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ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

For the year ended 31 December 2020, the Group’s revenue amounted to HK\$290.5 million (2019: HK\$331.7 million), and gross profit was HK\$47.0 million (2019: HK\$44.9 million). Loss attributable to equity holders was HK\$15.3 million (2019: HK\$14.8 million). The basic and diluted loss per share were both at 1.87 HK cents (2019: both 1.81 HK cents).

The COVID-19 Pandemic (“Pandemic”) made 2020 an unprecedented year as it had severely damaged the global environment. During the year, countries took emergency public health measures, including lock-down policies, to cope with the Pandemic. These lock-down policies directly impacted manufacturing exporters, and the Group experienced a decline in production orders during the spring and summer periods. Although the Pandemic began to be under control in some regions in the second half of 2020, the fear of resurgence still slowed down the economic recovery. The Group’s revenue from the garment manufacturing and trading business suffered a decrease of 12.4% to HK\$290.8 million (2019: HK\$331.8 million). Meanwhile, thanks to our staff’s efforts and the strategic decision on shifting productions to overseas subcontracted factories, the Group managed to increase the gross profit margin of the segment by 2.8% to 16.3% (2019: 13.5%), with gross profit amounting to HK\$47.3 million (2019: HK\$44.9 million).

In the first half of the year, the various degrees of lock-down measures worldwide damaged the economy and created volatility in the stock markets. Amid growing fears of an economic

recession, the global stock markets dropped to the lows in March. Besides, the US presidential election, the recurrence of Pandemic in several regions, and Brexit negotiations further brought investors uncertainties. Fortunately, with the various fiscal stimulus carried out by governments, the easing of lock-down measures, and COVID-19 vaccine breakthroughs, stock markets gradually rebounded in the second half-year. The Hang Seng Index (“HSI”) ended up closing at 27,231 points in 2020 (2019: 28,189 points). For the year ended 31 December 2020, the Group’s securities investment business recorded negative revenue and a gross loss of HK\$0.25 million (2019: HK\$0.04 million).

In response to the challenging business environment, the Group has implemented several cost control measures, including but not limited to managing excess workforce and retrenchment and reducing discretionary spending. As a result, administrative expenses amounted to HK\$54.3 million, maintained at a similar level as last year (2019: HK\$54.1 million). The ratio of selling expenses to garment manufacturing and trading revenue increased to 3.5% (2019: 2.5%), mainly due to shipping costs incurred to meet shortened production lead time as requested by customers.

Concerning the Group’s investment in an associate, the management of the associate processed the dissolution of the associate by members’ voluntary liquidation, and the associate was dissolved in January 2021.

Segmental Analysis

a) Garment manufacturing and trading segment

The Pandemic has changed the world economy and adversely impacted many industries, including the garment sector. Researches indicated that major buying countries’ imports from garment-reporting countries in Asia dropped significantly in 2020 due to collapsing consumer demand and government lock-down measures. In February, our Heshan Factory was suspended from operation for approximately two weeks due to the Mainland China government’s healthcare measures. Furthermore, as aforementioned, the Group experienced a decline in production orders during the spring and summer periods due to the lock-down measures in overseas regions. Fortunately, thanks to our staff’s effort, the business performance showed improvement in the second half of 2020. The production orders were returned to pre-pandemic levels for the Autumn and Winter seasons. For the full year, revenue from the garment manufacturing and trading segment decreased by 12.4% to HK\$290.8 million (2019: HK\$331.8 million). The US and Europe regions remained the predominant geographical regions of our garment manufacturing and trading business and contributed 87.6% (2019: 86.3%) of segment revenue, amounted HK\$254.7 million (2019: HK\$286.4 million).

In the US, the Pandemic cases and deaths had continued to climb since late March. The US government took fiscal stimulus aids to facilitate economic recovery, such as interest rate cuts and additional supports to corporations. The US Consumer Price Index quickly refill the gap in April and continue to grow. Meanwhile, the US consumption market had yet fully back to normal, and the US GDP for 2020 still recorded the worst performance since World War II. As a result, the Group’s revenue from US customers decreased by 11.2% to HK\$169.3 million (2019: HK\$190.6 million), accounting for 58.2% (2019: 57.5%) of the segment revenue for the year ended 31 December 2020. It might be worth mentioning that the further escalation of tensions between China and the US in the second

half-year did not significantly impact the Group's business as the related orders were allocated to overseas subcontracted factories.

In the Eurozone, the regions recorded negative economic growth in the first six months of 2020. Although the massive monetary stimulus helped repair the economic damage in Europe, yet, it is still far from full recovery from the Pandemic as customers' confidence and consumption sentiment always take time to recover. Revenue from European customers dropped to HK\$85.4 million (2019: HK\$95.8 million) for the year ended 31 December 2020 and accounted for 29.4% (2019: 28.9%) of the segment revenue.

After considering the increasing production costs and the impact of US tariffs, the Group allocated more production orders to overseas subcontracted factories during the first quarter. Meanwhile, the outbreak of the Pandemic has led to the shift back of production to our Heshan Factory. After all, our Heshan Factory's contribution to garment production had maintained at 62.8% (2019: 61.8%) for the year, in terms of segment revenue. In contracts, subcontracted factories' contribution in Cambodia decreased to 36.8% (2019: 38.2%). The production shift to Cambodia subcontracted factories and various cost-savings measures had improved the overall gross profit margin to 16.3% (2019: 13.5%). Nevertheless, the segment had a segment loss of HK\$0.7 million (2019: segment loss of HK\$1.5 million) due to the unavoidable administrative expenses incurred for the spring and summer periods with limited productions.

b) Securities investment segment

The Hong Kong stock markets got a fluctuating performance during the year under review. Before the Pandemic outbreak, HSI rose and reached the 2020 peak of 29,175 points in January 2020. The Pandemic caused a bear market, and the HSI dropped to the lowest level of 21,139 points during March and April. Subsequently, the rebounds had been strong following the various fiscal stimulus carried out by governments, and the COVID-19 vaccine breakthroughs. As a result, HSI decreased by 3.4% compared with 2019, closing at 27,231 points in 2020 (2019: 28,189 points). For the year ended 31 December 2020, the Group's securities investment business recorded a fair value loss of HK\$0.4 million (2019: HK\$0.2 million) and a segment loss of HK\$5.1 million (2019: HK\$5.6 million).

Because of the fluctuating stock performance during the year, the Group continues to adopt a conservative strategy to conduct its securities investment business. As of 31 December 2020, the Group's financial assets at fair value through profit or loss amounted to HK\$1.8 million (31 December 2019: HK\$2.2 million), which comprised of one (31 December 2019: one) Hong Kong listed corporation that had been held since 2017.

Liquidity and Financial Resources

Adopting a conservative financial management approach, the Group maintains a healthy financial position. As at 31 December 2020, the Group's cash and cash equivalents was HK\$87.1 million (31 December 2019: HK\$47.6 million). Working capital represented by net current assets amounted to HK\$78.5 million (31 December 2019: HK\$87.3 million) of which HK\$1.8 million (31 December 2019: HK\$2.2 million) were a Hong Kong listed equity stock. The Group's current ratio was 1.9 (31 December 2019: 2.4).

Bank borrowings comprised term loans of HK\$20.0 million (31 December 2019: nil), which were repayable within one year. The bank loans were denominated in Euro.

Capital Expenditure

For the year under review, the Group incurred a total capital expenditure of HK\$0.8 million (2019: HK\$0.4 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 settled with Hong Kong dollars, Renminbi, and US dollars. The Group also has bank loans denominated in Euro.

As the Hong Kong dollar is pegged to the US dollar, exposure to US dollars foreign exchange risk is minimal. The Group will closely monitor the fluctuation of the other foreign currency exchange rates and, if necessary, enter into foreign currency forward contracts to reduce such fluctuation risks. As at 31 December 2020, the notional amounts of the outstanding forward contracts were 5.5 million in US dollars.

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 2020, the Group's land use rights of HK\$9.1 million (2019: Not applicable) and buildings of HK\$51.9 million (2019: Not applicable) in Heshan, Mainland China were pledged as security for the Group's bank borrowings.

Contingent Liabilities

As at 31 December 2020 and 2019, 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 its business's long-term success. It also offers employees rewarding careers and provides them with various training programs to enhance 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 individual's performance and the Group.

As part of the Group's strategic plan and cost control measures, the Group streamlined its Heshan Factory operation. As consequence, total number of full-time employees of the Group decreased to 487 as at 31 December 2020 (2019: 756).

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 appropriate and effective risk management and internal control systems to mitigate ESG-related risks and 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.

A full 2020 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 (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and will be published on the Group's and the Stock Exchange's websites before 31 May 2021.

Outlook

With the Pandemic's domination on economic outlook, 2021 will continue to be a challenging year for the Group as the global economy is far from resumption to pre-pandemic levels. The new United States administration's foreign economic policies do not seem to favour relieving the Sino-US trade dispute. Our garment business will be negatively affected if the China-US relations continue to worsen, as the US is our largest geographical exporting region. Haven said that the Group has already taken advanced steps to cope with the potential impacts, such as engaging overseas subcontracted factories for US customers' production orders. Furthermore, with recent vaccine launches, the global economy will gradually rebound and the management believes that it will lead to positive growth in our customers' orders for the upcoming year.

To cope with the rising production costs in Mainland China and increase production capacity, we have explored garment production facilities in other South East Asia countries. Other than existing Cambodia subcontracted factories, we have engaged new Indonesia-based subcontracted factories during the last quarter of 2020. We shall monitor the outcome and adjust the production allocation strategy among our own Heshan Factory / overseas subcontracted factories accordingly.

As for the Hong Kong stock market, there are several positive prospects of the markets in 2021. The good news regarding COVID-19 vaccines is expected to improve market performance further. The Fourteenth Five-Year Plan's Internal Circulation policy is also likely to increase traditional sectors' stock value. Many leading companies in the new economy sector are also planning to complete the listing in Hong Kong in the near future. However, there are still several risk factors. The Pandemic is still worsening in some regions worldwide, which slows down the momentum of economic recoveries. The Sino-US trade tensions have not ceased and could impact investment as well. These factors cause

uncertainties in the world economic environment and hence fluctuations on the stock market. As such, the Group will continue to take a cautious approach concerning its securities investment business.

Looking ahead, we will continue focusing on our existing garment manufacturing and trading business. We will monitor the impacts of the macroenvironment factors and adjust the Group's operation strategies accordingly. Furthermore, the Group will continue to seek diversification into other potentially lucrative areas.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company is scheduled to be held on Monday, 24 May 2021. The notice of the 2021 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, 18 May 2021 to Monday, 24 May 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the 2021 AGM of the Company to be held on Monday, 24 May 2021, 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, 17 May 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	290,515	331,722
Cost of sales		<u>(243,491)</u>	<u>(286,850)</u>
Gross profit		47,024	44,872
Other income and gains	4	3,104	283
Reversal of impairment loss on loans to an associate		-	3,462
Selling and distribution expenses		(10,179)	(8,394)
Administrative and other operating expenses		(54,253)	(54,104)
Finance income	6	53	252
Finance expense	6	<u>(1,023)</u>	<u>(1,196)</u>
Loss before taxation	5	(15,274)	(14,825)
Income tax expense	7	<u>-</u>	<u>-</u>
Loss for the year attributable to equity holders of the Company		<u>(15,274)</u>	<u>(14,825)</u>
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties, net of tax		2,235	4,445
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		986	931
Other comprehensive income for the year, net of tax		<u>3,221</u>	<u>5,376</u>
Total comprehensive expense attributable to equity holders of the Company		<u>(12,053)</u>	<u>(9,449)</u>
LOSS PER SHARE – (HK CENTS)			
- Basic and diluted	8	<u>(1.87)</u>	<u>(1.81)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		62,737	65,655
Right-of-use assets		12,123	14,129
Investment in an associate		-	-
Investment in a joint venture		-	-
Deposit and other receivables	9	724	724
		<u>75,584</u>	<u>80,508</u>
CURRENT ASSETS			
Inventories		39,305	45,356
Trade and other receivables	9	41,815	54,299
Financial asset at fair value through profit or loss ("FVTPL")	10	2,454	2,177
Cash and bank balances		87,098	47,600
		<u>170,672</u>	<u>149,432</u>
CURRENT LIABILITIES			
Trade and other payables	11	69,933	60,166
Lease liabilities		2,222	1,961
Bank borrowings		20,013	-
		<u>92,168</u>	<u>62,127</u>
NET CURRENT ASSETS		<u>78,504</u>	<u>87,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>154,088</u>	<u>167,813</u>
NON-CURRENT LIABILITIES			
Lease liabilities		790	3,207
Deferred tax liabilities		14,046	13,301
		<u>14,836</u>	<u>16,508</u>
NET ASSETS		<u><u>139,252</u></u>	<u><u>151,305</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 HK\$'000	2019 HK\$'000
CAPITAL AND RESERVES			
Share capital		81,804	81,804
Reserves		57,448	69,501
TOTAL EQUITY		<u>139,252</u>	<u>151,305</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Carry Wealth Holdings Limited (the “Company”) is a public company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Dragon Peace Limited, a company incorporated in the British Virgin Islands. The ultimate controlling party is Mr. Li Haifeng, a director of the Company.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are manufacturing and trading of garment products, and securities investment. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “corporate information” to this annual report.

The consolidated financial statements are presented in HK\$, which is the Company’s functional currency and the Group’s presentation currency.

2 Basis of preparation and changes in accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for buildings and financial instruments that are measured at fair values, at the end of each reporting period.

In the application of the Group’s accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements.

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”), amendments and interpretations, issued by the HKICPA.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ⁴
Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ¹
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ³

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3 Revenue and segment information

	2020 HK\$'000	2019 HK\$'000
<u>Revenue from contracts with customers</u>		
Revenue from garment manufacturing and trading*:		
Sale of garment products	290,410	331,167
Sale of scrap materials	350	595
	<u>290,760</u>	<u>331,762</u>
<u>Revenue from other sources</u>		
Securities investment:		
Fair value loss on financial asset at FVTPL	(369)	(160)
Dividend income from listed equity securities	124	120
	<u>(245)</u>	<u>(40)</u>
	<u><u>290,515</u></u>	<u><u>331,722</u></u>

*Revenue from garment manufacturing and trading is recognised at a point in time.

Information reported to the board of directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on operation nature.

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable operating segments.

For the year ended 31 December 2020

	Garment manufacturing and trading HK\$'000	Securities investment HK\$'000	Total HK\$'000
REVENUES			
Reportable segment revenue- external	<u>290,760</u>	<u>(245)</u>	<u>290,515</u>
Reportable segment loss	<u>(650)</u>	<u>(5,117)</u>	<u>(5,767)</u>
Unallocated other income and gains			1,322
Corporate administrative expenses			(10,661)
Finance expense			<u>(168)</u>
Loss before tax			<u><u>(15,274)</u></u>

For the year ended 31 December 2019

	Garment manufacturing and trading HK\$'000	Securities investment HK\$'000	Total HK\$'000
REVENUES			
Reportable segment revenue- external	<u>331,762</u>	<u>(40)</u>	<u>331,722</u>
Reportable segment loss	<u>(1,535)</u>	<u>(5,644)</u>	(7,179)
Unallocated other income and gains			113
Corporate administrative expenses			(11,202)
Reversal of impairment loss on loans to an associate			3,462
Finance income			139
Finance expense			<u>(158)</u>
Loss before tax			<u>(14,825)</u>

Segment loss represents the loss from each segment without allocation of corporate administrative expenses, reversal of impairment loss on loans to an associate, certain other income and gains, certain finance income and certain finance expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

During the year ended 31 December 2020, the CODM considered that certain finance income, finance expenses and other income and gain were related to the garment and manufacturing and trading segment. Hence, the measurement of segment result has been changed and the comparative figures have also been re-presented to conform with current year's presentation.

Geographical information

	<u>Revenue from external customers</u>		<u>Non-current assets*</u>	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
USA	169,304	190,600	-	-
Mainland China	258	-	66,804	68,777
Europe	85,440	95,812	-	-
Hong Kong	13,570	14,215	8,056	11,007
Other regions	<u>21,943</u>	<u>31,095</u>	<u>-</u>	<u>-</u>
	<u>290,515</u>	<u>331,722</u>	<u>74,860</u>	<u>79,784</u>

*Non-current assets excluded financial instruments.

Reconciliations of reportable segment assets and liabilities

	2020	2019
	HK\$'000	HK\$'000
ASSETS		
Garment manufacturing and trading segment	223,375	190,507
Securities investment segment	3,634	4,151
Unallocated corporate assets	<u>19,247</u>	<u>35,282</u>
Consolidated total assets	<u>246,256</u>	<u>229,940</u>

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.

4 Other income and gains

	2020	2019
	HK\$'000	HK\$'000
Gains on disposal of properties, plant and equipment	14	166
Government subsidies ¹	970	35
Interest income from structured deposits	244	-
Consultancy fee ²	600	-
Fair value gain on financial derivatives at FVTPL	646	-
Insurance claim	288	-
Others	<u>342</u>	<u>82</u>
	<u>3,104</u>	<u>283</u>

¹During the year 31 December 2020, the Group recognised government grants of HK\$970,000 in respect of COVID-19-related subsidies, of which an amount of HK\$868,000 is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

²During the year 31 December 2020, the Group provided consultancy service related to garment manufacturing business operation.

5 Loss before taxation

Loss before taxation has been arrived at after charging:

	2020 HK\$'000	2019 HK\$'000
Auditor's remuneration	927	1,521
Depreciation on:		
- Property, plant and equipment	7,576	7,285
- Right-of-use assets	2,463	1,687
	<u>10,039</u>	<u>8,972</u>
Employee benefits expenses (including directors' emoluments)		
- Salaries, allowances and benefits in kind	65,625	76,213
- Contributions to retirement benefits schemes	1,809	5,595
Total staff costs	<u>67,434</u>	<u>81,808</u>
Exchange loss, net	522	-
Cost of inventories recognised in profit or loss (including provision of inventories)	174,422	223,504
Subcontracting and processing charges	<u>69,069</u>	<u>63,346</u>

6 Finance expense, net

	2020 HK\$'000	2019 HK\$'000
Interest income on short-term bank deposit	53	153
Interest income on loans to an associate	-	99
Total finance income	<u>53</u>	<u>252</u>
Interest expense on borrowings	(526)	(749)
Interest expense on employee's loan advances	(329)	(289)
Interest expense on lease liabilities	<u>(168)</u>	<u>(158)</u>
Total finance expense	<u>(1,023)</u>	<u>(1,196)</u>
Finance expense, net	<u>(970)</u>	<u>(944)</u>

7 Income tax expense

No provision for Hong Kong Profits Tax has been provided as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2020 and 2019.

No provision for Enterprise Income Tax of the PRC has been made as the Group did not have any assessable profits subject to tax in the Mainland China for the years ended 31 December 2020 and 2019.

8 Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	2020	2019
	HK\$'000	HK\$'000
Loss attributable to equity holders of the Group	<u>(15,274)</u>	<u>(14,825)</u>
	Number of	Number of
	shares	shares
	(thousands)	(thousands)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>818,042</u>	<u>818,042</u>

The number of shares for the purpose of basic and diluted loss per share is the same as the Group has no potential ordinary shares in both years.

9 Trade and other receivables

	2020	2019
	HK\$'000	HK\$'000
Trade receivables	35,920	47,810
Deposits and other receivables	5,450	6,372
Prepayments	<u>1,169</u>	<u>841</u>
	<u>42,539</u>	<u>55,023</u>

The following is an aged analysis of trade receivables presented based on the invoice date, at the end of the reporting period.

	2020	2019
	HK\$'000	HK\$'000
Within 30 days	19,716	13,756
31 – 60 days	7,780	27,375
61 – 90 days	5,729	6,397
Over 90 days	2,695	282
	<u>35,920</u>	<u>47,810</u>

10 Financial assets at fair value through profit or loss

	2020	2019
	HK\$'000	HK\$'000
Equity securities listed in Hong Kong	1,808	2,177
Financial derivative - Foreign currency forward contracts	646	-
	<u>2,454</u>	<u>2,177</u>

11 Trade and other payables

	2020	2019
	HK\$'000	HK\$'000
Trade payables	41,449	31,875
Accruals and other payables	12,904	17,290
Bonus payables	13,528	10,258
Employees' loan advances	2,052	743
	<u>69,933</u>	<u>60,166</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2020	2019
	HK\$'000	HK\$'000
Within 30 days	15,566	16,239
31 – 60 days	19,393	12,462
61 – 90 days	4,356	2,244
Over 90 days	2,134	930
	<u>41,449</u>	<u>31,875</u>

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 2020:

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion below, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor (the "Predecessor Auditor") who expressed a qualified opinion (the "2019 Report") on those consolidated financial statements on 27 March 2020 due to scope limitations. As set out in the 2019 Report, the management was unable to recover the missing accounting records of Unity Resources Group Pte. Limited ("URG"), a subsidiary of an associate, for the year ended 31 December 2018 and the Predecessor Auditor was 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 the Predecessor Auditor 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. As at the date of this report, the management was still unable to recover the missing accounting records of URG for the year ended 31 December 2018 and we were unable to obtain sufficient appropriate audit evidence in respect of the opening balances of the investment in and loans to the associate as at 1 January 2019, and the 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.

As explained in note 18 to the consolidated financial statements, the Group disposed of URG in September 2019. Therefore, the scope limitation did not have an impact on consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended. As a result, the comparative information disclosed for the corresponding period may not be comparable to that of the current year. Our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

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 evidence to determine whether any adjustments were necessary to the consolidated financial performance and considered cash flows 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 the matters set out therein.

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 2020. The Audit Committee comprises the three independent non-executive directors, namely Mr. Wang Shiming, Mr. Yau Wing Yiu and Mr. Zhang Zhenyi.

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 2020 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 2020 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, 22 March 2021

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. Wang Shiming, Mr. Yau Wing Yiu and Mr. Zhang Zhenyi, being independent non-executive directors.