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

PROFIT WARNING AND BUSINESS UPDATE

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

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the information currently available and the unaudited consolidated management accounts of the Group for the year ended 31 December 2025 (the “**Current Year**”), the Group is expected to record loss after taxation of approximately HK\$180 million for the Current Year as compared to loss after taxation of HK\$62 million for the year ended 31 December 2024 (the “**Prior Year**”). Loss after taxation for the Current Year comprised loss from continuing operations of approximately HK\$20 million (2024: HK\$26 million) and loss from discontinued operations of approximately HK\$160 million (2024: HK\$36 million).

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

- (i) In recent years, High-end Fashion Retailing Business has continued to face significant challenges due to the persistent market downturn and subdued consumer demand in Hong Kong and Mainland China. These conditions have resulted in substantial operating loss for the segment.

Following a recent comprehensive strategic review, the Board has resolved to cease High-end Fashion Retailing Business and reallocate resources to develop a new business segment “Fashion Brands and Licensing Business” — an asset-light business model for our fashion business with stronger growth prospects and enhanced profitability.

Operating loss of approximately HK\$156 million from the discontinued operations of High-end Fashion Retailing Business (2024: operating loss of HK\$29 million) was primarily due to the impairment of goodwill of approximately HK\$80 million and impairment of inventories and property, plant and equipment of discontinued stores of approximately HK\$55 million. All of which are non-cash items.

The above loss was mitigated by operating profit of the new business segment “Fashion Brands and Licensing Business” of approximately HK\$66 million (2024: operating loss of HK\$34 million).

- (ii) Operating loss of approximately HK\$26 million from Sportswear Manufacturing Business (2024: operating profit of HK\$16 million) was primarily due to raw materials issues encountered by the Group’s production facilities in Southeast Asia during the processing of certain key orders in first half of the Current Year, resulting in higher-than-anticipated production and transportation costs.
- (iii) Operating loss of approximately HK\$8 million from High-end Functional Outerwear Manufacturing Business (2024: operating profit of HK\$38 million) was primarily due to the Group underwent a strategic adjustment, reducing reliance on outsourced garment manufacturers while gradually increasing in-house production capacity. This transition, aiming at better control of product quality and enhancing long-term operating efficiency, contributed to a temporary decline in revenue.

BUSINESS UPDATE

Discontinued Operations — High-end Fashion Retailing Business and New Operating Segment — Fashion Brands and Licensing Business

The Group was the authorised distributor of the fashion brand “**Y-3**” in Mainland China, Hong Kong, Macau and Taiwan. It also operated licensed stores for brands “**DAKS**” in Mainland China and “**New Era**” in Hong Kong. Most of which were direct operated stores.

In recent years, High-end Fashion Retailing Business has continued to face significant challenges due to the persistent market downturn and subdued consumer demand in Hong Kong and Mainland China. These conditions have resulted in substantial operating loss for the segment.

Following a recent comprehensive strategic review, the Board has resolved to cease High-end Fashion Retailing Business.

During the second half of 2024, the Group strategically introduced franchise stores alongside its directly operated stores for “**Barbour**”, a rapidly growing brand. The success of “**Barbour**” inspired us the creation of a new business model and segment. Driven by the continuous growth of the new business model, management reassessed the Group’s segment reporting structure. For financial reporting purpose, management decided that a new reportable operating segment “Fashion Brands and Licensing Business” has been established as the resources allocation, performance assessment and decision making of the segment are assessed separately.

This strategic decision represented a material shift from capital intensive, direct to consumer high-end fashion retailing to an asset-light model focusing on wholesale distribution, franchise operations and brand management. Under this new business model, the Group will maintain minimal level of direct operated brand showcase retail stores, inventories, sales workforce, working capital requirements as well as lease commitments. The transition was expected to eliminate ongoing loss from high-end fashion retailing business operations, enabling the effective clearance of aged inventories, release tied-up working capital, and allow management to reallocate resources to new business segment with stronger growth prospects and enhanced profitability.

Discontinued Operations — High-end Fashion Retailing Business

High-end Fashion Retailing Business recorded operating loss of approximately HK\$156 million (2024: operating loss of HK\$29 million). The loss was primarily attributable to the impairment of goodwill of approximately HK\$80 million and impairment of inventories and property, plant and equipment of approximately HK\$55 million. All of which are non-cash items.

New Operating Segment — Fashion Brands and Licensing Business

Fashion Brands and Licensing Business delivered strong performance. Revenue increased by approximately HK\$137 million to HK\$424 million (2024: HK\$287 million), representing an increase of 48%

This revenue growth, combined with effective cost management and the benefits from the franchise model expansion, drove a significant turnaround in profitability. The business recorded operating profit of approximately HK\$66 million for the Current Year (2024: operating loss of HK\$34 million).

Manufacturing Business

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

Sportswear Manufacturing Business

Revenue from Sportswear Manufacturing Business decreased by approximately HK\$96 million to HK\$2,361 million (2024: HK\$2,457 million), representing a decrease of 4%.

During the first half of the Current Year, the Group’s production facilities in Southeast Asia encountered raw materials issues during the processing of certain key orders, which led to higher-than-anticipated production and transportation costs. Consequently, the business recorded operating loss of approximately HK\$26 million for the Current Year (2024: operating profit of HK\$16 million).

High-end Functional Outerwear Manufacturing Business

Revenue from High-end Functional Outerwear Manufacturing Business decreased by approximately HK\$231 million to HK\$633 million (2024: HK\$864 million), representing a decrease of 27%.

During the Current Year, the Group underwent a strategic adjustment, reducing reliance on outsourced garment manufacturers while gradually increasing in-house production capacity. This transition, aiming at better control of product quality and enhancing long-term operational efficiency, contributed to a temporary decline in revenue. Consequently, operating loss of approximately HK\$8 million was recorded for the Current Year (2024: operating profit of HK\$38 million).

The business recorded operating profit of approximately HK\$10 million in the second half of the Current Year during its peak season of shipment of winter products.

FINANCIAL POSITION AND LIQUIDITY

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

Against the backdrop of the challenging environment, the Group's financial and liquidity position remains healthy. As at 31 December 2025, the Group had cash and bank balances of approximately HK\$285 million (2024: HK\$250 million) and net borrowings (bank borrowings less cash and bank balances) of approximately HK\$224 million (2024: HK\$215 million). The net gearing ratio (being net borrowings divided by the total equity) was approximately 19% (2024: 16%).

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the consolidated management accounts of the Group which have not yet been audited or reviewed by the auditor and audit committee of the Company. The shareholders of the Company and potential investors are advised to refer to the details in the annual results announcement of the Company for the year ended 31 December 2025, which is expected to be published by the end of March 2026. There may be changes or adjustments following the review of the consolidated management accounts by the auditor and audit committee of the Company.

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

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

Hong Kong, 13 February 2026

As at the date of this announcement, the directors are Li Kwok Tung Roy, Lai Ching Ping, Lee Kwok Leung, Wong Chi Keung, Li Chun Ho Fredrick, Kwan Kai Cheong[#], Chan Kit Fun Fanny[#] and Chau Pui Lin[#].

[#] *Independent non-executive directors*