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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

HIGHLIGHTS

- Revenues amounted to HK$614.3 million
- Profit attributable to equity holders amounted to HK$32.5 million
- Basic earnings per share was 8.94 HK cents
- Interim dividend of 3.0 HK cents per ordinary share

The board of directors of Carry Wealth Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

The Group's revenues for the six months ended 30th June, 2007 amounted to HK$614.3 million (2006: HK$632.7 million). Gross profit increased to HK$128.3 million (2006: HK$121.4 million). Profit attributable to equity holders amounted to HK$32.5 million (2006: HK$30.7 million). Basic earnings per share was 8.94 HK cents for the period under review (2006: 8.52 HK cents).

Turnover of the Group dropped slightly by 2.9% against the same period last year to HK$613.5 million. By product category, knit tops and woven bottoms accounted for 85.1% and 14.9% respectively of the Group's total turnover (2006: knit tops: 76.3% and woven bottoms: 23.7%). The sales of knit tops was up by 8.3% while that of woven bottoms declined 39.2%. Taking into account the persistently weak performance of the woven bottoms business, the management decided to cease the business during the review period and the division was eventually closed in June 2007. This strategic move has allowed the Group to focus resources on higher margin knit products.

During the period under review, Indonesia continued to be the Group's major production base. The Indonesia factories contributed 73.3% (2006: 69.9%) of the Group's turnover, with knit tops and woven bottoms accounting for 59.9% and 13.4% respectively. The knit factories in El Salvador and Lesotho continued to bring in stable income to the Group and contributed 17.2% (2006: 17.6%) and 7.8% (2006: 9.4%) respectively to the Group's total turnover. The new factory in Mainland China has just begun production thus its contribution to the Group's turnover for the period was minimal.

The Group's gross profit for the six months ended 30th June, 2007 was HK$128.3 million (2006: HK$121.4 million), a 5.7% growth against the same period last year. Gross profit margin increased from 19.2% for the same six months last year to 20.9% for the current period attributable to changes in product mix.

Selling expenses to revenues ratio was down from 4.3% in the last corresponding period to 3.5% in the period under review, mainly because less freight charges was incurred for product delivery from smoother shipments. There was a mild increase in administration expenses associated with the establishment of the new factory in Mainland China.

The improvement in operating profit was a result of the Group's continuing efforts to minimize production costs through maximising economies of scale. Apart from better utilizing production capacities, it also implemented stringent control measures to lower selling expenses.

The Group's 40% indirectly-owned associate, ShanDong WeiQiao HengFu Textile Limited ("SWHT"), which manufactures knitted fabrics, reported turnover of HK$54.9 million and profit of HK$3.2 million for the period under review. The Group's share of net profit of SWHT was HK$1.3 million (2006: HK$1.1 million).

The construction of Phase I of production facilities comprising a factory, an office building and three staff quarters in Heshan, Mainland China had completed with minor interior decoration works currently underway. The approximately 10,000 square metres factory has already commenced production and will gradually increase output in the following months.

Liquidity and Financial Resources

Adopting a conservative financial management system, the Group continues to maintain a healthy and solid liquidity position. As at 30th June, 2007, the Group's cash and cash equivalents and time deposits amounted to HK$169.8 million (31st December, 2006: HK$94.9 million) while bank borrowings, in the form of trust receipt loans, amounted to HK$40.6 million (31st December, 2006: HK$60.6 million) and term loan, amounted to HK$52.7 million (31st December, 2006: HK$33.1 million). The bank loans were denominated in either HK dollars or US dollars. Working capital represented by net current assets amounted to HK$133.6 million (31st December, 2006: HK$136.0 million).

The Group's current ratio was 1.5 (31st December, 2006: 1.5) and its gearing ratio, which is bank borrowings to equity attributable to the Company's equity holders, was 29.1% (31st December, 2006: 30.7%).

The debt maturity profile of the Group as at 30th June, 2007 was as follows:

	At 30th June, 2007 (Unaudited) *HK$'000*	At 31st December, 2006 (Audited) *HK$'000*
Repayable within one year	**54,172**	68,405
Repayable after 1 year, but within 2 years	**13,246**	15,550
Repayable after 2 years, but within 5 years	**25,908**	9,700
Total	**93,326**	93,655

Capital Expenditure

During the review period, the Group incurred a total capital expenditure of HK$48.2 million (2006: HK$5.4 million), which was funded by its own financial resources and bank borrowings. HK$45.6 million was spent on development of the production facilities in Heshan, Mainland China and the balance of HK$2.6 million was invested in new and replacement machineries in other factories.

Foreign Exchange Exposure

The Group's sales are principally denominated in US dollars. It has factories and offices in Hong Kong, Indonesia, El Salvador, Lesotho and Mainland China. Operating expenses of the Group are primarily denominated in Hong Kong dollars, Indonesia Rupiah, Salvadoran Colones, South African Rand, Renminbi and some in US dollars.

As Hong Kong dollars and Salvadoran Colones are pegged to US dollars, the Group does not expect to be exposed to relevant currency risks in the near term. The Group will closely monitor fluctuation of other currencies and, if necessary, will enter into forward exchange contracts to reduce exchange risk.

Credit Policy

Consistent with prevailing industry practice, the Group switched trading terms with more customers from letters of credit to open account basis. During the period under review, about 25.4% (2006: 41.3%) of the Group's business was transacted under letters of credit and the rest on open account basis granted to well-established customers. The credit ratings of customers are constantly reviewed and their respective credit limits adjusted, if necessary.

Charges on Fixed Assets

The Group's properties in Hong Kong with a carrying value of HK$22.3 million (31st December, 2006: HK$22.3 million) have been pledged to a bank to secure trade facilities of up to HK$140.2 million (31st December, 2006: HK$140.2 million). As at 30th June, 2007, the respective secured bank loans amounted to HK$26.9 million (31st December, 2006: HK$38.5 million).

Contingent Liabilities

As at 30th June, 2007, the Group had no contingent liabilities.

Human Resources and Remuneration Policies

The Group believes that employees' commitment and the provision of a harmonious working atmosphere to staff are important to its success. The Group offers to employees rewarding careers and provides them with a variety of training programmes. It rewards employees according to prevailing market practices and their individual qualifications and performance. To attract and retain high caliber employees, the Group also awards discretionary bonuses and share options to staff.

As at 30th June, 2007, the Group employed a total of 6,856 (31st December, 2006: 8,673) full-time employees in the following regions:

Indonesia	3,294
Lesotho	1,396
El Salvador	1,391
China (Mainland and Hong Kong)	775
Total	6,856

Outlook

Keen market competition is expected to continue to pose challenge on the Group's business in the rest of 2007. Other factors that will affect the Group's performance included changes in the US economy, energy costs, labour supply in Mainland China and appreciation of the RMB. Recent economic data suggested that the US economy is rebounding after a slowdown in the first quarter of 2007, driven by its resilient job market, improved business and consumer spending and stabilized interest rates. Nevertheless, the problem with sub-prime mortgage loans has recently intensified and disrupted the global finance market thus may decelerate the growth of global economy. Supported by a well-established customer base, the Group is cautiously optimistic about its ability to maintain its competitive position in the apparel market.

The new production base in Heshan is expected to become a key growth engine for the Group. The apparel industry in Mainland China is going to present the Group with opportunities and challenges. While the growing Chinese economy, rising per capita income and blooming domestic consumption are all favourable for the development of the apparel industry in Mainland China, manufacturers with production facilities in the country will have to continue to face labour shortage, rising energy costs and impact from appreciation of the RMB. The Group will be cautious in formulating long term development strategy in the Mainland China apparel market.

The Group will move its sample making facility in Dongguan to the new Heshan production base soon. Integration of the facilities is expected to bring synergetic benefits to the Group including streamlining of overheads. Depending on the progress in Phase I development of the Heshan production base, the Group will decide before or around mid 2008 the development plan for the following two phases of the facility.

Come to the end of 2007 and 2008, there is the question of whether quotas on Chinese apparel exports will be totally lifted by the EU and US respectively. However, it is difficult to make any reasonable predictions at this stage. Facing uncertain market conditions, the Group will stay flexible and constantly restructure the product mix of its production base in Mainland China to ensure its ability to cope with possible fluctuation in the apparel market.

In the coming years, the Group will continue to streamline its various production facilities, enhance product competitiveness and strive to deliver excellent services to customers. The Group will closely monitor operational efficiency and implement a series of cost control measures to strengthen its core competence. Recognising that its success is dependent on the joint efforts of its experienced management team and skilled workforce, the Group is committed to nurturing a learning culture in the organization by providing a wide range of training and personal development programmes and offering a good work environment to its employees.

Looking ahead, the Group will strive to grow its business building on the success it achieved in the past year and continue to focus on creating higher returns for shareholders.

INTERIM DIVIDEND

The board of directors has declared to pay an interim dividend of 3.0 HK cents (2006: 3.0 HK cents) per ordinary share totalling approximately HK$11,003,000 (2006: HK$10,827,000) to shareholders whose names appear on the Company's register of members at the close of business on Friday, 14th September, 2007. The interim dividend is expected to be paid to shareholders on Friday, 21st September, 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 13th September, 2007 and Friday, 14th September, 2007, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 12th September, 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30th June, 2007 (Unaudited) HK$'000	2006 (Unaudited) HK$'000
Revenues	*3*	**614,340**	632,684
Cost of sales		**(486,063)**	(511,325)
Gross profit		**128,277**	121,359
Selling expenses		**(21,669)**	(27,273)
Administrative expenses		**(58,893)**	(52,307)
Operating profit	*4*	**47,715**	41,779
Finance income		**1,863**	837
Finance costs		**(3,494)**	(3,565)
Share of profit of associates		**1,250**	1,097
Profit before taxation		**47,334**	40,148
Income tax expense	5	**(10,455)**	(8,431)
Profit for the period		**36,879**	31,717
Attributable to:			
Equity holders of the Company		**32,482**	30,707
Minority interests		**4,397**	1,010
		36,879	31,717
Earnings per share for profit attributable to the equity holders of the Company during the period			
– basic *(HK cents)*	*6(a)*	**8.94**	8.52
– diluted *(HK cents)*	*6(b)*	**8.81**	8.49
Dividends	*7*	**11,003**	10,827

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**At 30th June, 2007 (Unaudited)** *HK$'000*	At 31st December, 2006 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Goodwill		**1,100**	1,100
Properties, plant and equipment		**147,223**	108,326
Investment properties		**22,300**	22,300
Leasehold land		**1,804**	2,235
Non-current deposits		**7,446**	7,223
Interests in associates		**46,823**	47,036
Deferred income tax assets		**2,802**	4,279
Available-for-sale financial assets		**8,917**	9,028
		238,415	201,527
Current assets			
Inventories		**111,161**	157,101
Trade and other receivables	*8*	**118,738**	138,269
Derivative financial instrument		**–**	156
Time deposits		**–**	3,470
Cash and cash equivalents		**169,809**	91,453
		399,708	390,449
Total assets		**638,123**	591,976
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**36,677**	36,105
Other reserves		**38,458**	33,660
Retained earnings			
– Dividend		**11,003**	21,663
– Others		**234,665**	213,500
		320,803	304,928
Minority interests		**7,545**	2,594
Total equity		**328,348**	307,522

	Note	At 30th June, 2007 (Unaudited) HK$'000	At 31st December, 2006 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**39,154**	25,250
Deferred income tax liabilities		**4,475**	4,771
		43,629	30,021
Current liabilities			
Trade and other payables	*9*	**190,630**	171,362
Income tax payable		**21,344**	14,666
Bank borrowings		**54,172**	68,405
		266,146	254,433
Total liabilities		**309,775**	284,454
Total equity and liabilities		**638,123**	591,976
Net current assets		**133,562**	136,016
Total assets less current liabilities		**371,977**	337,543

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

These unaudited condensed consolidated financial statements for the period ended 30th June, 2007 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31st December, 2006.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December, 2006.

The following new Standards, Amendments to Standards and Interpretations are mandatory for financial year ending 31st December, 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Apply the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

Management has assessed the impact of the above HKAS where the adoption of these HKAS did not result in material impact on the financial statements of the Group and no substantial changes to the Group's accounting policies.

The HKICPA has issued a number of new Standards, Amendments to Standards and Interpretations, which are not effective for 2007. The Group has not early adopted these new Standards, Amendments to Standards and Interpretations. The Directors anticipate that the adoption of these new Standards, Amendments to Standards or Interpretations in future periods will have no material impact on the financial statements of the Group.

HKFRS 8	Operating Segments
HK(IFRIC) – Int 11	HKFRS 2- Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements

3. Revenues and Segment information

The Group is principally engaged in garment manufacturing. Revenues recognised during the period are as follows:

	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover		
Sale of apparel products	**613,486**	632,106
Other income		
Rental income	**854**	578
	614,340	632,684

The Group's turnover solely arises from garment manufacturing business. The customers are located in five main geographical areas namely United States of America, Europe, Canada, Southeast Asia and other countries.

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segment is as follows:

Primary reporting format – geographical segments by location of customers

	Turnover		Contribution to operating profit	
	Six months ended 30th June,		Six months ended 30th June,	
	2007	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States of America	**553,497**	565,910	**69,752**	63,060
Europe	**18,634**	13,510	**237**	619
Canada	**24,124**	30,253	**3,204**	3,495
Southeast Asia	**7,245**	9,266	**90**	165
Other countries	**9,986**	13,167	**218**	513
	613,486	632,106	**73,501**	67,852
Unallocated rental income			**854**	578
Unallocated administrative expenses			**(26,640)**	(26,651)
Operating profit			**47,715**	41,779
Finance income			**1,863**	837
Finance costs			**(3,494)**	(3,565)
Share of profit of associates			**1,250**	1,097
Profit before taxation			**47,334**	40,148
Income tax expense			**(10,455)**	(8,431)
Profit for the period			**36,879**	31,717

4. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Crediting		
Rental income	**854**	578
Charging		
Cost of inventories sold	**486,063**	511,325
Amortisation of leasehold land	**431**	431
Depreciation of properties, plant and equipment	**7,676**	7,518

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the six months ended 30th June, 2007. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 30th June,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**7,845**	6,643
– Overseas taxation	**1,438**	1,347
Deferred income tax	**1,172**	441
	10,455	8,431

6. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**32,482**	30,707
Weighted average number of ordinary shares in issue (thousands)	**363,402**	360,249
Basic earnings per share (HK cents per share)	**8.94**	8.52

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares that is share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30th June,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**32,482**	30,707
Weighted average number of ordinary shares in issue (thousands)	**363,402**	360,249
Adjustments for share options (thousands)	**5,309**	1,308
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**368,711**	361,557
Diluted earnings per share (HK cents per share)	**8.81**	8.49

7. Dividends

	Six months ended 30th June,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend of 3.0 HK cents (2006: 3.0 HK cents) per ordinary share	**11,003**	10,827

The interim dividend has not been recognised as a liability at the balance sheet date.

The 2006 final dividend of 6.0 HK cents (2005: 5.0 HK cents) per ordinary share, totaling approximately HK$21,977,000 (2005: HK$18,045,000) was paid in May 2007.

8. Trade and other receivables

	At 30th June, 2007 (Unaudited)	At 31st December, 2006 (Audited)
	HK$'000	*HK$'000*
Trade receivables	**86,591**	106,266
Prepayments, deposits and other receivables	**32,147**	32,003
	118,738	138,269

The majority of the Group's sale to customers are on open account basis, with credit terms ranging from 30 to 45 days. The remaining sales are on letter of credit at sight to 90 days.

The ageing analysis of trade receivables was as follows:

	At 30th June, 2007 (Unaudited)	At 31st December, 2006 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**78,484**	96,895
31-60 days	**7,704**	9,191
61-90 days	**304**	72
Over 90 days	**99**	108
	86,591	106,266

9. Trade and other payables

	At 30th June, 2007 (Unaudited) *HK$'000*	At 31st December, 2006 (Audited) *HK$'000*
Trade payables	**126,421**	109,334
Other payables and accruals	**64,209**	62,028
	190,630	171,362

The ageing analysis of trade payables was as follows:

	At 30th June, 2007 (Unaudited) *HK$'000*	At 31st December, 2006 (Audited) *HK$'000*
Within 30 days	**69,244**	72,737
31-60 days	**38,915**	25,863
61-90 days	**9,177**	2,758
Over 90 days	**9,085**	7,976
	126,421	109,334

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30th June, 2007. The Audit Committee comprises all of the three independent non-executive directors, namely Mr Cheung Kwok Ming, Mr Kwok Lam Kwong, Larry, *J.P.* and Mr Lau Siu Ki, Kevin.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30th June, 2007.

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 set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the period under review.

To enhance the corporate governance of the Group as a whole, all relevant employees who are likely to be in possession of unpublished price sensitive information in relation to the Group or securities of the Company are subject to full compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company during the period under review.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This announcement of interim results is published on the Stock Exchange's website (**http://www.hkex.com.hk**) and the Company's website (**http://www.carrywealth.com**). The Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company comprises Mr Rusli Hendrawan, Mr Lee Sheng Kuang, James, Mr Oey Tjie Ho and Mr Tang Chak Lam, Charlie, being executive directors; and Mr Cheung Kwok Ming, Mr Kwok Lam Kwong, Larry, *J.P.* and Mr Lau Siu Ki, Kevin, being independent non-executive directors.

On behalf of the board
Rusli Hendrawan
Chairman

Hong Kong, 23rd August, 2007