迅捷環球控股有限公司
SPEEDY GLOBAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 540)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
		2015	2014	Change
Revenue	*(HK$'million)*	**1,223.8**	1,263.6	–3.1%
— *apparel supply chain servicing segment*	*(HK$'million)*	***1,215.9***	*1,212.0*	*0.3%*
— *apparel retail segment*	*(HK$'million)*	***7.9***	*51.6*	*–84.7%*
— *property investment and development segment*	*(HK$'million)*	**–**	–	–
Gross profit	*(HK$'million)*	**134.9**	160.9	–16.2%
— *apparel supply chain servicing segment*	*(HK$'million)*	***132.8***	*137.1*	*–3.1%*
— *apparel retail segment*	*(HK$'million)*	***2.1***	*23.8*	*–91.2%*
— *property investment and development segment*	*(HK$'million)*	**–**	–	–
Gross profit margin		**11.0%**	12.7%	
— *apparel supply chain servicing segment*		***10.9%***	*11.3%*	
— *apparel retail segment*		***26.6%***	*46.1%*	
— *property investment and development segment*		**–**	–	
Profit before income tax	*(HK$'million)*	**35.2**	39.6	–11.1%
Profit for the year	*(HK$'million)*	**24.8**	24.1	2.9%
Net profit margin		**2.0%**	1.9%	
Basic earnings per share	*(HK$ per share)*	**0.0414**	0.0402	

ANNUAL RESULTS

The board (the "**Board**") of directors ("**Directors**") of Speedy Global Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,223,831**	1,263,600
Cost of sales	*5*	**(1,088,932)**	(1,102,689)
Gross profit		**134,899**	160,911
Selling expenses	*5*	**(19,055)**	(42,123)
Administrative expenses	*5*	**(77,834)**	(76,799)
Other income	*4*	**945**	1,276
Other gains/(losses) — net		**1,016**	(2,266)
Operating profit		**39,971**	40,999
Finance income		**6,126**	5,837
Finance costs		**(10,862)**	(7,199)
Net finance costs		**(4,736)**	(1,362)
Profit before income tax		**35,235**	39,637
Income tax expense	*6*	**(10,405)**	(15,540)
Profit for the year attributable to equity holders of the Company		**24,830**	24,097
Other comprehensive income			
Item that may be reclassified to profit or loss			
Currency translation differences		**(22,832)**	(904)
Total comprehensive income for the year attributable to equity holders of the Company		**1,998**	23,193
Basic and diluted earnings per share for profit attributable to equity holders of the Company for the year (expressed in HK$ per share)	*7*	**0.0414**	0.0402

Details of dividends paid and payable to shareholders of the Company attributable to the profit for the year are set out in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**53,224**	26,635
Land use rights		**73,217**	–
Intangible assets		**1,444**	1,782
Deferred income tax assets		**3,260**	1,831
Prepayments		**–**	2,368
		131,145	32,616
Current assets			
Inventories		**91,599**	125,820
Properties under development		**153,687**	–
Trade and other receivables	*9*	**228,364**	196,162
Prepayments		**28,571**	26,425
Term deposits with initial term of over three months		**–**	25,352
Cash and cash equivalents		**309,069**	413,185
		811,290	786,944
Total assets		**942,435**	819,560
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**60,000**	60,000
Share premium		**53,441**	53,441
Other reserves		**10,904**	32,398
Retained earnings		**79,583**	63,291
Total equity		**203,928**	209,130

		As at 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liability			
Borrowings		**293,277**	596
Current liabilities			
Trade and other payables	*10*	**329,580**	296,473
Current income tax liabilities		**8,293**	6,312
Borrowings		**107,357**	307,049
		445,230	609,834
Total liabilities		**738,507**	610,430
Total equity and liabilities		**942,435**	819,560

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 28 September 2011 as an exempted Company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is at the office of Offshore Incorporation (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands. The immediate and ultimate holding company of the Group is Sky Halo Holdings Limited.

The Group is principally engaged in (i) the apparel supply chain servicing business which offers a wide range of woven wear and cut-and-sewn knitwear products to a number of owners or agents of global reputable brands (the "Apparel Supply Chain Servicing Business"); (ii) the apparel retail business operating in the People's Republic of China (the "PRC") (the "Apparel Retail Business"); and (iii) the property development and investment (the "Property Investment and Development Business").

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board on 21 March 2016.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

(a) New standards and amendments adopted by the Group

The Group had adopted the following new standards and amendments which are effective for the Group's financial year beginning on 1 January 2015:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contribution
Amendment to HKFRS	Annual Improvements 2010–2012 cycle and 2011–2013 cycle

The adoptions of the above new standards and amendments have no material impact to the Group's consolidated financial statements.

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 11 (Amendment)	Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
Amendment to HKFRS	Annual Improvements 2012–2014 cycle	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The management is in the process of assessing the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements of the Group.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue recognised during the year ended 31 December 2015 is as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Apparel Supply Chain Servicing Business	**1,215,943**	1,211,987
Apparel Retail Business	**7,888**	51,613
Property Investment and Development Business	**–**	–
	1,223,831	1,263,600

(b) Segment information

Management reviews the Group's internal reporting in order to assess performance and allocate resource. Management has determined the operating segments based on the internal reports reviewed by the chairman of the Board that are used to make strategic decisions.

Management assesses the performance of the Group from a product and service perspective which included apparel products and property investment and development. For apparel products, management separately considered the Apparel Supply Chain Servicing Business and Apparel Retail Business. Management assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Other gains/losses — net, net finance costs and income tax expense are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of property, plant and equipment, land use rights, intangible assets, inventories, properties under development, trade and other receivables, prepayments, cash and cash equivalents and term deposits with initial term of over three months. They exclude deferred income tax assets.

Segment liabilities comprise operating liabilities. They exclude income tax liability and unallocated borrowings.

The segment results for the year ended 31 December 2015:

	Apparel Supply Chain Servicing Business *HK$'000*	**Apparel Retail Business** *HK$'000*	**Property Investment and Development Business** *HK$'000*	**Total** *HK$'000*
Segment revenue and revenue from external customers	**1,215,943**	**7,888**	**–**	**1,223,831**
Segment results	**61,573**	**(18,392)**	**(4,226)**	**38,955**
Other gains — net				**1,016**
Net finance costs				**(4,736)**
Profit before income tax				**35,235**
Income tax expense				**(10,405)**
Profit for the year				**24,830**

Other segment items included in the consolidated statement of comprehensive income:

	Apparel Supply Chain Servicing Business *HK$'000*	**Apparel Retail Business** *HK$'000*	**Property Investment and Development Business** *HK$'000*	**Total** *HK$'000*
Depreciation of property, plant and equipment	**4,600**	**1,965**	**61**	**6,626**
Amortisation of intangible assets	**244**	**11**	**–**	**255**
Amortisation of land use rights	**–**	**–**	**970**	**970**
Reversal for inventory impairment	**(264)**	**–**	**–**	**(264)**
Allowance for doubtful debts	**2,797**	**1,158**	**–**	**3,955**

The segment assets and liabilities as at 31 December 2015 are as follows:

	Apparel Supply Chain Servicing Business *HK$'000*	**Apparel Retail Business** *HK$'000*	**Property Investment and Development Business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Total assets	**650,259**	**3,505**	**285,411**	**3,260**	**942,435**
Total liabilities	**318,484**	**796**	**302,803**	**116,424**	**738,507**

The segment results for the year ended 31 December 2014:

	Apparel Supply Chain Servicing Business *HK$'000*	Apparel Retail Business *HK$'000*	Property Investment and Development Business *HK$'000*	Total *HK$'000*
Segment revenue	1,212,000	51,613	–	1,263,613
Inter-segment revenue	(13)	–	–	(13)
Revenue from external customers	1,211,987	51,613	–	1,263,600
Segment results	64,773	(20,164)	(1,344)	43,265
Other losses — net				(2,266)
Net finance costs				(1,362)
Profit before income tax				39,637
Income tax expense				(15,540)
Profit for the year				24,097

Other segment items included in the consolidated statement of comprehensive income:

	Apparel Supply Chain Servicing Business *HK$'000*	Apparel Retail Business *HK$'000*	Property Investment and Development Business *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	6,437	4,455	15	10,907
Impairment of property, plant and equipment	–	1,431	–	1,431
Amortisation of intangible assets	288	622	–	910
Impairment of an intangible asset	–	1,623	–	1,623
Allowance for inventory impairment	2,774	–	–	2,774
Allowance for doubtful debts	–	620	–	620

The segment assets and liabilities as at 31 December 2014 are as follows:

	Apparel Supply Chain Servicing Business *HK$'000*	Apparel Retail Business *HK$'000*	Property Investment and Development Business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Total assets	780,150	28,545	9,034	1,831	819,560
Total liabilities	286,918	9,555	–	313,957	610,430

(c) Information about major customers

Revenue from the major customers, whom amounted to 10% or more of the Group's revenue, is set out below:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Customer A	**812,795**	861,401
Customer B	**220,518**	90,891

4. OTHER INCOME

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Rental income from subcontractors	**945**	1,276

5. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Changes in inventories of finished goods and work in progress	**32,263**	(204)
Raw materials and consumables used, processing fee paid and merchandise purchased	**1,013,843**	1,042,466
Employee benefit expenses	**65,540**	75,011
Rental expenses	**11,307**	28,269
Transportation expenses	**9,275**	17,543
Depreciation and amortisation	**7,851**	11,817
Travelling expenses	**6,265**	7,060
Promotion expenses	**1,874**	1,014
Repairs and maintenance expenses	**540**	1,152
Bank charges	**965**	1,631
Auditors' remuneration		
— Audit service	**1,907**	1,848
— Non-audit services	**839**	–
Utilities	**3,316**	3,662
Entertainment expenses	**5,207**	4,805
(Reversal)/allowance for inventory impairment	**(264)**	2,774
Allowance for doubtful debts	**3,955**	620
Professional service fees	**5,136**	4,345
Impairment of property, plant and equipment	**–**	1,431
Impairment of an intangible asset	**–**	1,623
Penalty for early termination of the rental agreements	**5,283**	–
Others	**10,719**	14,744
Total cost of sales, selling expenses and administrative expenses	**1,185,821**	1,221,611

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Current income tax		
— PRC corporate income tax	**6,694**	6,037
— Hong Kong profits tax	**4,269**	6,236
	10,963	12,273
Deferred tax	**(1,429)**	2,696
Corporate income tax	**9,534**	14,969
Withholding tax	**871**	571
Income tax expense	**10,405**	15,540

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group's entities in the respective jurisdictions as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Profit before income tax	**35,235**	39,637
Tax calculated at rates applicable to profits of the Group's entities in the respective jurisdictions	**5,597**	6,990
Tax loss for which no deferred income tax asset was recognised	**3,411**	8,393
Income not subject to tax	**(890)**	(759)
Expenses not deductible for tax purposes	**1,416**	345
Withholding tax	**871**	571
Tax charge	**10,405**	15,540

(i) Cayman Islands profits tax

The Company has not been subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2015 (2014: 16.5%).

(iii) PRC enterprise income tax ("EIT")

EIT is provided at the rate of 25% on the assessable profit of entities within the Group incorporated in the PRC.

(iv) PRC withholding income tax

According to the EIT Law, as there is a tax treaty arrangement between PRC and Hong Kong where the Group's foreign immediate holding companies are located, a withholding tax on dividends from subsidiaries in the PRC has been provided at a rate of 5% during the year (2014: 5%).

7. BASIC AND DILUTED EARNINGS PER SHARE

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

	Year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company *(HK$'000)*	**24,830**	24,097
Weighted average number of ordinary shares in issue	**600,000,000**	600,000,000
Basic earnings per share *(HK$)*	**0.0414**	0.0402

The Company did not have any potential dilutive ordinary shares outstanding as at 31 December 2015 and 2014. Diluted earnings per share is equal to basic earnings per share.

8. DIVIDENDS

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Proposed final — HK$0.0123 (2014: HK$0.0120) per ordinary share	**7,400**	7,200

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Trade receivables — due from third parties	**206,546**	159,982
Other receivables — due from third parties	**23,596**	36,800
	230,142	196,782
Less: provision for impairment of trade and other receivables	**(1,778)**	(620)
	228,364	196,162

For Apparel Supply Chain Servicing Business: credit terms granted to customers by the Group are usually 30 to 90 days. For Apparel Retail Business: consumers who purchase from self-operated retail outlets usually pay at the time of purchase by cash or credit card. Cooperative partners were required to settle payments through bank transfer on a monthly basis. The aging analysis of trade receivables as at 31 December 2014 and 2015 based on invoice date is as follows:

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
0–30 days	**138,016**	106,010
31–90 days	**58,491**	44,599
91–180 days	**7,888**	5,176
Over 180 days	**2,151**	4,197
	206,546	159,982

As at 31 December 2014 and 2015, the Group's trade receivables were mainly due from customers with good credit history and low default rate.

10. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Trade payables — due to third parties	**215,509**	182,270
Construction payables	**10,158**	–
Advances from customers	**553**	186
Other taxes payable	**3,327**	4,685
Deposits received	**–**	1,083
Bill payables *(Note (a))*	**81,515**	88,325
Other payables	**7,355**	9,247
Accrued payroll	**10,296**	10,597
Due to related parties	**867**	80
	329,580	296,473

(a) The bill payables were guaranteed by companies within the Group. The bill payables were usually settled within three months from the date of issue.

(b) The credit period granted by the Group's principal suppliers ranges from 30 to 90 days. Aging analysis of trade payables was as follows:

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
0–30 days	**142,179**	129,919
31–90 days	**65,688**	40,203
91–180 days	**3,415**	5,893
Over 180 days	**4,227**	6,255
	215,509	182,270

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group focuses on providing one-stop solution to our customers by the provision of apparel supply chain services including product design and development, fashion trend ascertaining and sampling, raw material sourcing, production order and merchandise sourcing management, quality control, packaging, inventory management and logistics management. Under our Apparel Supply Chain Servicing Business, we outsource the labor-intensive manufacturing function to third-party manufacturers and focus on providing one-stop solution to our customers to accommodate their different needs.

Furthermore, the Group was also engaged in the Apparel Retail Business which mainly focuses on procuring, marketing and retailing men's and women's apparel and accessory products under the Unisex and Promod brands. Due to the unsatisfactory sales performance of the Unisex and Promod brands, their operations were ceased by the end of May 2015 accordingly. The Company announced on 6 August 2015 that the Company has entered into a memorandum of understanding with a third party relating to a possible acquisition of a target group principally engaged in wholesale and retail of apparel products in the PRC. Due to the consideration issue, no formal sale and purchase agreement between the parties was entered finally and the memorandum of understanding was terminated and expired in February 2016.

The Group is also engaged in the Property Investment and Development Business to develop the relevant market during the year. The Group is progressing diligently with the development of the three pieces of land in Xinmi City, all of which are for industrial use. The first phase development comprises of industrial premises for self-use and investment and development purposes. The first phase development shall be completed in the first half of 2016 while the pre-sale for the first phase development is just started in the first quarter of 2016.

Financial Review

	2015	2014
	HK$'million	*HK$'million*
Revenue	**1,223.8**	1,263.6
— Apparel Supply Chain Servicing Business	**1,215.9**	1,212.0
— Apparel Retail Business	**7.9**	51.6
— Property Investment and Development Business	**–**	–
Gross profit	**134.9**	160.9
— Apparel Supply Chain Servicing Business	**132.8**	137.1
— Apparel Retail Business	**2.1**	23.8
— Property Investment and Development Business	**–**	–
Profit for the year	**24.8**	24.1

Apparel Supply Chain Servicing Business

Being in line with our strategy to focus on our strengths in product design and development, as well as quality control and production management, we design, develop and produce men's and women's woven wear and cut-and-sewn knitwear products to respond to constantly evolving consumer preferences. During the year, we have provided many designs of apparel products to our customers and our designs are well appreciated by our customers. No material fluctuation for the revenue under our Apparel Supply Chain Servicing Business was noted during the year 2015 (2015: HK$1,215.9 million; 2014: HK$1,212.0 million).

Gross profit under our Apparel Supply Chain Servicing Business decreased by 3.1% to approximately HK$132.8 million (2014: HK$137.1 million) while gross profit margin decreased to 10.9% for the year 2015, representing a decrease of 0.4 percentage point when compared with the preceding year (2014: 11.3%). The slight decrease in gross profit margin was mainly due to the reduction of the average selling price during the year 2015.

During the year 2015, we recorded a segmental profit before other gains — net, net finance costs and income tax expense of approximately HK$61.6 million, represented a decrease of approximately 4.9% compared to that of approximately HK$64.8 million for 2014.

Apparel Retail Business

Revenue from our Apparel Retail Business decreased by HK$43.7 million, or approximately 84.7%, from HK$51.6 million in the year 2014 to HK$7.9 million in the year 2015. The decrease in revenue is due to the closure of all the retail shops for the Unisex and Promod brands before the end of May 2015. The operations for these branded product were ceased in advance as we expect that their sales performance will deteriorate in the short run. On the other hand, due to the aforesaid reasons and clearance sales, the gross profit decreased by HK$21.7 million, or approximately 91.2%, from HK$23.8 million in the year 2014 to HK$2.1 million in the year 2015 and the gross profit margin decreased from 46.1% for the year 2014 to 26.6% for the year 2015.

During the year 2015, we recorded a segmental loss before other gains — net, net finance costs and income tax expense of approximately HK$18.4 million, represented a decrease of approximately 8.9% compared to that of approximately HK$20.2 million for 2014.

Property Investment and Development Business

The Group is progressing diligently with the first phase development of the three pieces of land in Xinmi City which were acquired by the Group in March 2015. No revenue was generated and only expenses were incurred during the year 2015.

Selling expenses

Selling expenses mainly represented expenses incurred in relation to our Apparel Retail Business, which mainly included rental expenses for our self-operated retail outlets and employee benefit expenses mainly for our personnel involved in retail operations. Selling expenses decreased by 54.6% to approximately HK$19.1 million (2014: HK$42.1 million) for the year 2015 mainly due to decrease in rent of our self-operated retail outlets and employee benefit expense for the salesperson, partially offset by penalty for early termination of the rental agreements for the retail shops amounting to approximately HK$5.3 million.

Administrative expenses

Administrative expenses mainly represented employee benefit expenses for our management, finance and administrative personnel, entertainment expenses, rental expenses for our office premises and travelling expenses. No material fluctuation was noted during the year 2015.

Other gains/(losses) — net

Other gains — net of approximately HK$1.0 million during the year 2015 (2014: other losses — net of HK$2.3 million) mainly represented written off of trade payables of approximately HK$1.2 million (2014: Nil), gain on disposal of property, plant and equipment of approximately HK$32,000 (2014: loss on disposal of property, plant and equipment of HK$0.7 million) and the net foreign exchange losses of HK$0.3 million (2014: HK$1.5 million).

Finance income and costs

Finance income increased by 5.2% to approximately HK$6.1 million for the year of 2015 (2014: HK$5.8 million) primarily because more time deposits were made during the year 2015.

Finance costs increased by 51.4% to approximately HK$10.9 million (2014: HK$7.2 million) primarily due to an increase in average bank borrowings to finance operation during the year 2015. Furthermore, the amount included the net foreign exchange losses of HK$1.8 million (2014: Nil).

Income tax expense

Income tax expense mainly represented amounts of current income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC. Income tax expense decreased by 33.3% to approximately HK$10.4 million (2014: HK$15.5 million) primarily as less taxable profit was generated by the Group during the year 2015.

Inventory

Inventory balance decreased from HK$125.8 million as at 31 December 2014 to HK$91.6 million as at 31 December 2015 because a better inventory level control was implemented during the year 2015 and more goods were delivered to the customers before the year ended which resulted a decrease in the inventory turnover days (31 December 2015: 36 days; 31 December 2014: 40 days).

Properties under development

Properties under development balance comprised land use rights, construction costs, capitalised finance costs and related expenses. Properties under development increased because the construction work is newly started during the year 2015.

Trade receivables

Trade receivables balance increased from HK$160.0 million as at 31 December 2014 to HK$206.5 million as at 31 December 2015 primarily due to increase in sales before the year ended.

We generally grant customers of our Apparel Supply Chain Servicing Business a credit period of 30 to 90 days and they are generally required to settle their trade balances with us by bank transfer or by cheque. Under the Apparel Retail Business, consumers who purchase from our self-operated retail outlets are required to pay at the time of purchase by cash or credit card. On the other hand, our cooperative partners were required to settle their payments through bank transfer on a monthly basis.

Our trade receivable turnover days as at 31 December 2015 was 55 days (31 December 2014: 41 days) which is in general within the credit period granted by us to the customers.

Trade payables

Trade payables balance increased from HK$182.3 million as at 31 December 2014 to HK$215.5 million as at 31 December 2015 primarily because of slower settlements to the suppliers before the year ended.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade payables turnover days as at 31 December 2015 was 67 days (31 December 2014: 56 days) which is within the credit period granted by our suppliers and third-party manufacturers.

Borrowings

The Group had bank borrowings as at 31 December 2015 in the sum of approximately HK$399.5 million. All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 31 December 2015, bank borrowings of approximately HK$292.5 million are repayable after one year while the remaining balances are repayable within one year or repayable on demand. Furthermore, the Group had finance lease liabilities of HK$1.1 million as at 31 December 2015 (31 December 2014: HK$0.8 million). The carrying amounts of bank borrowings were denominated in HK$. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Liquidity and financial resources

During the year 2015, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2015, cash and bank balances amounted to approximately HK$309.1 million, of which approximately HK$192.9 million denominated in HK$, HK$113.4 million in Renminbi, HK$2.7 million in United States dollar and HK$0.1 million in other currencies. As at 31 December 2015, the current ratio of the Group was 1.8 (31 December 2014: 1.3) and the Group's gearing ratio, calculated on the basis of total borrowings net of cash and cash equivalents and term deposits with initial term of over three months as a percentage of total equity, was 44.9% while the Group was in a net cash position as at 31 December 2014. The Group has sufficient and readily available finance resources for general working capital requirement and foreseeable capital expenditure.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available in order to meet its funding requirements and commitment timely.

Foreign exchange exposure

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. For group companies with Renminbi as their functional currency, foreign exchange risk arises primarily with respect of HK$. For group companies with HK$ as their functional currency, foreign exchange risk arises primarily with respect to Renminbi. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

The Group has investments in the PRC, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's investments in the PRC can be managed through dividends paid outside the PRC.

During the year, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

There has been no material change in the capital structure of the Company during the year 2015. The capital of the Company comprises ordinary shares and other reserves.

Capital commitments

As at 31 December 2015, the Group had capital commitments of HK$51.6 million (31 December 2014: Nil) for the Property Investment and Development Business.

Dividend

The Board has recommended a final dividend of HK$0.0123 per share to shareholders whose names appear on the register of members of the Company on 31 May 2016. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 23 May 2016, the final dividend will be paid on 22 June 2016.

Information on employees

As at 31 December 2015, the Group had a total of 440 employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$65.5 million, as compared to approximately HK$75.0 million for the year ended 31 December 2014. Remuneration is determined with reference to market norms as well as individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 24 December 2012 where options to subscribe for shares may be granted to the Directors and employees of the Group.

Significant investments held

During the year ended 31 December 2015, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

Save as disclosed in the Company's announcement dated 28 July 2015, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in the Company's announcement dated 7 December 2015, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year 2015.

Charge of assets

There was no charge on the Group's assets as of 31 December 2015 (31 December 2014: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2015 (31 December 2014: Nil).

New business opportunity

There was no New Business Opportunity (as defined in the Company's Prospectus dated 31 December 2012 headed "Relationship with Controlling Shareholders — New Business Opportunity") referred by the controlling shareholders of the Company as provided under the non-competition undertaking.

PROSPECTS

Looking forward, we expect the business environment of our Apparel Supply Chain Servicing Business remains challenging in the year 2016 due to the keen competition. In order to maintain our competitiveness, the Group will enhance product innovation and creativity to meet fashion trends and maintain premium quality. For production management, the Group will continue to enhance the operating efficiency by simplifying the production processes which results a shorter product delivery time. In addition, the Group will work closely with our customers to consolidate the fabrication in order to obtain better material prices with mass volume which will enhance our cost competitiveness. The Group is offering a competitive price with higher flexibility arrangements to our existing customers in order to secure more long term and committed orders and is also actively looking for new customers for further growth opportunities.

As the retail sentiment in the PRC is still weak and accordingly we will adopt a cautious approach in developing the retail business. We will retain capital and is looking for other retail business opportunity with a better profitability.

We are of the view that the Property Investment and Development Business helps to diversify the Group's business in order to magnify the Group's development potential and shareholders' return. The Group will closely monitor the property market in the PRC and determine the appropriate development strategy. The Group will consider the second phase development after completion or pre-sale of the first phase of our existing project. Furthermore, the Group will seek any appropriate property investment and development projects if the Group believe that it can magnify the Group's shareholders' return.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this announcement, there is no important event affecting the Company and its subsidiaries which has occurred after the reporting period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company's audit committee has reviewed the accounting policies of the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

CORPORATE GOVERNANCE CODE

During the year 2015, the Company had complied with the code provisions ("**Code Provisions**") set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Huang Chih Shen. Since the Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently. The Company understands the importance to comply with the Code Provision A.2.1 and will continue to consider the feasibility of appointing a separate chief executive officer.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. All Directors confirmed that, after specific enquiries were made by the Company, they have complied with the required standard of dealings as set out in the Model Code throughout the period from 1 January 2015 to the date of the Board meeting approving the annual results announcement for the year 2015.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Monday, 23 May 2016. Notice of AGM will be issued and disseminated to the shareholders in due course.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the AGM to be held on Monday, 23 May 2016, the register of members will be closed from Thursday, 19 May 2016 to Monday, 23 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 18 May 2016.

The Board has recommended that the proposed final dividend of HK$0.0123 per share is payable to the shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 31 May 2016, being the record date for the determination of entitlement to the final dividend. The register of members of the Company will be closed from Friday, 27 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, not later than 4:30 p.m. on Thursday, 26 May 2016. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Monday, 23 May 2016, the final dividend is expected to be paid on Wednesday, 22 June 2016.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2015 will be despatched to the shareholders and available on the Company's website at www.speedy-global.com and HKExnews website on or before 21 April 2016.

APPRECIATION

The Chairman of the Group would like to take this opportunity to thank his fellow Directors for their invaluable advice and guidance, and to each staff of the Group for their hard work and loyalty to the Group.

By order of the Board
Speedy Global Holdings Limited
Huang Chih Shen
Chairman and Chief Executive Officer

Hong Kong, 21 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Huang Chih Shen, Mr. Chan Hung Kwong, Patrick, Ms. Tang Wai Shan and Mr. Au Wai Shing; the independent non-executive directors of the Company are Mr. Wong Ting Kon, Ms. Pang Yuen Shan, Christina, Mr. Chang Cheuk Cheung, Terence and Dr. Chan Chung Bun, Bunny.