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 2017

FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
		2017	2016	Change
Revenue	*(HK$'million)*	**1,178.5**	1,088.2	8.3%
– apparel supply chain servicing segment	*(HK$'million)*	**1,178.5**	1,088.2	8.3%
– apparel retail segment	*(HK$'million)*	**–**	–	–
– property investment and development segment	*(HK$'million)*	**–**	–	–
Gross profit	*(HK$'million)*	**129.9**	114.0	13.9%
– apparel supply chain servicing segment	*(HK$'million)*	**129.9**	114.0	13.9%
– apparel retail segment	*(HK$'million)*	**–**	–	–
– property investment and development segment	*(HK$'million)*	**–**	–	–
Gross profit margin		**11.0%**	10.5%	
– apparel supply chain servicing segment		**11.0%**	10.5%	
– apparel retail segment		**–**	–	
– property investment and development segment		**–**	–	
Profit for the year attributable to equity holders of the Company	*(HK$'million)*	**34.1**	31.5	8.3%
Net profit margin attributable to equity holders of the Company		**2.9%**	2.9%	
Basic and diluted earnings per share attributable to equity holders of the Company for the year	*(HK$ per share)*	**0.0568**	0.0525	

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 2017, together with the comparative figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*3*	**1,178,540**	1,088,201
Cost of sales	*5*	**(1,048,623)**	(974,165)
Gross profit		**129,917**	114,036
Selling expenses	*5*	**(2,431)**	(2,328)
Administrative expenses	*5*	**(81,881)**	(65,058)
Other income	*4*	**2,166**	1,229
Other gains/(losses) — net		**2,768**	(962)
Operating profit		**50,539**	46,917
Finance income		**4,573**	1,159
Finance costs		**(8,048)**	(7,517)
Net finance costs		**(3,475)**	(6,358)
Profit before income tax		**47,064**	40,559
Income tax expense	*6*	**(12,958)**	(8,830)
Profit for the year from continuing operations		**34,106**	31,729
Discontinued operations			
Loss for the year from discontinued operations		**–**	(1,696)
Profit for the year		**34,106**	30,033
Profit for the year attributable to:			
Equity holders of the Company		**34,106**	31,484
Non-controlling interests		**–**	(1,451)
		34,106	30,033

	Note	Year ended 31 December 2017 HK$'000	2016 HK$'000
Profit/(loss) for the year attributable to equity holders of the Company arises from:			
Continuing operations		**34,106**	31,729
Discontinued operations		**–**	(245)
		34,106	31,484
Earnings/(losses) per share from continuing and discontinued operations attributable to equity holders of the Company for the year (expressed in *HK$* per share)			
Basic and diluted earnings/(losses) per share			
From continuing operations		**0.0568**	0.0529
From discontinued operations		**–**	(0.0004)
From profit for the year	*7*	**0.0568**	0.0525
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**6,197**	(14,018)
Exchange reserves realised from disposal of subsidiaries		**(1,979)**	8,880
		4,218	(5,138)
Total comprehensive income for the year		**38,324**	24,895
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**38,324**	28,111
Non-controlling interests		**–**	(3,216)
		38,324	24,895

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

	Notes	As at 31 December **2017** ***HK$'000***	2016 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**14,590**	17,404
Intangible assets		**675**	919
Deferred income tax assets		**2,658**	4,645
		17,923	22,968
Current assets			
Inventories		**148,830**	120,043
Trade and other receivables	*9*	**166,370**	222,977
Prepayments		**32,005**	22,616
Cash and cash equivalents		**342,910**	244,800
		690,115	610,436
Total assets		**708,038**	633,404
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**60,000**	60,000
Share premium		**53,441**	53,441
Other reserves		**22,824**	18,606
Retained earnings		**137,793**	103,687
Total equity		**274,058**	235,734
LIABILITIES			
Non-current liability			
Borrowings		**192**	442
Current liabilities			
Trade and other payables	*10*	**272,975**	308,174
Current income tax liabilities		**14,563**	9,721
Borrowings		**146,250**	79,333
		433,788	397,228
Total liabilities		**433,980**	397,670
Total equity and liabilities		**708,038**	633,404

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 Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, 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. These consolidated financial statements have been approved for issue by the Board on 19 March 2018.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable 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 2017:

HKAS 12 (Amendment)	Income Taxes
HKAS 7 (Amendment)	Statement of Cash Flows
HKFRS 12 (Amendment)	Disclosure of interest in other entities

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 2017, and have not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018 or when HKFRS 9 was first adopted
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendment)	Transfers of investment property	1 January 2018
HKFRS 16	Lease	1 January 2019
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, except the followings set out as below:

HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets, since the majority of the Group's financial assets are receivables measured at amortised cost which meet the conditions for classification at amortised cost under HKFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principle-based approach. While the Group does not have any such hedging instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group anticipates that the new model may result in an earlier recognition of credit losses compared to the current incurred losses model of HKAS 39.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15, 'Revenue from contracts with customers'

HKFRS 15 will replace the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. In 2016, this is a clarifications to HKFRS 15 issued in relation to the identification of performance obligations, principal versus agent consideration,

Management does not anticipate that the application of HKFRS 15 in the future will have a material effect on the Group's consolidated financial statements.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. While the accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK$38,118,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue recognised during the year ended 31 December 2017 is as follows:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Apparel Supply Chain Servicing Business	**1,178,540**	1,088,201
Apparel Retail Business	**–**	–
Property Investment and Development Business	**–**	–
	1,178,540	1,088,201

(b) Information about major customers

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

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Customer A	**828,463**	725,872
Customer B	**132,962**	214,642
	961,425	940,514

(c) 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, intangible assets, inventories, trade and other receivables, prepayments and cash and cash equivalents. They exclude deferred income tax assets.

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

The segment results for the year ended 31 December 2017:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Property Investment and Development Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and revenue from external customers	**1,178,540**	**–**	**–**	**1,178,540**
Segment results	**47,815**	**(44)**	**–**	**47,771**
Other gains – net				**2,768**
Net finance costs				**(3,475)**
Profit before income tax				**47,064**
Income tax expense				**(12,958)**
Profit for the year				**34,106**

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

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Property Investment and Development Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**3,768**	**–**	**–**	**3,768**
Amortisation of intangible assets	**288**	**–**	**–**	**288**
Reversal of allowance for inventory impairment	**(2,289)**	**–**	**–**	**(2,289)**
Allowance for doubtful debts	**4,886**	**–**	**–**	**4,886**

The segment assets and liabilities as at 31 December 2017 are as follows:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Property Investment and Development Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**705,380**	**–**	**–**	**2,658**	**708,038**
Total liabilities	**272,975**	**–**	**–**	**161,005**	**433,980**

The segment results for the year ended 31 December 2016:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Property Investment and Development Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and revenue from external customers	1,088,201	–	–	1,088,201
Segment results	48,149	(270)	–	47,879
Other losses – net				(962)
Net finance costs				(6,358)
Profit before income tax				40,559
Income tax expense				(8,830)
Profit for the year from continuing operations				31,729
Loss for the year from discontinued operations				(1,696)
Profit for the year				30,033

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

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Property Investment and Development Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	5,212	–	–	5,212
Amortisation of intangible assets	432	–	–	432
Allowance for inventory impairment	5,559	–	–	5,559

The segment assets and liabilities as at 31 December 2016 are as follows:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Property Investment and Development Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	625,716	3,043	–	4,645	633,404
Total liabilities	307,439	735	–	89,496	397,670

4. OTHER INCOME

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Rental income from subcontractors	**1,416**	979
Consulting service income	**750**	250
	2,166	1,229

5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Changes in inventories of finished goods and work in progress	**(19,210)**	(19,871)
Raw materials and consumables used, processing fee paid and merchandise purchased	**1,039,000**	961,146
Employee benefit expenses	**56,960**	49,602
Transportation expenses	**8,293**	7,025
Rental expenses	**6,018**	6,081
(Reversal of allowance)/allowance for inventory impairment	**(2,289)**	5,559
Depreciation and amortisation	**4,056**	5,644
Travelling expenses	**5,113**	5,100
Entertainment expenses	**5,576**	5,473
Professional service fees	**4,027**	2,650
Utilities	**3,462**	2,440
Auditors' remuneration		
– Audit services	**1,983**	1,795
– Non-audit services	**550**	501
Allowance for doubtful debts	**4,886**	–
Others	**14,510**	8,406
Total cost of sales, selling expenses and administrative expenses	**1,132,935**	1,041,551

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Current income tax		
– PRC corporate income tax	**6,559**	4,714
– Hong Kong profits tax	**5,405**	4,772
	11,964	9,486
Deferred tax	**492**	(1,385)
Corporate income tax	**12,456**	8,101
Withholding tax	**502**	729
Income tax expense	**12,958**	8,830

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	
	2017	2016
	HK$'000	*HK$'000*
Profit before income tax from continuing operations	**47,064**	40,559
Tax calculated at rates applicable to profits of the Group's entities in the respective jurisdictions	**10,962**	8,835
Tax loss for which no deferred income tax assets was recognised	**715**	61
Recognition of tax loss for which no deferred income tax assets was recognised previously	**–**	(990)
Income not subject to tax	**(757)**	(98)
Expenses not deductible for tax purposes	**1,536**	293
Withholding tax	**502**	729
Tax charge	**12,958**	8,830

(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 2017 (2016: 16.5%).

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

EIT is provided at the rate of 25% (2016: 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 (2016: 5%).

7. BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

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

	Year ended 31 December	
	2017	2016
Profit/(loss) for the year attributable to equity holders of the Company arises from (*HK$'000*):		
Continuing operations	**34,106**	31,729
Discontinued operations	**–**	(245)
	34,106	31,484
Weighted average number of ordinary shares in issue	**600,000,000**	600,000,000
Basic and diluted earnings/(losses) per share (*HK$*)		
From continuing operations	**0.0568**	0.0529
From discontinued operations	**–**	(0.0004)
From profit for the year	**0.0568**	0.0525

The Company did not have any potential dilutive ordinary shares outstanding as at 31 December 2017 and 2016. Diluted earnings per share is equal to basic earnings per share.

8. DIVIDENDS

The Directors do not recommend the payments of final dividend for the year ended 31 December 2017 (2016: Nil).

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Trade receivable	**131,049**	197,761
Other receivables	**30,161**	16,332
Bills receivable	**10,032**	10,662
	171,242	224,755
Less: provision for impairment		
– Trade receivable	**–**	(1,414)
– Other receivables	**(4,872)**	(364)
	166,370	222,977

Credit terms granted to customers of Apparel Supply Chain Servicing Business by the Group are usually 30 to 90 days. The aging analysis of trade receivable as at 31 December 2017 and 2016 based on invoice date is as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
0-30 days	**73,625**	104,766
31-90 days	**36,703**	77,440
91-180 days	**14,425**	11,752
Over 180 days	**6,296**	3,803
	131,049	197,761

As at 31 December 2017 and 2016, the Group's trade receivable was mainly due from customers with good credit history and low default rate.

10. TRADE AND OTHER PAYABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Trade payable – due to third parties	**143,515**	199,591
Bills payable *(Note (a))*	**107,684**	56,744
Advances from customers	**1,329**	31,848
Accrued payroll	**9,055**	10,170
Other payables	**8,348**	6,798
Other taxes payable	**2,184**	2,739
Due to related parties	**860**	284
	272,975	308,174

Notes:

(a) The bills payable was guaranteed by companies within the Group, which have to be 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 payable by invoice date is as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
0-30 days	**71,500**	74,240
31-90 days	**56,323**	109,881
91-180 days	**5,983**	6,989
Over 180 days	**9,709**	8,481
	143,515	199,591

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 also engaged in the Apparel Retail Business. Due to the unsatisfactory sales performance of the Unisex and Promod brands, their operations ceased by the end of May 2015 and certain subsidiaries which was principally engaged in the Apparel Retail Business was fully disposed of by the end of February 2017.

The Group also engaged in the Property Investment and Development Business to develop the relevant market. The subsidiaries involved in the Property Investment and Development Business were fully disposed of in early September 2016. The Group is still closely monitoring the property market to determine the appropriate investment strategy for the Group's Property Investment and Development Business.

FINANCIAL REVIEW

	2017	2016
	***HK$* million**	*HK$* million
Revenue	**1,178.5**	1,088.2
– *Apparel Supply Chain Servicing Business*	**1,178.5**	1,088.2
– *Apparel Retail Business*	**–**	–
– *Property Investment and Development Business*	**–**	–
Gross profit	**129.9**	114.0
– *Apparel Supply Chain Servicing Business*	**129.9**	114.0
– *Apparel Retail Business*	**–**	–
– *Property Investment and Development Business*	**–**	–
Profit for the year attributable to equity holders of the Company	**34.1**	31.5

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 2017, we have provided many designs of apparel products to our customers and our designs are well appreciated by our customers. Due to the increase in demand from the customers, revenue under the Apparel Supply Chain Servicing Business increased by 8.3% to approximately HK$1,178.5 million during the year 2017 (2016: HK$1,088.2 million).

Gross profit under our Apparel Supply Chain Servicing Business increased by 13.9% to approximately HK$129.9 million (2016: HK$114.0 million) while gross profit margin increased to 11.0% for the year 2017, representing an increase of 0.5 percentage point when compared with the preceding year (2016: 10.5%). The slight increase in gross profit margin was mainly due to a reversal of allowance for inventory impairment of approximately HK$2.3 million during the year 2017 while an allowance for inventory impairment of approximately HK$5.6 million was made during the year 2016.

During the year 2017, we recorded a segmental profit before other gains – net, net finance costs and income tax expense of approximately HK$47.8 million (2016: HK$48.1 million). There was no material fluctuation because the impact from the increase in revenue was offset by increase in administrative expenses during the year 2017.

Apparel Retail Business

There was neither revenue nor gross profit from our Apparel Retail Business and only limited expenses were incurred during the year 2017. Due to the disposal of certain subsidiaries during the year 2017, a loss on disposal of the subsidiaries of approximately HK$0.2 million was generated.

Property Investment and Development Business

There was neither revenue, gross profit nor expenses from our Property Investment and Development Business during the year 2017 as the subsidiaries which were engaged in the property development and investment for the land at Xinmi City were fully disposed of in 2016.

SELLING EXPENSES

Selling expenses mainly represented freight charges related to sales of goods incurred during the year 2017. No material fluctuation was noted during the year 2017.

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. Administrative expenses increased mainly because more employee benefits were incurred to management and employee and more donations were made during the year 2017. Furthermore, there was an allowance for doubtful debts of approximately HK$4.9 million provided during the year 2017 (2016: Nil).

OTHER GAINS/(LOSSES) – NET

Other gains – net of approximately HK$2.8 million during the year 2017 (2016: other losses – net of HK$1.0 million) mainly represented the net exchange gains of approximately HK$3.2 million (2016: net exchange losses of HK$1.0 million), partially offset by the loss on disposal of the subsidiaries of approximately HK$0.2 million (2016: Nil). Increase in the net exchange gains was mainly due to appreciation in the Renminbi during the year 2017.

FINANCE INCOME AND COSTS

Finance income increased by 283.3% to approximately HK$4.6 million for the year of 2017 (2016: HK$1.2 million) primarily because there was a net exchange gains arising from translation of the balances of cash and cash equivalents and borrowings of approximately HK$3.7 million during the year 2017 (2016: net exchange losses of approximately HK$2.8 million was classified as finance costs).

Finance costs increased by 6.7% to approximately HK$8.0 million (2016: HK$7.5 million) primarily due to increase in average bank borrowings to finance the general operation. Furthermore, there was a net exchange loss arising from translation of the balances of cash and cash equivalents and borrowings of approximately HK$2.8 million during the year 2016 (2017: net exchange gains of approximately HK$3.7 million was classified as finance income).

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 increased by 47.7% to approximately HK$13.0 million (2016: HK$8.8 million) primarily as more taxable profit was generated by the Group during the year 2017. Furthermore, more deferred tax expenses were recorded during the year 2017 (2017: approximately HK$0.5 million; 2016: deferred tax credits of approximately HK$1.4 million).

INVENTORY

Inventory balance increased from approximately HK$120.0 million as at 31 December 2016 to approximately HK$148.8 million as at 31 December 2017 because more goods were delivered before the last year ended and increase in purchases before the current year end which resulted in an increase in the inventory turnover days (31 December 2017: 47 days; 31 December 2016: 40 days).

TRADE RECEIVABLE

Trade receivable decreased (31 December 2017: HK$131.0 million; 31 December 2016: HK$197.8 million) because less sales with fast settlements were noted before the current year end.

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.

Our trade receivable turnover days as at 31 December 2017 was 51 days (31 December 2016: 68 days) which is in general within the credit period granted by us to the customers.

TRADE AND BILLS PAYABLE

No material fluctuation was noted for the trade and bills payable balance (31 December 2017: HK$251.2 million; 31 December 2016: HK$256.3 million). Although more purchases were made before the current year ended, faster settlements to the suppliers were noted which resulted no material fluctuation for the trade and bills payable balance.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade and bills payable turnover days as at 31 December 2017 was 88 days (31 December 2016: 104 days) which is within the credit period granted by our suppliers, third party manufacturers and banks.

BORROWINGS

The Group had bank borrowings as at 31 December 2017 in the sum of approximately HK$146.0 million. All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 31 December 2017, all bank borrowings were repayable within one year or repayable on demand. Furthermore, the Group had finance lease liabilities of approximately HK$0.4 million as at 31 December 2017 (31 December 2016: 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 2017, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2017, cash and cash equivalents amounted to approximately HK$342.9 million, of which approximately HK$255.4 million denominated in HK$, HK$76.2 million in Renminbi, HK$11.2 million in United States dollar and HK$0.1 million in other currencies. As at 31 December 2017, the current ratio of the Group was 1.6 (31 December 2016: 1.5). The Group was in a strong net cash position as at 31 December 2017. 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 2017, 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 2017. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group did not have any significant capital commitments (31 December 2016: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2017, the Group had a total of 420 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2017 were approximately HK$57.0 million, as compared to approximately HK$49.6 million for the year ended 31 December 2016. 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 2017, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2017, the Group did not have plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year 2017.

CHARGE OF ASSETS

There was no charge on the Group's assets as at 31 December 2017 (31 December 2016: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2017 (31 December 2016: 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 2018 due to 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 in 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 and suppliers for further growth opportunities.

After completion of the disposal of certain subsidiaries which were principally engaged in the Apparel Retail Business previously, we no longer held any interest in those subsidiaries. We keep looking for other retail business opportunity with a better profitability for the Group's Apparel Retail Business.

We are still closely monitoring the property market to determine the appropriate investment strategy for the Group's Property Investment and Development Business. We will seek any appropriate property investment and development project if we believe that it can magnify the Group's shareholders' return.

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 2017.

AUDIT COMMITTEE

The Company's audit committee has reviewed the accounting policies of the Group and the audited annual results of the Group for the year ended 31 December 2017.

CORPORATE GOVERNANCE CODE

During the year 2017, 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 deviations:

(1) 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.

(2) Under Code Provision A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Pang Yuen Shan, Christina and Mr. Chang Cheuk Cheung, Terence, independent non-executive Directors of the Company, did not attend the Company's 2017 extraordinary general meeting due to other business engagements while Mr. Chang Cheuk Cheung, Terence, an independent non-executive Director of the Company, did not attend the Company's 2016 annual general meeting due to other business engagement.

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 2017 to the date of the Board meeting approving the annual results announcement for the year 2017.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company's securities has been requested to follow such code when dealing in the securities of the Company.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcements dated 5 January 2018, 26 January 2018 and 26 February 2018, where Sky Halo Holdings Limited, Mr. Chan Hung Kwong Patrick, Ms. Tang Wai Shan and Mr. Au Wai Shing (together "Selling Shareholders") as sellers entered into a memorandum of understanding on 5 January 2018 with an independent third party as purchaser regarding possible sale of an aggregate of 402,550,665 shares of the Company, representing approximately 67.09% of the entire issued share capital of the Company held by the Selling Shareholders, to such purchaser. No formal sale and purchase agreement for the possible sale has been entered into at the date of this announcement.

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

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Monday, 14 May 2018. 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, 14 May 2018, the register of members will be closed from Wednesday, 9 May 2018 to Monday, 14 May 2018, 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 registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 8 May 2018.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2017 will be despatched to the shareholders and available on the Company's website at www.speedy-global.com and HKExnews website on or before 20 April 2018.

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, 19 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Huang Chih Shen and Mr. Chan Hung Kwong, Patrick; 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.