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 2018

FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
		2018	2017	Change
Revenue	*(HK$'million)*	**858.3**	1,178.5	-27.2%
– apparel supply chain servicing segment	*(HK$'million)*	**858.3**	1,178.5	-27.2%
– apparel retail segment	*(HK$'million)*	**–**	–	–
– property investment and development segment	*(HK$'million)*	**–**	–	–
Gross profit	*(HK$'million)*	**97.1**	129.9	-25.3%
– apparel supply chain servicing segment	*(HK$'million)*	**97.1**	129.9	-25.3%
– apparel retail segment	*(HK$'million)*	**–**	–	–
– property investment and development segment	*(HK$'million)*	**–**	–	–
Gross profit margin		**11.3%**	11.0%	
– apparel supply chain servicing segment		**11.3%**	11.0%	
– apparel retail segment		**–**	–	
– property investment and development segment		**–**	–	
Profit for the year attributable to equity holders of the Company	*(HK$'million)*	**22.2**	34.1	-34.9%
Net profit margin attributable to equity holders of the Company		**2.6%**	2.9%	
Basic and diluted earnings per share attributable to equity holders of the Company for the year	*(HK$ per share)*	**0.0370**	0.0568	

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 2018, together with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**858,343**	1,178,540
Cost of sales	*5*	**(761,202)**	(1,048,623)
Gross profit		**97,141**	129,917
Selling expenses	*5*	**(1,368)**	(2,431)
Administrative expenses	*5*	**(59,778)**	(81,881)
Other income	*4*	**1,661**	2,166
Other (losses)/gains – net		**(968)**	2,768
Operating profit		**36,688**	50,539
Finance income		**2,016**	4,573
Finance costs		**(10,703)**	(8,048)
Net finance costs		**(8,687)**	(3,475)
Profit before income tax		**28,001**	47,064
Income tax expense	*6*	**(5,779)**	(12,958)
Profit for the year attributable to equity holders of the Company		**22,222**	34,106
Basic and diluted earnings per share attributable to equity holders of the Company for the year (expressed in HK$ per share)	*7*	**0.0370**	0.0568

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(3,743)**	6,197
Exchange reserve realised from disposal of subsidiaries	**–**	(1,979)
	(3,743)	4,218
Total comprehensive income for the year attributable to equity holders of the Company	**18,479**	38,324

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**12,883**	14,590
Intangible assets		**379**	675
Deferred income tax assets		**2,364**	2,658
		15,626	17,923
Current assets			
Inventories		**101,412**	148,830
Trade and other receivables	*9*	**109,956**	166,370
Prepayments		**38,005**	32,005
Cash and cash equivalents		**346,179**	342,910
		595,552	690,115
Total assets		**611,178**	708,038
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**60,000**	60,000
Share premium		**53,441**	53,441
Other reserves		**19,081**	22,824
Retained earnings		**160,015**	137,793
Total equity		**292,537**	274,058
LIABILITIES			
Non-current liability			
Borrowings		**770**	192
Current liabilities			
Trade and other payables	*10*	**217,029**	272,975
Contract liabilities		**2,569**	–
Current income tax liabilities		**10,724**	14,563
Borrowings		**87,549**	146,250
		317,871	433,788
Total liabilities		**318,641**	433,980
Total equity and liabilities		**611,178**	708,038

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 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"), the Group had also been engaged in the apparel retail business operating in the People's Republic of China (the "PRC") (the "Apparel Retail Business") and 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 29 March 2019.

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 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 1 (Amendment)	First time adoption of HKFRS
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendment)	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The Group had changed its accounting policies following the adoption of HKFRS 9 and HKFRS 15. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendments)	Long-term Interests in Associates or Joint Ventures	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements to 2015–2017 Cycle	Improvements to HKFRS	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019

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 following:

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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.

Impacts

The Group has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. 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 HK$24,250,000. Of these commitments, approximately HK$33,000 relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately HK$23,104,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018) on 1 January 2019.

The Group expects that net profit after tax will decrease by approximately HK$191,000 for 2019 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately HK$21,087,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

Date of adoption

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption date (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

Impact on the financial statements

As a result of the changes in the entity's accounting policies, prior year's financial statements had to be restated. As explained below, HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated Statement of Financial Position (extract)	**31 December 2017 As originally presented**	**HKFRS 9**	**HKFRS 15**	**1 January 2018 Restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities				
Trade and other payables	272,975	–	(1,329)	271,646
Contract liabilities	–	–	1,329	1,329
Total liabilities	272,975	–	–	272,975

HKFRS 9 Financial Instruments-Impact of adoption

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. All classes of financial assets and financial liabilities had the same measurement categories and carrying amounts in accordance with HKAS 39 and HKFRS 9 on 1 January 2018.

(ii) Impairment of financial assets

The Group's significant financial assets which are subject to the new expected credit loss model include trade receivable and other receivables. The Group was required to revise its impairment methodology under HKFRS 9 for these classes of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The Group assesses on a forward looking basis. The expected credit losses under HKFRS 9 have not resulted in any additional impairment loss for other receivables as at 1 January 2018.

For trade receivable, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivable have been grouped based on shared credit risk characteristics and the days past due. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

HKFRS 15 Revenue from Contracts with Customers-Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules modified retrospectively and therefore has not restated comparatives for the 2017 financial year. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application on 1 January 2018:

	HKAS 18 carrying amount 31 December 2017	**Reclassification**	**HKFRS 15 carrying amount 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables *(i)*	272,975	(1,329)	271,646
Contract liabilities *(i)*	–	1,329	1,329

(i) Presentation of liabilities related to contracts with customers

The Group has voluntarily changed the presentation of the following amounts in the balance sheet to reflect the terminology of HKFRS 15:

Contract liabilities recognised in relation to the payments made by customers prior to the Group's goods transferring were previously included in trade and other payables.

There is no impact on the Group's retained earnings as at 1 January 2018.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue recognised during the year ended 31 December 2018 and 2017 is as follows:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Apparel Supply Chain Servicing Business	**858,343**	1,178,540
Apparel Retail Business	**–**	–
Property Investment and Development Business	**–**	–
	858,343	1,178,540

	As at 31 December	
	2018	2017
	HK$'000	HKD$'000
Contract liabilities related to Apparel Supply Chain Servicing Business	**2,569**	–

The Group has adopted HKFRS 15 from 1 January 2018 without restating comparative figures as at 31 December 2017. The revenue recognised in the current reporting year relating to carried-forward contract liabilities as at 1 January 2018 is HK$1,329,000.

(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	
	2018	2017
	HK$'000	*HK$'000*
Customer A	**505,681**	828,463
Customer B	**141,234**	132,962
	646,915	961,425

(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. During the year ended 31 December 2018, the Group has principally engaged in Apparel Supply Chain Servicing 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 (losses)/gains – 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 2018:

	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	**858,343**	**–**	**–**	**858,343**
Segment results	**37,656**	**–**	**–**	**37,656**
Other losses – net				**(968)**
Net finance costs				**(8,687)**
Profit before income tax				**28,001**
Income tax expense				**(5,779)**
Profit for the year				**22,222**

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	**3,482**	**–**	**–**	**3,482**
Amortisation of intangible assets	**265**	**–**	**–**	**265**
Reversal of allowance for inventory impairment	**(2,459)**	**–**	**–**	**(2,459)**
Allowance for doubtful debts	**1,331**	**–**	**–**	**1,331**

The segment assets and liabilities as at 31 December 2018 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	**608,814**	**–**	**–**	**2,364**	**611,178**
Total liabilities	**219,598**	**–**	**–**	**99,043**	**318,641**

The segment results for the year ended 31 December 2017:

	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	1,178,540	–	–	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 *HK$'000*	Apparel Retail Business *HK$'000*	Property Investment and Development Business *HK$'000*	Total *HK$'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 *HK$'000*	Apparel Retail Business *HK$'000*	Property Investment and Development Business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Total assets	705,380	–	–	2,658	708,038
Total liabilities	272,975	–	–	161,005	433,980

4. OTHER INCOME

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Rental income from subcontractors	**1,661**	1,416
Consulting service income	**–**	750
	1,661	2,166

5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Changes in inventories of finished goods and work in progress	**39,647**	(19,210)
Raw materials and consumables used, processing fee paid and merchandise purchased	**691,609**	1,039,000
Employee benefit expenses	**41,623**	56,960
Rental expenses	**13,087**	6,018
Transportation expenses	**8,671**	8,293
Reversal of allowance for inventory impairment	**(2,459)**	(2,289)
Depreciation and amortisation	**3,747**	4,056
Travelling expenses	**4,762**	5,113
Entertainment expenses	**3,905**	5,576
Professional service fees	**3,828**	4,027
Utilities	**2,932**	3,462
Auditors' remuneration		
– Audit services	**1,868**	1,983
– Non-audit services	**1,094**	550
Allowance for doubtful debts	**1,331**	4,886
Others	**6,703**	14,510
Total cost of sales, selling expenses and administrative expenses	**822,348**	1,132,935

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current income tax		
– PRC corporate income tax	**1,070**	6,559
– Hong Kong profits tax	**4,929**	5,405
	5,999	11,964
Deferred tax	**288**	492
Corporate income tax	**6,287**	12,456
Withholding tax	**(508)**	502
Income tax expense	**5,779**	12,958

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	
	2018	2017
	HK$'000	*HK$'000*
Profit before income tax	**28,001**	47,064
Tax calculated at rates applicable to profits of the Group's entities in the respective jurisdictions	**5,110**	10,962
Tax loss for which no deferred income tax assets was recognised	**865**	715
Recognition of tax loss for which no deferred income tax assets was recognised previously	**(715)**	–
Income not subject to tax	**(311)**	(757)
Expenses not deductible for tax purposes	**1,338**	1,536
Withholding tax	**(508)**	502
Tax charge	**5,779**	12,958

(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 2018 (2017: 16.5%).

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

EIT is provided at the rate of 25% (2017: 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 (2017: 5%).

7. BASIC AND DILUTED EARNINGS 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	
	2018	2017
Profit for the year attributable to equity holders of the Company *(HK$'000)*:	**22,222**	34,106
Weighted average number of ordinary shares in issue	**600,000,000**	600,000,000
Basic and diluted earnings per share *(HK$)*	**0.0370**	0.0568

The Company did not have any potential dilutive ordinary shares outstanding as at 31 December 2018 and 2017. Diluted earnings per share is equal to basic earnings per share.

8. DIVIDEND

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Proposed final – HK$0.01 (2017: Nil) per ordinary share	**6,000**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The proposed dividend has not been reflected as dividend payable in these consolidated financial statements for the year ended 31 December 2018 but will be reflected as dividend distribution for the year ending 31 December 2019.

The Company did not pay any dividends during the years ended 31 December 2018 and 2017.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade receivable	**89,225**	131,049
Other receivables	**16,405**	30,161
Bills receivable	**5,912**	10,032
	111,542	171,242
Less: provision for impairment		
– Trade receivable	**(1,340)**	–
– Other receivables	**(246)**	(4,872)
	109,956	166,370

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 2018 and 2017 based on invoice date is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
0-30 days	**42,543**	73,625
31-90 days	**24,955**	36,703
91-180 days	**14,266**	14,425
Over 180 days	**7,461**	6,296
	89,225	131,049

As at 31 December 2018 and 2017, 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	
	2018	2017
	HK$'000	*HK$'000*
Trade payable – due to third parties	**108,800**	143,515
Bills payable *(Note (a))*	**87,364**	107,684
Accrued payroll	**9,894**	9,055
Other payables	**8,546**	8,348
Other taxes payable	**2,425**	2,184
Advances from customers	**–**	1,329
Due to related parties	**–**	860
	217,029	272,975

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	
	2018	2017
	HK$'000	*HK$'000*
0-30 days	**53,262**	71,500
31-90 days	**44,050**	56,323
91-180 days	**3,638**	5,983
Over 180 days	**7,850**	9,709
	108,800	143,515

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 the subsidiaries involved in the Apparel Retail Business were fully disposed of by the end of February 2017. The Group is still closely monitoring the apparel retail market to determine the appropriate investment strategy for the Group's Apparel Retail Business.

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

	2018	2017
	HK$ million	*HK$ million*
Revenue	**858.3**	1,178.5
– *Apparel Supply Chain Servicing Business*	**858.3**	1,178.5
– *Apparel Retail Business*	**–**	–
– *Property Investment and Development Business*	**–**	–
Gross profit	**97.1**	129.9
– *Apparel Supply Chain Servicing Business*	**97.1**	129.9
– *Apparel Retail Business*	**–**	–
– *Property Investment and Development Business*	**–**	–
Profit for the year attributable to equity holders of the Company	**22.2**	34.1

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. Due to the decrease in orders from the customers, revenue under the Apparel Supply Chain Servicing Business decreased by 27.2% to approximately HK$858.3 million during the year 2018 (2017: HK$1,178.5 million).

Gross profit under our Apparel Supply Chain Servicing Business decreased by 25.3% to approximately HK$97.1 million (2017: HK$129.9 million) due to less orders placed to us from the customers while no material fluctuation was noted for the gross profit margin during the year 2018 (2018: 11.3%; 2017: 11.0%).

During the year 2018, we recorded a segmental profit before other losses – net, net finance costs and income tax expense of approximately HK$37.7 million (2017: HK$47.8 million). Decrease in the balance was mainly due to less orders placed to us from the customers partially offset by a decrease in administrative expenses during the year 2018.

Apparel Retail Business

There was neither revenue, gross profit nor expenses from our Apparel Retail Business during the year 2018 as the subsidiaries which were engaged in the Apparel Retail Business were fully disposed of in 2017.

Property Investment and Development Business

There was neither revenue, gross profit nor expenses from our Property Investment and Development Business during the year 2018 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 2018. Selling expenses decreased mainly due to decrease in sales during the year 2018.

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 decreased mainly because less staff salaries and bonuses were incurred as a result of a decrease in average headcount during the year 2018. Furthermore, general expenses decreased due to the tighter cost control during the year 2018.

OTHER (LOSSES)/GAINS – NET

Other losses – net of approximately HK$1.0 million during the year 2018 (2017: other gains – net of approximately HK$2.8 million) mainly represented the net exchange losses of approximately HK$1.1 million (2017: net exchange gains of approximately HK$3.2 million). Increase in the net exchange losses was mainly due to depreciation in the Renminbi during the year 2018.

FINANCE INCOME AND COSTS

Finance income decreased by 56.5% to approximately HK$2.0 million for the year of 2018 (2017: HK$4.6 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 (2018: net exchange losses of approximately HK$4.4 million was classified as finance costs).

Finance costs increased by 33.8% to approximately HK$10.7 million (2017: HK$8.0 million) primarily because there was a net exchange loss arising from translation of the balances of cash and cash equivalents and borrowings of approximately HK$4.4 million during the year 2018 (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 decreased by 55.4% to approximately HK$5.8 million (2017: HK$13.0 million) primarily as less taxable profit was generated by the Group during the year 2018.

INVENTORY

Inventory balance decreased from approximately HK$148.8 million as at 31 December 2017 to approximately HK$101.4 million as at 31 December 2018 due to the decrease in purchases before the current year end, partially offset with the slower delivery to customers before the current year end which resulted in an increase in the inventory turnover days (31 December 2018: 60 days; 31 December 2017: 47 days).

TRADE RECEIVABLE

Trade receivable decreased (31 December 2018: HK$89.2 million; 31 December 2017: HK$131.0 million) because less sales with faster 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 2018 was 47 days (31 December 2017: 51 days) which is in general within the credit period granted by us to the customers.

TRADE AND BILLS PAYABLE

Trade and bills payable decreased (31 December 2018: HK$196.2 million; 31 December 2017: HK$251.2 million) because less purchases were made before the current year ended.

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 2018 was 107 days (31 December 2017: 88 days). Increased in turnover days was because slower settlements to the suppliers was noted during the year 2018.

BORROWINGS

The Group had bank borrowings as at 31 December 2018 in the sum of approximately HK$87.2 million, of which approximately HK$84.0 million denominated in HK$ and HK$3.2 million in Renminbi. All bank borrowings were made from banks in Hong Kong or PRC at floating interest rates. As at 31 December 2018, all bank borrowings were repayable within one year or repayable on demand. Furthermore, the Group had finance lease liabilities of approximately HK$1.1 million as at 31 December 2018 (31 December 2017: HK$0.4 million). 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 2018, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2018, cash and cash equivalents amounted to approximately HK$346.2 million, of which approximately HK$258.9 million denominated in HK$, HK$78.5 million in Renminbi, HK$8.7 million in United States dollar and HK$0.1 million in other currencies. As at 31 December 2018, the current ratio of the Group was 1.9 (31 December 2017: 1.6). The Group was in a strong net cash position as at 31 December 2018. 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 2018, 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 2018. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENTS

As at 31 December 2018, the Group did not have any significant capital commitments (31 December 2017: Nil).

DIVIDEND

The Board has recommended a final dividend of HK$0.01 per share to shareholders whose names appear on the register of members of the Company on 5 June 2019. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 27 May 2019, the final dividend will be paid on 27 June 2019.

INFORMATION ON EMPLOYEES

As at 31 December 2018, the Group had a total of 300 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2018 were approximately HK$41.6 million, as compared to approximately HK$57.0 million for the year ended 31 December 2017. 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 2018, 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 2018, the Group did not have plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

According to the Company's announcement dated 6 December 2018, on 6 December 2018, the Company and Splendid Gains Holdings Limited (the "Vendor") entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell the shares, representing 100% of the issued share capital of Splendid Gains International Limited for a cash consideration of HK$180,000,000 (the "Proposed Acquisition"). The Proposed Acquisition is still in progress and yet complete at the date of this announcement. Save as disclosed above and in this announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year 2018.

CHARGE OF ASSETS

As at 31 December 2018, bills receivable of approximately HK$3,333,000 was pledged to a Group's banking facility. Save as disclosed above, there was no charge on the Group's assets as at 31 December 2018 (31 December 2017: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2018 (31 December 2017: 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 difficult and challenging in the year 2019 due to keen competition, especially the global economy is not stable due to the trade war between the PRC and the United States of America. In order to explore for more new opportunities with the existing and potential customers, the Group will enhance product innovation and creativity continuously. 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. Moreover, we will try to source more existing products from Southeast Asia which helps diversify the Group's risk under the trade war if possible.

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 2018.

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 2018.

CORPORATE GOVERNANCE CODE

During the year 2018, 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 2018 to the date of the Board meeting approving the annual results announcement for the year 2018.

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

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

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Monday, 27 May 2019. 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, 27 May 2019, the register of members will be closed from Wednesday, 22 May 2019 to Monday, 27 May 2019, 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, 21 May 2019.

The Board has recommended that the proposed final dividend of HK$0.01 per share is payable to the shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 5 June 2019, 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, 31 May 2019 to Wednesday, 5 June 2019, 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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 30 May 2019. Subject to the approval of the Company's shareholders at the forthcoming AGM to be held on Monday, 27 May 2019, the final dividend is expected to be paid on Thursday, 27 June 2019.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2018 will be despatched to the shareholders and available on the Company's website at www.speedy-global.com and HKExnews website on or before 15 April 2019.

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, 29 March 2019

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.