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 31ST DECEMBER, 2008

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 31st December, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

The global financial meltdown triggered by the US sub-prime mortgage crisis has hit different industries including the apparel manufacturing industry. For the year ended 31st December, 2008, the Group made a total revenues amounting to HK$880.1 million (2007: HK$1,056.9 million) and gross profit of HK$172.9 million (2007: HK$239.6 million). Loss attributable to equity holders was HK$40.7 million (2007: Profit of HK$49.0 million) and basic loss per share was 10.97 HK cents for the year under review (2007: Earnings per share was 13.40 HK cents). Excluding other losses-net, profit attributable to equity holders was HK$17.5 million (2007: HK$51.6 million).

The financial turmoil intensified in the latter part of 2008 leading to a drop in consumer confidence and spending. Turnover of the Group for the year ended 31st December, 2008 was HK$879.1 million, a decrease of 16.7% year-on-year, with 7.9% attributable to the cessation of woven bottom business in mid-2007.

Gross profit of the Group for the year under review was HK$172.9 million (2007: HK$239.6 million). Gross profit margin of the Group for the year ended 31st December, 2008 was down from 22.7% last year to 19.6%. The narrower margin was the result of slack in demand from the US, which is the Group's major market, leading to receipt of fewer sales orders by the Group and the decrease in sales volume in turn translated into increased unit operating costs.

The Group invested in market linked instruments and equity accumulators in respect of listed shares (mainly constituents of H-shares Index and Hang Seng Index) on The Stock Exchange of Hong Kong Limited. All equity accumulators matured during the year under review. Due to the slumping global stock market particularly in the last quarter of 2008, the Group recorded losses of approximately HK$45.2 million from investments in market linked instruments, equity accumulators and the listed equity securities arising therefrom. Such losses of approximately HK$45.2 million primarily comprised: (i) approximately HK$25.4 million losses arisen from the market linked instrument and equity accumulators which were matured during the year and the net disposal losses of listed equity securities; and (ii) marked to market losses of remaining listed equity securities and market linked instruments held as at 31st December, 2008 amounting to approximately HK$19.8 million.

The Group has continuous need for Indonesia Rupiah for its manufacturing operation in Indonesia. With a view to minimising currency exposure in Indonesia Rupiah, the Group has entered into a series of Rp target redemption forward currency contracts. The Group recorded losses of HK$18.7 million from the fair value losses of the outstanding Rp target redemption forward currency contracts as recorded under other losses-net for the year under review. The total maximum amount deliverable under these outstanding contracts is Indonesia Rupiah 112,031 million which will satisfy part of the estimated needs of the Group in 2009.

The slight increase in selling expenses to turnover from 3.5% to 3.9% was due to higher freight charges alongside surge in oil price during the year. As for administration expenses, as a percentage of turnover, it increased from 11.4% to 13.1% mainly because of additional depreciation charges and expenses in relation to new operations in Mainland China.

The Group indirectly holds a 40% effective interest in ShanDong WeiQiao HengFu Textile Limited ("SWHT"), which manufactures knitted fabrics. SWHT reported a turnover of HK$135.0 million and a loss of HK$2.7 million for the year under review. The Group's share of net loss of SWHT was HK$1.1 million (2007: Profit of HK$2.1 million). The setback in performance of SWHT was the result of weakened demand and surge in operating costs.

Indonesia

The knit factories in Indonesia continued to be the Group's major production base in the year under review. The factories brought stable income during the year, which accounted for 71.3% (2007: 69.2%) of the Group's total turnover.

El Salvador

During the year, the knit factory Charter, S.A. de C.V. in El Salvador contributed 11.1% (2007: 16.5%) of the Group's total turnover. To rationalise its production facilities, the Group closed the factory at the end of December 2008. The cessation incurred one-off severance payments and impairment loss for plant and machinery. However, the Group believes the move will help to boost its competitiveness in the long run.

Lesotho

The output of the knit factory Shinning Century Limited in Lesotho accounted for 7.0% (2007: 7.7%) of the Group's total turnover for the review year.

Mainland China

The factory in Heshan, Mainland China commenced trial production in 2007 and was responsible for 5.7% of the Group's turnover for the year ended 31st December, 2008 (2007: 1.0%). The performance of the factory was affected by unfavourable conditions including shortage of skilled labour, escalating operating costs and appreciation of the Renminbi. The factory has yet to reach optimum production scale.

Liquidity and Financial Resources

The Group continued to maintain a solid liquidity position. As at 31st December, 2008, the Group's cash and cash equivalents totalled HK$63.5 million (31st December, 2007: HK$110.0 million). Working capital represented by net current assets amounted to HK$69.9 million (31st December, 2007: HK$119.2 million). The Group's current ratio was 1.2 (31st December, 2007: 1.5).

Bank borrowings, in the form of trust receipt loans, amounted to HK$97.9 million (31st December, 2007: HK$59.2 million) and term loan, amounted to HK$49.7 million (31st December, 2007: HK$46.9 million). The bank loans were denominated in either HK dollars or US dollars. As at 31st December, 2008, 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 33.2% (31st December, 2007: Nil).

The debt maturity profile of the Group as at 31st December, 2008 was as follows:

	At 31st December, 2008	At 31st December, 2007
	HK$'000	*HK$'000*
Repayable within one year	**125,406**	72,773
Repayable after 1 year, but within 2 years	**16,121**	12,916
Repayable after 2 years, but within 5 years	**6,067**	20,389
Total	**147,594**	106,078

Capital Expenditure

For the year under review, the Group incurred a total capital expenditure of HK$15.3 million (2007: HK$70.3 million), which was funded using its own financial resources and bank borrowings. HK$8.8 million was invested in the production facilities in Heshan City, Guangdong Province and the balance of HK$6.5 million was spent on new and replacement machineries for 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 the Hong Kong dollar and Salvadoran Colone are pegged to the US dollar, the Group does not expect to be exposed to any currency risks arising from these two currencies in the near term. The Group will closely monitor fluctuation of other currencies and the position of the Rp target redemption forward currency contracts and, if necessary, terminate the contracts and/or take delivery of the Indonesia Rupiah.

Credit Policy

Consistent with prevailing industry practice, during the year under review, about 94.6% (2007: 74.6%) of the Group's business was transacted on open account basis granted to several long-standing customers and the rest on letters of credit as required. The credit ratings of customers are constantly reviewed and their respective credit limits adjusted, if necessary.

Charges on Fixed Assets

As at 31st December, 2008, the Group had no charge on fixed assets. As at 31st December, 2007, the Group's investment properties in Hong Kong with a carrying value of HK$28.3 million had been pledged to a bank to secure trade facilities of up to HK$140.2 million. The investment properties were disposed in the year under review.

Contingent Liabilities

As at 31st December, 2008, the Group had no contingent liabilities.

Human Resources and Remuneration Policies

The Group believes the success of its business hinges on employee commitment, thus it spares no effort in providing a harmonious working environment to employees to encourage dedication to work. The Group offers employees with rewarding careers and provides them with a variety of training programmes. It rewards employees according to remuneration benchmarks in the industry as well as prevailing market conditions and their experience and performance. To attract and retain high calibre employees, the Group also grants discretionary bonuses and share options to staff. A share option scheme has been established by the Group for eligible participants (including employees). Subsequent to the expiry of exercisable period in November 2008 for share options granted on 25th October, 2005, no new share option was granted during the year under review.

As at 31st December, 2008, the Group had a total of 5,682 (31st December, 2007: 6,450) full-time employees in the following regions:

Indonesia	3,369
Lesotho	808
El Salvador	16
China (Mainland and Hong Kong)	1,489
Total	5,682

Outlook

To combat the adverse impacts of the global financial tsunami rippling across the world, especially the US and Europe, various governments have announced massive economic stimulus packages. In the US, for example, President Barack Obama has recently signed into law plans involving about US$787 billion to rescue critical industries and brace consumer confidence. He also unveiled a US$3.6 trillion budget for 2010 aimed at boosting the US economy. With the effects of such stimulus packages yet to be seen, the Group sees a grim general economic outlook for the year 2009.

Mainland China is not immune to the global financial crisis, but it appears to be feeling the impacts in a lesser magnitude. Export from the country has declined and a considerable number of manufacturing enterprises in the Pearl River Delta had closed down and many workers became jobless. To counter the economic slowdown, the Chinese Government announced a RMB4 trillion economic stimulus package including relaxation of monetary policy and measures to boost domestic demand. Other complementary initiatives included policies to stabilise the RMB, increase export tax rebate, loosen bank credits and postpone the increase of minimum wage standard, all to help companies survive in the difficult period.

With the US economy in the slump, 2009 will be another challenging year for the Group. The Group expects the garment industry to consolidate at increasing speed in the coming year with more small apparel manufacturers ousted from it. This phenomenon is going to benefit large garment enterprises in terms of competitiveness and economic of scale in the long run. With proven capability in supplying quality products at reasonable prices and timely delivery, the Group believes it stands well to benefit from the industry consolidation and in overcoming the challenges ahead.

The Group is implementing a new ERP system with diverse functions and features associated with intelligent workflow-control and alert mechanism, which will allow it to strengthen monitoring and management of the entire supply chain.

The Group will continue to conduct regular operational reviews of each of its production facilities so as to enhance their efficiency and cost control, and minimise wastage. It will also seek to re-engineer and reform internal procedures and policies to make sure its operations are apt in responding to changing market conditions. The Group expects the economic fundamentals of Mainland China to remain sound and believes the domestic market will continue to boast potential in the long run. The Group will continue to focus on optimising the production efficiency of its factory in Heshan. Heeding the good customer response to the value-added services such as product design and development service it provides, the Group will continue to inject more resources into enriching its value-added services to key customers.

Overshadowed by the financial tsunami, equity markets around the world are expected to remain volatile in the foreseeable future. As at the date of this announcement, the Group had disposed of all its equity securities held at year end and recorded a further loss of HK$2.8 million.

The Group sees severe challenges ahead and holds a conservative view on the Group's performance. It will be vigilant in running its business and will closely monitor market situations and adjust its strategy accordingly. With a solid foundation in the apparel manufacturing industry, the Group is confident of making it through the challenging time in good shape.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2008 (2007: 5.0 HK cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26th May, 2009 to Friday, 29th May, 2009, both days inclusive, during which period no transfer of shares will be effected.

In order to be entitled to attend and vote at the 2009 annual general meeting of the Company to be held on Friday, 29th May, 2009, 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 Monday, 25th May, 2009.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2008

	Note	2008 HK$'000	2007 HK$'000
Revenues	2	**880,114**	1,056,861
Cost of sales	4	**(707,215)**	(817,290)
Gross profit		**172,899**	239,571
Other losses – net	3	**(58,201)**	(2,659)
Selling expenses	4	**(33,907)**	(36,860)
Administrative expenses	4	**(115,400)**	(120,575)
Operating (loss)/profit		**(34,609)**	79,477
Finance income	5	**4,076**	6,730
Finance costs	6	**(5,566)**	(6,637)
Share of (loss)/profit of associates		**(1,402)**	1,738
(Loss)/profit before income tax		**(37,501)**	81,308
Income tax expense	7	**(4,533)**	(27,228)
(Loss)/profit for the year		**(42,034)**	54,080
Attributable to:			
Equity holders of the Company		**(40,681)**	48,950
Minority interests		**(1,353)**	5,130
		(42,034)	54,080
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year			
– basic *(HK cents)*	8	**(10.97)**	13.40
– diluted *(HK cents)*	8	**(10.97)**	13.23
Dividends	9	**7,437**	29,407

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER, 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Goodwill		**–**	1,100
Properties, plant and equipment		**145,143**	152,141
Investment properties		**–**	28,300
Leasehold land and land use rights		**13,042**	12,546
Interests in associates		**48,951**	49,154
Deferred income tax assets		**2,679**	2,868
Financial assets at fair value through profit or loss	*10*	**8,604**	9,314
		218,419	255,423
Current assets			
Inventories		**111,783**	86,943
Trade and other receivables	*11*	**154,505**	138,788
Financial assets at fair value through profit or loss	*10*	**30,882**	12,900
Cash and cash equivalents		**63,508**	109,952
		360,678	348,583
Total assets		**579,097**	604,006
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**37,187**	36,777
Other reserves		**30,829**	37,806
Retained earnings			
– Proposed final dividend		**–**	18,398
– Others		**185,091**	232,730
		253,107	325,711
Minority interests		**7,793**	8,247
Total equity		**260,900**	333,958

	Note	2008 HK$'000	2007 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**22,188**	33,305
Deferred income tax		**5,194**	7,384
		27,382	40,689
Current liabilities			
Derivative financial instruments	*12*	**21,768**	12,617
Trade and other payables	*13*	**126,836**	128,333
Income tax payable		**16,805**	15,636
Bank borrowings		**125,406**	72,773
		290,815	229,359
Total liabilities		**318,197**	270,048
Total equity and liabilities		**579,097**	604,006
Net current assets		**69,863**	119,224
Total assets less current liabilities		**288,282**	374,647

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of buildings, available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS 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.

The Group meets its day to day working capital requirements through facilities obtained from banks. One of the banks has financial covenant requirements that the Group's consolidated net tangible worth cannot be less than HK$240 million and its ratio of consolidated net bank debt to consolidated net tangible worth cannot be higher than 0.5. Net tangible worth is defined as the capital and reserves attributable to the Company's equity holders and net bank debt is defined as the total bank borrowings of the Group less its cash and cash equivalents.

The directors consider that with the ongoing support from its bankers and major customers, the Group should be able to generate sufficient cash flows from future operations to cover its operating costs and should be able to meet its financing obligations.

Based on the directors' assessments, taking account of reasonably possible changes in trading performance, the Group expects to be able to meet its financial obligations as and when they fall due in the coming twelve months from the date of these financial statements. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

(a) Amendment and interpretations effective in 2008

The HKAS 39, "Financial instruments: Recognition and measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, "Financial instruments: Disclosures", introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1st July, 2008. This amendment does not have any impact on the Group's financial statements as the Group has not reclassified any financial assets.

1. **Basis of preparation and accounting policies (Continued)**

(a) Amendment and interpretations effective in 2008 (Continued)

HK(IFRIC) – Int 11, "HKFRS 2 – Group and treasury share transactions", provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

HK(IFRIC) – Int 14, "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction", provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's financial statements, as the Group has a pension deficit and is not subject to any minimum funding requirements.

(b) Interpretations effective in 2008 but not relevant to the Group

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1st January, 2008 but is not relevant to the Group's operations:

HK(IFRIC) – Int 12, "Service concession arrangements"

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January, 2009 or later periods, but the Group has not early adopted them:

HKAS 1 (Revised)	Presentation of financial statements (effective from 1st January, 2009)
HKAS 23 (Revised)	Borrowing costs (effective from 1st January, 2009)
HKAS 27 (Revised)	Consolidated and separate financial statements (effective from 1st July, 2009)
HKAS 32 and HKAS 1 Amendments	Amendment to HKAS 32 Financial instruments: Presentation and HKAS 1 Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation (effective from 1st January, 2009)

1. **Basis of preparation and accounting policies (Continued)**

(c) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)***

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First time adoption of HKFRS and HKAS 27 Consolidated and separate financial statements (effective from 1st January, 2009)
HKFRS 2 Amendment	Amendments to HKFRS 2 Share-based payment: Vesting conditions and cancellations (effective from 1st January, 2009)
HKFRS 3 (Revised)	Business combinations (effective from 1st July, 2009)
HKFRS 8	Operating segments (effective from 1st January, 2009)
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation (effective from 1st October, 2008)

(d) ***Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations***

HK(IFRIC) – Int 13	Customer loyalty programmes (effective from 1st July, 2008)
HK(IFRIC) – Int 15	Agreements for construction of real estates (effective from 1st January, 2009)
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners' (effective from 1st July, 2009)
HK(IFRIC) – Int 18	Transfers of assets from customers (effective for transfers on or after 1st July, 2009)

In additions, the HKICPA has also issued Improvements to HKFRSs which sets out amendments to HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41, HKFRS 5 and HKFRS 7. Except for the amendment to HKFRS 5, which is effective for the financial periods beginning on or after 1st July, 2009, other amendments are effective for financial periods beginning on or after 1st January, 2009 although there are separate transitional provisions for each standard.

2. Revenues and segment information

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

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Sale of garment products	**879,055**	1,055,153
Other income		
Rental income	**1,059**	1,708
	880,114	1,056,861

The Group's turnover solely arises from garment manufacturing and trading. The Group's customers are located in five main geographical areas namely United States of America, Europe, Canada, Southeast Asia and other countries, while, the Group's business activities are conducted predominantly in Hong Kong, Indonesia, Lesotho, El Salvador and Mainland China.

2. **Revenues and segment information (Continued)**

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

Primary reporting format – geographical segments by location of customers for 2008

	United States of America *HK$'000*	**Europe** *HK$'000*	**Canada** *HK$'000*	**Southeast Asia** *HK$'000*	**Other Countries** *HK$'000*	**Group** *HK$'000*
Turnover	**778,572**	**27,613**	**25,540**	**38,808**	**8,522**	**879,055**
Segment results	**77,607**	**3,456**	**2,775**	**(2,753)**	**723**	**81,808**
Unallocated rental income						**1,059**
Unallocated administrative expenses						**(117,476)**
Operating loss						**(34,609)**
Finance income						**4,076**
Finance costs						**(5,566)**
Share of loss of associates						**(1,402)**
Loss before income tax						**(37,501)**
Income tax expense						**(4,533)**
Loss for the year						**(42,034)**
Segment assets	**118,780**	**8,444**	**3,550**	**8,938**	**607**	**140,319**
Unallocated assets						**438,778**
Total assets						**579,097**
Unallocated liabilities						**318,197**
Capital expenditure						**15,326**
Depreciation of properties, plant and equipment						**20,501**
Amortisation of leasehold land and land use rights						**286**

2. Revenues and segment information (Continued)

Primary reporting format – geographical segments by location of customers for 2007

	United States of America HK$'000	Europe HK$'000	Canada HK$'000	Southeast Asia HK$'000	Other Countries HK$'000	Group HK$'000
Turnover	955,637	26,000	41,675	19,315	12,526	1,055,153
Segment results	126,081	1,462	6,206	2,181	528	136,458
Unallocated rental income						1,708
Unallocated administrative expenses						(58,689)
Operating profit						79,477
Finance income						6,730
Finance costs						(6,637)
Share of profit of associates						1,738
Profit before income tax						81,308
Income tax expense						(27,228)
Profit for the year						54,080
Segment assets	91,097	3,585	3,225	8,878	1,245	108,030
Unallocated assets						495,976
Total assets						604,006
Unallocated liabilities						270,048
Capital expenditure						70,293
Depreciation of properties, plant and equipment						17,414
Amortisation of leasehold land and land use rights						766

Unallocated administrative expenses represent corporate expenses, including other losses.

2. Revenue and segment information (Continued)

Primary reporting format – geographical segments by location of assets

	Total assets **2008** ***HK$'000***	**Capital expenditure** **2008** ***HK$'000***
Hong Kong	**200,851**	**2,808**
Indonesia	**170,423**	**3,622**
Lesotho	**20,954**	**76**
El Salvador	**2,800**	**–**
Mainland China	**184,069**	**8,820**
	579,097	**15,326**

	Total assets 2007 *HK$'000*	Capital expenditure 2007 *HK$'000*
Hong Kong	236,063	4,965
Indonesia	165,583	658
Lesotho	23,994	1,279
El Salvador	21,414	78
Mainland China	155,852	63,313
	602,906	70,293
Unallocated assets	1,100	–
	604,006	70,293

3. Other losses – net

	2008 HK$'000	2007 HK$'000
Fair value gains on investment properties	**–**	6,000
Gain on disposal of investment properties	**7,300**	–
Fair value gains realised on disposal of available-for-sale financial assets	**–**	392
Net fair value (losses)/gains on derivative financial instruments:		
Leveraged foreign forward exchange contracts	**(19,560)**	130
Equity accumulators		
– not yet matured	**–**	(11,525)
– matured	**(16,389)**	–
Market linked instrument with swap arrangement	**(3,659)**	(1,092)
	(39,608)	(12,487)
Net fair value (losses)/gains on financial assets at fair value through profit or loss:		
Listed equity securities	**(12,777)**	5,409
Foreign currency linked structured note	**(710)**	1,020
Market linked instrument with initial investments		
– not yet matured	**(3,357)**	(2,993)
– matured	**(1,551)**	–
	(18,395)	3,436
Loss on disposal of listed equity securities	**(7,498)**	–
Total other losses – net	**(58,201)**	(2,659)

4. Expenses by nature

Operating profit is stated after crediting and charging the following:

	2008	2007
	HK$'000	*HK$'000*
Raw materials used	**457,935**	486,840
Changes in inventories of finished goods and work in progress	**(20,379)**	39,741
Quota charges	**157**	103
Depreciation of properties, plant and equipment	**20,501**	17,414
Impairment of properties, plant and equipment	**2,220**	8,261
Gain on disposal of properties, plant and equipment	**(24)**	(1,576)
Amortisation of leasehold land and land use right	**286**	766
Employee benefit expense (excluding directors' emoluments)	**199,055**	242,986
Operating lease rentals – land and buildings	**9,106**	10,658
Auditors' remuneration	**2,448**	2,034
Net exchange losses	**169**	395
Goodwill impairment	**1,100**	–
Others	**183,948**	167,103
Total cost of sales, selling expenses and administrative expenses	**856,522**	974,725

5. Finance income

	2008	2007
	HK$'000	*HK$'000*
Finance income on short-term bank deposits	**1,885**	5,398
Finance income from market linked instruments	**471**	1,332
Dividend income on listed equity securities	**1,720**	–
	4,076	6,730

6. Finance costs

Finance costs represent interest expenses paid for bank borrowings which are wholly repayable within five years.

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax charged to the income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**7,170**	16,846
– Overseas income tax	**–**	6,297
(Over)/Under-provision in prior years	**(42)**	268
Deferred income tax	**(2,595)**	3,817
Income tax expense	**4,533**	27,228

8. (Loss)/earnings per share

(i) Basic

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

	2008	2007
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders of the Company	**(40,681)**	48,950
Weighted average number of ordinary shares in issue *(thousands)*	**370,712**	365,245
Basic (loss)/earnings per share *(HK cents per share)*	**(10.97)**	13.40

8. (Loss)/earnings per share (Continued)

(ii) Diluted

Diluted (loss)/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 annual 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.

	2008	2007
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders of the Company	**(40,681)**	48,950
Weighted average number of ordinary shares in issue *(thousands)*	**370,712**	365,245
Adjustments for share options *(thousands)*	**–**	4,710
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**370,712**	369,955
Diluted (loss)/earnings per share *(HK cents per share)*	**(10.97)**	13.23

9. Dividends

	2008	2007
	HK$'000	*HK$'000*
Interim dividend paid of 2.0 HK cents (2007: 3.0 HK cents) per ordinary share	**7,437**	11,009
Proposed final dividend of nil HK cents (2007: 5.0 HK cents) per ordinary share	**–**	18,398
	7,437	29,407

10. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	2008	2007
	HK$'000	*HK$'000*
Market linked instrument with initial investments *(Note a)*	**2,505**	12,507
Foreign currency linked structured note *(Note b)*	**8,604**	9,314
Listed equity securities *(Note c)*	**28,377**	107
Derivative financial instrument		
Foreign forward exchange contracts	**–**	286
	39,486	22,214
Less: non-current portion		
Foreign currency linked structured note *(Note b)*	**(8,604)**	(9,314)
	(8,604)	(9,314)
Current portion	**30,882**	12,900

The Group relies on valuations from the counterparty financial institutions to determine the fair values of the market linked instrument with initial investments and the foreign currency linked structured note, which in turn are based on the pricing model using the market closing prices of the underlying securities, the volatilities, correlations, interest rate and foreign exchange rates at the balance sheet date.

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

The above assets are denominated in the following currencies:

	2008	2007
	HK$'000	*HK$'000*
United States dollar	**11,109**	22,107
Hong Kong dollar	**28,377**	107
End of the year	**39,486**	22,214

10. Financial assets at fair value through profit or loss (Continued)

Notes:

(a) Market linked instrument with an initial investment:

This instrument has an initial deposit of approximately HK$7,800,000 (2007: HK$15,500,000) and receives interest income. The outstanding contract as at 31st December, 2008 has a two-year contract period and will expire in October 2009.

The interest rate is fixed in the first two months of the contract period and is then determined and linked to the performance of a basket of underlying securities listed on the Stock Exchange of Hong Kong for the remaining life of the contract. Where one or more of the underlying listed securities are traded below the predetermined knock-in price, the Group has to buy the worst performing security at the predetermined strike price on the maturity date of the contract, with the maximum acquisition amount to be the initial deposit paid of approximately HK$7,800,000 (2007: HK$15,500,000).

This instrument will be terminated automatically if the closing price of each of the underlying securities is at or above the autocall price on any specified trading day.

The Group recognised a fair value loss of HK$3,357,000 in relation to this instrument during the year ended 31st December, 2008 (2007: HK$2,993,000) *(Note 3)*.

(b) Foreign currency linked structured note

This relates to a structured note with an initial investment of HK$7,800,000. Its return is linked to a basket of different currencies. The structured note has a maturity of five years, and will be matured in November 2010. Upon maturity, the Group is guaranteed to receive at least the initial investment of HK$7,800,000.

(c) Listed equity securities

These equity securities are listed on the Stock Exchange of Hong Kong.

11. Trade and other receivables

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**140,319**	108,030
Prepayments, deposits and other receivables	**14,186**	30,758
	154,505	138,788

The majority of the Group's sales 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 is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**106,766**	79,204
31-60 days	**30,621**	27,415
61-90 days	**1,521**	261
Over 90 days	**1,411**	1,150
	140,319	108,030

12. Derivative financial instruments

Derivative financial instruments comprise the followings:

	2008	2007
	HK$'000	*HK$'000*
Leveraged foreign forward exchange contracts *(Note a)*	**17,017**	–
Market linked instrument with swap arrangement *(Note b)*	**4,751**	1,092
Equity accumulators *(Note c)*	**–**	11,525
	21,768	12,617

12. Derivative financial instruments (Continued)

The Group relies on valuations from the counterparty financial institutions to determine the fair values of the market linked instrument with swap arrangement, which in turn are based on the pricing model using the market closing prices of the underlying securities, the volatilities, correlations, interest rate and foreign exchange rates at the balance sheet date.

The fair values of the leveraged foreign forward exchange contracts are calculated using discounted cash flow analysis based on the applicable yield curves of interest rates and foreign exchange rates as determined by counterparty financial institutions.

Notes:

(a) Leveraged foreign forward exchange contracts

(i) Indonesia Rupiah and USD

As at 31st December, 2008, the Group has certain outstanding Indonesia Rupiah ("IDR") target redemption forward contracts. Under these contracts, the Group will receive IDR against delivery of USD at exchange rates of USD : IDR pre-determined in the contracts.

Each time when the contracts are executed, if the spot market exchange rate of USD : IDR is lower than the rate pre-determined in the contracts, the Group will receive IDR against delivery of USD at the pre-determined exchange rate by paying the normal nominal USD amount set in the contracts.

Each time when the contracts are executed, if however, the spot market exchange rate of USD : IDR is higher than the rate pre-determined in the contracts, the Group will receive IDR against delivery of USD at the pre-determined exchange rate by paying a geared nominal USD amount set in the contracts, which would be twice of the normal nominal USD amount.

Under these contracts, the Group will receive Indonesia Rupiah ("IDR") against delivery of USD. The maximum deliverable outstanding amount to the Group under these contracts is IDR 112,031 million (equivalent to Hong Kong dollar of approximately HK$79 million using the exchange rate as of 31st December, 2008) and a maximum amount of USD11,850,000 to be delivered out by the Group. It is deliverable in installments up to September 2009.

Each of these contracts will be knocked out (i.e. the obligation to deliver outstanding IDR installments to the Group will automatically cease) when the stipulated maximum profit is reached for that contract. However, there is no similar knock-out feature for losses.

The Group recognised a fair value loss of HK$18,706,000 in relation to these contracts during the year ended 31st December, 2008 (2007: Nil) .

12. Derivative financial instruments (Continued)

Notes: (Continued)

(a) Leveraged foreign forward exchange contracts (Continued)

(ii) Hong Kong dollars and USD

As at 31st December, 2008, the Group also has certain outstanding dual direction target redemption forward contracts for HKD and USD. These contracts are settled in either USD or HKD by reference to the gains or losses against certain predetermined USD : HKD exchange rates and are calculated by reference to a notional USD or HKD amount per month.

Each time there is a delivery under the contracts, if the spot market exchange rate of USD : HKD is higher than a pre-determined rate in the contracts, the Group will receive HKD against deliver of a notional amount of USD at another pre-determined USD : HKD exchange rate as set out in the contracts.

The normal notional amount of USD the Group has to deliver out is USD1,000,000 each time there is a delivery under the contracts. At the rates pre-determined in the contracts, the Group will receive the equivalent Hong Kong dollar amount upon delivery of USD1,000,000.

Each time there is a delivery under the contracts, if however, the spot market exchange rate of USD : HKD is lower than a pre-determined rate in the contracts, the Group will receive a geared notional amount of USD dollar against deliver of HKD at another pre-determined USD : HKD exchange rate as set out in the contracts.

The geared notional amount of USD the Group will receive is either USD2,000,000 or USD3,000,000 each time there is a delivery under the contracts. At the rates pre-determined in the contracts or by referencing to the spot market rate plus certain basis points, the Group will deliver out the equivalent Hong Kong dollar amount upon receipts of USD2,000,000 or USD3,000,000.

Settlement under these target redemption forward contracts is usually on a net-settlement basis. These contracts require monthly settlements to be made up to April 2010.

The Group recognised a fair value loss of HK$568,000 in relation to these contracts during the year ended 31st December, 2008.

12. Derivative financial instruments (Continued)

Notes: (Continued)

(b) Market linked instrument with swap arrangement

It involves an interest rate swap arrangement with a nominal amount of HK$7,800,000. The contract has a two-year contract period and will expire in October 2009. This instrument is linked to the performance of a basket of three securities listed on the Stock Exchange of Hong Kong.

Under the contract, the Group agrees to pay a floating stream of two months interest payments based on a two-month USD LIBOR floating rate in return for 33.00% per annum guaranteed interest for the first two months. Thereafter, such interest will be accrued on each specific period if each of the securities in the basket closes at or above the predetermined strike price calculated on a trading daily basis.

Where one or more of the underlying listed securities are traded below the predetermined knock-in price, the Group has to buy the worst performing security at the predetermined strike price on the maturity date of the contract by paying the nominal amount of HK$7,800,000 above. This instrument will be terminated automatically if the closing price of each of the underlying securities is at or above the autocall price on any specified trading day.

The Group recognised a fair value loss of HK$3,659,000 in relation to this instrument during the year ended 31st December, 2008 (2007: HK$1,092,000) *(Note 3)*.

(c) Equity accumulators

They were a series of forward contracts for the Group to accumulate specific units of certain securities listed on the Stock Exchange of Hong Kong according to the contracts at predetermined prices on every trading day. These contracts would be terminated automatically if the closing prices of the underlying securities on any specified trading day during the contract periods are at or above the predetermined knock-out prices.

All these contracts were matured during the year ended 31st December, 2008. The Group recognised a fair value loss of HK$16,389,000 in relation to these equity accumulators during the year ended 31st December, 2008 (2007: HK$11,525,000) *(Note 3)*.

13. **Trade and other payables**

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**74,469**	74,078
Other payables and accruals	**52,367**	54,255
	126,836	128,333

The ageing analysis of the trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**46,890**	56,783
31-60 days	**15,238**	5,855
61-90 days	**6,636**	5,647
Over 90 days	**5,705**	5,793
	74,469	74,078

PURCHASE, SALE OR REDEMPTION OF SHARES

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

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31st December, 2008. The Audit Committee comprises all of the three independent non-executive directors, namely Mr Cheung Kwok Ming, Mr Kwok Lam Kwong, Larry, *B.B.S., 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 Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December, 2008. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's Annual Report.

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 year.

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 year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (www.carrywealth.com) and HKExnews website (www.hkexnews.hk). The Annual Report of the Company containing all the information required by the Listing Rules will be despatched 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 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, *B.B.S., J.P.* and Mr Lau Siu Ki, Kevin, being independent non-executive directors.

On behalf of the Board
Lee Sheng Kuang, James
Managing Director

Hong Kong, 3rd April, 2009