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ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “Board”) of Carry Wealth Holdings Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 (the “Current Year”).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group’s principal activity is manufacturing and trading garment products for internationally renowned brand names. The Group utilizes its production facilities in Heshan, Mainland China, and engages overseas subcontractors for its manufacturing process.

In addition, the Group has a securities investment business segment that trades securities listed on the Hong Kong Stock Exchange. Concerning the volatile stock market, the Group continues to adopt a conservative investment strategy during the Current Year.

RESULTS

For the Current Year, the Group’s revenue amounted to HK\$493.1 million (2022: HK\$499.0 million), and gross profit totalled HK\$63.0 million (2022: HK\$80.2 million). The decrease in revenue and gross profits for the Current Year was mainly due to the decrease in customer orders and sales volume. Loss attributable to equity holders was HK\$8.9 million (2022: HK\$7.6 million), and basic and diluted loss per share were both 1.01 HK cents (2022: 0.93 HK cents).

MARKET AND BUSINESS REVIEW

Garment manufacturing and trading segment

Fierce price competition has continued to be a significant challenge to the business. The re-adjustment of supply chain management strategy of global brands has also caused negative impacts to the Group. Although the Group's existing subcontracted factories in Cambodia and Indonesia are competitive compared with our Heshan factory, their ability to take further sales order is still limited, due to customer's sourcing strategy. As mentioned in the Group's 2023 interim report, there is a trend to source from countries with lower manufacturing costs, such as Bangladesh, India, Sri Lanka and Turkey.

In terms of macroeconomy, the slow recovery of our major markets, the interest hike and the global instability brought about by the Russo-Ukraine conflicts have also affected our sales performance during the Current Year. Thus, there was a slight decrease of the segment revenue by 1.3% (2022: increase of 13.2%) to HK\$493.0 million (2022: HK\$499.3 million).

The US and Europe regions remained the predominant geographical regions of our garment manufacturing and trading business, and contributed 82.7% (2022: 84.0%) of segment revenue, which amounted to HK\$407.9 million (2022: HK\$419.6 million).

The utilization rate of our Heshan factory has shrunk under the new trend of diversifying procurement of fabrics and garments in several Asian countries, such as Vietnam and India. We have continued to allocate customer orders to our subcontracted factories in Southeast Asian countries, including Cambodia and Indonesia. The contributions of products from these countries increased to 84% (2022: 63%), and our Heshan Factory contributed the remaining 16% (2022: 37%).

Although labour costs and overheads are lower in Cambodia and Indonesia as compared to that in the Mainland China, the fierce price competition has certain impact on the profit margin. Furthermore, the increased finance costs caused by interest rate hikes and logistic costs for raw materials sourcing were also burdensome for the business. As a result, the gross profit margin of the garment manufacturing and trading segment has decreased to 12.7% (2022: 16.1%). Consequently, the segment has recorded a decrease in segment profit of HK\$4.1 million (2022: HK\$5.6 million).

Securities investment segment

The Hang Seng Index ("HSI") has declined for four consecutive years. The Hong Kong stock market appears to have become less popular with foreign investors due to geopolitical reasons and the slow economic growth in Mainland China. The HSI gradually fell from its highs in the first quarter throughout the year and closed at 17,047 points on 31 December 2023 (2022: 19,781 points). The HSI fluctuated between 15,972 points and 22,700 points.

The Group continued to adopt a conservative investment strategy for the Current Year. The securities investment business recorded a fair value gain of HK\$0.1 million (2022: fair value loss of HK\$0.4 million). In January 2023, the Group disposed of all of its listed equity securities and did not make further investment.

FINANCIAL REVIEW

Administrative and other operating expenses

Administrative and other operating expenses decreased 29.4% to HK\$54.0 million (2022: HK\$76.5 million), mainly due to decrease in staff remunerations for cost control purposes.

Selling and distribution expenses

The selling and distribution expenses ratio to garment manufacturing and trading revenue increased to 2.2% (2022: 1.9%).

Finance expense

Finance expense increased 91.1% to HK\$8.6 million (2022: HK\$4.5 million). The increase was mainly due to the interest rate hikes on borrowings.

Other income, gains and losses, net

During the Current Year, other income, gains and losses, net amounted to HK\$0.9 million (2022: HK\$2.2 million), mainly from customer compensation.

Liquidity and Financial Resources

Adhering to a conservative financial management methodology, the Group maintained a healthy financial position. As of 31 December 2023, the Group's cash and bank balances were HK\$120.2 million (2022: HK\$95.7 million) and no deposits were pledged to banks to secure short term loans. Working capital represented by net current assets amounted to HK\$132.6 million (2022: HK\$85.3 million). The Group's current ratio was 2.6 (2022: 1.8). The increases in the cash and cash equivalents and working capital were due to the subscription of shares completed on 2 March 2023.

Bank borrowings comprised short-term loans of HK\$33.0 million (2022: HK\$33.3 million), which were repayable within one year. The bank loans were denominated in Renminbi.

Capital Expenditure

During the Current Year, the Group incurred a total capital expenditure of HK\$2.6 million (2022: HK\$2.2 million), mainly related to purchase of machinery and equipment for expansion in Cambodia, which are placed in subcontracted factories.

Foreign Exchange Exposure

The Group's sales are principally transacted in US dollars. With a factory in Mainland China and offices in Hong Kong and Mainland China, the Group's operating expenses are primarily settled in Hong Kong dollars, Renminbi, and US dollars.

As the Hong Kong dollar is pegged to the US dollar, exposure to US dollars foreign exchange risk is minimal. The Group will closely monitor the fluctuation of the other foreign currency exchange rates and, if necessary, enter into foreign currency forward contracts to reduce such fluctuation risks. As at 31 December 2023, there were no the outstanding forward contracts.

Credit Policy

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

CHARGES ON ASSETS

As at 31 December 2023, the Group's land use rights of HK\$7.6 million (2022: HK\$8.0 million) and buildings of HK\$42.6 million (2022: HK\$47.7 million) in Heshan, Mainland China were pledged as security for the Group's bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2023 and 2022, 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 programs aimed at enhancing their professionalism. It rewards employees according to prevailing market practices, individual experience and performance. To attract and retain high caliber 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 31 December 2023, the Group had 400 full-time employees (2022: 488). The decrease in headcount was mainly due to the downsizing of the Heshan factory. Due to the limited allocation of production orders, the Heshan factory did not actively seek replacements for resigned workers during the Current Year.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Board has overall responsibility for the Group’s environmental, social and governance (“ESG”) strategy. The Board is responsible for ensuring appropriate and effective risk management and internal control systems to mitigate ESG-related risks and meet stakeholders’ needs and expectations. The Group’s ESG management team is assigned key responsibilities, including monitoring the implementation of ESG strategic plans, alerting the Board of any potential ESG-related risks, reporting to the Board about the effectiveness of the ESG system and reviewing stakeholders’ needs and expectations.

A full 2023 ESG report is being prepared with reference to Appendix C2 of the Environmental, Social and Governance Reporting Guide pertaining to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), and will be published on the Group’s and the Stock Exchange’s websites at the same time as the publication of the 2023 annual report.

OUTLOOK

The economic outlook is still full of uncertainty and the result of the US 2024 Presidential Election will influence the geopolitical situation, Geographical risks are always a key factor that impacts our Group’s overall performance as an exporter with customers from the US and Europe. As part of our strategic plan, the management team plans to further reduce our production scale in Mainland China. Consequently, this transfer may lead to further downsizing in the Group’s manufacturing facility at Heshan. Conversely, we will seek opportunities to engage new manufacturing partners or invest in new self-owned factories in other countries when deemed necessary.

Global inflation is also crucial as the rising consumer price index put pressure on the business environment. The interest rate is expected to remain at a relatively high level, which is unfavourable for the Group’s financial performance. To cope with the unavoidable finance costs, the management will continue to monitor and adjust the cost control measures accordingly.

Given the stagnation in performance of the securities investment segment in recent years and the volatile securities environment, the management of the Company is adopting a prudent strategy for the securities investment in order to safeguard the interest of the Company and its shareholders as a whole.

We will continue focusing on our existing garment manufacturing and trading business. We will also monitor the impacts of the macroenvironmental factors and adjust the Group’s operational strategies accordingly. The Group is committed to seek and evaluate every opportunity and will strive to achieve long-term sustainable growth to maximise returns for its shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (“AGM”) of the Company is scheduled to be held on Friday, 28 June 2024. The notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course. The register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM of the Company to be held on Friday, 28 June 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer agent in Hong Kong, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 24 June 2024.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	493,060	499,024
Cost of sales		<u>(430,109)</u>	<u>(418,801)</u>
Gross profit		62,951	80,223
Other income, gains and losses, net	5	942	2,166
Selling and distribution expenses		(11,024)	(9,660)
Administrative and other operating expenses		(54,013)	(76,511)
Finance income	6	800	646
Finance expenses	6	<u>(8,573)</u>	<u>(4,489)</u>
Loss before taxation	7	(8,917)	(7,625)
Income tax expense	8	<u>—</u>	<u>—</u>
Loss for the year attributable to equity holders of the Company		<u>(8,917)</u>	<u>(7,625)</u>
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain (loss) on revaluation of properties, net of tax		2,482	(316)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		<u>(407)</u>	<u>(2,347)</u>
Other comprehensive income (expenses) for the year, net of tax		<u>2,075</u>	<u>(2,663)</u>
Total comprehensive expense attributable to equity holders of the Company		<u>(6,842)</u>	<u>(10,288)</u>
LOSS PER SHARE – (HK CENT)			
– Basic and diluted	9	<u>(1.01)</u>	<u>(0.93)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 31 DECEMBER 2023*

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		54,408	59,081
Right-of-use assets		8,529	9,571
Interest in a joint venture		–	–
Deposits and other receivables	10	335	335
		63,272	68,987
CURRENT ASSETS			
Inventories		63,292	43,791
Trade and other receivables	10	32,582	44,933
Financial assets at fair value through profit or loss (“FVTPL”)	11	–	1,329
Cash and bank balances		120,151	95,686
		216,025	185,739
CURRENT LIABILITIES			
Trade and other payables	12	49,774	66,363
Lease liabilities		724	724
Bank borrowings		32,967	33,333
		83,465	100,420
NET CURRENT ASSETS		132,560	85,319
TOTAL ASSETS LESS CURRENT LIABILITIES		195,832	154,306

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	222	946
Deferred tax liabilities	<u>17,766</u>	<u>16,939</u>
	<u>17,988</u>	<u>17,885</u>
NET ASSETS	<u>177,844</u>	<u>136,421</u>
CAPITAL AND RESERVES		
Share capital	89,985	81,804
Reserves	<u>87,859</u>	<u>54,617</u>
TOTAL EQUITY	<u>177,844</u>	<u>136,421</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The directors consider that the Company’s ultimate holding company is MARS Worldwide Holdings Limited (“MARS Worldwide”), a company incorporated in the British Virgin Islands (the “BVI”) with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company and its subsidiaries (the “Group”) are principally engaged in manufacturing and trading of garment products and securities investment.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 *Employee Benefits* is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19 *Employee Benefits*. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 *Employee Benefits* before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 *Employee Benefits* after the Abolition.

The directors of the Company consider that the changes in the Group’s accounting policy in the current year had no material impact on the consolidated financial statements.

Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group’s reportable segments under HKFRS 8 are as follows:

- Garment manufacturing and trading
- Securities investment

The CODM assesses the performance of the operating segments based on a measure of adjusted operating results. This measurement basis represented operating loss excluding material gain or loss which is capital in nature or of non-recurring nature such as impairment.

Reportable segments and reconciliation of reportable of segment revenue and results, assets and liabilities

(i) Segment revenue and results

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

	Garment manufacturing and trading HK\$’000	Securities investment HK\$’000	Total HK\$’000
For the year ended 31 December 2023			
Revenue			
Reportable segment revenue			
– External sales	492,974	86	493,060
	4,093	(3,023)	1,070
Reportable segment profit (loss)			
Unallocated other income, gains and losses, net			30
Corporate administrative expenses			(10,111)
Finance income			145
Finance expenses			(51)
Loss before tax			(8,917)

	Garment manufacturing and trading <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022			
Revenue			
Reportable segment revenue			
– External sales	499,319	(295)	499,024
	<u>499,319</u>	<u>(295)</u>	<u>499,024</u>
Reportable segment profit (loss)	5,641	(5,018)	623
	<u>5,641</u>	<u>(5,018)</u>	<u>623</u>
Unallocated other income, gains and losses, net			656
Corporate administrative expenses			(8,845)
Finance income			2
Finance expenses			(61)
			<u>(7,625)</u>
Loss before tax			<u>(7,625)</u>

Segment profit (loss) represents the profit (loss) from each segment without allocation of corporate administrative expenses, certain other income, gains and losses, net and finance income and expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS		
Garment manufacturing and trading segment assets	223,936	240,428
Securities investment segment assets	1,128	2,883
Unallocated corporate assets	54,233	11,415
	<u>279,297</u>	<u>254,726</u>
Consolidated total assets	<u>279,297</u>	<u>254,726</u>
LIABILITIES		
Garment manufacturing and trading segment liabilities	81,800	98,280
Securities investment segment liabilities	259	325
Unallocated corporate liabilities	19,394	19,700
	<u>101,453</u>	<u>118,305</u>
Consolidated total liabilities	<u>101,453</u>	<u>118,305</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than certain property, plant and equipment, right-of-use assets, cash and bank balances managed on central basis, and head office assets.
- All liabilities are allocated to operating segments other than certain lease liabilities, accruals, deferred tax liabilities managed on central basis, and head office liabilities.

Geographic information

Information about the Group's revenue from external customers is presented based on the geographical location of the shipping destination and the Group's non-current assets is presented based on the geographical location of the assets is as following:

	Revenues from external customers		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000 (note)	2022 HK\$'000 (note)
USA	240,450	313,947	–	–
Mainland China	593	292	56,006	61,528
Europe	167,402	105,690	–	–
Hong Kong	37,234	26,191	3,867	5,532
Other regions	47,381	52,904	3,064	1,592
	493,060	499,024	62,937	68,652

Note: Non-current assets include property, plant and equipment, right-of-use assets and interest in a joint venture.

4 REVENUE

(a) Disaggregation of revenue

(i) *The Group derives revenue from the transfer of goods and services by categories of major product lines and business*

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from garment manufacturing and trading:		
– Sale of garment products	492,717	498,899
– Sale of scrap materials	257	420
	<u>492,974</u>	<u>499,319</u>
Revenue from other sources		
Securities investment:		
– Fair value gain (loss) on equity securities at FVTPL	86	(418)
– Dividend income from listed equity securities	–	123
	<u>86</u>	<u>(295)</u>
	<u><u>493,060</u></u>	<u><u>499,024</u></u>

(ii) *The Group derives revenue from the transfer of goods and services by timing of revenue recognition*

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from garment manufacturing and trading at a point of time:		
– Sale of garment products	492,717	498,899
– Sale of scrap materials	257	420
	<u>492,974</u>	<u>499,319</u>
	<u><u>492,974</u></u>	<u><u>499,319</u></u>

(iii) *The Group derives revenue from the transfer of goods and services by geographical markets*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
USA	240,450	313,947
Mainland China	593	292
Europe	167,402	105,690
Hong Kong	37,148	26,486
Other regions	47,381	52,904
	<u>492,974</u>	<u>499,319</u>

(b) **Contract balances**

	As at 31 December		As at 1 January
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<u>23,451</u>	<u>38,950</u>	<u>40,356</u>

(c) **Performance obligations for contracts with customers and revenue recognition policies**

The Group is mainly engaged in the manufacturing and trading of garment products and securities investments.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, and the Group's performance obligations for contracts with customers and revenue recognition policies are as follows:

(i) *Manufacturing and trading of garment products*

Revenue from contracts with customers represents amounts receivable for goods sold and services provided in the normal course of business and is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group enters into sales contracts with customers for each transaction. Revenue from the sale of goods and services rendered is recognised based on the price specified in the contract when control of the products has transferred, which generally coincides with the time when shipment is made, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Delivery occurs when the products have been shipped to the specific location in accordance with the contracts with the customers.

No significant financing component is deemed present as the sales are made with a credit term ranging from 30 days to 90 days to its customers, which is consistent with market practice.

A receivable is usually recognised when revenue recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Securities investments

The Group's equity investments at FVTPL are measured at fair value at the end of each reporting period, with any realised and unrealised fair value gains or losses recognised in profit or loss and the fair value gains and losses on the equity investments at FVTPL are included in the revenue of the Group.

Dividends on listed equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends income from listed equity securities are including in the revenue of the Group.

(iii) Others

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(d) Transaction price allocated to remaining performance obligation

The sales contracts are with an original expected duration of one year or less. Accordingly, the Group has selected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period.

5 OTHER INCOME, GAINS AND LOSSES, NET

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Losses on disposal of properties, plant and equipment		(22)	(7)
Government subsidies	(a)	6	632
Secondment service fee	(b)	180	469
Fair value gain on financial derivatives at FVTPL		–	96
Compensation from customer		674	1,335
Exchange gain (losses), net		30	(359)
Others		74	–
		942	2,166

Notes:

(a) Government subsidies

During the year ended 31 December 2023, the Group recognised government grants of approximately HK\$6,000 (2022: HK\$208,000) received from the PRC government and were designated for the encouragement of business development. There were no unfulfilled conditions to receive the grants.

In addition, during the year ended 31 December 2022, the Group also recognised government subsidies of HK\$424,000 in respect of Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund at the time the Group fulfilled the relevant granting criteria. The Group did not have such government subsidies during the year ended 31 December 2023.

(b) Secondment service fee

During the year ended 31 December 2023 and 2022, the Group provided secondment service of personnel involved in securities investment for a fixed period of time pursuant to secondment service agreements.

6 FINANCE INCOME AND FINANCE EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income on bank balances	<u>800</u>	<u>646</u>
Total finance income	<u>800</u>	<u>646</u>
Interest expenses on bank and other borrowings	(8,522)	(4,428)
Interest expenses on lease liabilities	<u>(51)</u>	<u>(61)</u>
Total finance expenses	<u><u>(8,573)</u></u>	<u><u>(4,489)</u></u>

7 LOSS BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	43,030	77,718
– Contributions to retirement benefits schemes	<u>3,847</u>	<u>4,199</u>
Total staff costs	<u><u>46,877</u></u>	<u><u>81,917</u></u>
Depreciation on:		
– Property, plant and equipment	10,416	10,872
– Right-of-use assets	<u>944</u>	<u>1,558</u>
	<u><u>11,360</u></u>	<u><u>12,430</u></u>
Cost of inventories recognised in profit or loss (including provision for inventories of approximately HK\$73,000 (2022: HK\$1,402,000))	430,109	418,801
– Including subcontracting and processing charges	<u>100,117</u>	<u>102,478</u>
Auditor's remuneration	<u><u>752</u></u>	<u><u>993</u></u>

8 INCOME TAX EXPENSE

No tax is payable on the profit for the years ended 31 December 2023 and 2022 arising in Hong Kong and PRC since the assessable profit is wholly absorbed by tax losses brought forward.

9 LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss attributable to equity holders of the Group	<u>(8,917)</u>	<u>(7,625)</u>
	Number of shares (thousands)	Number of shares (thousands)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>886,398</u>	<u>818,042</u>

During the year ended 31 December 2023, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the issue and allotment of Subscription of new shares for the year.

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue for both years.

10 TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	23,451	38,950
Deposits and other receivables	5,236	3,372
Prepayments	<u>4,230</u>	<u>2,946</u>
	<u>32,917</u>	<u>45,268</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	17,539	32,664
31 – 60 days	2,231	2,924
61 – 90 days	2,984	1,705
Over 90 days	<u>697</u>	<u>1,657</u>
	<u>23,451</u>	<u>38,950</u>

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity securities listed in Hong Kong	<u>–</u>	<u>1,329</u>

During the year ended 31 December 2023, the Group disposed all of its listed equity securities and recognised a realised gain on listed equity securities upon disposal amounted to approximately HK\$86,000, which was credited to profit or loss for the year. During the year ended 31 December 2022, fair value loss of approximately HK\$418,000 had been recognised in the profit or loss.

The fair values of all equity securities are based on their current bid prices in an active market and the Group is exposed to price risk.

12 TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	35,264	29,714
Accruals and other payables	14,510	19,933
Bonus payables	<u>–</u>	<u>16,716</u>
	<u>49,774</u>	<u>66,363</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	22,274	14,695
31 – 60 days	12,852	9,541
61 – 90 days	5	5,357
Over 90 days	<u>133</u>	<u>121</u>
	<u>35,264</u>	<u>29,714</u>

EVENT AFTER THE REPORTING PERIOD

There are no significant events after the Reporting Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2023. The Audit Committee comprises the two independent non-executive directors, namely Mr. Cheng Wai Hei and Mr. Lam Chi Wing. As at the date of this announcement, there are two members of the Audit Committee, which results in the number of the Audit Committee falling below the minimum number required under Rule 3.21 of the Listing Rules. The Company will use its best endeavor to identify a suitable candidate to fill the vacancy as soon as practicable pursuant to the requirement of the Listing Rules.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Listing Rules throughout the Current Year except for the following deviation.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period between 1 January 2023 and 1 February 2023, Mr. Li Haifeng has assumed both the roles of chairman and chief executive officer of the Company. The Board is of the view that the balance of power and authority was ensured by its operations which comprises experienced and high caliber individuals with a highly independent element during such period. Ms. Ma Xiaoqiu was appointed as the chairlady of the Board on 1 February 2023. Since the resignation of Mr. Li Haifeng as, among others, the chief executive officer of the Company on 1 February 2023 and up to 31 December 2023, the position of chief executive officer of the Company remains vacant. The responsibilities of the chief executive officer during the Current Year are taken up by Mr. Tsang Chun Ho Anthony, an executive Director. The Board believes that this arrangement during the Current Year enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

Following sustained development and growth of the Company, the Company will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard as set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year under review.

PUBLICATION OF 2023 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.carrywealth.com). The annual report of the Company containing all the information as required by the Listing Rules will be despatched to the shareholders and available on the same websites in due course.

By order of the Board of
Carry Wealth Holdings Limited
Mr. Tsang Chun Ho Anthony
Executive Director

Hong Kong, 27 March 2024

As at the date hereof, the Board comprises Mr. Tsang Chun Ho Anthony and Mr. Choi Tan Yee as executive Directors, and Mr. Cheng Wai Hei and Mr. Lam Chi Wing as independent non-executive Directors.