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 30 JUNE 2015

The board of directors (the "Board") of Carry Wealth Holdings Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six month ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

For the six months ended 30 June 2015, the Group's revenues amounted to HK$111.7 million (2014: HK$78.6 million) and gross profit was HK$42.2 million (2014: HK$9.4 million). Profit attributable to equity holders was HK$14.3 million (2014: loss of HK$13.8 million). The basic and diluted earnings per share were 1.77 HK cents and 1.75 HK cents respectively (2014: basic and diluted loss per share were both 1.85 HK cents).

During the period under review, the US economy has continued its moderate growth. With the improvement in the job market, lower fuel prices and strengthening housing market, consumer sentiment has gradually revived. However, the world's second largest economy, Mainland China, was losing growth momentum. Economic data has indicated that factory activity and market consumption in the country were weakening. While in the Euro zone, consumer confidence was still weak even after the European Central Bank had launched quantitative easing to stimulate economic growth. Countries such as Greece, Spain and Italy still faced crippling levels of debt and high unemployment. Despite this unstable business environment, the Group's revenue from the garment manufacturing and trading business was maintained at HK$79.5 million (2014: HK$79.0 million) and the gross profit amounted to HK$9.9 million (2014: HK$9.8 million).

With a target to achieve GDP growth of 7%, Mainland China's government has implemented monetary policies including reduction of bank interest rates and reserve ratios to encourage funds to flow into the financial market so as to stimulate the real economy. With such a massive injection of liquidity further boosted by margin financing of stock trading, the Hong Kong Hang Seng Index and particularly the Shanghai Composite Index skyrocketed during the review period. For the six months ended 30 June 2015, the Group's securities investment business recorded a revenue and gross profit of HK$32.3 million (2014: gross loss of HK$0.4 million).

Despite a general increase in factory costs, the selling expenses to the garment manufacturing and trading revenue ratio was maintained at 1.8 (2014: 1.8) and the administrative expenses increased slightly to HK$22.7 million (2014: HK$22.3 million).

Segment Analysis

a) Garment manufacturing and trading segment

In the US, both the job and consumer markets continued their improvement. Household consumption and spending was also increasing. As a result, revenue from the US customers increased by 18.2% to HK$29.7 million (2014: HK$25.2 million) and accounted for 37.4% (2014: 31.8%) of the segment revenue.

Affected by the slowest economic growth rate in Mainland China since 2009, market demand and household spending dropped. However, with the concerted effort of the Group's sales team, revenue from Mainland China customers remained at HK$39.4 million (2014: HK$39.4 million) which accounted for 49.5% (2014: 49.8%) of the segment revenue. Revenue from European customers was HK$7.8 million (2014: HK$7.6 million) and accounted for 9.8% (2014: 9.6%) of the segment revenue.

In summary, revenue from the garment manufacturing and trading segment was HK$79.5 million (2014: HK$79.0 million) and recorded a loss of HK$2.3 million (2014: HK$2.5 million).

b) Securities investment segment

In the period under review, triggered mainly by massive funds from Mainland China investors, the Hong Kong stock market surged with the Hang Seng Index reaching a seven-year high of 28,442 points on 28 April 2015. The Hang Seng Index closed at 26,250 points on 30 June 2015 (31 December 2014: 23,605 points). The Group's securities investment revenue recorded a net gain of HK$32.3 million (2014: net loss of HK$0.4 million) and the profit from this segment was HK$26.1 million (2014: loss of HK$2.1 million). As at 30 June 2015, the Group held a portfolio of Hong Kong-listed equity securities with a fair value of HK$155.2 million (31 December 2014: 113.7 million).

Liquidity and Financial Resources

Adhering to a conservative financial management methodology, the Group continued to maintain a healthy financial position. As at 30 June 2015, the Group's cash and bank deposits totalled HK$111.5 million (31 December 2014: HK$118.6 million). Working capital represented by net current assets amounted to HK$266.1 million (31 December 2014: HK$248.0 million). The Group's current ratio was 9.2 (31 December 2014: 8.1).

Capital Expenditure

For the period under review, the Group incurred a total capital expenditure of HK$0.4 million (2014: HK$0.1 million) for the additions of leasehold improvement and office equipment.

Foreign Exchange Exposure

The Group's sales are principally transacted in US dollars and Renminbi. With a factory located in Mainland China and offices in Hong Kong and Mainland China, operating expenses of the Group are primarily denominated in Hong Kong dollars and Renminbi with some expenses also in US dollars. The Group is mainly exposed to US dollar exchange rate risk arising from sales transactions.

The Group will closely monitor fluctuations in the value of the US dollar and, if necessary, will enter into forward exchange contracts to reduce exchange fluctuation risks.

Credit Policy

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

Charges on Assets

As at 30 June 2015, the Group had no charges on assets.

Contingent Liabilities

As at 30 June 2015, the Group had no contingent liabilities.

Human Resources and Remuneration Policies

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

As at 30 June 2015, the Group had a total of 940 (31 December 2014: 957) full-time employees in Mainland China and Hong Kong.

Outlook

At the start of second half of 2015, the volatile Mainland China stock markets and Greek rejection of the austerity measures imposed by the European Union had created instability which could adversely affect the continued global economic recovery. Looking ahead, growth in major economies could well follow divergent courses.

For the US market, the Group expects the economy there to recover gradually even if interest rates hikes are raised during 2015. With stronger economic fundamentals than before, the anticipated rise of interest rates should not significantly affect the momentum of the US recovery. Instead, the interest rate hikes would deliver a positive message that US economy is strong enough to wind down the unconventional monetary policy and return to normal.

In Mainland China, the central government had injected liquidity to the economy with an aim to meet the growth target set for 2015. While we have yet to see whether the looser monetary policy will stimulate real economic growth, money had flowed into the stock markets which subsequently experienced significant adjustments starting in mid-June 2015. Drastic administrative measures were immediately taken by the central government to avoid a further stock crash. Such measures are essential to avoid material set backs on structural reforms. Short term market disruption is unavoidable and it will take time to restore market confidence in China's stock market.

While in the Euro zone, the region has shown signs of slow recovery following the European Central Bank's large scale quantitative easing. Though Greece represents less than 2% of the Euro zone GDP, markets are concerned the recent Greek debt crisis will unleash a chain reaction in which other heavily indebted countries such as Portugal, Italy and Spain may initiate similar policies and affect Euro zone unity. Indeed, mutual commitments and trust among Euro zone countries are vital for the region's economic recovery to persist.

As for the securities investment business, the stock market in Hong Kong had been adversely affected by Mainland China's stock markets. The aggressive administrative measures executed by China and a sea of Chinese companies halting trading of their shares have aroused the concern of international investors. There were signs of capital withdrawal from Hong Kong listed A-share funds immediately after Mainland China launched harsh and direct intervention in its stock markets. On the other hand, the expected US interest rates hike and any disruption of the unity of countries within the Euro zone could well trigger disturbances in stock markets. Though the current low valuation of the Hong Kong stock market and the expected opening of the Shenzhen-Hong Kong connect could be positive factors for investment opportunities, the Group anticipates pressure on its securities investment result during the second half of 2015 in view of the recent plunge in the Hong Kong stock market .

Looking ahead, we will continue to execute the established business strategies and seize development opportunities through focusing on our current business segments. At the same time we will carefully explore diversification into other potentially lucrative areas. As always, the Group pledges to seek and evaluate every opportunity and will strive to achieve long-term sustainable growth to maximize returns to its shareholders.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014: nil).

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June **2015** **(Unaudited)** **HK$'000**	 2014 (Unaudited) HK$'000
Revenues	3	**111,739**	78,642
Cost of sales		**(69,538)**	(69,214)
Gross profit		**42,201**	9,428
Other losses - net		**-**	(19)
Selling expenses		**(1,403)**	(1,404)
Administrative expenses		**(22,650)**	(22,319)
Operating profit/(loss)	4	**18,148**	(14,314)
Finance income		**358**	496
Profit/(loss) before income tax		**18,506**	(13,818)
Income tax expense	5	**(4,236)**	-
Profit/(loss) for the period		**14,270**	(13,818)
Profit/(loss) attributable to equity holders of the Company		**14,270**	(13,818)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period			
- basic (HK cents)	6	**1.77**	**(1.85)**
- diluted (HK cents)	6	**1.75**	**(1.85)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit/(loss) for the period	**14,270**	(13,818)
Other comprehensive income		
Item that may be reclassified to profit or loss		
Currency translation differences	**-**	(20)
Total comprehensive income/(loss) for the period	**14,270**	(13,838)
Total comprehensive income/(loss) attributable to equity holders of the Company	**14,270**	(13,838)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**At 30 June 2015 (Unaudited) HK$'000**	At 31 December 2014 (Audited) HK$'000
ASSETS			
Non-current assets			
Properties, plant and equipment		**56,697**	58,610
Land use rights		**15,523**	15,705
		72,220	74,315
Current assets			
Inventories		**13,437**	25,087
Trade and other receivables	7	**18,603**	25,440
Financial assets at fair value through profit or loss	8	**155,207**	113,687
Bank deposits		**-**	7,949
Cash and cash equivalents		**111,451**	110,625
		298,698	282,788
Total assets		**370,918**	357,103
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**80,470**	80,470
Other reserves		**202,720**	202,720
Retained earnings		**45,176**	30,906
Total equity		**328,366**	314,096

	Note	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**9,980**	8,240
Current liabilities			
Trade and other payables	9	**30,076**	34,767
Income tax payable		**2,496**	-
		32,572	34,767
Total liabilities		**42,552**	43,007
Total equity and liabilities		**370,918**	357,103
Net current assets		**266,126**	248,021
Total assets less current liabilities		**338,346**	322,336

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 has 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"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014, with the exception of changes in estimates that are required in determining the provision for income taxes.

2. Accounting policies

Except as noted below, the accounting policies applied in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2014.

The following new standards and amendments have been issued and effective for annual periods beginning on January 2015 with no impact on the Group's results of operations and financial positions:

- HKAS 19 (Amendment), 'Employee Benefits'
- Annual Improvements Project, 'Annual Improvements 2010-2012 Cycle'
- Annual Improvements Project, 'Annual Improvements 2011-2013 Cycle'

There are no other standards or amendments that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3. Segment information

During the period, the Group is principally engaged in garment manufacturing and trading and securities investment.

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

The Board of Directors considers the business principally from the operations nature, with two segments identified: garment manufacturing and trading segment and securities investment segment.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted operating results. This measurement basis includes results of the operating segments before corporate administrative expenses, finance income and tax, but excludes material gain or loss which is capital in nature or non-recurring nature.

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Garment manufacturing and trading:		
Sale of garment products	**70,213**	68,966
Processing income	**9,257**	10,082
	79,470	79,048
Securities investment:		
Fair value gain/(loss) on financial assets at fair value through profit or loss		
- realised	**19,054**	(1,088)
- unrealised	**12,789**	309
Dividend income from listed equity securities	**426**	373
	32,269	(406)
	111,739	78,642

The unaudited segment results for the period ended 30 June 2015 by business segment is as follows:

	Garment manufacturing and trading segment HK$'000	**Securities Investment segment HK$'000**	**Total HK$'000**
Revenue	**79,470**	**32,269**	**111,739**
Reportable segment results	**(2,331)**	**26,109**	**23,778**
Corporate administrative expenses			**(5,630)**
Operating profit			**18,148**
Finance income			**358**
Profit before income tax			**18,506**
Income tax expense			**(4,236)**
Profit for the period			**14,270**

The unaudited segment results for the period ended 30 June 2014 by business segment is as follows:

	Garment manufacturing and trading segment HK$'000	Securities investment segment HK$'000	Total HK$'000
Revenue	79,048	(406)	78,642
Reportable segment results	(2,508)	(2,067)	(4,575)
Other losses – net			(19)
Corporate administrative expenses			(9,720)
Operating loss			(14,314)
Finance income			496
Loss before income tax			(13,818)
Income tax expense			-
Loss for the period			(13,818)

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

	Revenue		**Non-current assets**	
	Six months ended 30 June		**At 30 June**	At 31 December
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States of America	**29,739**	25,150	**-**	-
Mainland China	**39,358**	39,401	**71,446**	73,411
Europe	**7,822**	7,573	**-**	-
Hong Kong	**32,858**	1,297	**774**	904
Rest of the World	**1,962**	5,221	**-**	-
	111,739	78,642	**72,220**	74,315

4. Operating profit/(loss)

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Amortisation of land use rights	**182**	182
Depreciation of property, plant and equipment	**2,292**	2,385

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2015. No provision for Hong Kong profits tax had been made for the six months ended 30 June 2014 as the Group had no estimated assessable profit.

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current income tax:		
- Hong Kong profits tax	**2,496**	-
Deferred income tax	**1,740**	-
	4,236	-

6. Earnings/(loss) per share

(a) Basic

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit/(loss) attributable to equity holders of the Company	**14,270**	(13,818)
Weighted average number of ordinary shares in issue (thousands)	**804,700**	746,996
Basic earnings/(loss) per share (HK cents per share)	**1.77**	(1.85)

(b) Diluted

Diluted earnings/(loss) 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 share options as the only category of dilutive potential ordinary shares. For the period ended 30 June 2014, the dilutive potential ordinary shares of the Company would result in an anti-dilution of loss per share, the diluted loss per share equals to the basic loss per share.

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit/(loss) attributable to equity holders of the Company	**14,270**	(13,818)
Weighted average number of ordinary shares in issue (thousands)	**804,700**	746,966
Adjustments for share options (thousands)	**9,349**	-
Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousands)	**814,049**	746,966
Diluted earnings/(loss) per share (HK cents per share)	**1.75**	(1.85)

7. Trade and other receivables

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Trade receivables	**15,882**	21,362
Prepayments, deposits and other receivables	**2,721**	4,078
	18,603	25,440

The majority of the Group's sales to customers are on open account basis, with credit terms ranging from 30 to 60 days.

The ageing of trade receivables based on invoice date is as follows:

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Within 30 days	**12,285**	19,911
31-60 days	**2,115**	1,451
61-90 days	**1,482**	-
Over 90 days	**-**	-
	15,882	21,362

8. Financial assets at fair value through profit or loss

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Equity securities listed on the Stock Exchange of Hong Kong Limited	**155,207**	113,687

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

9. Trade and other payables

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Trade payables	**12,213**	14,565
Other payables and accruals	**17,863**	20,202
	30,076	34,767

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

	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Within 30 days	**2,792**	7,719
31-60 days	**5,711**	5,710
61-90 days	**1,937**	560
Over 90 days	**1,773**	576
	12,213	14,565

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 period under review.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2015. The Audit Committee comprises four independent non-executive directors, namely Mr Chen Zhongfa, Mr Liu Run, Mr Tong Tang, Joseph and Mr Yau Wing Yiu.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") 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 six months ended 30 June 2015.

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.

In accordance with Code A.6.4 of the CG Code, the Board has also established a written guideline on terms no less exacting than the Model Code for employees of the Company or directors or employees of the Company's subsidiaries or holding company who are likely to possess inside information in relation to the Group or securities of the Company. No incident of non-compliance was noted by the Company during the period under review.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on HKExnews' website (www.hkexnews.hk) and the Company's website (www.carrywealth.com). The Interim 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 Messrs Li Haifeng (*Chairman*), Lee Sheng Kuang, James (*Managing Director*) and Tang Chak Lam, Charlie, being executive directors; and Messrs Chen Zhongfa, Liu Run, Tong Tang, Joseph and Yau Wing Yiu, being independent non-executive directors.

By order of the Board of
Carry Wealth Holdings Limited
Li Haifeng
Chairman

Hong Kong, 24 August 2015