Win Hanverky Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code : 3322)

2018
INTERIM REPORT

Win Hanverky Holdings Limited and its subsidiaries are an integrated manufacturer, distributor and retailer for international sports, fashion and outdoor brands. We have three broad lines of business, namely Manufacturing Business, High-end Fashion Retailing Business and Sportswear Retailing Business, with geographical markets spanning over Europe, the United States, Mainland China and Hong Kong.

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 6 September 2006.

Contents

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)*

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

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 2018 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 2018, together with the comparative amounts for the corresponding period of 2017. 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	
		2018	2017
Revenue	*HK$'000*	**1,956,817**	1,921,516
Gross profit	*HK$'000*	**528,105**	536,444
Gross profit margin	*%*	**27.0**	27.9
Operating profit	*HK$'000*	**93,453**	45,787
Gain on disposal of a subsidiary*	*HK$'000*	**123,777**	—
Operating (loss)/profit (excluding impact of subsidiary disposal* and factory closure**)	*HK$'000*	**(30,324)**	69,550
Profit attributable to equity holders	*HK$'000*	**63,467**	25,913
(Loss)/profit attributable to equity holders (excluding impact of subsidiary disposal* and factory closure**)	*HK$'000*	**(60,310)**	49,676
Basic EPS	*HK cents*	**4.9**	2.0
Interim dividend per Share	*HK cents*	**3.0**	2.0

* Please refer to Note 14 to the condensed consolidated interim financial information.

** During the period ended 30 June 2017, the Group closed down a factory in Mainland China and recognised costs of approximately HK$23,763,000, including redundancy costs and impairment of assets.

		As at	
		30 June 2018	31 December 2017
Gearing ratio***	*%*	**16.1**	8.0
Current ratio	*times*	**2.2**	2.7
Trade receivable turnover period	*days*	**37**	43
Inventory turnover period	*days*	**106**	108

*** Gearing ratio represents the ratio between total borrowings (including bank borrowings and loans from non-controlling interests of subsidiaries) 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 2017.

OVERALL REVIEW

For the six months ended 30 June 2018, the Group's total revenue slightly increased by 1.8% to HK$1,956.8 million (30 June 2017: HK$1,921.5 million). The net increase was mainly due to the significant increase in revenue from High-end Fashion Retailing Business outweighing the decrease in revenue from Manufacturing Business and Sportswear Retailing Business.

Gross profit margin of the Group reduced to 27.0% in the current period (30 June 2017: 27.9%), primarily due to the decline of gross profit margin of Manufacturing Business resulting from the higher level of production capacity and labour maintained for the current period and a further drop in gross profit margin of Sportswear Retailing Business. The growth of High-end Fashion Retailing Business, with the highest gross profit margin among the segments, brought additional gross profit to the Group. Overall gross profit of the Group decreased by HK$8.3 million to HK$528.1 million in the current period (30 June 2017: HK$536.4 million).

Operating profit of the Group increased by HK$47.7 million to HK$93.5 million in the current period (30 June 2017: HK$45.8 million). This increase was mainly attributable to the gain (before taxation) of HK$123.8 million recognised on disposal of the entire equity interest in a subsidiary which owned a piece of land in the PRC, but partially offset by the excess operating costs that were incurred to maintain production capacity and labour in Manufacturing Business.

As a result, profit attributable to equity holders for the period ended 30 June 2018 also increased by HK$37.6 million to HK$63.5 million (30 June 2017: HK$25.9 million). Excluding the impact of disposal gain of a subsidiary mentioned above and cost of a factory closure in 2017, loss attributable to equity holders would have been HK$60.3 million (30 June 2017: profit of HK$49.7 million). In consideration of the healthy cash position, the Board proposed to pay an interim dividend of HK3.0 cents per share for the six months ended 30 June 2018 (30 June 2017: HK2.0 cents per share).

BUSINESS REVIEW

The Group is an integrated manufacturer, distributor and retailer for renowned sports, fashion and outdoor brands. The financial performances of the three business segments, namely "**Manufacturing Business**", "**High-end Fashion Retailing Business**" and "**Sportswear Retailing 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 sportswear garment manufacturing and has established long-term business relationships with its key customers.

Manufacturing Business recorded a decline in revenue by 5.0% to HK$1,322.1 million (30 June 2017: HK$1,391.8 million), accounting for 67.4% of the Group's total revenue as compared to 72.3% for the corresponding period in 2017. The first half of 2018 remained difficult for the sportswear manufacturing business, and the recovery is expected to occur in the fourth quarter of 2018. The Sport Field Group, which is newly acquired in February 2018, brought in additional revenue from manufacturing of high-end functional wear and outerwear, which mitigated the drop in revenue from the sportswear manufacturing business.

During the review period, the Group completed the disposal of the entire equity interest in a wholly-owned subsidiary in PRC which owned a piece of land there. In addition to the deposit of RMB20 million received by the Group in 2017, the Group received the balance payment of RMB158 million from the buyer of the subsidiary in the first half of 2018. A gain (before taxation) on disposal of the subsidiary amounting to HK$123.8 million was recognised in the income statement (after taxation: HK$104.3 million).

For the six months ended 30 June 2018, operating profit from Manufacturing Business increased by HK$45.8 million to HK$84.0 million (30 June 2017: HK$38.2 million), contributed by the gain on disposal of the subsidiary as mentioned above, which partially offset the increase in operating costs. As the revenue drop is expected to be short-term, we have kept our production capacity and labour at a higher level in anticipation of rebounding orders from major customer which is expected to start from the fourth quarter of 2018. As a result, excess costs were inevitably incurred during the current period. Excluding the gain from disposal of a subsidiary would have resulted in an operating loss of HK$39.8 million.

High-end Fashion Retailing Business

The Group's High-end Fashion Retailing Business is operated under the Shine Gold Group. It has fashion retail networks of "***D-mop***" and "***J-01***" stores to sell several self-owned brands, as well as imported brands, in Hong Kong, Macau, Mainland China and Taiwan. In addition, it has exclusive distribution rights for brands including "***Y-3***" in Mainland China (excluding Beijing), Hong Kong, Macau, Taiwan and Singapore, "***Thomas Sabo***" and "***Tara Jarmon***" in Mainland China, Hong Kong and Macau and certain Japanese brands in Hong Kong. It also operates licensed stores in Mainland China for the brands "***Champion***" and "***DAKS***" and in Hong Kong for the brands "***New Era***" and "***Marcelo Burlon***".

As at 30 June 2018, the Shine Gold Group had 154 (31 December 2017: 150) high-end fashion retail stores, of which 100 were in Mainland China, 43 were in Hong Kong and Macau, 10 were in Taiwan and 1 was in Singapore.

Revenue of the Shine Gold Group for the six months ended 30 June 2018 increased by 32.3% to HK$549.3 million (30 June 2017: HK$415.3 million), accounting for 28.0% of the Group's total revenue as compared with 21.6% for the corresponding period in 2017. The increment mainly came from the expanding retail networks in the PRC, especially for the brands "***Y-3***" and "***Champion***". As compared with the corresponding period in 2017, the number of offline stores in PRC has been increased to 100 (30 June 2017: 71).

The Shine Gold Group generated operating profit of HK$32.6 million in the first half of 2018 (30 June 2017: HK$28.1 million). Operating profit margin decreased by 0.9 percentage points to 5.9% (30 June 2017: 6.8%). The performance of certain newly-obtained licensed brands was not as strong as "***Y-3***" and "***Champion***" and partially offset the profit contribution from other performing brands. The newly-obtained licensed brands are relatively new to the markets and are expected to take time to develop and build up brand awareness.

Sportswear Retailing Business

The Group's Sportswear Retailing Business is operated under the Win Sports Group. As at 30 June 2018, it had 18 (31 December 2017: 20) sportswear retail stores in Hong Kong, of which 3 were under the "***Futbol Trend***" name, 8 were "***Sports Corner***" or "***Little Corner***" stores and 7 were under the names of several international sports brands.

Revenue from the Win Sports Group for the six months ended 30 June 2018 decreased by HK$27.8 million to HK$90.9 million (30 June 2017: HK$118.7 million), representing a 23.4% decrease. In line with its plan, the Win Sports Group did not renew any lease agreements upon expiry and did not launch any new stores during the period. As compared with the corresponding period in 2017, the number of stores decreased by 4 to 18 (30 June 2017: 22).

The Win Sports Group incurred operating loss of HK$23.1 million in the first half of 2018 (30 June 2017: HK$20.6 million). Further discounts were offered to customers during the period leading to the decreased operating profit margin.

PROSPECTS

Manufacturing Business

Facing both market and internal challenges, the Group has refined its strategic plan. In its five-year strategic plan, Manufacturing Business is expected to make a recovery in the fourth quarter of 2018 and will return to the growth track starting from 2019. The objectives of 2020 to 2022 will not only focus on organic revenue growth in garment production, but also focus on vertical integration to expand the manufacturing business upstream into material supplies. In the next five years, the Group aims to progressively enhance production efficiency of its existing manufacturing facilities through process automation and advanced information technology platforms, maintain good relationships with existing customers to achieve organic sales growth, develop new types of products utilising internal resources and through collaboration with business partners, and, ultimately, further expand its customer base.

According to the strategic plan, the Group expects that the existing production capacity in Vietnam would be fully utilised in 2020. It has completed the feasibility study on the location selection of new factories in Vietnam, and is now proceeding to the next stage of the new factory plan. The potential factory site is in Vinh Long, a southern city in Mekong Delta, and the size is nearly 200,000 square meters. Commencement of construction is planned in the first half of 2019 and commencement of production is targeted in the second half of 2020.

Thanks to the strong support of our major customer and the new management team at the Vietnam factory, we foresee an obvious rebound of sales orders of the sportswear manufacturing business in the fourth quarter of 2018 as compared with the same quarter in 2017, as a result, we anticipate the annual revenue of the sportswear manufacturing business in 2018 will achieve a similar level as the annual revenue in 2017 despite a decline in the first half of 2018. With the ongoing efforts in product development and penetration of the sportswear manufacturing market, the Group has succeeded in securing sales orders from a new renowned sports brand from which it will generate revenue starting from the second half of 2018. On the other hand, the Group is also in the product development stage with another new renowned sports brand and expects that shipment will commence in 2019. According to the market forecasts from the above-mentioned new customers, we expect the revenue from them in 2019 could be more than double than the revenue from them in 2018.

As stated in the 5-year plan, the Group will enhance overall product development capability and enrich its product profile for its targeted new customers. During the first half of 2018, the Group has completed the acquisition of 60% of the equity of the Sport Field Group. The acquisition is not merely intended to supplement its customer base, product portfolio and market penetration, but also equip the Group with technologies and licensed facilities in producing high-end functional wear and outerwear. These advantages, together with the combined force of the Sport Field's talent, offer potentially great synergies and new opportunities to the Group. The Group intends to further leverage the know-how of Sport Field and its customer base on high-end outerwear and fashion brands. Considering the strong demand from the customers of Sport Field in the PRC to produce their high-end products locally, the Group also plans to establish a new factory in Mainland China apart from Southeast Asia. It has completed the feasibility study on the factory location in Mainland China. We will choose a location at Guangxi province of Mainland China with existing factory buildings to speed up the process and target to commence production in the second half of 2019.

Innovative Textile Technology — e.dye

Aside from developing the garment manufacturing business, it has always been the Group's intention to seek and seize opportunities for vertical integration. With rising concerns for protecting the environment, the Group is fully aware of the importance of manufacturing non-hazardous textiles, a practice that is lacking in the market. Towards that end, the Group has joined forces with a partner that possesses an innovative textile technology, forming a joint venture to further develop the technology and associated production business. The technology and production business is developing and operating under Win Success Holding Limited and its subsidiaries (together, "**Win Success Group**") using the trademark "***e.dye***". A pilot factory has been established in Kunshan, Jiangsu province of Mainland China, to demonstrate the revolutionary production process.

During the review period, the e.dye management team participated in the Functional Fabric Fair and Outdoor Retailer exhibitions to build up the brand and connect with worldwide customers. Their strong positive feedback has further strengthened the Group's confidence in this eco-friendly production of the textiles business. The Group will continue to expand its strategic partnership with international brands to promote eco-friendly production of textiles and play a greater role in green production.

High-end Fashion Retailing Business

Multi-branding is one of the key strategies of the Group to tap the full potential of the Greater China market. Over the past few years, the Group has endeavored to enhance and broaden its existing brand portfolio in the young and light luxury fashion segment and gained distribution rights from several internationally-renowned brands, including "***Champion***", "***Tara Jarmon***", "***DAKS***", "***Thomas Sabo***", "***New Era***" and "***Marcelo Burlon***".

Among these brands, the outperformance of the Champion stores in the first half of 2018 has been encouraging. In response to the positive market reaction towards Champion, the Group is allocating additional resources and speeding up the pace of expanding the retail network for the brand. It plans to further open 15 Champion stores in Mainland China in the second half of 2018, bringing the total number of stores to 25.

While the performance of certain new brands is currently not as strong as Y-3 and Champion, the Group nonetheless remains confident as these brands are new to the market and require more time to develop and arouse market awareness. Thus it will devote greater effort on marketing and enrichment of merchandise mix and product line in the stores, in order to match customers' preferences.

Regarding the current brands and product mix on hand, the Group also monitors the moves of other market players in the regions so as to initiate a proper response. It periodically revisits its retail network and brand portfolio, prudently updating its store opening and closure plan. To improve its overall brand portfolio, it will continue to source and obtain license rights from new brands and may discontinue cooperation with existing non-performing brands.

Seeing the demand for fashion and sportswear products remaining strong along with the rapid rise of the young affluent middle class, Mainland China therefore remains the Group's major target market and it will expand its retail network across the country. It will continue to enhance and broaden its brand and product portfolio in the young and light luxury fashion segment so as to capture a bigger market share in the Greater China region. Moreover, the Group will continue its efforts to promote the retail presence of its own brand stores, namely "***D-mop***" and "***J-01***". Furthermore, it will strive to enhance the shopping experience for our customers, in particularly the newly opened stores, by offering an attractive product mix and enhancing shop efficiency and in-store customer services.

Last but not least, online shopping has become increasingly popular among consumers in the past few years. Online sales are assuming a bigger and bigger share of total retail sales in Mainland China. The Group therefore is continuing to develop its e-commerce channel so as to tap the fast-growing online market with huge potential.

Sportswear Retailing Business

Due to the keen competition and tough operating environment in the sportswear retail market in Hong Kong, the Group will continue to scale down the retail network in Hong Kong and will not renew lease agreements upon their expiry. According to the lease agreements which are mostly going to expire in mid 2019, there will be only 4 regular stores still operating by the end of 2018, it will also consider speeding up the termination of all stores before the end of 2018. The inventory level is decreasing under our continuous effort, it will put greater efforts and arrange different sales campaigns and offer further discounts to clear the inventories. The Group will also streamline human resources and apply other cost-control measures to reduce operating costs.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated cashflow and banking facilities and has maintained a healthy financial position during the period. As at 30 June 2018, it had cash and bank balances amounting to HK$565.1 million (31 December 2017: HK$424.8 million). The net increase was mainly attributable to the cash generated from investing and operating activities and bank borrowing, net with cash used in capital expenditure and payment of final dividends.

As at 30 June 2018, the Group had bank borrowings amounting to HK$360.7 million (31 December 2017: HK$177.1 million), which were on floating rates, and unutilised banking facilities amounting to HK$291.3 million (31 December 2017: HK$419.0 million). The gearing ratio, being total borrowings divided by total equity, as at 30 June 2018, was 16.1% (31 December 2017: 8.0%).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2018, the Group had approximately 18,000 employees (31 December 2017: 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 2018, bank deposits of HK$1.2 million (31 December 2017: HK$1.2 million) was pledged as security deposit at Custom Department for a subsidiary of the Group.

As at 30 June 2018, land and properties with carrying value of HK$40.3 million (31 December 2017: Nil) was pledged to banks for certain banking facilities of the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities, litigation or arbitration of material importance as at 30 June 2018.

FOREIGN CURRENCY EXPOSURE

The Group's revenue and purchases were primarily denominated in US Dollars, Hong Kong Dollars and RMB. During the period, approximately 57.1%, 24.8% and 14.7% of revenue were denominated in US Dollars, RMB and Hong Kong Dollars respectively, whereas approximately 73.9%, 12.0% and 11.1% of purchases were denominated in US Dollars, RMB and Hong Kong Dollars respectively.

As at 30 June 2018, approximately 69.2%, 25.1% and 3.1% of cash and bank balances were denominated in RMB, US Dollars and Hong Kong Dollars respectively, and approximately 63.5%, 33.3% and 3.3% of bank borrowings were denominated in Hong Kong Dollars, US Dollars and RMB 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 Hong Kong Dollar was pegged against US Dollar. Regarding to the recent rising tensions of the China-US trade war, management believes that the short-term currency fluctuation of RMB against USD is unavoidable and any action proposed by either China or US could have immediate impact to the exchange rate of RMB against USD. Management noted that RMB depreciated sharply against USD since the beginning of trade war and it was unfavorable to our assets denominated in RMB. We will continue to monitor the development of the China-US trade war as well as the trend of the exchange rates, and assess its impact to the Group. If necessary, after consideration of the Group's future operation and investment needs in different currencies, we may use proper financial instruments to reduce the currency risk exposure.

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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 15 to 51, 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 2018 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim 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.

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Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2018

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2018

	Note	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Non-current assets			
Land use rights	7	**22,958**	22,699
Property, plant and equipment	7	**745,700**	709,484
Intangible assets	7	**214,307**	164,793
Investments in associates		**11,967**	12,105
Deferred tax assets		**46,196**	62,816
Deposits, prepayments and other receivables	9	**106,680**	104,241
Pledged bank deposits		**—**	1,201
Total non-current assets		**1,147,808**	1,077,339
Current assets			
Inventories		**856,357**	802,867
Trade and bills receivable	8	**428,684**	382,908
Current tax recoverables		**5,018**	5,021
Deposits, prepayments and other receivables	9	**218,640**	169,579
Pledged bank deposits		**1,185**	—
Cash and bank balances		**565,082**	424,809
		2,074,966	1,785,184
Non-current assets classified as held for sale		**—**	92,735
Total current assets		**2,074,966**	1,877,919
Current liabilities			
Trade and bills payable	10	**258,936**	154,491
Accruals and other payables	11	**263,370**	277,517
Current tax liabilities		**70,756**	76,040
Borrowings	12	**360,657**	177,106
Total current liabilities		**953,719**	685,154
Non-current liabilities			
Deferred tax liabilities		**5,457**	5,517
Net assets		**2,263,598**	2,264,587

As at 30 June 2018

	Note	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Equity			
Equity attributable to equity holders of the Company			
Share capital	15	**128,440**	128,440
Reserves	16	**2,128,580**	2,097,977
		2,257,020	2,226,417
Non-controlling interests		**6,578**	38,170
Total equity		**2,263,598**	2,264,587

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

The condensed consolidated interim financial information on pages 15 to 51 were approved by the Company's Board of Directors on 23 August 2018 and were signed on its behalf.

LI Kwok Tung Roy
Director

LAI Ching Ping
Director

For the six months ended 30 June 2018

	Note	Unaudited Six months ended 30 June 2018 HK$'000	2017 HK$'000
Revenue	6	**1,956,817**	1,921,516
Cost of sales		**(1,428,712)**	(1,385,072)
Gross profit		**528,105**	536,444
Selling and distribution costs		**(309,632)**	(280,170)
General and administrative expenses		**(248,892)**	(203,679)
Other income/(expenses) — net	18	**4,600**	(19,120)
Other gains — net	19	**119,272**	12,312
Operating profit	17	**93,453**	45,787
Finance income	20	**1,704**	2,141
Finance costs	20	**(5,335)**	(1,196)
Finance (costs)/income — net		**(3,631)**	945
Share of (losses)/profits of associates		**(119)**	1,428
Profit before income tax		**89,703**	48,160
Income tax expense	21	**(29,625)**	(24,264)
Profit for the period		**60,078**	23,896
Attributable to:			
Equity holders of the Company		**63,467**	25,913
Non-controlling interests		**(3,389)**	(2,017)
		60,078	23,896
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	22		
Basic		**4.9**	2.0
Diluted		**4.9**	2.0

The above condensed consolidated interim income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2018

	Unaudited Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Profit for the period	**60,078**	23,896
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**(9,811)**	21,310
Share of other comprehensive income of associates	**(18)**	166
Total comprehensive income for the period	**50,249**	45,372
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**55,600**	43,185
Non-controlling interests	**(5,351)**	2,187
	50,249	45,372

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2018

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital *(Note 15)* *HK$'000*	Reserves *(Note 16)* *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
For the six months ended 30 June 2018					
Balance at 1 January 2018	128,440	2,097,977	2,226,417	38,170	2,264,587
Comprehensive income					
Profit for the period	–	63,467	63,467	(3,389)	60,078
Other comprehensive income					
Currency translation differences	–	(7,849)	(7,849)	(1,962)	(9,811)
Share of other comprehensive income of associates	–	(18)	(18)	–	(18)
Total other comprehensive income for the period ended 30 June 2018	–	(7,867)	(7,867)	(1,962)	(9,829)
Total comprehensive income for the period ended 30 June 2018	–	55,600	55,600	(5,351)	50,249
Transactions with owners					
Non-controlling interest on acquisition of subsidiaries *(Note 13)*	–	–	–	(17,536)	(17,536)
Employee share option scheme – value of services provided	–	691	691	–	691
2017 final dividends paid *(Note 23)*	–	(25,688)	(25,688)	–	(25,688)
Capital repayment to non-controlling interest of a subsidiary	–	–	–	(8,705)	(8,705)
Total transactions with owners	–	(24,997)	(24,997)	(26,241)	(51,238)
Balance at 30 June 2018	128,440	2,128,580	2,257,020	6,578	2,263,598

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

For the six months ended 30 June 2018

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital *(Note 15)*	Reserves *(Note 16)*	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2017					
Balance at 1 January 2017	128,440	2,100,940	2,229,380	15,257	2,244,637
Comprehensive income					
Profit for the period	–	25,913	25,913	(2,017)	23,896
Other comprehensive income					
Currency translation differences	–	17,106	17,106	4,204	21,310
Share of other comprehensive income of associates	–	166	166	–	166
Total other comprehensive income for the period ended 30 June 2017	–	17,272	17,272	4,204	21,476
Total comprehensive income for the period ended 30 June 2017	–	43,185	43,185	2,187	45,372
Transactions with owners					
Employee share option scheme – value of services provided	–	1,194	1,194	–	1,194
Dividends payable to non-controlling interest of a subsidiary	–	–	–	(91)	(91)
2016 final dividends paid *(Note 23)*	–	(38,532)	(38,532)	–	(38,532)
Capital contribution by non-controlling interest of a subsidiary	–	–	–	9,547	9,547
Total transactions with owners	–	(37,338)	(37,338)	9,456	(27,882)
Balance at 30 June 2017	128,440	2,106,787	2,235,227	26,900	2,262,127

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

	Unaudited Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Cash flows from operating activities		
Cash (used in)/generated from operating activities	**(50,809)**	109,716
Income tax paid	**(17,940)**	(19,155)
Net cash (used in)/generated from operating activities	**(68,749)**	90,561
Cash flows from investing activities		
Interest received	**417**	2,751
Purchase of property, plant and equipment	**(63,222)**	(102,984)
Payment for land use rights	**(407)**	(8,891)
Repayment of receivables from a landlord	**7,800**	11,909
Proceeds from disposal of property, plant and equipment	**7,705**	3,639
Proceeds from disposal of a subsidiary	**194,403**	–
Acquisition of subsidiaries, net of cash acquired	**7,186**	–
Release of bank deposit with initial term over three months	**–**	117,000
Net cash generated from investing activities	**153,882**	23,424
Cash flows from financing activities		
Increase in bank borrowings	**91,642**	47,283
Dividends paid to the Company's equity holders	**(25,688)**	(38,532)
Increase in amounts due to non-controlling interests of subsidiaries	**688**	55
Capital (repayment to)/contribution by non-controlling interest of a subsidiary	**(8,705)**	9,547
Net cash generated from financing activities	**57,937**	18,353
Net increase in cash and cash equivalents	**143,070**	132,338
Cash and cash equivalents at beginning of the period	**424,809**	297,210
Exchange differences on cash and cash equivalents	**(2,797)**	4,523
Cash and cash equivalents at end of the period	**565,082**	434,071

The above condensed consolidated interim cash flow statement should be read in conjunction with the accompanying notes.

1 General information

Win Hanverky Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are engaged in the manufacturing and selling of garment products, including sportswear, golf and high-end fashion apparel, outerwear 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.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017, prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

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

(a) New and amendments to standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The impact of adopting following standards are disclosed below:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers.

The other newly adopted standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

(i) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies.

The Group has two types of financial assets that are subject to the new expected credit loss model of the new HKFRSs:

- trade and bills receivable, and
- other financial assets at amortised cost.

3 Accounting policies (Continued)

(a) New and amendments to standards adopted by the Group (Continued)

(i) HKFRS 9 Financial Instruments (Continued)

Trade and bills receivable

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivable. To measure the expected credit losses, trade and bills receivable has been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade and bills receivable, according to their respective risk characteristics. Trade and bills receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group has assessed the expected credit loss model applied to the trade and bills receivable as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's condensed consolidated interim financial information and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. The Group has adopted the expected credit loss model to assess the recoverability of other receivables as at 1 January 2018 and the change in impairment methodologies has no impact of the Group's condensed consolidated interim financial information and the opening loss allowance is not restated in this respect.

3 Accounting policies (Continued)

(a) New and amendments to standards adopted by the Group (Continued)

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has first time adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application and no comparative figures are restated.

HKFRS 15 establishes a new framework for revenue recognition. This replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard introduces a five-step model to determine when to recognise revenue and at what amount. Under the five-step model, revenue is recognised when control of goods or services is transferred to a customer and at the amount to which the entity expects to be entitled. Depending on the nature of the contracts, revenue is either recognised over time or at a point in time.

The adoption of HKFRS 15 did not result in any significant impact on the Group's financial position and results of operations based on the current business model.

(b) New standards and amendments to standards and interpretations issued but not yet effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined
HKFRS 16 (Note i)	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019

3 Accounting policies (Continued)

(b) New standards and amendments to standards and interpretations issued but not yet effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group (Continued)

Note i HKFRS 16 Leases

The Group is a lessee of its buildings and motor vehicles which are currently classified as operating leases. As at 30 June 2018, the Group has aggregate minimum lease payments, which are not reflected in the condensed consolidated interim statement of financial position, under non-cancellable operating leases of approximately HK$481,323,000.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statement of financial position. Instead, all long-term leases must be recognised in the consolidated statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated balance sheet. In the consolidated income statement, rental expenses will be replaced with depreciation and interest expense. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase.

The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019.

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 2017.

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 2017.

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

5.2 Fair value estimation

The carrying values less impairment provision of trade and bills receivable and trade and bills payable are a reasonable approximation of their fair values. The carrying values of deposits and other receivables, accruals and other payables, pledged bank deposits and cash and bank balances also approximate their fair values.

6 Segment information

The chief operating decision-maker has been identified collectively as the executive Directors. The executive Directors review the Group's internal reporting in order to assess performance and allocate resources and report segment performance based on internal reporting.

In prior years, the Group's reportable and operating segments were Manufacturing and Distribution and Retail. Management changed the strategy to cope with the rapid expansion in High-end Fashion Retailing and decided to separate Distribution and Retail into High-end Fashion Retailing and Sportswear Retailing to align with internal review process. The comparative segment information for the six months ended 30 June 2017 has been restated to align with the presentation of the current period's segment information disclosure.

The executive Directors review the performance of the Group mainly from a business operation perspective. The Group has three major business segments, namely (i) Manufacturing, (ii) High-end Fashion Retailing, and (iii) Sportswear Retailing. The Manufacturing segment represents manufacturing and sales of sportswear, golf and high-end fashion apparel, and outerwear primarily under OEM arrangements to customers mainly in Europe, the United States, Mainland China and other countries. The High-end Fashion Retailing segment represents the retail of high-end fashion products in Mainland China, Hong Kong, Macau, Taiwan and Singapore. The Sportswear Retailing segment represents the retail of sportswear products in Hong Kong.

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

Segment assets exclude current tax recoverables and deferred tax assets 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 segment results for the six months ended 30 June 2018 are as follows:

	Manufacturing *HK$'000*	High-end Fashion Retailing *HK$'000*	Sportswear Retailing *HK$'000*	Total *HK$'000*
Total segment revenue	1,322,112	549,321	90,933	1,962,366
Inter-segment revenue	(5,549)	–	–	(5,549)
Revenue	1,316,563	549,321	90,933	1,956,817
Operating profit/(loss) and segment results	84,011	32,568	(23,126)	93,453
Finance income				1,704
Finance costs				(5,335)
Share of losses of associates	(119)	–	–	(119)
Profit before income tax				89,703
Income tax expense				(29,625)
Profit for the period				60,078

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

	Manufacturing *HK$'000*	High-end Fashion Retailing *HK$'000*	Sportswear Retailing *HK$'000*	Total *HK$'000*
Amortisation of land use rights	368	–	–	368
Depreciation of property, plant and equipment	43,234	19,704	466	63,404
Impairment of property, plant and equipment	–	337	–	337
Amortisation of intangible assets	2,739	349	–	3,088
Provision for/(write-back of provision for) inventories, net	22,418	19,076	(1,627)	39,867
Provision for onerous leases	–	2,168	155	2,323
(Gain)/loss on disposal of property, plant and equipment, net	(6,489)	131	–	(6,358)
Gain on disposal of a subsidiary	(123,777)	–	–	(123,777)

6 Segment information (Continued)

The segment assets and liabilities as at 30 June 2018 are as follows:

	Manufacturing HK$'000	High-end Fashion Retailing HK$'000	Sportswear Retailing HK$'000	Unallocated HK$'000	Total HK$'000
Assets	2,437,362	649,472	72,759	51,214	3,210,807
Associates	11,967	–	–	–	11,967
Total assets	**2,449,329**	**649,472**	**72,759**	**51,214**	**3,222,774**
Total liabilities	**660,544**	**206,773**	**15,646**	**76,213**	**959,176**

The segment results for the six months ended 30 June 2017 are as follows:

	Manufacturing HK$'000	High-end Fashion Retailing HK$'000	Sportswear Retailing HK$'000	Total HK$'000
Total segment revenue	1,391,801	415,315	118,675	1,925,791
Inter-segment revenue	(4,275)	–	–	(4,275)
Revenue	1,387,526	415,315	118,675	1,921,516
Operating profit/(loss) and segment results	38,224	28,149	(20,586)	45,787
Finance income				2,141
Finance costs				(1,196)
Share of profits of associates	1,428	–	–	1,428
Profit before income tax				48,160
Income tax expense				(24,264)
Profit for the period				23,896

6 Segment information (Continued)

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

	Manufacturing *HK$'000*	High-end Fashion Retailing *HK$'000*	Sportswear Retailing *HK$'000*	Total *HK$'000*
Amortisation of land use rights	1,618	–	–	1,618
Depreciation of property, plant and equipment	39,608	12,875	1,466	53,949
Impairment of property, plant and equipment	3,402	–	–	3,402
Reversal of impairment of trade receivables, net	(317)	–	–	(317)
Amortisation of intangible assets	1,900	349	–	2,249
Provision for/(write-back of provision for) inventories, net	20,706	18,427	(5,948)	33,185
(Gain)/loss on disposal of property, plant and equipment, net	(2,351)	(326)	394	(2,283)

The segment assets and liabilities as at 31 December 2017 are as follows:

	Manufacturing *HK$'000*	High-end Fashion Retailing *HK$'000*	Sportswear Retailing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	2,122,965	641,479	110,872	67,837	2,943,153
Associates	12,105	–	–	–	12,105
Total assets	2,135,070	641,479	110,872	67,837	2,955,258
Total liabilities	359,676	214,199	35,239	81,557	690,671

6 Segment information (Continued)

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Europe	**519,681**	539,453
Mainland China	**507,747**	423,098
United States	**321,277**	317,429
Hong Kong	**310,534**	304,911
Other Asian countries	**210,600**	230,698
Canada	**33,508**	26,913
Others	**53,470**	79,014
	1,956,817	1,921,516

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	31 December
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**373,957**	295,446
Mainland China	**282,022**	264,875
Cambodia	**231,804**	239,355
Vietnam	**203,259**	209,141
Other countries	**10,570**	5,706
	1,101,612	1,014,523

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 2018			
Opening net book amount at 1 January 2018	**22,699**	**709,484**	**164,793**
Exchange differences	**(255)**	**(3,752)**	**—**
Acquisition of subsidiaries *(Note 13)*	**475**	**43,872**	**52,602**
Additions	**407**	**61,183**	**—**
Disposals	**—**	**(1,346)**	**—**
Impairments	**—**	**(337)**	**—**
Depreciation and amortisation	**(368)**	**(63,404)**	**(3,088)**
Closing net book amount at 30 June 2018	**22,958**	**745,700**	**214,307**
For the six months ended 30 June 2017			
Opening net book amount at 1 January 2017	108,668	679,012	169,861
Exchange differences	2,534	2,673	—
Additions	—	57,508	—
Disposals	—	(1,356)	—
Impairments	—	(3,402)	—
Depreciation and amortisation	(1,618)	(53,949)	(2,249)
Closing net book amount at 30 June 2017	109,584	680,486	167,612

As at 30 June 2018, certain land and properties with an aggregate carrying amount of HK$40,318,000 (31 December 2017: Nil) were pledged for certain banking facilities (Note 12).

7 Capital expenditure (Continued)

(b) Intangible assets comprise the following:

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Goodwill	**155,689**	124,385
Know-how	**27,478**	29,351
Customer relationship	**20,433**	—
Trademarks	**10,707**	11,057
Net book amount	**214,307**	164,793

No goodwill impairment was recognised during the six months ended 30 June 2018 (30 June 2017: Nil).

8 Trade and bills receivable

	As at	
	30 June 2018 *HK$'000*	31 December 2017 *HK$'000*
Trade receivables		
— from third parties	**372,844**	372,165
— from related parties *(Note 25(b))*	**16,860**	8,275
Bills receivable	**40,506**	3,996
	430,210	384,436
Less: Impairment of trade receivables	**(1,526)**	(1,528)
	428,684	382,908

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

Majority of the trade receivables are with customers having good 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 2018 *HK$'000*	31 December 2017 *HK$'000*
0–90 days	**417,670**	344,061
91–180 days	**1,204**	21,064
181–365 days	**854**	17,570
Over 365 days	**10,482**	1,741
	430,210	384,436

As at 30 June 2018 and 31 December 2017, there was one single group of customer with an aggregated outstanding balance which exceeded 10% of the Group's total trade and bills receivable from third parties. The aggregated balances due from this single group of customer accounted for approximately 58% (31 December 2017: 59%) of the Group's total trade and bills receivable from third parties. Other than this single group of customer, there was no other significant concentration of credit risk with respect to trade and bills receivable.

9 Deposits, prepayments and other receivables

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Non-current		
Rental, utility and other deposits	**40,897**	37,499
Deposits for property, plant and equipment	**54,863**	48,362
Receivables from a landlord *(Note)*	**10,920**	16,380
Deposit for acquisition of subsidiaries	**–**	2,000
	106,680	104,241
Current		
Rental, utility and other deposits	**64,167**	59,279
Value-added tax recoverable	**44,429**	45,695
Receivables from a landlord *(Note)*	**18,720**	18,330
Prepayments for inventories	**26,269**	15,085
Prepayments for operating expenses	**10,523**	9,596
Claims receivables from customers	**10,022**	10,584
Interest receivable from a landlord	**855**	484
Other receivables	**8,569**	10,526
Receivables from related parties *(Note 25(c))*	**35,086**	–
	218,640	169,579
	325,320	273,820

Note: Amounts represented receivables from a landlord in Vietnam. Receivables from the landlord are unsecured, interest-bearing at 5% per annum and denominated in United States Dollars. Receivables of US$2,400,000, equivalent to approximately HK$18,720,000 (31 December 2017: US$2,350,000, equivalent to approximately HK$18,330,000), US$700,000, equivalent to approximately HK$5,460,000 (31 December 2017: US$1,050,000, equivalent to approximately HK$8,190,000), and US$700,000, equivalent to approximately HK$5,460,000 (31 December 2017: US$1,050,000, equivalent to approximately HK$8,190,000) are repayable semi-annually and will mature within one year, between one year to two years and over two years, respectively. The Group recognised interest income of HK$767,000 (30 June 2017: HK$1,260,000) during the period ended 30 June 2018 from these receivables. The carrying amounts of these receivables approximate their fair values.

10 Trade and bills payable

	As at 30 June 2018 HK$'000	As at 31 December 2017 HK$'000
Trade payables		
— to third parties	**224,005**	144,217
— to related parties *(Note 25(b))*	**34,343**	7,682
Bills payable	**588**	2,592
	258,936	154,491

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

	As at 30 June 2018 HK$'000	As at 31 December 2017 HK$'000
0–90 days	**237,411**	149,184
91–180 days	**12,035**	1,279
181–365 days	**2,966**	1,657
Over 365 days	**6,524**	2,371
	258,936	154,491

11 Accruals and other payables

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Accrual for employee benefit costs	**134,075**	105,934
Accrual for other operating expenses	**39,343**	36,638
Deposit received for land use rights classified as held for sale	**—**	24,020
Deferred income	**20,251**	22,503
Payable for purchases of property, plant and equipment and land use rights	**12,781**	17,245
Other taxes payable	**9,829**	19,661
Provision for onerous leases	**8,997**	13,096
Deposits received from customers	**6,771**	5,342
Payables to non-controlling interests of subsidiaries *(Note 25(d))*	**6,571**	7,907
Loans from non-controlling interests of subsidiaries *(Note 25(d))*	**4,899**	4,211
Payable to an associate of the Group *(Note 25(d))*	**—**	1,219
Contingent consideration payable *(Note 13)*	**200**	—
Others	**19,653**	19,741
	263,370	277,517

12 Borrowings

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Interest-bearing bank borrowings — secured	**360,657**	177,106

All of the Group's borrowings are repayable within one year. The carrying amounts of the bank borrowings approximate their fair values as the impact of discounting is not significant.

As at 30 June 2018, the Group had unutilised banking facilities amounting to HK$291,300,000 (31 December 2017: HK$419,000,000) and the banking facilities were secured by:

(i) Corporate guarantees given by the Company as at 30 June 2018 (31 December 2017: same); and

(ii) Certain land and properties of the Group as at 30 June 2018 (31 December 2017: Nil) (Note 7).

13 Business combination

On 31 January 2018, the Group entered into a sale and purchase agreement ("**Agreement**") with a third party, Sport Field Holding Limited ("**SF Holding**"), which the Group conditionally agreed to purchase and SF Holding conditionally agreed to sell 60% of the issued shares of Sport Field Limited. In February 2018, the acquisition was completed and Sport Field Limited and its subsidiaries ("**Sport Field Group**") became non-wholly owned subsidiaries of the Group, with net liabilities assumed of HK$43,840,000.

The following table summarises the cash consideration for the acquisition, amounts of the assets acquired and liabilities assumed at the acquisition date, and the net cash flow from the acquisition.

13 Business combination (Continued)

	HK$'000
Cash paid	4,800
Contingent consideration payable	200
Consideration to be settled by cash	5,000
Less: fair value of net liabilities assumed:	
Cash and cash equivalents	9,986
Property, plant and equipment and land use rights *(Note 7)*	44,347
Customer relationship *(Note 7)*	21,298
Inventories	21,721
Trade and other receivables	89,180
Trade and other payables	(138,463)
Borrowings	(91,909)
Net liabilities assumed	(43,840)
Non-controlling interest	17,536
	(26,304)
Goodwill *(Note 7)*	31,304
Cash flow analysis:	
Cash and cash equivalents acquired	9,986
Cash paid during the period	(2,800)
Acquisition of subsidiaries, net of cash acquired	7,186

13 Business combination (Continued)

In accordance with the Agreement, the contingent consideration for acquisition of 60% equity interest of Sport Field Group is calculated based on the actual financial results of Sport Field Group for the year ending 31 December 2018. Based on management's current best estimate, the contingent consideration, on an undiscounted basis, is estimated to be HK$5,000,000 of which HK$2,000,000 was paid as of 31 December 2017 and an additional HK$2,800,000 was paid during the period ended 30 June 2018. As of 30 June 2018, the contingent consideration payable of HK$200,000 is included in accrual and other payables in the Group's condensed consolidated interim statement of financial position.

The Group recognised Sport Field Group's non-controlling interest at their proportionate share of Sport Field Group's net liabilities assumed.

Gross trade receivable of HK$16,282,000 was past due at the date of acquisition but none of these balances were expected to be uncollectible.

With the acquisition of Sport Field Group, the Group expects to diversify its business, expand and supplement its customer portfolio and market penetration. The goodwill arising from the acquisition is mainly attributable to the acquired workforce and synergy expected from combining the operations of the Group and Sport Field Group. After the acquisition, since the business, operation and management team of Sport Field Group are being integrated with Charmtech Industrial Limited and its subsidiaries (together "**Charmtech Group**") which carries out golf and high-end apparel manufacturing and trading business, Sport Field Group and Charmtech Group become one cash generating unit.

The related acquisition costs of HK$706,000 have been charged to the general and administrative expenses in the Group's condensed consolidated interim income statement for the six months ended 30 June 2018.

The acquired business contributed revenues of HK$87,535,000 and profit after tax of HK$293,000 to the Group for the period from 1 February 2018 to 30 June 2018. If the acquisition had occurred on 1 January 2018, the Group's consolidated revenue and profit after tax for the six months ended 30 June 2018 would have been HK$1,976,892,000 and HK$59,322,000 respectively.

14 Disposal of a subsidiary

On 26 September 2017, the Group entered into an equity transfer agreement with a third party, Dongguan Aochuang Property Co. Ltd ("**Aochuang**"), to transfer its entire equity interest in Bowker Property Development (Heyuan) Company Limited ("**Bowker Property**"), an indirect wholly-owned subsidiary of the Group, at a consideration of approximately RMB178,000,000 (equivalent to approximately HK$219,000,000). Bowker Property mainly holds certain land use rights in Heyuan city, Guangdong province, Mainland China. A deposit of RMB20 million (equivalent to approximately HK$25,000,000) had been received from Aochuang and was included in accrual and other payables as at 31 December 2017. During the period ended 30 June 2018, the Group received the remaining consideration of approximately RMB158,000,000 (equivalent to approximately HK$194,000,000) and the entire equity interest in Bowker Property was transferred to Aochuang.

	HK$'000
Cash consideration received	219,043
Carrying amount of net assets disposed of	(99,729)
Gain on disposal before income tax and release of foreign currency translation reserve	119,314
Release of foreign currency translation reserve	4,463
Gain on disposal before tax	123,777
Tax expenses	(19,479)
Gain on disposal after tax	104,298

15 Share capital

	Number of ordinary shares *'000*	*HK$'000*
Issued and fully paid up		
At 1 January 2017, 31 December 2017 and 30 June 2018	1,284,400	128,440

16 Reserves

	Share premium HK$'000	Share-based payment reserve HK$'000	Statutory reserve HK$'000	Foreign currency translation reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000
For the six months ended 30 June 2018							
At 1 January 2018	**692,227**	**9,766**	**13,383**	**66,486**	**172,619**	**1,143,496**	**2,097,977**
Currency translation differences	**–**	**–**	**–**	**(7,867)**	**–**	**–**	**(7,867)**
Employee share option scheme – value of services provided	**–**	**691**	**–**	**–**	**–**	**–**	**691**
2017 final dividends paid	**–**	**–**	**–**	**–**	**–**	**(25,688)**	**(25,688)**
Profit attributable to equity holders of the Company	**–**	**–**	**–**	**–**	**–**	**63,467**	**63,467**
Realisation of accumulated exchange loss upon disposal of a subsidiary	**–**	**–**	**–**	**4,463**	**–**	**(4,463)**	**–**
At 30 June 2018	**692,227**	**10,457**	**13,383**	**63,082**	**172,619**	**1,176,812**	**2,128,580**
For the six months ended 30 June 2017							
At 1 January 2017	692,227	7,520	13,142	28,520	172,619	1,186,912	2,100,940
Currency translation differences	–	–	–	17,272	–	–	17,272
Employee share option scheme – value of services provided	–	1,194	–	–	–	–	1,194
2016 final dividends paid	–	–	–	–	–	(38,532)	(38,532)
Profit attributable to equity holders of the Company	–	–	–	–	–	25,913	25,913
At 30 June 2017	692,227	8,714	13,142	45,792	172,619	1,174,293	2,106,787

17 Operating profit

The following items have been charged/(credited) to the operating profit during the period:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Amortisation of land use rights	**368**	1,618
Depreciation of property, plant and equipment	**63,404**	53,949
Impairment of property, plant and equipment *(Note)*	**337**	3,402
Reversal of impairment of trade receivables, net	**(2)**	(317)
Amortisation of intangible assets	**3,088**	2,249
Provision for inventories, net *(Note)*	**39,867**	33,185
Provision for onerous leases	**2,323**	—

Note: For the period ended 30 June 2017, these items included costs arose from closure of a factory in Mainland China.

18 Other income/(expenses) — net

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Other income		
Rental income	**1,274**	1,085
Others	**3,326**	3,558
	4,600	4,643
Other expenses		
Factory closure costs *(Note)*	**—**	(23,763)
	4,600	(19,120)

Note: During the period ended 30 June 2017, the Group closed down a factory in Mainland China and recognised costs of approximately HK$23,763,000, including redundancy costs and impairment of assets.

19 Other gains — net

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Gain on disposal of a subsidiary *(Note 14)*	**123,777**	—
Gain on disposal of property, plant and equipment, net	**6,358**	2,283
Net exchange (losses)/gains	**(10,863)**	10,029
	119,272	12,312

20 Finance income and costs

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Finance income		
— Interest income from bank deposits and receivables from a landlord	**1,683**	2,141
— Others	**21**	—
	1,704	2,141
Finance cost		
— Bank borrowings	**(5,121)**	(1,196)
— Others	**(214)**	—
	(5,335)	(1,196)
Finance (costs)/income — net	**(3,631)**	945

21 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the periods which are subject to Hong Kong profits tax.

Mainland China Corporate Income Tax ("**CIT**") has been provided at the rate of 25% (2017: 25%) on the estimated assessable profits for the periods which are subject to CIT.

21 Income tax expense (Continued)

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits for the periods 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	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
— Hong Kong profits tax	**3,608**	15,298
— Mainland China taxes	**9,362**	10,301
— Overseas income tax	**1,028**	417
— (Over)/under provision in prior years	**(878)**	554
Deferred tax	**16,505**	(2,306)
	29,625	24,264

22 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	
	2018	2017
Profit attributable to equity holders of the Company *(HK$'000)*	**63,467**	25,913
Weighted average number of ordinary shares in issue *('000)*	**1,284,400**	1,284,400
Basic earnings per share *(HK cents)*	**4.9**	2.0

22 Earnings per share (Continued)

(b) Diluted

Diluted earnings per share is calculated by 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.

As the exercise price of the share options granted by the Company was higher than the average market price of the Company's shares for the six months ended 30 June 2018, the outstanding share options had no dilutive effect on earnings per share. Accordingly, diluted earnings per share was the same as basic earnings per share for the six months ended 30 June 2018.

	Six months ended 30 June	
	2018	2017
Profit attributable to equity holders of the Company *(HK$'000)*	**63,467**	25,913
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**1,284,400**	1,287,401
Diluted earnings per share *(HK cents)*	**4.9**	2.0

23 Dividends

A final dividend of HK$25,688,000 relating to the year ended 31 December 2017 was paid in June 2018.

At the Board meeting held on 23 August 2018, the Company's Board of Directors declared an interim dividend of HK3.0 cents (2017: interim dividend of HK2.0 cents) per share. The interim dividend amounting to HK$38,532,000 (2017: interim dividend amounting to HK$25,688,000) has not been recognised as a liability in this interim financial information.

24 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 2018 HK$'000	As at 31 December 2017 HK$'000
Property, plant and equipment		
— Contracted but not provided for	**10,934**	10,688

As at 30 June 2018, the Group had commitments to inject additional capital into certain subsidiaries, totalling approximately HK$18,138,000 (31 December 2017: HK$18,280,000).

(b) Operating lease commitments

The Group leases various retail shops, offices, warehouses, plant 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 2018 HK$'000	As at 31 December 2017 HK$'000
Within one year	**195,293**	214,098
Later than one year and not later than five years	**259,012**	205,810
Later than five years	**27,018**	33,336
	481,323	453,244

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.

25 Related party transactions

The Company is controlled by Quinta Asia Limited ("**Quinta**") (the immediate holding company), a company incorporated in the British Virgin Islands, which owns approximately 57.91% of the Company's shares as at 30 June 2018. 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	
	2018	2017
	HK$'000	*HK$'000*
Sales of goods:		
Entities controlled by non-controlling interests of subsidiaries	**17,452**	7,564
Purchases of goods and services:		
Major shareholder of an associate of the Group	**42,355**	26,549
Entities controlled by non-controlling interests of subsidiaries	**6,613**	764
	48,968	27,313

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

25 Related party transactions (Continued)

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

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Receivables from related parties (included in trade and bills receivable):		
Entities controlled by non-controlling interests of subsidiaries	**16,693**	8,170
An associate of the Group	**167**	105
	16,860	8,275
Payables to related parties (included in trade and bills payable):		
Major shareholder of an associate of the Group	**30,646**	7,447
Entities controlled by non-controlling interests of subsidiaries	**3,697**	235
	34,343	7,682

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

(c) Amounts due from related parties (included in other receivables)

	As at	
	30 June 2018	31 December 2017
	HK$'000	HK$'000
Receivables from an entity controlled by non-controlling interest of a subsidiary	**22,300**	—
Receivables from non-controlling interest of a subsidiary	**12,786**	—
	35,086	—

25 Related party transactions (Continued)

(c) Amounts due from related parties (included in other receivables) (Continued)

The amounts were secured by properties with fair values of RMB18,600,000 and HK$12,800,000 held by a related party and a non-controlling interest of a subsidiary respectively, interest-bearing at floating rates that are market dependent and repayable on demand.

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

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Loans from non-controlling interests of subsidiaries	**4,899**	4,211
Payables to non-controlling interests of subsidiaries	**6,571**	7,907
Payable to an associate of the Group	**—**	1,219

All amounts were unsecured, interest-free and repayable on demand.

(e) Key management compensation

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Salaries, bonus and allowances	**9,470**	10,989
Share-based compensation in respect of share options	**496**	845
Retirement benefits — defined contribution scheme	**45**	47
	10,011	11,881

DIVIDENDS

The Board has declared an interim dividend of HK3.0 cents (2017: interim dividend of HK2.0 cents) per Share for the six months ended 30 June 2018 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, 21 September 2018. The dividends will be paid on or about Tuesday, 9 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 19 September 2018 to Friday, 21 September 2018 (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 2018, 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, 18 September 2018.

DIRECTORS' DISCLOSURE OF INTERESTS

As at 30 June 2018, 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 to 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 2018.

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 2018, none of the Directors, chief executive(s) or any of their respective associates had any interest or short position, whether beneficial or non-beneficial, in the shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO).

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

As at 30 June 2018, 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

		Number of Shares			Percentage of
Name	Capacity	Long position	Short position	Lending pool	interest in the Company*
Quinta	Beneficial owner	743,769,967	–	–	57.91%
Mr. Webb David Michael	Beneficial owner/ interests in a controlled corporation	65,632,000**	–	–	5.11%

* The calculation of percentages is based on 1,284,400,000 Shares in issue as at 30 June 2018.

** Mr. Webb David Michael was the beneficial owner of 23,076,669 Shares and was interested in 42,555,331 Shares through Preferable Situation Assets Limited which is 100% held by him.

Save as disclosed above, as at 30 June 2018, 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.

SHARE OPTION SCHEME AND NEW SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 8 August 2006, the Company has established a share option scheme ("**Share Option Scheme**") whereby the Board may, at their discretion, invite any directors, employees, consultants, professionals, customers, suppliers, agents, partners or advisers of or contractors to the Group (subject to the eligibility requirements as set out therein). The total number of Shares available for issue under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date unless further Shareholders' approval has been obtained. In addition, the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other schemes adopted by the Group shall not exceed 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme or any other schemes adopted by the Group if the grant of such option will result in the limit being exceeded. The total number of Shares issued and to be issued upon the exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 months' period up to the date of grant to a substantial Shareholder or an independent non-executive director or their associates would not exceed 0.1% of the shares in issue or an aggregate value of HK$5,000,000 unless further Shareholders' approval has been obtained; and to each other eligible person would not exceed 1% of the Shares in issue.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group. It also provides the eligible participants with an opportunity to acquire proprietary interests in the Company with a view to (a) motivate the eligible participants to optimise the performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

The Share Option Scheme has expired on 5 September 2016. In order to continue to provide the eligible participants, where appropriate, with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long-term success of the business of the Group, the Board has sought and obtained approval of the Shareholders for the adoption of a new share option scheme ("**New Share Option Scheme**") at the annual general meeting of the Company on 16 June 2016. The New Share Option Scheme adopted became effective from 20 June 2016 and will remain in force for a period of 10 years.

Under the New Share Option Scheme, the Board may, at their discretion, grant share options to eligible participants including any directors, employees or partners of the Group. The offer shall remain open for acceptance by the eligible participants for a period of not less than three business days from the date of offer and the Board may, at its discretion, specify the minimum period for which an option must be held before it can be exercised at the time of grant. A non-refundable consideration of HK$10 shall be paid by each grantee on acceptance of the options. The exercise price is to be determined by the Board, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The total number of Shares which may be issued under the New Share Option Scheme must not exceed 128,440,000 shares, representing 10% of the issued share capital of the Company as at the date of this interim report. Other major terms of the New Share Option Scheme are substantially similar to those under the Share Option Scheme.

Upon the expiry of the Share Option Scheme, no share options can be further granted thereunder, whereas outstanding share options under the Share Option Scheme remain valid.

Movements of the options under the Share Option Scheme for the six months ended 30 June 2018 are as follows:

Grantee	Date of grant	Exercise price per Share HK$	Exercise period	Number of options under the Share Option Scheme			
				As at 01/01/2018	Exercised during the period	Lapsed during the period	As at 30/06/2018
Mr. LEE Kwok Leung	16/07/2014	0.946	16/07/2015–15/07/2024	2,400,000	–	–	2,400,000
Executive Director			16/07/2016–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2017–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2018–15/07/2024	2,400,000	–	–	2,400,000
			16/07/2019–15/07/2024	2,400,000	–	–	2,400,000
				12,000,000	–	–	12,000,000
Mr. WONG Chi Keung	22/12/2015	1.562	22/12/2016–21/12/2025	2,000,000	–	–	2,000,000
Executive Director			22/12/2017–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2018–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2019–21/12/2025	2,000,000	–	–	2,000,000
			22/12/2020–21/12/2025	2,000,000	–	–	2,000,000
				10,000,000	–	–	10,000,000
An employee	16/07/2014	0.946	16/07/2016–15/07/2024	1,000,000	–	–	1,000,000
			16/07/2017–15/07/2024	1,000,000	–	–	1,000,000
			16/07/2018–15/07/2024	1,000,000	–	–	1,000,000
			16/07/2019–15/07/2024	1,000,000	–	–	1,000,000
				4,000,000	–	–	4,000,000
An employee	09/01/2014	1.010	09/01/2015–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2016–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2017–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2018–08/01/2024	1,000,000	–	–	1,000,000
			09/01/2019–08/01/2024	1,000,000	–	–	1,000,000
				5,000,000	–	–	5,000,000
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				34,000,000	–	–	34,000,000

No option has been granted under the New Share Option Scheme by 30 June 2018.

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.

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 2018.

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 to the Listing Rules throughout the accounting period covered by this interim report.

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 2018. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 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 2018 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, 23 August 2018

Glossary

In this interim report, unless the context states otherwise, the following expression have the following meanings:

"Board"	the board of Directors of the Company
"Company"	Win Hanverky Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2005
"Director(s)"	the director(s) of the Company
"Group" or "we" or "our" or "us"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region in Mainland China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mainland China"	the People's Republic of China, excluding Hong Kong, Macau and Taiwan
"OEM"	acronym for original equipment manufacturing, a business that manufactures or purchases from other manufacturers and possibly modifies goods or equipment for branding and resale by others
"RMB"	Renminbi, the lawful currency of Mainland China
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shine Gold"	Shine Gold Limited, a non-wholly owned subsidiary of the Company
"Shine Gold Group"	Shine Gold and its subsidiaries
"Sport Field"	Sport Field Limited, a non-wholly owned subsidiary of the Company with effect from February 2018
"Sport Field Group"	Sport Field 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

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