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 2019

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 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

For the year ended 31 December 2019, the Group's revenue amounted to HK$331.7 million (2018: HK$328.5 million) and gross profit was HK$44.9 million (2018: HK$39.6 million). Loss attributable to equity holders was HK$14.8 million (2018: HK$50.6 million). The basic and diluted loss per share were both at 1.81 HK cents (2018: both 6.19 HK cents).

During the year under review, global economy was clouded by intensified trade war between US and Mainland China, political uncertainties related to Brexit and the geopolitical tensions in the Middle East. Signs of economic slowdown were seen in the Eurozone and US markets. The global garment manufacturing and trading business was facing fierce competitions and operating under a gloomy conditions. In views of the risk of potential tariffs, most of the Group's customers stop or hesitate to source garment products from Mainland China. However, thanks for the committed efforts of the Group's staff and the strategic decision taken early on to develop overseas production sites, the Group was not only able to shift existing production orders from Mainland China to overseas for those customers who were concerned about the possibility of extra tariffs and the Group also managed to capture additional orders with better profit margins. Under these challenging markets, the Group's revenue from the garment manufacturing and trading business still managed to increase to HK$331.8 million (2018: HK$329.5 million), and gross profit margin increased by 1.2% to 13.5 % (2018: 12.3%), with gross profit amounting to HK$44.9 million (2018: HK$40.6 million).

The global stock markets faced with uncertainties and challenges during the year under review. Their performance went through ups and downs of the Sino-US trade talk, the slowing down of manufacturing activities, Brexit event risk and the transition of US interest rate cycles. The inverted US yield curve occurred some points during the year had triggered recession concerns. However, with the swift response by major central banks including Federal Reserve to apply loose monetary measures to stabilize the economy. Coupled with the phase 1 trade deal reached between US and Mainland China in December 2019, most of the stock markets rebounded in the fourth quarter of 2019. As a result, the Hang Seng Index ("HSI") increased by 9.1%, closing at 28,189 points in 2019 (2018: 25,845 points). For the year ended 31 December 2019, the Group's securities investment business recorded negative revenue and gross loss of HK$0.04 million (2018: HK$1.0 million).

During the year under review, the ratio of selling expenses to revenue from garment manufacturing and trading was increased by 0.6% to 2.5% (2018: 1.9%) mainly due to more shipping costs incurred for garments produced in Cambodia. The administrative expenses amounted to HK$54.1 million (2018: HK$52.3 million).

With regard to the Group's investment in an associate, the management of the associate had put their best efforts to solve the incomplete account records issues for the financial years ended 31 December 2018 and to pursue the claims against the former founder of the associate's subsidiary (the "Subsidiary"). Having learnt from lawyers' advice that it was difficult to recover damages from the former founder of the Subsidiary, the management and board of directors of the associate considered it was in the best interest to dispose the Subsidiary. Thereafter, the management of the associate had approached a number of third parties' buyers but fail to secure offers except an offer from the former founder of the Subsidiary. Having considered the costs and benefits in resolving the 2018 incomplete account records issues and based on the valuation report about the fair value of the Subsidiary, the management and the board of directors of the associate agree to enter a sale and purchase agreement with the former founder of the Subsidiary for a consideration of USD0.4 million to dispose all their interests in the Subsidiary. During the year under review, the Group had successfully recovered HK$3.5 million from the associate for the bad debt loans provided in last financial year. Based on the management account of the associate, the associate was a net liabilities company and it did not have material assets. The Group believe it was unlikely to have further recovery even filing a winding up petition against the associate. At the same time, the management of the associate was considering to deregister the associate after the financial year ended 31 December 2019.

Segmental Analysis

a) ***Garment manufacturing and trading segment***

During the year under review, the Group's factory in Heshan, Mainland China accounted for 69.7% (2018: 98.7%) of the garment production for overseas export, with the remaining 30.3% (2018: 1.3%) was produced by subcontracted factories in Cambodia.

Influenced by Trump's tariffs policy to force countries such as Mainland China, Mexico and Eurozone to correct the trade imbalance. US economy was fluctuating during the year under review. However, with the stimulative effects of the rate cuts in this year working their way through the economy, the unemployment was maintain near to a 50-year low, inflation was under control and data showed that US GDP remain at a moderate growth rate. Meanwhile, the Group's US customers are highly cost sensitive and started to sourcing garment products from regions free from extra tariff risk. Seizing this opportunity, the Group securing more orders by offering production base in Cambodia rather than the Group's Mainland China factory. As a result, revenue from US customers increased by 3.7% to HK$190.6 million (2018: HK$183.8 million), accounting for 57.5% (2018: 55.8%) of the segment revenue for the year ended 31 December 2019.

In the Eurozone, data reflected the regions' economic growth was slowing down in the first six months of 2019. With the continued monetary stimulus policy implemented by European Central Bank and the victory of Conservative Party's in the UK elections on 12 December signalling a clearer Brexit roadmap, the regions' economy got a soft rebound and had a modest growth in the last quarter of 2019. But customers' confidence and consumption sentiment still take time to recover. Meanwhile, in order to reduce the negative impact of Sino-US trade tensions and maintain a stable supply chains, the European customers tend to source their garment products from all over the world. Facing with fierce competition and challenging markets, revenue from European customer dropped to HK$95.8 million (2018: HK$102.5 million) for the year ended 31 December 2019 and accounted for 28.9% (2018: 31.1%) of the segmental revenue.

All in all, with gloomy markets, revenue from the garment manufacturing and trading segment only slightly increased to HK$331.8 million (2018: HK$329.5 million) and had a segment loss of HK$0.8 million (2018: segment profit of HK$1.1 million).

b) Securities investment segment

During the year under review, Hong Kong stock markets got a fluctuating performance. Owing to the optimistic expectation of Sino-US trade negotiations early in the year, HSI rose up and reached to the 2019 peak of 30,280 points in April 2019. However, the unexpected breakdown of the Sino-US discussions in May 2019 and the Hong Kong social unrest started since June 2019 had negatively affect investors' sentiments. HSI was highly volatile in the second half and dropped to the lowest level of 25,281 points in the third quarter of 2019. To prevent the slowdown in global economic growth, major central banks including Mainland China and US choose to implement additional monetary measures. The effectiveness of these monetary policies gradually mattered and in the final quarter of 2019, both Hong Kong and Mainland China stock markets benefited and their performance were improved. In particular, the reaching of phase 1 trade agreement between US and Mainland China in December 2019 help to alleviate market worries about trade tensions and improve investors' confidence. As a result, HSI increased by 9.1% when compared with 2018, closing at 28,189 points in 2019 (2018: 25,848 points). For the year ended 31 December 2019, the Group's securities investment business recorded a fair value loss of HK$0.2 million (2018: HK$1.2 million) and a segment loss of HK$5.6 million (2018: HK$8.0 million).

In view of the fluctuating stock performance during the year, the Group continue to adopt a conservative strategy in conducting its securities investment business. As at 31 December 2019, the Group's financial assets at fair value through profit or loss amounted to HK$2.2 million (31 December 2018: HK$2.3 million), which comprised of one (31 December 2018: one) Hong Kong listed corporation that had been held since 2017.

Liquidity and Financial Resources

Adopting a conservative financial management approach, the Group continues to maintain a healthy financial position. As at 31 December 2019, the Group's cash and cash equivalents was HK$47.6 million (31 December 2018: HK$71.1 million). Working capital represented by net current assets amounted to HK$87.3 million (31 December 2018: HK$97.7 million) of which HK$2.2 million (31 December 2018: HK$2.3 million) were a Hong Kong listed equity stock. The Group's current ratio was 2.4 (31 December 2018: 2.4).

As at 31 December 2019, the Group had no bank borrowings. As at 31 December 2018, bank borrowings comprised term loans of HK$5.7 million which were repayable within one year and 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%.

Capital Expenditure

For the year under review, the Group incurred a total capital expenditure of HK$0.4 million (2018: HK$8.4 million), which was mainly for additions to office equipment.

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 2019, the Group had no charges on assets. As at 31 December 2018, the Group's land use rights of HK$5.4 million and buildings of HK$28.4 million in Heshan, Mainland China were pledged as security for the Group's bank borrowings.

Contingent Liabilities

As at 31 December 2019 and 2018, 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 2019, the Group has a total of 756 (31 December 2018: 879) 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 contributed 69.7% of the garment manufacturing and trading revenue for the year ended 31 December 2019 and 740 employees were employed for the garment manufacturing and trading business as at 31 December 2019. The Hong Kong office, which had 16 employees as at 31 December 2019, 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 2019. 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 2019. 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 2019. A full 2019 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 2019 annual report.

Outlook

Owing to major central banks around the world are taking looser approach on the money supply, most mainstream forecasters initially expect that the global economy is poised for a modest rebound in 2020. However, the recent outbreak of the novel coronavirus around the world have created demand and supply shocks. Its impact on global economy depends on whether the virus will be faded out in near term.

In US, its economic performance in 2020 is difficult to predict. The travel bans implemented on countries including Eurozone countries to slowdown the spread of the novel coronavirus does not only affect the apparel consumptions. It also trigger a worry of economy recession. Meanwhile, most US companies are still concerned about the trade tensions with Mainland China and the coming result of the 2020 presidential election. Continuing good economic data will be surely favourable for Trump's re-election. If the US economy goes downhill in 2020, Trump will most likely bring forward more trade wars against countries including Mainland China which will surely affect economic growth and customer sentiments.

As for the Eurozone, it is believe that the regions' economy will be challenging in 2020. Although the worst of Brexit uncertainty may be over, both Britain and the Eurozone officials still need to sort out key issues such as the tariff rates. Meanwhile, the uncertain economic impacts regarding the trade negotiations between US and Eurozone and the outbreak of novel coronavirus in the regions may also negatively affect the consumer confidence and consumption.

Although the phase one trade agreement between the US and Mainland China was signed on 16 January 2020, the US still keep existing tariffs on imports from Mainland China until the two countries reach a phase two deal. It is generally believe the trade war is far from over. In order to foster the business growth for the garment manufacturing and trading business, the Group is exploring to establish self-owned garment production facilities in South East Asia countries and expect to have flexibility in meeting customer needs, counteract the rising production costs in Mainland China and minimise the negative business impacts from the recent novel coronavirus outbreak.

As for the Hong Kong stock market, its performance is highly correlated to the economic development in Mainland China as well as outcome of the continue Sino-US trade negotiations. In 2019, Mainland China's GDP only grew by 6.1% which is the lowest growth rate for 29 years. There are rising concerns about the mounting local government debts, the continued contraction of the manufacturing industry and the weakening customer consumptions. The recent novel coronavirus had added to Mainland China slowing economy and the 2020 GDP will likely slip to 5.6%. Coupled with the social and political unrest in Hong Kong started since June 2019, it had weigh on Hong Kong economy and sap investors' confidence. It is expected Hong Kong stock market will still have a fluctuating performance in 2020. As a result, the Group will continue to take a cautious approach with regard to its securities investment business.

In view of the novel coronavirus outbreak started in January 2020 and later spread all over the world, nearly all business operations and industries are affected. To minimise the operation impacts, the Group has implemented a series of precautionary and control measures across the region. However, it still brings certain uncertainties to the Group's operating environment. The Group is closely monitoring the development of the outbreak and depends on the escalation and duration of the epidemic, the Group will consider to execute more stringent costs control and further streamline its operations.

Looking ahead, we will continue to execute the established business. The Group pledged to seek and evaluate every opportunity and will strive to achieve long-term sustainable growth in order to maximise returns to its shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company is scheduled to be held on Friday, 22 May 2020. The notice of the 2020 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 Tuesday, 19 May 2020 to Friday, 22 May 2020, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the 2020 AGM of the Company to be held on Friday, 22 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 18 May 2020.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019 HK$'000**	2018 HK$'000
Revenue	2	**331,722**	328,513
Cost of sales	4	**(286,850)**	(288,864)
Gross profit		**44,872**	39,649
Other gains - net	3	**283**	211
Reversal of impairment loss/(impairment loss) on loans to an associate		**3,462**	(5,445)
Selling expenses	4	**(8,394)**	(6,238)
Administrative expenses	4	**(54,104)**	(52,303)
Operating loss		**(13,881)**	(24,126)
Finance income	5	**252**	394
Finance expense	5	**(1,196)**	(818)
Finance expense - net		**(944)**	(424)
Share of result of an associate		**-**	(26,065)
Loss before income tax		**(14,825)**	(50,615)
Income tax expense	6	-	-
Loss for the year attributable to equity holders of the Company		**(14,825)**	(50,615)
Loss per share attributable to the equity holders of the Company for the year			
- Basic and diluted loss per share (HK cents)	7	**(1.81)**	(6.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 HK$'000	2018 HK$'000
Loss for the year	**(14,825)**	(50,615)
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
Revaluation gain, net of tax:		
- properties, plant and equipment	**4,445**	10,505
Item that may be reclassified to profit or loss		
Currency translation differences	**931**	(1,580)
Other comprehensive income for the year, net of tax	**5,376**	8,925
Total comprehensive loss for the year attributable to equity holders of the Company	**(9,449)**	(41,690)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Properties, plant and equipment		**65,655**	65,697
Right-of-use assets		**14,129**	-
Investment in an associate		**-**	-
Investment in a joint venture		**-**	-
Land use rights		**-**	9,145
Deposits and other receivable	8	**724**	-
Total non-current assets		**80,508**	74,842
Current assets			
Inventories		**45,356**	59,829
Trade and other receivables	8	**54,299**	34,923
Financial asset at fair value through profit or loss	9	**2,177**	2,337
Cash and cash equivalents		**47,600**	71,084
Total current assets		**149,432**	168,173
Total assets		**229,940**	243,015
EQUITY			
Share capital		**81,804**	81,804
Other reserves		**221,693**	216,317
Accumulated losses		**(152,192)**	(137,367)
Total equity		**151,305**	160,754

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	**2019** **HK$'000**	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**3,207**	-
Deferred income tax liabilities		**13,301**	11,820
Total non-current liabilities		**16,508**	11,820
Current liabilities			
Trade and other payables	10	**60,166**	64,759
Lease liabilities		**1,961**	-
Borrowing		**-**	5,682
Total current liabilities		**62,127**	70,441
Total liabilities		**78,635**	82,261
Total equity and liabilities		**229,940**	243,015

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 asset 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.

1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new and amendments to standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual improvements to HKFRSs 2015-2017 cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments

The Group had to change its accounting policies as a result of adopting HKFRS 16. The impacts are disclosed in Note 1.1(c). 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 not yet adopted*

The following new and amended accounting standards have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3	Definitions of a Business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) *Changes in accounting policies*

HKFRS 16 "Leases"

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's financial statements.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening consolidated balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and Interpretation 4 "Determining whether an Arrangement contains a Lease".

(ii) Measurement of lease liabilities

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

(iii) Measurement of right-of-use assets

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018.

(iv) Impact on consolidated financial statements

The types of assets recognised as right-of-use assets are disclosed in the consolidated financial statements.

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

Consolidated balance sheet (extract)	**At 31 December 2018 As originally presented HK$'000**	**HKFRS 16 HK$'000**	**At 1 January 2019 Restated HK$'000**
Non-current assets			
Land use rights	9,145	(9,145)	-
Right-of-use assets	-	9,145	9,145

The adoption of HKFRS 16 has no significant impact on loss per share for the year ended 31 December 2019.

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 2019 and 2018 and there is no contract assets nor contract liabilities as at 31 December 2019 and 2018.

Revenue recognised during the year is as follows:

	2019	2018
	HK$'000	HK$'000
Garment manufacturing and trading:		
Sale of garment products	**331,167**	328,625
Sale of scrap materials	**595**	881
	331,762	329,506
Securities investment:		
Fair value loss on financial asset at fair value through profit or loss	**(160)**	(1,181)
Dividend income from listed equity securities	**120**	188
	(40)	(993)
	331,722	328,513

The segment information for the year ended and as at 31 December 2019 by business segment is as follows:

	Garment manufacturing and trading segment HK$'000	Securities investment segment HK$'000	Total HK$'000
Revenue	**331,762**	**(40)**	**331,722**
Reportable segment results	**(780)**	**(5,644)**	**(6,424)**
Other gains - net			**283**
Corporate administrative expenses			**(11,202)**
Reversal of impairment loss on loans to an associate			**3,462**
Operating loss			**(13,881)**
Finance income			**252**
Finance expense			**(1,196)**
Loss before income tax			**(14,825)**
Income tax expense			**-**
Loss for the year			**(14,825)**

	Garment manufacturing and trading segment HK$'000	Securities investment segment HK$'000	Total HK$'000
Reportable segment assets	**190,507**	**4,151**	**194,658**
Unallocated corporate assets			**35,282**
Total assets			**229,940**

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

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	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States of America	**190,600**	183,774	**-**	-
Mainland China	**-**	-	**68,777**	67,989
Europe	**95,812**	102,507	**-**	-
Hong Kong	**14,215**	13,207	**11,731**	6,853
Rest of the World	**31,095**	29,025	**-**	-
	331,722	328,513	**80,508**	74,842

3 Other gains - net

	2019	2018
	HK$'000	HK$'000
Gains/(losses) on disposal of properties, plant and equipment	**166**	(576)
Government subsidy	**35**	-
Others	**82**	787
	283	211

4 Expenses by nature

Operating loss is stated after charging/(crediting) the following:

	2019	2018
	HK$'000	HK$'000
Raw materials used	**171,439**	143,895
Changes in inventories of finished goods and work in progress	**(9,827)**	13,601
Subcontracting and processing charges	**63,346**	50,736
Depreciation of properties, plant and equipment	**7,285**	5,986
Depreciation of right-of-use assets	**1,687**	-
Amortisation of land use rights	**-**	253
Employee benefit expense (excluding directors' emoluments)	**78,502**	100,345
Directors' emoluments	**3,306**	3,315
Operating lease rentals - land and buildings	**915**	2,326
Auditor's remuneration		
- Audit services	**1,521**	1,564
- Non-audit services	**-**	138
Securities brokerage and transaction fees	**-**	1
Others	**31,174**	25,245
Total cost of sales, selling expenses and administrative expenses	**349,348**	347,405

5 Finance expense - net

	2019	2018
	HK$'000	HK$'000
Finance income:		
Interest income on short-term bank deposits	**153**	127
Interest income on loans to an associate	**99**	228
Interest income on other loan to a third party	**-**	39
	252	394
Finance expense:		
Interest expense on bank borrowings	**(1,038)**	(818)
Interest and finance charges on lease liabilities	**(158)**	-
	(1,196)	(818)
Finance expense - net	**(944)**	(424)

6 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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 2019 (2018: 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 2019 and 2018, the diluted loss per share equals the basic loss per share.

	2019	2018
	HK$'000	HK$'000
Loss attributable to equity holders of the Company	**(14,825)**	(50,615)
Weighted average number of ordinary shares in issue (thousands)	**818,042**	818,042
Basic and diluted loss per share (HK cents per share)	**(1.81)**	(6.19)

8 Trade and other receivables

	2019			2018		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Trade receivables	**47,810**	**-**	**47,810**	24,810	-	24,810
Other receivables	**5,585**	**-**	**5,585**	6,999	-	6,999
Deposits	**63**	**724**	**787**	698	-	698
Financial assets at amortised cost	**5,648**	**724**	**6,372**	7,697	-	7,697
Prepayments	**841**	**-**	**841**	2,416	-	2,416
Total trade and other receivables	**54,299**	**724**	**55,023**	34,923	-	34,923

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 receivables are with credit terms ranging from 30 to 60 days. The ageing of trade receivables based on invoice date, is as follows:

	2019	2018
	HK$'000	HK$'000
Within 30 days	**13,756**	16,699
31-60 days	**27,375**	8,087
61-90 days	**6,397**	-
Over 90 days	**282**	24
	47,810	24,810

9 Financial asset at fair value through profit or loss

Equity investments that are held for trading include the following:

	2019	2018
	HK$'000	HK$'000
Hong Kong listed equity securities	**2,177**	2,337

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

10 Trade and other payables

	2019	2018
	HK$'000	HK$'000
Trade payables	**31,875**	38,209
Accruals and other payables	**18,033**	17,116
Bonus payable	**10,258**	9,434
	60,166	64,759

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

	2019	2018
	HK$'000	HK$'000
Within 30 days	**16,239**	15,960
31-60 days	**12,462**	17,151
61-90 days	**2,244**	4,030
Over 90 days	**930**	1,068
	31,875	38,209

11 Events after the end of reporting period

(a) Outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak")

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

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 2019:

Our qualified opinion

In our opinion, except for the possible effects of the matter 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 2019, 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 Note 15 to the consolidated financial statements, the Group has a 41.45% equity interest in Exellar Limited ("Exellar") which is accounted for as an associate under the equity method. 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. However, during the year ended 31 December 2018, management of Exellar did not have full access to the books and records of its subsidiary, United Resources Group Pte Ltd ("URG"), and therefore they were not able to provide a set of complete and accurate accounting records of Exellar to the Group. As set out in our auditor's report dated 29 March 2019 on the Group's consolidated financial statements for the year ended 31 December 2018, we have previously qualified our opinion because we were unable to obtain sufficient appropriate audit evidence on the carrying value of the investment in and loans to Exellar which were both carried at HK$Nil as at 31 December 2018, and 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.

In September 2019, Exellar disposed of its entire interests in URG for a consideration of US$400,000 (equivalent to approximately HK$3,100,000). In October 2019 and December 2019, Exellar partially repaid its loan due to the Group of US$447,000 (equivalent to approximately HK$3,462,000). On 16 January 2020, the directors of Exellar has resolved to commence the process of deregistration of Exellar.

For the year ended 31 December 2019, the Group recorded a reversal of impairment loss of HK$3,462,000 for its loans to Exellar and did not share any result from Exellar. The interest in and loan to Exellar was stated at HK$Nil as at 31 December 2019.

As at the date of this report, management of Exellar were still unable to recover the missing accounting records for the year ended 31 December 2018 and we were unable to obtain sufficient appropriate audit evidence in respect of the carrying value of the investment in and loans to the associate as at 31 December 2018. Any adjustments to the opening balances of the investment in and loans to the associate as at 1 January 2019 would have a significant consequential effect on the share of result of HK$Nil and reversal of impairment loss for loans to the associate of HK$3,462,000 recognised for the year ended 31 December 2019. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary in respect of the balances of the investment in and loans to the associate as at 1 January 2019 (both of HK$Nil) and the Group's share of result of the associate and reversal of impairment loss for loans to the associate and the related disclosures for the year ended 31 December 2019.

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 balances of the investment in and loans to an associate both stated at HK$Nil as at 1 January 2019 and the Group's share of result of the associate and the reversal of provision for impairment loss in respect of the loans to an associate for the year ended 31 December 2019. 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 2019. 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 2019 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.

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 2019 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, 27 March 2020

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; and Mr. Yau Wing Yiu, Mr. Zhang Zhenyi and Ms. Zheng Xianzhi, being independent non-executive directors.