Depreciation of property, plant and equipment	67,595	13,725	81,320
Amortisation of intangible assets	1,901	349	2,250
Provision for inventories, net	8,423	16,178	24,601
Gain on disposal of property, plant and equipment	(58)	—	(58)

The segment assets and liabilities as at 30 June 2016 are as follows:

	Manufacturing HK\$'000	Distribution and Retail HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	2,334,947	560,581	42,650	2,938,178
Associates	15,633	—	—	15,633
Total assets	2,350,580	560,581	42,650	2,953,811
Total liabilities	396,486	159,729	94,640	650,855

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Segment information (Continued)

The segment results for the six months ended 30 June 2015 are as follows:

	Manufacturing <i>HK\$'000</i>	Distribution and Retail <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	1,416,522	463,191	1,879,713
Inter-segment revenue	(2,237)	—	(2,237)
Revenue	1,414,285	463,191	1,877,476
Operating profit and segment results	133,530	25,215	158,745
Finance income			6,005
Finance costs			(2,359)
Share of profits of associates	2,330	—	2,330
Profit before income tax			164,721
Income tax expense			(21,640)
Profit for the period			143,081

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Segment information (Continued)

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

	Manufacturing <i>HK\$'000</i>	Distribution and Retail <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amortisation of land use rights	1,424	—	1,424
Depreciation of property, plant and equipment	67,283	10,398	77,681
Impairment of property, plant and equipment	5,989	—	5,989
Amortisation of intangible assets	26	22,280	22,306
Provision for inventories, net	6,642	4,254	10,896
Impairment of trade receivables, net	820	—	820
Gain on disposal of property, plant and equipment	(1,102)	—	(1,102)
Gain on disposal of land use rights classified as held for sale	(27,550)	—	(27,550)

The segment assets and liabilities as at 31 December 2015 are as follows:

	Manufacturing <i>HK\$'000</i>	Distribution and Retail <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets	2,405,316	545,839	48,370	2,999,525
Associates	17,315	—	—	17,315
Total assets	2,422,631	545,839	48,370	3,016,840
Total liabilities	444,653	196,618	69,143	710,414

Segment assets exclude current tax recoverables, deferred tax assets and assets for corporate use which are managed on a group basis.

Segment liabilities exclude current tax liabilities and deferred tax liabilities which are managed on a group basis.

6 Segment information (Continued)

The Group's revenue from external customers by geographical location is as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Europe	739,893	657,178
Hong Kong	304,385	328,308
United States	307,627	247,965
Mainland China	316,521	237,113
Other Asian countries	221,284	219,747
Canada	40,786	43,890
Others	109,576	143,275
	2,040,072	1,877,476

The Group's revenue by geographical location is determined by the final destination of delivery of the products.

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

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Mainland China	344,073	314,301
Hong Kong	316,878	377,759
Other countries	417,829	426,346
	1,078,780	1,118,406

7 Capital expenditure

(a) Movements of land use rights, property, plant and equipment and intangible assets:

	Land use rights HK\$'000	Property, plant and equipment HK\$'000	Intangible assets HK\$'000
For the six months ended 30 June 2016			
Opening net book amount at 1 January 2016	103,975	717,121	174,360
Exchange differences	(3,347)	(3,917)	—
Additions	—	46,315	—
Disposals	—	(1,587)	—
Depreciation and amortisation	(1,418)	(81,320)	(2,250)
Closing net book amount at 30 June 2016	99,210	676,612	172,110
For the six months ended 30 June 2015			
Opening net book amount at 1 January 2015	107,267	674,264	174,815
Exchange differences	(445)	(2,244)	—
Additions	—	107,275	—
Disposals	—	(101)	—
Depreciation and amortisation	(1,424)	(77,681)	(22,306)
Impairment	—	(5,989)	—
Closing net book amount at 30 June 2015	105,398	695,524	152,509

7 Capital expenditure (Continued)

(b) Intangible assets comprise the following:

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Goodwill	124,385	124,385
Know-how	34,972	36,846
Trademarks	12,104	12,453
Licence rights	649	676
Net book amount	172,110	174,360

(c) Impairment test for goodwill:

There was no impairment recognised in respect of the golf and high-end fashion apparel manufacturing business and high-end fashion retail business during the six months ended 30 June 2016 (30 June 2015: Nil).

8 Trade and bills receivable

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables		
– from third parties	465,744	390,120
– from a related party (Note 23(b))	9,526	–
Bills receivable	12,507	–
	487,777	390,120
Less: Impairment of trade receivables	(2,313)	(2,322)
	485,464	387,798

The carrying amounts of trade and bills receivable approximate their fair values.

Majority of the trade receivables are with customers having an appropriate credit history. The Group 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 2016 HK\$'000	31 December 2015 HK\$'000
0–90 days	483,145	384,915
91–180 days	2,207	1,227
181–365 days	56	58
Over 365 days	2,369	3,920
	487,777	390,120

As at 30 June 2016 and 31 December 2015, there was a single group of customers 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 group of customer accounted for approximately 77% (31 December 2015: 75%) of the Group's total trade and bills receivable from third parties. Other than this group of customers, there was no other significant concentration of credit risk with respect to trade and bills receivable.

9 Deposits, prepayments and other receivables

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Non-current		
Rental, utility and other deposits	52,725	46,122
Receivables from a landlord (<i>Note</i>)	34,320	42,120
Deposits for property, plant and equipment	28,170	17,393
	115,215	105,635
Current		
Rental, utility and other deposits	32,123	35,199
Receivables from a landlord (<i>Note</i>)	26,130	20,670
Value-added tax recoverable	19,997	15,669
Prepayments for inventories and operating expenses	16,952	16,588
Interest receivable from a landlord	3,317	410
Other receivables	11,219	12,662
	109,738	101,198
	224,953	206,833

Note: Amounts represent receivables from a landlord in Vietnam. Receivables from the landlord are unsecured, interest-bearing at 5% per annum and denominated in US Dollars. Receivables of US\$1,800,000 (equivalent to approximately HK\$14,040,000), US\$2,450,000 (equivalent to approximately HK\$19,110,000) and US\$3,500,000 (equivalent to approximately HK\$27,300,000) are repayable semi-annually and mature in December 2018, June 2019 and June 2020, respectively. The carrying amounts of these receivables approximate their fair values.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 Trade and bills payable

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade payables		
– to third parties	228,729	269,896
– to related parties (Note 23(b))	29,653	26,432
Bills payable	3,427	2,402
	261,809	298,730

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

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
0–90 days	254,546	295,867
91–180 days	4,801	1,320
181–365 days	1,487	209
Over 365 days	975	1,334
	261,809	298,730

11 Accruals and other payables

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Accrued expenses	153,355	167,135
Value-added tax and other taxes payable	21,386	17,920
Payable for purchases of property, plant and equipment and land use right	10,617	15,883
Provision for reinstatement	7,280	7,719
Others	17,619	23,204
	210,257	231,861

12 Borrowings

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Interest-bearing bank borrowings — secured	84,149	110,680

As at 30 June 2016, interest-bearing bank borrowings are secured and repayable within one year.

13 Share capital

	Number of ordinary shares '000	HK\$'000
Opening balance as at 1 January 2016	1,283,400	128,340
Proceeds from shares issued upon exercise of share options (<i>Note</i>)	1,000	100
Closing balance as at 30 June 2016	1,284,400	128,440

Note: Share options exercised during the period ended 30 June 2016 resulted in 1,000,000 shares being issued with total proceeds of HK\$946,000.

14 Reserves

	Share premium HK\$'000	Share- based payment reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000
For the six months ended							
30 June 2016							
At 1 January 2016	691,094	7,618	12,326	76,042	172,619	1,187,970	2,147,669
Currency translation differences	—	—	—	(11,786)	—	—	(11,786)
Employee share option scheme							
— value of services provided	—	2,267	—	—	—	—	2,267
— exercise of share options	1,133	(287)	—	—	—	—	846
— lapse/forfeiture of share options	—	(3,970)	—	—	—	3,970	—
2015 final dividends paid	—	—	—	—	—	(96,330)	(96,330)
Profit attributable to equity holders of the Company	—	—	—	—	—	105,665	105,665
At 30 June 2016	692,227	5,628	12,326	64,256	172,619	1,201,275	2,148,331
For the six months ended							
30 June 2015							
At 1 January 2015	666,939	11,695	11,622	110,227	167,718	1,046,889	2,015,090
Currency translation differences	—	—	—	(7,135)	—	—	(7,135)
Employee share option scheme							
— value of services provided	—	1,642	—	—	—	—	1,642
— exercise of share options	2,394	(574)	—	—	—	—	1,820
Changes in ownership interests in subsidiaries without change of control	—	—	—	—	132	—	132
2014 final dividends paid	—	—	—	—	—	(50,816)	(50,816)
Profit attributable to equity holders of the Company	—	—	—	—	—	147,268	147,268
At 30 June 2015	669,333	12,763	11,622	103,092	167,850	1,143,341	2,108,001

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Operating profit

The following items have been charged to the operating profit during the period:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Amortisation of land use rights	1,418	1,424
Depreciation of property, plant and equipment	81,320	77,681
Impairment of property, plant and equipment	—	5,989
Amortisation of intangible assets	2,250	22,306
Provision for inventories, net	24,601	10,896
Impairment of trade receivables, net	—	820

16 Other income

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Rental income	1,603	4,055
Others	1,150	895
	2,753	4,950

17 Other (losses)/gains – net

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Gain on disposal of land use rights classified as held for sale	—	27,550
Gain on disposal of property, plant and equipment, net	58	1,102
Net exchange (losses)/gains	(582)	2,806
	(524)	31,458

18 Finance income and costs

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Finance income		
– Interest income from bank deposits and receivables from a landlord	5,419	6,005
Finance cost		
– Bank borrowings (Note 12)	(1,516)	(2,359)
Finance income – net	3,903	3,646

19 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the periods.

Mainland China Corporate Income Tax (“CIT”) has been provided at the rate of 25% (2015: 25%) on the estimated assessable profits for the periods which are subject to CIT.

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits for the period at the applicable rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current tax		
– Hong Kong profits tax	26,150	13,926
– Mainland China taxes	11,218	6,472
– Overseas income tax	1,802	5,589
Deferred tax	(2,749)	(4,347)
	36,421	21,640

20 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 ordinary shares in issue during the period.

	Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company (HK\$'000)	105,665	147,268
Weighted average number of ordinary shares in issue ('000)	1,284,351	1,268,709
Basic earnings per share (HK cents)	8.2	11.6

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option schemes are the only dilutive potential ordinary 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 in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options in the relevant periods. 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.

	Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company (HK\$'000)	105,665	147,268
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,288,848	1,268,757
Diluted earnings per share (HK cents)	8.2	11.6

21 Dividends

A final dividend of HK\$96,330,000 relating to the year ended 31 December 2015 was paid in June 2016.

At the Board meeting held on 25 August 2016, the Company's Board of Directors declared an interim dividend of HK4.0 cents (2015: interim dividend of HK4.0 cents) per share. The interim dividend amounting to HK\$51,376,000 (2015: interim dividend amounting to HK\$50,816,000) has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2016.

22 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 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Property, plant and equipment	6,318	7,932

As at 30 June 2016, the Group had commitments to inject additional capital into certain subsidiaries established in Mainland China and Vietnam, totalling approximately HK\$82,081,000 (31 December 2015: HK\$75,382,000).

(b) Operating lease commitments

The Group leases various retail shops, offices, warehouses and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Within one year	192,533	196,741
Later than one year and not later than five years	284,074	321,467
Later than five years	15,513	26,176
	492,120	544,384

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rental payable (contingent rents), if any, which are to be determined generally by applying pre-determined percentages to future sales less the basic rentals of the respective leases, as it is not possible to determine in advance the amount of such additional rentals.

23 Related party transactions

The Group is controlled by Quinta Asia Limited (“**Quinta**”) (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 2016. The Company’s directors regard Quinta as being the ultimate holding company.

(a) Except as disclosed elsewhere, the following significant transactions were carried out with related parties

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Sales of goods:		
Entity controlled by non-controlling interest of a subsidiary	10,528	306
Purchases of goods and services:		
Associates of the Group	240	52,060
Major shareholder of an associate of the Group	58,651	10,522
Entity controlled by non-controlling interest of a subsidiary	3,716	280
	62,607	62,862

Goods and services are sold/purchased at prices mutually agreed by both parties.

23 Related party transactions (Continued)

(b) Period/year-end balances arising from sales/purchases of goods and services

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Receivable from a related party (included in trade and bills receivable): Entity controlled by non-controlling interest of a subsidiary	9,526	—
Payables to related parties (included in trade and bills payable): Associate of the Group	47	2,852
Major shareholder of an associate of the Group	29,606	23,580
	29,653	26,432

All amounts are unsecured and payable within normal trade credit terms.

(c) Amounts due to related parties (included in accruals and other payables)

	As at	
	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Loan from non-controlling interest of a subsidiary	230	394
Payable to non-controlling interest of a subsidiary	2,169	2,169

As at 30 June 2016, loan from and payable to non-controlling interests of subsidiaries were unsecured, interest-free and only repayable on demand.

23 Related party transactions (Continued)

(d) Key management compensation

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Salaries, bonus and allowances	16,702	6,943
Share-based compensation in respect of share options	1,654	1,137
Retirement benefits – defined contribution scheme	53	63
	18,409	8,143

Other Information

DIVIDENDS

The Board has declared an interim dividend of HK4.0 cents (2015: interim dividend of HK4.0 cents) per Share for the six months ended 30 June 2016 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, 23 September 2016. The dividends will be paid on or about Tuesday, 11 October 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 September 2016 to Friday, 23 September 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2016, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 September 2016.

DIRECTORS' DISCLOSURE OF INTERESTS

As at 30 June 2016, 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive has taken or deemed to have under such provisions of the SFO) and 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 of the Listing Rules, were as follows:

(a) Long positions in the Shares of the Company

Name of Directors	Capacity	Number of Shares	Percentage of interest in the Company*
Mr. LI Kwok Tung Roy	Interests in a controlled corporation	743,769,967 (Note 1)	57.91%
Mr. LAI Ching Ping	Beneficial owner	4,186,000	0.33%
Mr. LEE Kwok Leung	Beneficial owner	12,000,000 (Note 2)	0.93%
Mr. WONG Chi Keung	Beneficial owner	10,102,000 (Note 3)	0.79%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 30 June 2016.

Notes:

1. Mr. LI Kwok Tung Roy holds 70% of the issued share capital of 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.
2. 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.
3. Mr. WONG Chi Keung held 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 2016, 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).

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2016, 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 would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the Shares of the Company

Name	Capacity	Number of Shares	Percentage of interest in the Company*
Quinta	Beneficial owner	743,769,967	57.91%
Templeton Asset Management Limited	Investment manager	136,119,379	10.60%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, 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 required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

PRE-IPO SHARE OPTIONS

In recognition of the contributions made by employees and a consultant of the Group towards its growth and success, on 10 May 2006, Pre-IPO Share Options have been granted by the Company to, and accepted by, certain employees and the relevant consultant. All the Pre-IPO Share Options issued have been expired and automatically lapsed on 9 May 2016.

Movements of the Pre-IPO Share Options for the six months ended 30 June 2016 are as follows:

Grantee	Exercise price per Share HK\$	Exercise period	Number of Pre-IPO Share Options			
			As at 01/01/2016	Exercised during the period	Lapsed during the period	As at 30/06/2016
Mr. CHEUNG Chi (<i>Note</i>)	1.596	30/06/2007–09/05/2016	1,920,000	–	(1,920,000)	–
		30/06/2008–09/05/2016	4,080,000	–	(4,080,000)	–
Total			6,000,000	–	(6,000,000)	–

Note: Mr. CHEUNG Chi has resigned as an executive Director with effect from 5 June 2014.

SHARE OPTION SCHEME AND NEW SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders of the Company 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) to take up options which entitle them to subscribe for Shares subject to the rules of the Share Option Scheme.

The purpose of the Share Option Scheme is to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group; and 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.

Taking into account that the Share Option Scheme would expire on 5 September 2016, and 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. 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 (Continued)

Movements of the share options under the Share Option Scheme for the six months ended 30 June 2016 are as follows:

Grantee	Date of grant	Exercise price per Share HK\$	Exercise period	Number of options under the Share Option Scheme			As at 30/06/2016
				As at 01/01/2016	Exercised during the period	Lapsed during the period	
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
Dr. CHOW Chi Wai <i>(Note)</i>	09/01/2014	1.010	09/01/2016–08/01/2024	2,000,000	–	(2,000,000)	–
			09/01/2017–08/01/2024	2,000,000	–	(2,000,000)	–
			09/01/2018–08/01/2024	2,000,000	–	(2,000,000)	–
			09/01/2019–08/01/2024	2,000,000	–	(2,000,000)	–
				8,000,000	–	(8,000,000)	–
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	16/07/2015–15/07/2024	1,000,000	(1,000,000)	–	–
			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
				5,000,000	(1,000,000)	–	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
An employee	22/12/2015	1.562	22/12/2016–21/12/2025	600,000	–	–	600,000
			22/12/2017–21/12/2025	600,000	–	–	600,000
			22/12/2018–21/12/2025	600,000	–	–	600,000
			22/12/2019–21/12/2025	600,000	–	–	600,000
			22/12/2020–21/12/2025	600,000	–	–	600,000
				3,000,000	–	–	3,000,000
Total				43,000,000	(1,000,000)	(8,000,000)	34,000,000

Note: Dr. CHOW Chi Wai has resigned as an executive Director with effect from 11 May 2016.

No option has been granted under the New Share Option Scheme by 30 June 2016.

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 accounting period covered by this interim report.

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 2016.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by this interim report.

AUDIT COMMITTEE

The Company established the Audit Committee on 18 April 2006 with written terms of reference which were revised on 25 March 2009, 9 March 2012 and 7 December 2015 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, Dr. CHAN Kwong Fai, Mr. MA Ka Chun and Ms. CHAU Pui Lin, 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 revised on 25 March 2009 and 9 March 2012 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, Mr. KWAN Kai Cheong and Dr. CHAN Kwong Fai. The chairman of the Remuneration Committee is Dr. CHAN Kwong Fai.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 18 April 2006 with written terms of reference which were revised on 25 March 2009, 9 March 2012 and 10 December 2013 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 four members comprising Mr. LI Kwok Tung Roy and our independent non-executive Directors, Mr. MA Ka Chun, Dr. CHAN Kwong Fai and Ms. CHAU Pui Lin. The chairman of the Nomination Committee is Mr. MA Ka Chun.

REVIEW OF FINANCIAL INFORMATION

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 2016. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 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 consolidated interim financial information for the six months ended 30 June 2016 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

The Board would like to take this opportunity to express its sincere appreciation of the support from our customers, suppliers and shareholders. The chairman of the Board would also like to thank his fellow directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the period.

By Order of the Board

Win Hanverky Holdings Limited

LI Kwok Tung Roy

Chairman

Hong Kong, 25 August 2016

Glossary

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
“Pre-IPO Share Options”	the options granted by the Company to certain employees and a consultant of the Group prior to the listing of the Company
“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
“Shine Gold”	Shine Gold Limited, a non-wholly owned subsidiary of the Company
“Shine Gold Group”	Shine Gold and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Win Sports”	Win Sports Limited, a non-wholly owned subsidiary of the Company
“Win Sports Group”	Win Sports and its subsidiaries



Win Hanverky Holdings Limited

6th Floor, Phase 6, Hong Kong Spinners Industrial Building,
481-483 Castle Peak Road, Kowloon, Hong Kong
<http://www.winhanverky.com>