CARRY WEALTH HOLDINGS LIMITED
恒富控股有限公司
(Incorporated in Bermuda with limited liability)
Website: http://www.carrywealth.com
(Stock Code: 643)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "Board") of Carry Wealth Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

For the year ended 31 December 2018, the Group's revenue amounted to HK$328.5 million (2017: HK$244.6 million) and gross profit was HK$39.6 million (2017: HK$40.1 million). Loss attributable to equity holders was HK$50.6 million (2017: HK$30.0 million). The basic and diluted loss per share were both at 6.19 HK cents (2017: both 3.66 HK cents).

Despite domestic political uncertainty and a rapidly transforming global economic landscape, the US economy remained robust during the year under review. The unemployment rate continued to hover at a 50-year low and consumer confidence remained strong. In the Eurozone, the region's economy ended 2018 with a weaker purchasing managers' index. Weak demand was seen and employment growth fell to a two-year low. Despite these divergent market conditions, thanks to the efforts of our sale teams, the Group's revenue from the garment manufacturing and trading business increased by 43.7 % to HK$329.5 million (2017: HK$229.3 million) while the gross profit margin of the business increased to 12.3% (2017: 10.8%), with gross profit amounting to HK$40.6 million (2017: HK$24.8 million).

The global stock market was highly volatile during the year under review. Investor sentiment was affected by a number of factors, including the unresolved Sino-US trade war, Brexit, political fragmentation in Germany, social instability in France and geopolitical tensions in the Middle East. As a result, the Hang Seng Index ("HSI") contracted by 13.6%, closing at

25,845 points in 2018 (2017: 29,919 points). For the year ended 31 December 2018, the Group's securities investment business recorded negative revenue and gross loss of HK$1.0 million (2017: positive revenue and gross profit of HK$15.3 million).

During the year under review, the ratio of selling expenses to revenue from garment manufacturing and trading was slightly dropped to 1.9% (2017: 2.0%) and administrative expenses amounted to HK$52.3 million (2017: HK$42.3 million). The Group shared an operating loss of HK$26.1 million (2017: HK$5.7 million) from its investment in an associate and its carrying value as at 31 December 2018 was HK$nil (31 December 2017: HK$26.1 million). The aforementioned associate engages in security and crisis management services. As announced on 1 November 2018, the subsidiary of the associate failed to secure a three-year tender service contract from a major customer whose turnover accounted for 69.2% of the associate's consolidated revenue for the year ended 31 December 2018. As at 31 December 2018, the management of the associate failed to identify additional income source to compensate for the revenue loss in the coming years and initiated redundancy plan. In view of the associate's incomplete books and record, negative net asset value of HK$17.2 million as at 31 December 2018 (31 December 2017: positive net asset value of HK$48.8 million), the expected financial difficulties owing to the loss of the major customer as well as the diminishing business prospects, an impairment loss of HK$5.4 million was provided by the Group to write down the loans to the associate and related interest receivable as at 31 December 2018.

Segmental Analysis

a) Garment manufacturing and trading segment

During the year under review, the Group's factory in Heshan, Mainland China accounted for most of the garment production.

During the year under review, US economy performed extremely well, with GDP rising 3.4% year-on-year in the third quarter of 2018. Job growth continued at the 200,000 per month level, considerably higher than most estimates of the long-term growth potential of the labour force. Inflation was kept under control. Seizing the business opportunities arising from the strong US economy, revenue from US customers increased by 31.6% to HK$183.8 million (2017: HK$139.7 million), accounting for 55.8% (2017: 60.9%) of the segment revenue for the year ended 31 December 2018.

In the Eurozone, data reflected the regions' economic growth, which was the softest in four years. The growing concerns about Brexit negotiations and earnings momentum had impacted the markets. In view of these challenging market conditions, the Group had adjusted its strategies to cater for customers' needs and expectations. As a result, revenue from European customers increased by HK$38.5 million to HK$102.5 million (2017: HK$64.0 million), thus accounting for 31.1% (2017: 27.9%) of the segmental revenue.

All in all, revenue from the garment manufacturing and trading segment increased by 43.7% to HK$329.5 million (2017: HK$229.3 million), and the segment profit amounted to HK$1.1 million (2017: HK$0.6 million).

b) Securities investment segment

The HSI rose to a historical high in January 2018, but was followed by significant volatility. There were a number of factors that influenced the stock market valuations. The protectionist policies being pursued by US president Donald Trump had cast a shadow over global trade and affected the global economy and stock market performance. Moreover, investors' concerns about slowing economic growth and earnings momentum in Mainland China had also contributed to market volatility. As a result, HSI had fallen by 13.6% when compared with 2017, closing at 25,845 points in 2018 (2017: 29,919 points). Investor sentiment had also weakened and risk-off sentiment had kicked in. For the year ended 31 December 2018, the Group's securities investment business recorded a fair value loss of HK$1.2 million (2017: gain of HK$15.0 million) and a segment loss of HK$8.0 million (2017: profit of HK$6.8 million).

Owing to the uncertain and volatile stock market, and in the best interest of the Group, the Group had elected to adopt a more conservative strategy in conducting its securities investment business. As at 31 December 2018, the Group's financial assets at fair value through profit or loss amounted to HK$2.3 million (31 December 2017: HK$3.5 million), which comprised of one (31 December 2017: one) Hong Kong listed corporation that had been held since the last financial year.

Liquidity and Financial Resources

Adopting a conservative financial management approach, the Group continues to maintain a healthy financial position. As at 31 December 2018, the Group's cash and cash equivalents was HK$71.1 million (31 December 2017: HK$67.5 million). Working capital represented by net current assets amounted to HK$97.7 million (31 December 2017: HK$107.5 million) of which HK$2.3 million (31 December 2017: HK$3.5 million) were a Hong Kong listed equity stock. The Group's current ratio was 2.4 (31 December 2017: 2.6).

Bank borrowings comprised term loans of HK$5.7 million (31 December 2017: HK$6.0 million) which were repayable within one year. The bank loans were denominated in Renminbi. As at 31 December 2018, the gearing ratio of the Group, which is calculated as net debt (total borrowings less cash and cash equivalents) divided by capital and reserves attributable to the Company's equity holders, was -40.7% (31 December 2017: -30.4%).

Capital Expenditure

For the year under review, the Group incurred a total capital expenditure of HK$8.4 million (2017: HK$0.6 million), which was mainly for additions to leasehold improvements, a motor vehicle and a vessel.

Foreign Exchange Exposure

The Group's sales are principally transacted in US dollars. With a factory in Mainland China and offices in Hong Kong and Mainland China, operating expenses of the Group are primarily denominated in Hong Kong dollars and Renminbi with some expenses in US dollars. The Group is mainly exposed to US dollar exchange risk arising from sales transactions involving its garments. As the Hong Kong dollar is pegged to the US dollar, exposure of the Group to foreign exchange risk is minimal.

The Group will closely monitor fluctuation of US dollar exchange rates and, if necessary, will enter into forward exchange contracts to reduce currency exchange fluctuation risks.

Credit Policy

Consistent with prevailing industry practice, the Group's business was transacted on an open account basis with its long-standing customers during the year under review. The credit ratings of customers are constantly reviewed and their respective credit limits will be adjusted, as and when necessary.

Charges on Assets

As at 31 December 2018, the Group's land use rights of HK$5.4 million (2017: HK$5.8 million) and buildings of HK$ 28.4 million (2017: HK$23.4 million) in Heshan, Mainland China were pledged as security for the Group's bank borrowings.

Contingent Liabilities

As at 31 December 2018 and 2017, the Group had no contingent liabilities.

Human Resources and Remuneration Policies

The Group provides a harmonious and professional working environment to employees as their commitment and expertise are critical to the long-term success of its business. It also offers employees rewarding careers and provides them with a variety of training programmes aimed at enhancing their professionalism. The Group remunerates employees according to prevailing market practices, individual experience and performance. To attract and retain high-calibre employees, it also offers discretionary bonuses and share options based on the performance of the individual as well as the Group.

As at 31 December 2018, the Group has a total of 879 (31 December 2017: 881) full-time employees in Mainland China and Hong Kong.

Environmental, Social and Corporate Governance

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy. The Board is responsible for ensuring that there are appropriate and effective risk management and internal control systems in place to mitigate ESG-related risks and to meet stakeholders' needs and expectations. The Group's ESG management team is assigned key responsibilities, including monitoring the implementation of ESG strategic plans, alerting the Board of any potential ESG-related risks, reporting to the Board about the effectiveness of the ESG system and reviewing stakeholders' needs and expectations.

The Group operates two business segments: garment manufacturing and trading, and securities investment. The Group's factory in Heshan, Guangdong Province, Mainland China accounted for most of the garment manufacturing and trading business with 863 employees as at 31 December 2018. The Hong Kong office, which had 16 employees as at

31 December 2018, was mainly responsible for the securities investment business and for providing supporting services for the Group. The two business segments as well as the Hong Kong office had complied with all relevant laws and regulations in relation to environmental and social aspects of their business for the year ended 31 December 2018. The Group understands that a better future for society depends on everyone's participation and contribution. It encourages employees, customers, suppliers and stakeholders to participate in environmental protection and social activities that can benefit the community as a whole.

The Group maintains strong relations with its employees, and has continued to increase co-operation with suppliers. The Group provides high-quality products and services to customers, thereby helping ensure the sustainable development of its business.

Having taken into consideration stakeholders' major concerns and in view of the materiality of the garment manufacturing and trading business, the Group had decided to include the said business, which is conducted at its Heshan factory, in its ESG report for the year ended 31 December 2018. The factory is required to undergo a stringent environmental audit and is continuously monitored by local government departments. An annual inspection on the Heshan manufacturing plant is performed by Heshan Environmental Protection Bureau. In the reporting year, the Heshan manufacturing plant complied with all relevant environmental laws and regulations. All Heshan factory employees had been recruited under employment agreements with terms in compliance with relevant laws and regulations. Furthermore, the factory had complied with all relevant occupational health and safety laws and regulations imposed by Mainland China authorities. With a safe working environment and regular occupational safety training provided for all employees, there were no work-related fatalities at the production facilities for the year ended 31 December 2018. A full 2018 ESG report is being prepared with reference to Appendix 27 of the Environmental, Social and Governance Reporting Guide pertaining to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and will be published on the Group's and the Stock Exchange's websites within three months after the publication of the 2018 annual report.

Outlook

Looking ahead, the operating environment will likely remain challenging in 2019. Greater divergence in global growth is anticipated due to the Sino-US trade war, geopolitical disruptions and normalisation of monetary policies by the US and Eurozone.

In the US, the Federal Reserve is likely to continue on its path of regular gradual rate hikes. Its impact on the US economy and stock market cannot be easily forecasted. With trade talks between the US and Mainland China commencing on January 2019, both parties are taking steps towards addressing trade tensions. However, US concerns span many areas beyond trade, and include intellectual property protection and national security. As discussions will take time, it is expected that the settlement agreement is unlikely to be reached in the near term.

As for the Eurozone, the European Central Bank ("ECB") has, since the end of 2018, begun winding down its quantitative easing programme. Economic growth and consumer sentiment may therefore be affected. In addition, there is still no sign of a confirmed successor to the existing ECB president who will conclude his term at the start of November 2019. Both issues will introduce uncertainty to the region and thus affect economic development in 2019.

With the garment manufacturing and trading business set to face uncertainty in these two major markets, the Group will continue to streamline operations while at the same time seek to quickly develop production sites in other countries, so as to insulate the Group from adversities should trade frictions persist.

As for the Hong Kong stock market, it is expected to continue experiencing volatility due to a number of uncertainties and risks. The Federal Reserve will continue with its rate hikes. The US dollar will continue strengthening, which may trigger further currency outflows from the Hong Kong bourse. Also, the outcome of Sino-US trade talks, strained Sino-Canadian relations resulting from the Huawei incident, and worries about Mainland China's economic growth will all weigh on the stock market. In the face of such risks and certainties, the Group will take a cautious approach with regard to its securities investment business.

Despite the challenging expected in 2019, the Group will continue to maintain its niches in production and scale of operations, as well as explore opportunities to diversify so as to maximise returns for its shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (''AGM'') of the Company is scheduled to be held on Wednesday, 15 May 2019. The notice of the 2019 AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course. The register of members of the Company will be closed from Thursday, 9 May 2019 to Wednesday, 15 May 2019, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the 2019 AGM of the Company to be held on Wednesday, 15 May 2019, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer agent in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 May 2019.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018 HK$'000**	2017 HK$'000
Revenue	2	**328,513**	244,590
Cost of sales	4	**(288,864)**	(204,512)
Gross profit		**39,649**	40,078
Other gains - net	3	**211**	3,687
Impairment loss on loans to an associate		**(5,445)**	-
Selling expenses	4	**(6,238)**	(4,550)
Administrative expenses	4	**(52,303)**	(42,339)
Operating loss		**(24,126)**	(3,124)
Finance income	5	**394**	44
Finance expense	5	**(818)**	(175)
Finance expense - net		**(424)**	(131)
Share of result of an associate		**(26,065)**	(5,723)
Share of result of a joint venture		**-**	(5,331)
Impairment loss on investment in a joint venture		**-**	(15,647)
Loss before income tax		**(50,615)**	(29,956)
Income tax expense	6	**-**	-
Loss for the year attributable to equity holders of the Company		**(50,615)**	(29,956)
Loss per share attributable to the equity holders of the Company for the year			
- basic (HK cents)	7	**(6.19)**	(3.66)
- diluted (HK cents)	7	**(6.19)**	(3.66)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	HK$'000	HK$'000
Loss for the year	**(50,615)**	(29,956)
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
Revaluation gain, net of tax:		
- properties, plant and equipment	**10,505**	3,072
Item that may be reclassified to profit or loss		
Currency translation differences	**(1,580)**	1,135
Other comprehensive income for the year, net of tax	**8,925**	4,207
Total comprehensive loss for the year attributable to equity holders of the Company	**(41,690)**	(25,749)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	**2018** **HK$'000**	2017 HK$'000
ASSETS			
Non-current assets			
Properties, plant and equipment		**65,697**	51,890
Investment in an associate		**-**	26,065
Investment in a joint venture		**-**	-
Land use rights		**9,145**	9,881
Deposits and other receivable	8	**-**	15,406
Total non-current assets		**74,842**	103,242
Current assets			
Inventories		**59,829**	50,260
Trade and other receivables	8	**34,923**	52,077
Financial assets at fair value through profit or loss	9	**2,337**	3,518
Cash and cash equivalents		**71,084**	67,456
Total current assets		**168,173**	173,311
Total assets		**243,015**	276,553
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**81,804**	81,804
Other reserves		**216,317**	207,392
Accumulated losses		**(137,367)**	(86,752)
Total equity		**160,754**	202,444
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**11,820**	8,319
Current liabilities			
Trade and other payables	10	**64,759**	59,838
Borrowing		**5,682**	5,952
Total current liabilities		**70,441**	65,790
Total liabilities		**82,261**	74,109
Total equity and liabilities		**243,015**	276,553

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), a collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretation issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new and amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2018:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
Amendments to HKFRS 15	Clarification to HKFRS 15
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) - Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual improvements to HKFRSs 2014-2016 cycle	Amendments to HKFRS 1 and HKAS 28

The Group had to change its accounting policies following the adoption of HKFRS 9 and HKFRS 15. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *New and amended standards that have been issued, but are not effective for the financial year beginning 1 January 2018 and have not been early adopted*

		Effective for accounting periods beginning on or after
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 3	Definitions of Business	1 January 2020
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvement to HKFRSs 2015-2017 cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	1 January 2019
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

(i) HKFRS 16, "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK$952,000 and these commitments are relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss. Accordingly, no right-of-use assets and lease liabilities would be recognised as at 1 January 2019.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to the first adoption.

Other than the need to account for the above mentioned operating leases on the consolidated balance sheet, the directors do not anticipate that the application of other new and revised HKFRSs will have material impact in the consolidated balance sheet.

The impacts of adopting HKFRS 9 and HKFRS 15 are disclosed below:

(ii) HKFRS 9, "Financial Instruments"

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The Group adopted HKFRS 9 on its effective date of 1 January 2018. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

Classification and measurement

Based on an analysis of the Group's financial instruments as at 1 January 2018, the adoption of HKFRS 9 has no material impact on the classification and measurement of the Group's financial assets and financial liabilities.

Impairment of financial assets

The Group has two types of financial assets that are subject to new expected credit losses ("ECL") model:

- trade receivables; and
- other financial assets at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There was no impact of the change in impairment methodology on the Group's retained earnings and equity.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECL, trade receivables have 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 receivables, according to their respective risk characteristics.

Trade receivables 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 ECL model applied to the trade receivables as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits and other receivables. The Group has assessed that the ECL model apply to the deposits and other receivables as at 1 January 2018 and the change in impairment methodologies has no material impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(iii) HKFRS 15, "Revenue from Contracts with Customers"

The Group has adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application, under which the cumulative effect of the initial application is adjusted to the opening balance of retained profits on 1 January 2018 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 new standard also sets out new capitalisation criteria for contract acquisition costs which are incremental and the entity is expected to recover them.

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.

2 Revenue and segment information

The Group is principally engaged in garment manufacturing and trading and securities investment.

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors.

The chief operating decision-maker has been identified as the board of directors of the Group. Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to assess performance and allocate resources. The chief operating decision-maker considers the business principally from the operations nature, with two segments identified: garment manufacturing and trading segment and securities investment segment.

The board of directors assesses the performance of the operating segments based on a measure of adjusted operating results. This measurement basis represented operating loss excluding material gain or loss which is capital in nature or of non-recurring nature such as impairment.

The Group recognises all of its revenue at a point in time for the year ended 31 December 2018 and there is no contract assets nor contract liabilities as at 31 December 2018.

Revenue recognised during the year is as follows:

	2018	2017
	HK$'000	HK$'000
Garment manufacturing and trading:		
Sale of garment products	**328,625**	229,069
Sale of scrap materials	**881**	230
	329,506	229,299
Securities investment:		
Fair value (loss)/gain on financial asset at fair value through profit or loss	**(1,181)**	15,044
Dividend income from listed equity securities	**188**	247
	(993)	15,291
	328,513	244,590

The segment information for the year ended and as at 31 December 2018 by business segment is as follows:

	Garment manufacturing and trading segment HK$'000	**Securities investment segment HK$'000**	**Total HK$'000**
Revenue	**329,506**	**(993)**	**328,513**
Reportable segment results	**1,072**	**(8,020)**	**(6,948)**
Other gains - net			**211**
Corporate administrative expenses			**(11,944)**
Impairment loss on loans to an associate			**(5,445)**
Operating loss			**(24,126)**
Finance income			**394**
Finance expense			**(818)**
Share of result of an associate			**(26,065)**
Loss before income tax			**(50,615)**
Income tax expense			**-**
Loss for the year			**(50,615)**

	Garment manufacturing and trading segment HK$'000	**Securities investment segment HK$'000**	**Total HK$'000**
Reportable segment assets	**189,206**	**6,337**	**195,543**
Unallocated corporate assets			**47,472**
Total assets			**243,015**

The segment information for the year ended and as at 31 December 2017 by business segment is as follows:

	Garment manufacturing and trading segment HK$'000	Securities investment segment HK$'000	Total HK$'000
Revenue	229,299	15,291	244,590
Reportable segment results	599	6,826	7,425
Other gains - net			3,687
Corporate administrative expenses			(14,236)
Operating loss			(3,124)
Finance income			44
Finance expense			(175)
Share of result of an associate			(5,723)
Share of result of a joint venture			(5,331)
Impairment loss on investment in a joint venture			(15,647)
Loss before income tax			(29,956)
Income tax expense			-
Loss for the year			(29,956)

	Garment manufacturing and trading segment HK$'000	Securities investment segment HK$'000	Total HK$'000
Reportable segment assets	172,543	8,196	180,739
Unallocated corporate assets			95,814
Total assets			276,553

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

The following table sets out information about the geographical location of the Group's revenue and non-current assets. In presenting the geographical information, segment revenue is based on the geographical location of external customers and segment non-current assets are based on the geographical location of the assets.

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States of America	**183,774**	139,688	**-**	-
Mainland China	**-**	-	**67,989**	61,013
Europe	**102,507**	63,966	**-**	-
Hong Kong	**13,207**	23,813	**6,853**	42,229
Rest of the World	**29,025**	17,123	**-**	-
	328,513	244,590	**74,842**	103,242

3 Other gains - net

	2018	2017
	HK$'000	HK$'000
Losses on disposal of properties, plant and equipment	**(576)**	(104)
Gain on disposal of a land use right	**-**	3,685
Government subsidy	**-**	111
Others	**787**	(5)
	211	3,687

4 Expenses by nature

Operating loss is stated after crediting and charging the following:

	2018 HK$'000	2017 HK$'000
Raw materials used	**143,895**	105,073
Changes in inventories of finished goods and work in progress	**13,601**	15,483
Subcontracting and processing charges	**50,736**	20,261
Depreciation of properties, plant and equipment	**5,986**	4,815
Amortisation of land use rights	**253**	309
Employee benefit expense (excluding directors' emoluments)	**100,345**	74,602
Directors' emoluments	**3,315**	5,357
Operating lease rentals - land and buildings	**2,326**	3,046
Auditor's remuneration		
- Audit services	**1,564**	1,473
- Non-audit services	**138**	135
Securities management and performance fees	**-**	833
Securities brokerage and transaction fees	**1**	539
Others	**25,245**	19,475
Total cost of sales, selling expenses and administrative expenses	**347,405**	251,401

5 Finance expense - net

	2018 HK$'000	2017 HK$'000
Finance income:		
Interest income on short-term bank deposits	**127**	44
Interest income on loans to an associate	**228**	-
Interest income on other loan to a third party	**39**	-
	394	44
Finance expense:		
Interest expense on bank borrowings	**(818)**	(175)
Finance expense - net	**(424)**	(131)

6 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. The operation in Mainland China is subject to Mainland China corporate income tax at the rate of 25% for the year ended 31 December 2018 (2017: 25%).

7 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. As there is no dilutive potential ordinary shares for the years ended 31 December 2018 and 2017, the diluted loss per share equals the basic loss per share.

	2018 **HK$'000**	2017 HK$'000
Loss attributable to equity holders of the Company	**(50,615)**	(29,956)
Weighted average number of ordinary shares in issue (thousands)	**818,042**	818,042
Basic and diluted loss per share (HK cents per share)	**(6.19)**	(3.66)

8 Trade and other receivables

	2018			2017		
	Current HK$'000	**Non-current HK$'000**	**Total HK$'000**	Current HK$'000	Non-current HK$'000	Total HK$'000
Trade receivables	**24,810**	**-**	**24,810**	42,142	-	42,142
Other receivables	**6,999**	**-**	**6,999**	7,839	-	7,839
Other loan	**-**	**-**	**-**	-	11,423	11,423
Deposits	**698**	**-**	**698**	121	655	776
Financial assets at amortised cost	**7,697**	**-**	**7,697**	7,960	12,078	20,038
Prepayments	**2,416**	**-**	**2,416**	1,975	3,328	5,303
Total trade and other receivables	**34,923**	**-**	**34,923**	52,077	15,406	67,483

Due to the short-term nature of the current receivables, their carrying amounts is considered to be the same as their fair values. For the non-current deposits, the fair values are also not significantly different to their carrying amounts.

Majority of the Group's trade receivable are with credit terms ranging from 30 to 45 days. The ageing of trade receivables based on invoice date, is as follows:

	2018	2017
	HK$'000	HK$'000
Within 30 days	**16,699**	28,284
31-60 days	**8,087**	10,233
61-90 days	**-**	2,848
Over 90 days	**24**	777
	24,810	42,142

9 Financial assets at fair value through profit or loss

Equity investments that are held for trading include the following:

	2018	2017
	HK$'000	HK$'000
Hong Kong listed equity securities	**2,337**	3,518

The fair values of all equity securities are based on their current bid prices in an active market.

10 Trade and other payables

	2018	2017
	HK$'000	HK$'000
Trade payables	**38,209**	39,550
Consideration payable for acquisition of an associate	**-**	1,004
Accruals and other payables	**17,116**	19,284
Bonus payable	**9,434**	-
	64,759	59,838

The ageing of the trade payables, based on invoice date, was as follows:

	2018	2017
	HK$'000	HK$'000
Within 30 days	**15,960**	23,063
31-60 days	**17,151**	14,000
61-90 days	**4,030**	1,369
Over 90 days	**1,068**	1,118
	38,209	39,550

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 December 2018:

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As set out in the note 15 to the consolidated financial statements, the Group has a 41.45% equity interest in Exellar Limited (formerly known as United Security Solutions International Limited) and its subsidiaries (together referenced to as "Exellar") which was accounted for as an associate under the equity method. The Group has recorded a share of loss of HK$26,065,000 for Exellar for the year ended 31 December 2018 in its consolidated income statement and the investment is carried at nil balance on the consolidated balance sheet as at 31 December 2018. Moreover, the Group has advanced three loans totalling US$673,000 (equivalent to HK$5,217,000) to Exellar during the year. Such loans together with the accumulated interest receivable were fully impaired and an impairment loss of HK$5,445,000 was recognised in the consolidated income statement for the year ended 31 December 2018.

The Group's management relied on the financial information provided by management of Exellar to account for the result of Exellar shared by the Group and to assess the impairment of its investment in and loans to Exellar. However, current management of Exellar did not have access to, and therefore they were not able to provide to the Group and the component auditor of Exellar, a set of complete and accurate accounting records. In addition, the component auditor was unable to obtain representation from management of Exellar on the completeness and accuracy of the accounting records of Exellar. Accordingly, the component auditor did not express an opinion on the consolidated financial information of Exellar as at and for the year ended 31 December 2018 as they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Given the above scope limitation, we were unable to obtain sufficient appropriate audit evidence with respect to the result of Exellar shared by the Group for the year ended 31 December 2018, the carrying value of the investment in associate as at 31 December 2018 as well as the carrying value and the impairment loss in respect of the loans to Exellar as at and for the year ended 31 December 2018. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary in respect of the Group's share of loss of associate of HK$26,065,000 and the impairment loss in respect of the loans to an associate of HK$5,445,000 for the year ended 31 December 2018, together with the investment in an associate and loans to an associate which were both carried at nil balances as at 31 December 2018.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the Group's share of loss of associate and the impairment loss in respect of the loans to an associate for the year ended 31 December 2018, together with the carrying value of the investment in an associate and loans to an associate as at 31 December 2018. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2018. The Audit Committee comprises the three independent non-executive directors, namely Mr. Yau Wing Yiu, Mr. Zhang Zhenyi and Ms. Zheng Xianzhi.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2018 except for the following deviations.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Haifeng has assumed both the roles of chairman and chief executive officer of the Company since 1 April 2017. The Board is of the view that the balance of power and authority is ensured by its operations which comprises experienced and high caliber individuals with a highly independent element. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to execute business strategies and decisions efficiently.

According to code provision F.1.2 of the CG Code, the appointment of the company secretary should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary was dealt with by a written resolution in January 2018. The Board considers that, prior to the execution of the written resolution to appoint the current company secretary, all Directors were individually consulted on the matter without any dissenting opinion and there was no need to approve the matter by a physical board meeting instead of a written resolution.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard as set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year under review.

PUBLICATION OF 2018 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.carrywealth.com). The annual report of the Company containing all the information as required by the Listing Rules will be despatched to the shareholders and available on the same websites in due course.

By order of the Board of
Carry Wealth Holdings Limited
Li Haifeng
Chairman and Chief Executive Officer

Hong Kong, 29 March 2019

As at the date of this announcement, the Board of the Company comprises Mr. Li Haifeng (Chairman and Chief Executive Officer) and Mr. Wang Ke (Vice President), being Executive Directors, Mr. Lee Sheng Kuang, James being Non- Executive Director; and Mr. Yau Wing Yiu, Mr. Zhang Zhenyi and Ms. Zheng Xianzhi, being independent non-executive directors.