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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Carry Wealth Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CARRY WEALTH HOLDINGS LIMITED

恒富控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 643)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders**



G.K. GOH SECURITIES (H.K.) LIMITED

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 of this circular.

A letter from G.K. Goh Securities (H.K.) Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders, containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 14 to 18 of this circular.

A notice convening a special general meeting of Carry Wealth Holdings Limited to be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Tuesday, 27th April, 2004 at 10:00 a.m. (or immediately after the conclusion of or adjournment of the Annual General Meeting of the Company to be held on the same day) is set out on page 25 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting and any adjourned meeting thereof or, in the case of a poll taken subsequently to the date of the special general meeting or adjourned meeting, not later than 24 hours before the time appointed for the taking of the poll. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

7th April, 2004

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of directors of the Company
“Company”	Carry Wealth Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning as defined in the Listing Rules
“Cotton Arrangement”	Written Undertaking dated 5th March, 2004 together with Raw Materials Agreement dated 25th August, 2003 described in the section headed “COTTON ARRANGEMENT”
“Continuing Connected Transactions”	the continuing supply of electricity and steam, water, waste water treatment service and cotton yarn pursuant to the Relevant Agreements and Arrangement which constitute connected transactions under the Listing Rules
“Directors”	the directors of the Company
“G.K. Goh”	G.K. Goh Securities (H.K.) Limited, a corporation deemed licensed under the transitional arrangements to carry out, among other things, Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region, PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders who have no interest whatsoever in the Continuing Connected Transactions
“kWh”	kilowatt hour
“Latest Practicable Date”	7th April, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange with effect from 31st March, 2004

DEFINITIONS

“m ³ ”	cubic metres
“Market Price”	the price at which independent third parties sell under normal commercial terms in the ordinary course of business in Shandong Province, PRC
“PRC”	the People’s Republic of China
“Raw Materials Agreement”	Supply of Products, Raw Materials and Processing Services Agreement entered into between SDWQ and WQT on 25th August, 2003
“Relevant Agreements and Arrangement”	Supply Agreements and Cotton Arrangement collectively
“RMB”	Renminbi, the lawful currency of PRC
“SDWQ”	山東魏橋創業集團有限公司 (Shandong Weiqiao Chuangye Group Company Limited), a limited liability company incorporated in Shandong Province, PRC and engaged in textile, electric power supply, aluminium and steel business
“SDWQ Group”	SDWQ and its subsidiaries and associates (excluding WQT and its subsidiaries)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	special general meeting to be convened by the Company to consider the Relevant Agreements and Arrangement
“Shareholders”	shareholders of the Company
“SPL”	Sino Precision Limited, a company incorporated in the British Virgin Islands with limited liability, which is a 66.7% owned indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreements”	Electricity and Steam Supply Agreement, Water Supply Agreement and Waste Water Treatment Service Agreement all dated 5th March, 2004 collectively, as described in the section headed “SUPPLY AGREEMENTS”

DEFINITIONS

“SWHT”	山東魏橋恒富針織印染有限公司 (ShanDong WeiQiao HengFu Textile Limited), a sino-foreign equity joint venture company incorporated on 12th January, 2004 in Shandong Province, PRC, which is owned as to 60% by SPL and 40% by SDWQ
“Written Undertaking”	the written undertaking signed by SDWQ on 5th March, 2004 which constitutes the Cotton Arrangement
“WQT”	魏橋紡織股份有限公司 (Weiqiao Textile Company Limited), a joint stock limited company established in PRC, the H shares of which are listed on the Stock Exchange

Conversion of RMB to HK\$ is based on the exchange rate of RMB1.07 = HK\$1.00.

LETTER FROM THE BOARD



CARRY WEALTH HOLDINGS LIMITED

恒富控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 643)

Executive Directors:

Rusli Hendrawan (*Chairman*)
Lee Sheng Kuang, James (*Managing Director*)
Oey Tjie Ho
Tang Chak Lam, Charlie

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent Non-Executive Directors:

Kwok Lam Kwong, Larry, J.P.
Lam Chi Kuen, Frank
Lau Siu Ki, Kevin

Principal Place of Business:

23rd Floor
9 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

7th April, 2004

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

On 17th March, 2004, the Board announced that SWHT, a non wholly-owned subsidiary of the Company, entered into the Supply Agreements and the Cotton Arrangement with SDWQ on 5th March, 2004.

SWHT is principally engaged in knitting, dyeing, printing and finishing of knitted fabrics. To facilitate a smooth operation of SWHT, SWHT entered into the Relevant Agreements and Arrangement with SDWQ.

As SDWQ is a substantial shareholder of SWHT and SWHT is a subsidiary of the Company, SDWQ is a connected person of the Company. As WQT is a subsidiary of SDWQ which is a substantial shareholder of SWHT and SWHT is a subsidiary of the Company, WQT is also a connected person of the Company.

The Relevant Agreements and Arrangement constitute continuing connected transactions of the Company under the Listing Rules and are subject to disclosure by way of shareholders' circular and the approval of Independent Shareholders by poll at the SGM. The Continuing Connected Transactions will also be subject to continuing reporting requirements under the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details of the Continuing Connected Transactions, the advice of G.K. Goh to the Independent Board Committee and Independent Shareholders, the recommendation of the Independent Board Committee and certain other information as required by the Listing Rules.

2. SUPPLY AGREEMENTS

Electricity and Steam Supply Agreement

Date

5th March, 2004

Parties

- (1) Supplier: SDWQ
- (2) Purchaser: SWHT

Pricing basis

The price at which electricity is provided to SWHT by SDWQ shall be the lower of RMB0.38 per kWh and the Market Price. The price at which steam is provided to SWHT by SDWQ shall be the lower of RMB60 per ton and the Market Price. If any applicable mandatory price of electricity and/or steam is prescribed by the PRC government, it will be adopted instead.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, currently there is no such mandatory price of electricity and steam.

Projection of 3 years consideration and aggregate annual value

The respective projected considerations and aggregate annual values, when viewed on the basis of SWHT in full operation, for the years of 2004, 2005 and 2006 are as follows:

Year	Consideration
2004	RMB7,700,000 (about HK\$7,196,000)
2005	RMB11,551,000 (about HK\$10,795,000)
2006	RMB15,401,000 (about HK\$14,393,000)

The above projected considerations and aggregate annual values are made on the projected annual production capacity of SWHT in the years of 2004, 2005 and 2006. Such projections are made on (1) the expertise of the Group's management in textile manufacturing business; and (2) the maximum production capacity of the available machinery and labour of SWHT.

Reason for the transaction

Continuous and steady supply of electricity and steam are important for SWHT's operation. SWHT needs continuous and steady supply of steam to maintain an optimum temperature and humidity for its production process. As cotton fibres contain cotton wax which may absorb moisture in the air or lose moisture by evaporation, the physical conditions of fibres (such as strength, extension, conductivity, softness and regain) can be affected by a change in humidity and temperature.

LETTER FROM THE BOARD

SDWQ owns two coal-fired electric power plants located in Zouping County, which can supply electricity and steam to SWHT. SWHT relies on SDWQ's coal-fired electric power plants for the supply of electricity and steam for its operation. According to the Electricity and Steam Supply Agreement, SDWQ represents and confirms that SDWQ has obtained the land use right of the pieces of land of the two coal-fired electric power plants.

Water Supply Agreement

Date

5th March, 2004

Parties

- (1) Supplier: SDWQ
- (2) Purchaser: SWHT

Pricing basis

The price at which water is provided to SWHT by SDWQ shall be the lower of RMB0.2 per m³ and the Market Price. If any applicable mandatory price of water is prescribed by the PRC government, it will be adopted instead.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, currently there is no such mandatory price of water.

Projection of 3 years consideration and aggregate annual value

The respective projected considerations and aggregate annual values, when viewed on the basis of SWHT in full operation, for the years of 2004, 2005 and 2006 are as follows:

Year	Consideration
2004	RMB93,000 (about HK\$87,000)
2005	RMB139,000 (about HK\$130,000)
2006	RMB185,000 (about HK\$173,000)

The above projected considerations and aggregate annual values are made on the projected annual production capacity of SWHT in the years of 2004, 2005 and 2006. Such projections are made on (1) the expertise of the Group's management in textile manufacturing business; and (2) the maximum production capacity of the available machinery and labour of SWHT.

Reason for the transaction

SDWQ has its own reservoir, located in Zouping County, which can provide adequate and stable supply of water for SWHT. According to the Water Supply Agreement, SDWQ represents and confirms that SDWQ has constructed and owns the reservoir. The reservoir is of 1,000 acres and can contain water up to a volume of 10,000,000m³.

LETTER FROM THE BOARD

Waste Water Treatment Service Agreement

Date

5th March, 2004

Parties

- (1) Supplier: SDWQ
- (2) Purchaser: SWHT

Pricing basis

The price at which water disposal service is provided to SWHT by SDWQ shall be the lower of RMB1.2 per m³ and the Market Price. If any applicable mandatory price of the water disposal service is prescribed by the PRC government, it will be adopted instead.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, currently there is no such mandatory price of the water disposal service.

Projection of 3 years consideration and aggregate annual value

The respective projected considerations and aggregate annual values, when viewed on the basis of SWHT in full operation, for the years of 2004, 2005 and 2006 are as follows:

Year	Consideration
2004	RMB555,000 (about HK\$519,000)
2005	RMB833,000 (about HK\$779,000)
2006	RMB1,111,000 (about HK\$1,038,000)

The above projected considerations and aggregate annual values are made on the projected annual production capacity of SWHT in the years of 2004, 2005 and 2006. Such projections are made on (1) the expertise of the Group's management in textile manufacturing business; and (2) the maximum production capacity of the available machinery and labour of SWHT.

Reason for the transaction

As waste water is discharged during the process of dyeing and printing of knitted fabrics, to comply with the relevant environmental laws and regulations in PRC, SWHT relies on SDWQ's water treatment and disposal facilities located in Zouping County. According to the Waste Water Treatment Service Agreement, SDWQ represents and confirms that the waste water treatment facilities are in compliance with the relevant environmental laws and regulations in PRC.

LETTER FROM THE BOARD

3. COTTON ARRANGEMENT

Raw Materials Agreement

Date

25th August, 2003

Parties

- (1) SDWQ
- (2) WQT

Term

The term of the Raw Materials Agreement is for 3 years commencing from 25th August, 2003. Unless WQT or SDWQ decides not to renew the Raw Materials Agreement at least 30 days before expiry of the term and so notifies the other, the Raw Materials Agreement will be automatically renewed for another 3 years upon the expiry of its term.

Pricing basis relating to cotton yarn

The price of cotton yarn supplied by WQT and/or its subsidiaries to SDWQ Group is determined by reference to the prices at which comparable types of cotton yarn are sold by WQT and/or its subsidiaries to their other customers who are independent third parties under normal commercial terms in the ordinary course of their businesses in the PRC.

Written Undertaking

Date

5th March, 2004

Parties

- (1) SDWQ
- (2) SWHT

Arrangement

Pursuant to the Raw Materials Agreement, WQT agreed to supply (or procure its subsidiaries to supply), inter alia, cotton yarn to SDWQ Group for the production of downstream cotton textile products. By virtue of SWHT being owned as to 40% by SDWQ, it is an associate of SDWQ, and a member of SDWQ Group. Thus, the Cotton Arrangement will constitute one of the transactions contemplated by the Raw Materials Agreement. Accordingly, WQT is not required to enter into a separate agreement in writing with SWHT during the subsistence of the Raw Materials Agreement.

Under the Written Undertaking, SDWQ undertakes with SWHT that SDWQ shall, upon SWHT's reasonable request from time to time, request WQT to supply (or procure its subsidiaries to supply) cotton yarn to SWHT pursuant to the terms of the Raw Materials Agreement.

LETTER FROM THE BOARD

Projection of 3 years consideration and aggregate annual value

The respective projected considerations and aggregate annual values, when viewed on the basis of SWHT in operation, for the years of 2004, 2005 and 2006 are as follows:

Year	Consideration
2004	RMB90,720,000 (about HK\$84,785,000)
2005	RMB136,080,000 (about HK\$127,178,000)
2006	RMB181,440,000 (about HK\$169,570,000)

The above projected considerations and aggregate annual values are made on the projected annual production capacity of SWHT in the years of 2004, 2005 and 2006. Such projections are made on (1) the expertise of the Group's management in textile manufacturing business; and (2) the maximum production capacity of the available machinery and labour of SWHT.

Reason for the transaction

SWHT has a substantial demand for cotton yarn for further processing into downstream cotton textile products for sale to independent third parties. The purchase of cotton yarn from WQT as raw materials at prices no less favourable than those available to independent customers of WQT falls within the ordinary and usual course of SWHT's business.

4. ASSUMPTIONS OF PROJECTIONS

The major assumptions of the above projected considerations and aggregate annual values are as follows:

- (a) there will be a stable supply of raw materials, labour, equipment and facilities as well as a proper installation of machinery;
- (b) there will be a stable market environment and economic conditions; and
- (c) there will be a stable supplies of water, steam, electricity and cotton yarn.

In preparing the above projected annual production capacity, the Company has taken into account of the following factors:

- (a) the time required for full installation of machinery which will take place phase by phase; and
- (b) training of the labour into skilled labour.

LETTER FROM THE BOARD

5. FURTHER DETAILS OF SUPPLY AGREEMENTS AND COTTON ARRANGEMENT

On 1st December, 2003, SPL and SDWQ entered into a joint venture agreement pursuant to which SWHT was established for an initial term of 15 years commencing from 12th January, 2004. The trial run of the operations of SWHT shall commence in the second quarter of 2004. For details on establishment of SWHT, please refer to the press announcement dated 1st December, 2003 published by the Company.

Pursuant to the Supply Agreements, SDWQ agrees to supply electricity and steam, water and waste water treatment service to SWHT for a term of 15 years commencing from the date of the Supply Agreements. Unless any relevant party decides not to renew any of the Supply Agreements at least 30 days before expiry of the relevant term and so notifies the other, the Supply Agreements will be automatically renewed for another 10 years upon the expiry of their respective terms.

As the initial term of the joint venture agreement of SWHT is for 15 years, the respective terms of each of the Supply Agreements are also for a term of 15 years. In the letter from G.K. Goh, it will explain why a term of 15 years (i.e. a period of longer than 3 years) for each of the Supply Agreements is required and it will confirm that it is normal business practice for contracts of these types to be of such duration.

During the terms of the Supply Agreements, SWHT or SDWQ (with the consent of SWHT) may terminate any of the Supply Agreements from time to time by providing at least 30 days written notice of termination in relation to the provision of any respective type of supply or service. In the event that SDWQ proposes to terminate the provision of any type of supply or service, and SWHT is unable to find an alternative provider on terms comparable to those available from SDWQ (which fact shall be communicated by SWHT to SDWQ from time to time), then unless permitted by SWHT, SDWQ must continue to provide such supply or service in accordance with the terms of the Supply Agreements.

Pursuant to the Cotton Arrangement, SDWQ agrees, upon SWHT's reasonable request, to request WQT to supply (or procure its subsidiaries to supply) cotton yarn to SWHT in accordance with the terms of the Raw Materials Agreement commencing from the date of the Written Undertaking to the date of termination of the Raw Materials Agreement.

Upon expiry of the period of the above cap (that is, the aggregate annual values of each of the Continuing Connected Transactions as mentioned above) as approved by Independent Shareholders by poll at the SGM, the Company shall fully comply with the requirements of the Listing Rules prevailing from time to time. If there is an early termination of any of the Relevant Agreements and Arrangement, the Company shall:

- (a) publish an announcement for such purpose; and
- (b) take such action(s) as may be required by the Stock Exchange and/or the Listing Rules.

LETTER FROM THE BOARD

6. BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors consider it to be in the interests of the Group to engage in the Continuing Connected Transactions as the Continuing Connected Transactions will facilitate a smooth operation of SWHT. In resting assured that it would obtain a stable supply or service for SWHT's operations at favourable capped rates that would either be lower than or at market rates from SDWQ and WQT (and/or its subsidiaries), SWHT would be able to focus its resources on its principal business.

7. SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Tuesday, 27th April, 2004 at 10:00 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) is set out on page 25 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution by way of poll to approve the Continuing Connected Transactions and the cap of the Continuing Connected Transactions.

As required by the Listing Rules, the following persons will not vote at the SGM:

- (1) any connected person with a material interest in the Continuing Connected Transactions;
- (2) any Shareholder with a material interest in the Continuing Connected Transactions and its associates; and
- (3) any person falling within Rules 14A.13(1)(b)(i) to (iv) that has a material interest in the Continuing Connected Transactions and its associates.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, SDWQ and WQT and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company save as their connected relationship derived from the formation of SWHT by SDWQ and SPL. To the best of the Directors' knowledge, information and belief, SDWQ and WQT and their respective ultimate beneficial owners do not have any shareholding in the Company. Accordingly, no Shareholder is required to abstain from voting at the SGM.

A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible to the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof or, in the case of a poll taken subsequently to the date of the SGM or adjourned meeting, not later than 24 hours before the time appointed for the taking of the poll. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should they so wish.

LETTER FROM THE BOARD

8. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular and the letter from G.K. Goh to the Independent Board Committee and Independent Shareholders set out on pages 14 to 18 of this circular.

The Directors consider that the Continuing Connected Transactions are entered into on normal commercial terms and in the ordinary course of business of the Group and the terms thereof are fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Continuing Connected Transactions and the cap of the Continuing Connected Transactions.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Lee Sheng Kuang, James
Managing Director

LETTER FROM INDEPENDENT BOARD COMMITTEE



CARRY WEALTH HOLDINGS LIMITED

恒富控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 643)

7th April, 2004

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 7th April, 2004 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context requires otherwise.

We have been appointed the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Relevant Agreements and Arrangement are fair and reasonable so far as the interests of the Company and its Shareholders are concerned. Accordingly we have appointed G.K. Goh as the independent financial adviser to advise us and Independent Shareholders in respect of the Relevant Agreements and Arrangement.

We wish to draw your attention to the letter from the Board on pages 4 to 12 of the Circular, which sets out information in connection with the Continuing Connected Transactions. We also wish to draw your attention to the letter from G.K. Goh to the Independent Board Committee and Independent Shareholders which contains its advice to us in respect of the Relevant Agreements and Arrangement as set out on pages 14 to 18 of the Circular.

Having considered the information contained in the letter from the Board and taking into account the advice of G.K. Goh, we consider the terms of the Relevant Agreements and Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Further, having taken into the account the advice and recommendation of G.K. Goh, we consider that the cap of the Continuing Connected Transactions is fair and reasonable. Accordingly, we recommend that the Independent Shareholders should vote in favour of the ordinary resolution to approve the Continuing Connected Transactions and the cap of the Continuing Connected Transactions at the SGM.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Kwok Lam Kwong, Larry, J.P. *Independent Non-Executive Director*

Lam Chi Kuen, Frank, *Independent Non-Executive Director*

Lau Siu Ki, Kevin, *Independent Non-Executive Director*

LETTER FROM G.K. GOH



G.K. Goh Securities (H.K.) Limited

Suite 1808 Alexandra House
16-20 Chater Road
Central
Hong Kong

7th April, 2004

*The Independent Board Committee and Shareholders
Carry Wealth Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to the Independent Board Committee and Shareholders in relation to the Continuing Connected Transactions, details of which are contained in a circular (the “Circular”) to the Shareholders dated 7th April, 2004, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions, we have considered the following principal factors and reasons:

Background and rationale

The Group is principally engaged in the manufacture of apparel products ranging from knit tops, woven bottoms and sweater tops for internationally renowned brand name. SWHT is a newly set up sino-foreign joint venture between the Group and SDWQ to principally engage in knitting, dyeing, printing

LETTER FROM G.K. GOH

and finishing of knitted fabrics for sale. SDWQ is principally engaged in, among other things, textile and electricity power supply. We note that for SWHT's operation, a continuous and steady supply of electricity, steam and water are important as SWHT needs such steady supply of services to maintain an optimum temperature and humidity for its production process. Whilst waste water is discharged during the process of dyeing and printing of knitted fabrics, waste water treatment is also required in SWHT's operations. The principal raw material required by SWHT for its production is cotton yarn, which after processing will turn into downstream cotton textile products for sale and thus, the purchase of cotton yarn fall within the ordinary and usual course of business of SWHT.

We note that SDWQ owns coal-fired power plants, reservoir as well as waste water treatment facilities in Zouping Province, where SWHT locates, whilst WQT is engaged in textile industry and supplies cotton yarn.

Given the above, we concur with the views of the Directors that the entering into of the Relevant Agreements and Arrangement as well as the engagement in the Continuing Connected Transactions will facilitate a smooth operation of SWHT so as to obtain a stable supply of services and raw materials for SWHT's operations at favourable capped rates that would either be lower than or at Market Price from SDWQ and WQT, respectively, to SWHT.

We note that the Supply Agreements are for a term of 15 years, which exceeds the three-year term as set out in the Listing Rules. However, we note that SWHT was established for an initial term of 15 years, and as the supplies underlying the Supply Agreements are all related to the daily operations of SWHT, it would be in the interests of SWHT to obtain a stable supply of services for SWHT's operations at favourable capped rates that would either be lower than or at market rates for longer terms. As a continuous and steady supply of electricity, steam and water are important for the operations of SWHT as it needs such steady supply of services to maintain an optimum temperature and humidity for its production process whilst according to the PRC rules and regulations, the waste water discharged during the process of dyeing and printing of knitted fabrics, has to be treated. Thus, with a long term nature of the Supply Agreements, the Company could minimize its exposure for any increase in prices of the supplies throughout the term of SWHT. Given this pricing basis and the nature of the supplies underlying the Supply Agreements, despite the fact that the term exceeds the three-year term as required under the Listing Rules, we consider that it is fair and reasonable for and in the interests of the Company to enter into the Supply Agreements with a term of 15 years, which we also consider it to be normal practice as it is coterminous with the initial term of SWHT as well as is in the interests of the Company and the Shareholders as a whole as it would minimize the Company's exposure to any increase in prices of those supplies.

Having taken into account the above, we consider that the entering into of the Relevant Agreements and Arrangement and the Continuing Connected Transactions fall within the ordinary and usual course of business of SWHT and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM G.K. GOH

Basis of determination

We summarise the basis of determination for each type of the Continuing Connected Transactions as set out in the Supply Agreements and the Cotton Arrangement and our views thereof as follows:

Type of the Continuing Connected Transactions	Pricing basis
Supply of electricity	the lower of: RMB0.38 per kWh; and the Market Price.
Supply of steam	the lower of: RMB60 per ton; and the Market Price.
Supply of water	the lower of: RMB0.2 per m ³ ; and the Market Price.
Provision of waste water treatment services	the lower of: RMB1.2 per m ³ ; and the Market Price.
Supply of cotton yarn	at prices no less favourable than those available to independent customers of WQT

We have been advised by the Directors that the capped prices set out in the Supply Agreements as quoted by SDWQ have been determined based on arm's length negotiations and were on normal commercial terms. As noted from the information provided by the Company relating to the latest Market Prices for the electricity, steam and water as announced by the local authorities, the existing capped prices as stated in the Supply Agreements for these services were below the prevailing market prices for such supplies, whilst the capped price for the provision of waste water treatment service was principally determined based on the costs to be incurred by SDWQ in its provision of such services. To comply with the rules and regulations, we note that in future if there is applicable mandatory price of electricity, water, steam and waste water treatment services are prescribed by the PRC government, the pricing bases for these services will adopt those mandatory prices.

Based on the above, particularly the favourable capped prices, we consider the pricing basis for the provision and supply of services and cotton yarn to SWHT to be fair and reasonable so far as the Company and the Shareholders are concerned.

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Annual Caps

Each type of the Continuing Connected Transactions will be subject to, among other things, the relevant annual caps for each financial year up to 31 December 2006. We summarise the proposed annual cap amount for each type of Continuing Connected Transactions in each financial year as follows:

Type of Continuing Connected Transactions	For the year ending 31 December		
	2004	2005	2006
	(RMB'000)	(RMB'000)	(RMB'000)
Supply of electricity and steam	7,700	11,551	15,401
Supply of water	93	139	185
Provision of waste water treatment services	555	833	1,111
Supply of cotton yarn	90,720	136,080	181,440

We have been advised by the Directors that the annual caps are determined after taking into account the following principal factors and assumptions:

- the estimated market demand of SWHT's products;
- the maximum annual production capacity of SWHT and the time required for installation of machinery and training of labour;
- cotton yarn requirements in meeting SWHT's estimated market demand;
- the expertise of the Group's management in textile manufacturing business in projecting the theoretical demand of water, steam, electricity and waste water treatment services required in supporting the estimated annual production volume of SWHT;
- the prevailing trend of Market Price for cotton yarn; and
- the assumptions of proper installation of machinery, a stable supply of, among other things, raw materials, water, steam and electricity as well as a stable market environment and economic conditions.

Having reviewed the aforesaid bases of determination of the annual caps, we consider such bases and assumptions to be fair and reasonable, and that the annual cap amount for each type of the Continuing Connected Transactions is also fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We also note that upon expiry of the three-year period of the annual caps as approved by the Independent Shareholders by poll at the SGM, the Company shall fully comply with the requirements of the Listing Rules prevailing from time to time, including but not limited to, seeking Independent Shareholders' approval by poll at general meeting for the continuation of the Continuing Connected Transactions and the renewal of cap for the relevant transactions pursuant to the Continuing Connected Transactions. We consider this approval requirement provides the Independent Shareholders with a chance

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to review and reconsider the renewal of the annual caps upon expiry of the three-year term, and thus is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the entering into of the Relevant Agreements and Arrangement and the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole, and that the terms thereof are also fair and reasonable so far as the Company and the Shareholders are concerned. Furthermore, we also consider that the 15-year term of the Supply Agreements, which exceeds the three-year term as required under the Listing Rules is in accordance with normal business practice for this type of contract to be of such duration.

Accordingly, we advise the Independent Board Committee to advise the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Continuing Connected Transactions and the related annual caps.

Yours faithfully,

For and on behalf of

G.K. GOH SECURITIES (H.K.) LIMITED

Alex Lau

Flavia Hung

Executive Vice President Senior Vice President

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2003, the date to which the latest published audited consolidated financial statements of the Group were made up.

3. INFORMATION ABOUT DIRECTORS OF THE GROUP**Executive Directors**

Mr Rusli Hendrawan, aged 60, of 23rd Floor, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong, is one of the four founders and the chairman of the Group. He is responsible for the corporate development and production operation of the Group. Mr Rusli has about thirty years of experience in the manufacture of apparel products in Indonesia.

Mr Lee Sheng Kuang, James, aged 57, of 23rd Floor, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong, is one of the four founders and the managing director of the Group. He is responsible for the overall management of the Group's operation in Hong Kong, particularly the sales administration and marketing activities. He has about thirty years of experience in the manufacture and distribution of apparel products in Hong Kong and the United States.

Mr Oey Tjie Ho, aged 52, of 23rd Floor, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong, is one of the four founders of the Group. He is in charge of the purchase and human resources administration of the Group. Mr Oey has extensive experience in the garment industry in Hong Kong and the United States.

Mr Tang Chak Lam, Charlie, aged 42, of 23rd Floor, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong, is responsible for the overall financial operation of the Group. He is a certified public accountant in Hong Kong. He is a fellow member of both the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants in the United Kingdom ("ACCA"). Prior to joining the Group in November 1999, Mr Tang was the head of finance and accounting of a conglomerate with subsidiaries listed on the NASDAQ in the United States and the Australian Stock Exchange Limited and the China division of another conglomerate listed on The Stock Exchange of Hong Kong Limited. Mr Tang also had extensive audit experience with one of the big four international accounting firms.

Independent Non-Executive Directors

Mr Kwok Lam Kwong, Larry, J.P., aged 48, of 37th Floor, Gloucester Tower, The Landmark, Central, Hong Kong, was appointed an independent non-executive director in July 2002. He is a practising solicitor in Hong Kong and is qualified to practise as a solicitor in Australia, England and Singapore. He is also qualified as an accountant in Hong Kong and Australia. Mr Kwok graduated from the University of Sydney, Australia with Bachelor's Degrees in Economics and Laws respectively as well as a Master's Degree in Laws. He is currently the Vice-Chairman of the Consumer Council, a member of the Hospital Governing Committee of Princess Margaret Hospital, the Traffic Accident Victims Assistance Advisory Committee, the Trade and Industry Advisory Board, the Insurance Claims Complaints Panel and the Telecommunications (Competition Provisions) Appeal Board in Hong Kong. He is also a member of the Political Consultative Committee of Guangxi in the People's Republic of China.

Mr Lam Chi Kuen, Frank, aged 59, of 29th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, was appointed an independent non-executive director in April 2001. He is now a director of Austins Marmon Limited, which is a manufacturer of quality gloves on a worldwide basis. Mr Lam has over thirty years of managerial experience in the manufacturing industry.

Mr Lau Siu Ki, Kevin, aged 45, of 2205-6 Island Place Tower, 510 King's Road, North Point, Hong Kong, was appointed an independent non-executive director in February 2002. He is a fellow member of both the Hong Kong Society of Accountants and ACCA. He has over twenty years of experience in corporate finance, financial advisory and management, accounting and auditing and had worked for an international accounting firm for over fifteen years. Mr Lau is a Council Member of ACCA. He has also served in the Committee of the Hong Kong branch of ACCA since 1995 and was elected as the Chairman of the Hong Kong branch of ACCA for 2000/2001. Mr Lau is now a consultant in the financial advisory field and an independent non-executive director of four other listed companies in Hong Kong.

4. DISCLOSURE OF INTERESTS

As at Latest Practicable Date, the interests of the Directors of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies are as follows:

(a) **Ordinary shares of HK\$0.10 each in the Company**

Name of director	Capacity	Number of ordinary shares (Note)	Percentage of issued share capital
Mr Rusli Hendrawan	Interest of a controlled corporation	162,000,000	45.00
Mr Lee Sheng Kuang, James	Interest of a controlled corporation	162,000,000	45.00

Note: These shares are held by Respected International Limited, which is ultimately owned as to 37.50% and 45.83% by Mr Rusli Hendrawan and Mr Lee Sheng Kuang, James respectively through their respective wholly-owned companies.

(b) **Derivatives to ordinary shares of HK\$0.10 each in the Company**

Name of director	Capacity	Unlisted options (physically settled equity derivatives) held	Percentage of issued share capital
Mr Rusli Hendrawan	Beneficial owner	8,000,000	2.22
Mr Lee Sheng Kuang, James	Beneficial owner	8,000,000	2.22
Mr Oey Tjie Ho	Beneficial owner	2,000,000	0.56
Mr Tang Chak Lam, Charlie	Beneficial owner	2,000,000	0.56

Other than those interests disclosed above, as at the Latest Practicable Date, Mr Lee Sheng Kuang, James held qualifying shares in some subsidiaries of the Company in a non-beneficial capacity solely for the purpose of ensuring that the relevant subsidiaries have more than one member.

All the interests stated above represent long position. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which are required:

- (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO);
- (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or
- (c) to have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31st December, 2003, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

7. EXPERT'S QUALIFICATION AND CONSENT

- (a) G.K. Goh is a corporation deemed licensed under the transitional arrangements to carry out, among other things, Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders.
- (b) As at the Latest Practicable Date, G.K. Goh does not have any shareholding in any member of the Company and its subsidiaries nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company and its subsidiaries.
- (c) G.K. Goh has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.
- (d) The letter and recommendation given by G.K. Goh are given as of the date of this circular for incorporation herein.

- (e) G.K. Goh has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31st December, 2003, being the date to which the latest published audited consolidated accounts of the Company were made up.

8. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

The Bye-laws of the Company provides that at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

9. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is 23rd Floor, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The Secretary of the Company is Lee Wai Kuen, Judy who is an associate member each of The Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (d) The branch share registrar and transfer agent of the Company in Hong Kong is Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at 23rd Floor, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong during normal business hours on any weekday (except for public holidays) up to and including 27th April, 2004:

- (a) the Supply Agreements, Raw Materials Agreement and Written Undertaking;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (c) the letter issued by G.K. Goh to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 18 this circular; and
- (d) the written consent of G.K. Goh referred to in paragraph 7(c) of this appendix.

NOTICE OF SPECIAL GENERAL MEETING



CARRY WEALTH HOLDINGS LIMITED

恒富控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 643)

NOTICE IS HEREBY GIVEN that a Special General Meeting of Carry Wealth Holdings Limited (the “Company”) will be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Tuesday, 27th April, 2004 at 10:00 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) for the purpose of considering and, if thought fit, passing the following resolution as an Ordinary Resolution:

“**THAT** the Relevant Agreements and Arrangement and their respective three-year cap (as defined and referred to in the circular to the Shareholders of the Company dated 7th April, 2004) be and are hereby approved and **THAT** the Directors of the Company be and are hereby authorised to do, approve and transact all things which they may in their discretion consider to be necessary or desirable in connection therewith.”

By order of the Board

Lee Wai Kuen, Judy

Company Secretary

Hong Kong, 7th April, 2004

Principal Place of Business:

23rd Floor, 9 Wing Hong Street

Cheung Sha Wan, Kowloon, Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.
2. In order to be valid, the proxy form, together with any of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney must be deposited with the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting as the case may be or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll.
3. The Ordinary Resolution as set out above will be determined by way of a poll.