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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

		For the six months ended 30 June		
		2019	2018	Change
		(Unaudited)	(Unaudited)	
Revenue	*(HK$'million)*	**402.1**	382.1	5.2%
– *apparel supply chain servicing segment*	*(HK$'million)*	**402.1**	382.1	5.2%
– *apparel retail segment*	*(HK$'million)*	**–**	–	–
– *property investment and development segment*	*(HK$'million)*	**–**	–	–
Gross profit	*(HK$'million)*	**51.4**	33.0	55.8%
– *apparel supply chain servicing segment*	*(HK$'million)*	**51.4**	33.0	55.8%
– *apparel retail segment*	*(HK$'million)*	**–**	–	–
– *property investment and development segment*	*(HK$'million)*	**–**	–	–
Gross profit margin		**12.8%**	8.6%	
– *apparel supply chain servicing segment*		**12.8%**	8.6%	
– *apparel retail segment*		**–**	–	
– *property investment and development segment*		**–**	–	
Profit for the period attributable to equity holders of the Company	*(HK$'million)*	**4.7**	4.1	14.6%
Net profit margin attributable to equity holders of the Company		**1.2%**	1.1%	
Basic and diluted earnings per share attributable to equity holders of the Company for the period	*(HK$ per share)*	**0.0078**	0.0068	

INTERIM RESULTS

The board (the "**Board**") of directors ("**Directors**") of Speedy Global Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*6*	**402,103**	382,146
Cost of sales		**(350,737)**	(349,099)
Gross profit		**51,366**	33,047
Selling expenses		**(2,110)**	(896)
Administrative expenses		**(40,119)**	(24,810)
Other income		**1,055**	326
Other (losses)/gains, net		**(39)**	109
Operating profit	*7*	**10,153**	7,776
Finance income	*8*	**883**	781
Finance costs	*8*	**(3,855)**	(3,458)
Net finance costs	*8*	**(2,972)**	(2,677)
Profit before income tax		**7,181**	5,099
Income tax expense	*9*	**(2,481)**	(1,021)
Profit for the period attributable to equity holders of the Company		**4,700**	4,078
Basic and diluted earnings per share attributable to equity holders of the Company for the period (expressed in *HK$* per share)	*10*	**0.0078**	0.0068
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**330**	(1,147)
Total comprehensive income for the period attributable to equity holders of the Company		**5,030**	2,931

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**At 30 June 2019** *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**67,484**	12,883
Right-of-use assets		**18,346**	–
Intangible assets		**11,244**	379
Goodwill		**134,035**	–
Deferred income tax assets		**2,364**	2,364
		233,473	15,626
Current assets			
Inventories		**173,264**	101,412
Trade and other receivables	*12*	**133,431**	109,956
Prepayments		**43,452**	38,005
Cash and cash equivalents		**143,338**	346,179
		493,485	595,552
Total assets		**726,958**	611,178
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**60,000**	60,000
Share premium		**53,441**	53,441
Other reserves		**19,411**	19,081
Retained earnings		**158,715**	160,015
Total equity		**291,567**	292,537

	Note	**At 30 June 2019** *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**5,398**	770
Lease liabilities		**12,799**	–
Deferred income tax liabilities		**5,437**	–
		23,634	770
Current liabilities			
Trade and other payables	*13*	**197,416**	217,029
Contract liabilities		**9,581**	2,569
Current income tax liabilities		**20,017**	10,724
Borrowings		**178,168**	87,549
Lease liabilities		**6,575**	–
		411,757	317,871
Total liabilities		**435,391**	318,641
Total equity and liabilities		**726,958**	611,178

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Vista (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 ("**Sky Halo**").

On 6 December 2018, the Company and Splendid Gains Holdings Limited (the "**Splendid Gains Holdings**") entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire, and the Splendid Gains Holdings conditionally agreed to sell the shares, representing 100% of the issued share capital of Splendid Gains International Limited (the "**Splendid Gains**") for a cash consideration of HK$180,000,000 (the "**Acquisition**"). The Acquisition has been completed on 1 April 2019. Upon completion of the Acquisition, Splendid Gains and its subsidiaries (collectively referred to as the "**Splendid Gains Group**") become the wholly-owned subsidiaries of the Company. Splendid Gains Group is principally engaged in the business of manufacturing and trading of sweater knitwear products. Further details of the Acquisition were disclosed in the Company's announcements dated 6 December 2018 and 1 April 2019 and the Company's circular dated 5 March 2019.

Upon the completion of the Acquisition, the Group is principally engaged in the apparel supply chain servicing business which includes offering a wide range of woven wear, cut-and-sewn knitwear and sweater 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**").

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- Amendments to HKFRS 9 Prepayment Features with Negative Compensation
- HKFRS 16 Leases
- Amendments to HKAS 19 Plan Amendment, Curtailment or Settlement

- Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures

- HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments

- *Annual Improvements 2015-2017 Cycle* Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of HKFRS 16 are described below:

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for offices and factory. As a lessee, the Group previously classified the leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised and were presented separately in the interim condensed consolidated statement of financial position based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the interim condensed consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	HK$'000 (Unaudited)
Asset	
Increase in right-of-use assets	1,925
Liability	
Increase in lease liabilities	1,925

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	24,250
Discounted operating lease commitments at weighted average incremental borrowing rate as at 1 January 2019	18,476
Less: Commitments relating to short-term leases and those leases will be expired on or before 31 December 2019	(16,551)
Lease liabilities as at 1 January 2019	1,925

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

	Right-of-use assets	**Lease liabilities**
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
As at 1 January 2019	1,925	1,925
Reclassification of lease liabilities from borrowings as at 1 January 2019	–	1,066
Recognition due to the acquisition of Splendid Gains Group	18,288	18,288
Depreciation charge	(1,867)	–
Interest expenses	–	256
Payments	–	(2,161)
As at 30 June 2019	18,346	19,374

4. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue recognised for the six months ended 30 June 2019 and 2018 is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Apparel Supply Chain Servicing Business	**402,103**	382,146
Apparel Retail Business	**–**	–
Property Investment and Development Business	**–**	–
	402,103	382,146

(b) Segment information

Management reviews the Groups 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 (losses)/gains, net, net finance costs and income tax expense are managed on a group basis and are not allocated to operating segments.

The segment results for the six months ended 30 June 2019:

	Apparel Supply Chain Servicing Business *HK$'000* (Unaudited)	Apparel Retail Business *HK$'000* (Unaudited)	Property Investment and Development Business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue and revenue from external customers	**402,103**	**–**	**–**	**402,103**
Segment results	**10,192**	**–**	**–**	**10,192**
Other losses, net				**(39)**
Net finance costs				**(2,972)**
Profit before income tax				**7,181**
Income tax expense				**(2,481)**
Profit for the period				**4,700**

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

	Apparel Supply Chain Servicing Business *HK$'000* (Unaudited)	Apparel Retail Business *HK$'000* (Unaudited)	Property Investment and Development Business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation of property, plant and equipment	**4,433**	**–**	**–**	**4,433**
Amortisation of intangible assets	**1,129**	**–**	**–**	**1,129**
Reversal of allowance for inventory impairment	**(1,016)**	**–**	**–**	**(1,016)**

The segment results for the six months ended 30 June 2018:

	Apparel Supply Chain Servicing Business *HK$'000* (Unaudited)	Apparel Retail Business *HK$'000* (Unaudited)	Property Investment and Development Business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue and revenue from external customers	382,146	–	–	382,146
Segment results	7,667	–	–	7,667
Other gains, net				109
Net finance costs				(2,677)
Profit before income tax				5,099
Income tax expense				(1,021)
Profit for the period				4,078

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

	Apparel Supply Chain Servicing Business *HK$'000* (Unaudited)	Apparel Retail Business *HK$'000* (Unaudited)	Property Investment and Development Business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation of property, plant and equipment	1,785	–	–	1,785
Amortisation of intangible assets	142	–	–	142
Allowance for inventory impairment	408	–	–	408

(c) Information about major customers

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**210,969**	219,989

7. OPERATING PROFIT

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation and amortisation	**5,562**	1,927
Employee benefit expenses	**27,339**	22,171
Rental expenses	**5,885**	6,667
Loss/(gain) on disposal of property, plant and equipment	**144**	(40)

8. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance costs		
– Interest expense on bank borrowings	**(3,599)**	(3,442)
– Leases liabilities	**(256)**	(16)
	(3,855)	(3,458)
Finance income		
– Interest income on short-term bank deposits	**883**	781
Net finance costs	**(2,972)**	(2,677)

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	**2,971**	946
– PRC corporate income tax	**(530)**	(217)
	2,441	729
Deferred tax	**–**	292
Withholding tax	**40**	–
Income tax expense	**2,481**	1,021

(i) Cayman Islands profits tax

The Company had 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 six months ended 30 June 2019 and 2018.

(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% for the six months ended 30 June 2019 and 2018.

(v) Cambodia and United Kingdom profits tax

The Group had been subject to profits tax in the Cambodia and United Kingdom at the rate of 20%. Neither Cambodia nor United Kingdom profits tax were provided as there was no assessable profits generated in the Cambodia and United Kingdom for the six months ended 30 June 2019.

10. BASIC AND DILUTED EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (*HK$'000*)	**4,700**	4,078
Weighted average number of ordinary shares in issue	**600,000,000**	600,000,000
Basic and diluted earnings per share *(HK$)*	**0.0078**	0.0068

The Company did not have any potential dilutive ordinary shares outstanding as at 30 June 2019 and 2018. Diluted earnings per share is equal to basic earnings per share.

11. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 and 2018.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivable	**110,027**	89,225
Other receivables	**23,404**	16,405
Bills receivable	**–**	5,912
	133,431	111,542
Less: provision for impairment		
– Trade receivable	**–**	(1,340)
– Other receivables	**–**	(246)
	133,431	109,956

For Apparel Supply Chain Servicing Business, credit terms granted to customers by the Group were usually 30 to 90 days. Aging analysis of trade receivable as at 30 June 2019 and 31 December 2018 based on invoice date is as follows:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
0-30 days	**84,244**	42,543
31-90 days	**18,262**	24,955
91-180 days	**2,405**	14,266
Over 180 days	**5,116**	7,461
	110,027	89,225

13. TRADE AND OTHER PAYABLES

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Trade payable – due to third parties	**139,302**	108,800
Bills payable *(Note (a))*	**24,964**	87,364
Other payables	**15,019**	8,546
Accrued payroll	**10,660**	9,894
Other taxes payable	**2,439**	2,425
Due to related parties	**5,032**	–
	197,416	217,029

Notes:

(a) The bills payable was guaranteed by companies within the Group, which had 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:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
0-30 days	**100,494**	53,262
31-90 days	**26,100**	44,050
91-180 days	**1,365**	3,638
Over 180 days	**11,343**	7,850
	139,302	108,800

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

	Six months ended 30 June	
	2019	2018
	HK$ million	*HK$ million*
	(Unaudited)	(Unaudited)
Revenue	**402.1**	382.1
– *Apparel Supply Chain Servicing Business*	**402.1**	382.1
– *Apparel Retail Business*	**–**	–
– *Property Investment and Development Business*	**–**	–
Gross profit	**51.4**	33.0
– *Apparel Supply Chain Servicing Business*	**51.4**	33.0
– *Apparel Retail Business*	**–**	–
– *Property Investment and Development Business*	**–**	–
Profit for the period attributable to equity holders of the Company	**4.7**	4.1

The Group's revenue for the six months ended 30 June 2019 was approximately HK$402.1 million, representing an increase of approximately 5.2% over the last corresponding period. The increase in the Group's revenue was because current period's amount included revenue of approximately HK$69.1 million (January to June 2018: Nil) contributed by the Splendid Gains Group under the Apparel Supply Chain Servicing Business. Excluding the above-mentioned revenue, the Group's revenue for the six months ended 30 June 2019 decreased by 12.9% mainly due to decrease in revenue under the Apparel Supply Chain Servicing Business as a result of decrease in customers' demand. During the six months ended 30 June 2019, less orders to us were placed due to the keen competitive environment for the apparel supply chain market for the woven wear and cut-and-sewn knitwear products.

The Group's overall gross profit margin for the six months ended 30 June 2019 increased (January to June 2019: 12.8%; January to June 2018: 8.6%) mainly due to change of product mix and tight cost control during the six months ended 30 June 2019. Upon the completion of the Acquisition, our products included sweater knitwear which contributed a higher gross profit margin in average.

The Group recorded a profit attributable to equity holders of the Company of approximately HK$4.7 million for the six months ended 30 June 2019 as compared to approximately HK$4.1 million for the last corresponding period. The increase of the profit attributable to equity holders of the Company was mainly due to the net effect of the increase in gross profit of approximately HK$18.4 million, increase in selling expenses of approximately HK$1.2 million, increase in administrative expenses of approximately HK$15.3 million and increase in income tax expense of approximately HK$1.5 million.

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, cut-and-sewn knitwear and sweater knitwear products to respond to constantly evolving consumer preferences. Revenue under the Apparel Supply Chain Servicing Business increased slightly by 5.2% to approximately HK$402.1 million during the six months ended 30 June 2019 (January to June 2018: HK$382.1 million).

The gross profit under the Apparel Supply Chain Servicing Business increased (January to June 2019: HK$51.4 million; January to June 2018: HK$33.0 million) due to the increase in the gross profit margin. The gross profit margin increased (January to June 2019: 12.8%; January to June 2018: 8.6%) mainly due to change of product mix and tight cost control during the six months ended 30 June 2019.

During the six months ended 30 June 2019, we recorded a segmental profit before other losses, net, net finance costs and income tax expense of approximately HK$10.2 million, representing an increase of approximately HK$2.5 million comparing to that of approximately HK$7.7 million for the last corresponding period.

Apparel Retail Business

There was neither revenue, gross profit nor expenses from our Apparel Retail Business during the six months ended 30 June 2019 as the subsidiaries which were principally engaged in the Apparel Retail Business were disposed of by the end of February 2017.

Property Investment and Development Business

There was neither revenue, gross profit nor expense from our Property Investment and Development Business during the six months ended 30 June 2019 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 and transportation charges incurred during the six months ended 30 June 2019. Selling expenses increased by 135.5% to approximately HK$2.1 million during the six months ended 30 June 2019 because more transportation charges (January to June 2019: HK$1.6 million; January to June 2018: HK$0.6 million) were incurred during the current period.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly represented employee benefit expenses for our management, finance and administrative personnel, entertainment expenses, rental expenses for our office premises, depreciation and travelling expenses. Increase in the administrative expenses was noted mainly due to the Acquisition. Upon the Acquisition, the administrative expenses incurred by the Splendid Gains Group of approximately HK$11.2 million were consolidated during the six months ended 30 June 2019.

FINANCE INCOME AND COSTS

Finance income increased by 13.1% to approximately HK$0.9 million primarily because more time deposits were made and increase in the deposit interest rates during the six months ended 30 June 2019.

Finance costs increased by 11.5% to approximately HK$3.9 million primarily due to increase in average borrowings and increase in borrowings interest rates during the six months ended 30 June 2019.

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 143.0% to approximately HK$2.5 million primarily as more assessable profits were generated during the six months ended 30 June 2019.

INVENTORIES

Inventories balance increased from approximately HK$101.4 million as at 31 December 2018 to approximately HK$173.3 million as at 30 June 2019 mainly because more inventories, especially sweater products, were purchased for the subsequent sales before the end of current period.

Inventory turnover days increased as more goods were purchased before the six months ended 30 June 2019 for the subsequent sales (30 June 2019: 71 days; 31 December 2018: 60 days).

TRADE RECEIVABLE

Trade receivable balance increased from approximately HK$89.2 million as at 31 December 2018 to approximately HK$110.0 million as at 30 June 2019 primarily because more sales were noted before the six months ended 30 June 2019.

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.

There is no material fluctuation for the trade receivable turnover days (30 June 2019: 45 days; 31 December 2018: 47 days).

TRADE AND BILLS PAYABLE

Trade and bills payable balance decreased from approximately HK$196.2 million as at 31 December 2018 to approximately HK$164.3 million as at 30 June 2019 primarily because of the settlements by using bank borrowings before the six months ended 30 June 2019.

We generally enjoy a credit term of up to 90 days to settle payment. Decrease in trade and bills payable turnover days (30 June 2019: 94 days; 31 December 2018: 107 days) because faster settlements to the suppliers were noted before the six months ended 30 June 2019.

BORROWINGS

The Group had bank borrowings as at 30 June 2019 in the sum of approximately HK$183.6 million (31 December 2018: HK$87.3 million). All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 30 June 2019, bank borrowings of approximately HK$178.2 million were repayable within one year or repayable on demand while bank borrowings of approximately HK$5.4 million were repayable in between one to two years. The carrying amounts of bank borrowings of approximately HK$155.6 million and HK$28.0 million were denominated in HK$ and United States dollar respectively. 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 six months ended 30 June 2019, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 30 June 2019, cash and cash equivalents amounted to approximately HK$143.3 million, of which approximately HK$56.9 million denominated in HK$, approximately HK$54.9 million in Renminbi ("**RMB**"), approximately HK$31.3 million in United States dollar and approximately HK$0.2 million in other currencies. As at 30 June 2019, the current ratio of the Group was approximately 1.2 (31 December 2018: 1.9) and the Group's gearing ratio, calculated on the basis of total borrowings net of cash and cash equivalents as a percentage of total equity, was 13.8% while the Group was in a net cash position as at 31 December 2018. The Group has sufficient and readily available financial 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 the 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 RMB as their functional currency, foreign exchange risk arises primarily with respect to HK$. For group companies with HK$ as their functional currency, foreign exchange risk arises primarily with respect to RMB. 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 six months ended 30 June 2019, 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 six months ended 30 June 2019. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENTS

As at 30 June 2019, the Group did not have any significant capital commitments (31 December 2018: Nil).

INFORMATION ON EMPLOYEES

As at 30 June 2019, the Group had a total of 1,734 employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$37.0 million, as compared to approximately HK$22.2 million for the last corresponding period. Out of the total staff costs of approximately HK$37.0 million, staff costs of approximately HK$9.7 million were capitalised as inventories as at 30 June 2019. 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 and Cambodia rules and regulations and the prevailing regulatory requirements of the PRC and Cambodia.

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 ("**Share Option Scheme**") where options to subscribe for shares may be granted to the Directors and employees of the Group.

Details of the Share Option Scheme are disclosed in the section headed "Share Option Scheme" below.

SHARE OPTION SCHEME

The Company has adopted Share Option Scheme on 24 December 2012. The principal terms of the Share Option Scheme was summarised in paragraph headed "Statutory and General Information – 15. Share Option Scheme" in Appendix IV to the prospectus of the Company dated 31 December 2012 (the "**Prospectus**").

The purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution or future contribution to the Group.

During the six months ended 30 June 2019, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2019, 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 30 June 2019, 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 elsewhere in this announcement, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2019.

CHARGE OF ASSETS

There was no charge on the Group's assets as at 30 June 2019 (31 December 2018: HK$3,333,000).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

NEW BUSINESS OPPORTUNITY

There was no New Business Opportunity (as defined in the section headed "Relationship with Controlling Shareholders – New Business Opportunity" in the Prospectus) referred by the controlling shareholders of the Company as provided under the non-competition undertaking.

USE OF PROCEEDS

The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 January 2013 and raised net proceeds of approximately HK$94.7 million. As at 31 December 2018, unutilised net proceeds amounted to approximately HK$24.2 million. During the six months ended 30 June 2019, net proceeds of approximately HK$24.2 million have been fully used for the Acquisition, hence as at 30 June 2019, the unutilised net proceeds become nil.

PROSPECTS

We expect the business environment for our Apparel Supply Chain Servicing Business remains very difficult and challenging in the second half of the year 2019, especially the global economy is unstable 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 and will try to locate more suppliers located in Southeast Asia which helps diversity 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 THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2019, 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 30 June 2019, the Company's Directors and chief executives had the following interests and short positions in the shares, underlying shares and debentures of the Company, its Group members and/or associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

The Company

Name of Director	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Mr. Huang Chih Shen ("**Mr. Huang**")	Our Company	Interest of a controlled corporation *(Note 2)*	327,242,688 ordinary shares (L)	54.54%
Mr. Chan Hung Kwong, Patrick	Our Company	Beneficial owner	33,031,758 ordinary shares (L)	5.51%

Notes:

1. The letter "L" denotes the Directors' long position in the shares of our Company or the relevant associated corporation.

2. The disclosed interest represented the interest in the Company held by Sky Halo which was in turn wholly owned by Mr. Huang, an executive Director as at 30 June 2019. Therefore, Mr. Huang was deemed to be interested in the interest of Sky Halo in the Company by virtue of the SFO.

Associated Corporation

Name of Director	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Mr. Huang	Sky Halo	Beneficial owner	10,000 ordinary shares	100.00%

Note:

1. The disclosed interest represented the interest in Sky Halo which was wholly owned by Mr. Huang as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company, any of its Group members or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, so far as was known to the Directors, the following persons/entity (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Sky Halo *(Note 2)*	Our Company	Beneficial owner	327,242,688 ordinary shares (L)	54.54%
Ms. Cheuk Wai Ying *(Note 3)*	Our Company	Family	327,242,688 ordinary shares (L)	54.54%
Mr. Cheuk Lim Fai	Our Company	Beneficial owner	30,204,000 ordinary shares (L)	5.03%

Notes:

1. The letter "L" denotes the person's long position in the shares of the Company or the relevant Group member or associated corporation.

2. Sky Halo was incorporated in the British Virgin Islands and the entire issued share capital of which was wholly owned by Mr. Huang as at 30 June 2019.

3. Ms. Cheuk Wai Ying, spouse of Mr. Huang, was deemed to be interested in Mr. Huang's interest in the Company by virtue of the SFO.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other persons/ entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions set out in Appendix 14 to the Listing Rules ("**Code Provisions**") throughout the six months ended 30 June 2019, 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. 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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for securities transactions. All Directors confirmed that, having made specific enquiries of all Directors, they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2019.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 to C3.7 of the Code Provisions. The audit committee consists of three members, namely Mr. Wong Ting Kon, Ms. Pang Yuen Shan, Christina and Mr. Chang Cheuk Cheung, Terence, all of whom are independent non-executive Directors. Mr. Wong Ting Kon is the chairman of the audit committee.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 have been reviewed by the audit committee and the audit committee is of the view that the interim results for the six months ended 30 June 2019 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board does not recommend declaring any dividend for the six months ended 30 June 2019.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of both the Company (http://www.speedy-global.com) and the Stock Exchange (http://www.hkexnews.hk). An interim report of the Company for the six months ended 30 June 2019 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 30 August 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.