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 **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 2020**

FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
		2020	2019	Change
Revenue	<i>(HK\$'million)</i>	685.7	1,117.0	-38.6%
– apparel supply chain servicing segment	<i>(HK\$'million)</i>	685.7	1,117.0	-38.6%
– apparel retail segment	<i>(HK\$'million)</i>	–	–	–
– property investment and development segment	<i>(HK\$'million)</i>	–	–	–
Gross profit	<i>(HK\$'million)</i>	60.0	144.9	-58.6%
– apparel supply chain servicing segment	<i>(HK\$'million)</i>	60.0	144.9	-58.6%
– apparel retail segment	<i>(HK\$'million)</i>	–	–	–
– property investment and development segment	<i>(HK\$'million)</i>	–	–	–
Gross profit margin		8.8%	13.0%	
– apparel supply chain servicing segment		8.8%	13.0%	
– apparel retail segment		–	–	
– property investment and development segment		–	–	
(Loss)/profit for the year attributable to equity holders of the Company	<i>(HK\$'million)</i>	(148.8)	26.6	-659.4%
Net (loss)/profit margin attributable to equity holders of the Company		-21.7%	2.4%	
Basic and diluted (losses)/earnings per share for (loss)/profit attributable to equity holders of the Company for the year	<i>(HK\$ per share)</i>	(0.2481)	0.0444	

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**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 2020, together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2020 HK\$'000	2019 HK\$'000
Revenue	3	685,688	1,117,035
Cost of sales	5	(625,706)	(972,177)
Gross profit		59,982	144,858
Distribution costs	5	(7,813)	(10,100)
Administrative expenses	5	(191,845)	(85,342)
Net impairment losses on financial and contract assets	6	(11,726)	(7,258)
Other income	4	3,718	1,004
Other gains – net		940	176
Operating (loss)/profit		(146,744)	43,338
Finance income		566	1,157
Finance costs		(6,847)	(10,685)
Finance costs – net		(6,281)	(9,528)
(Loss)/profit before income tax		(153,025)	33,810
Income tax credit/(expense)	7	4,176	(7,161)
(Loss)/profit for the year attributable to equity holders of the Company		(148,849)	26,649
Other comprehensive income/(loss) for the year, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		4,552	(558)
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		(144,297)	26,091
Basic and diluted (losses)/earnings per share for (loss)/profit attributable to equity holders of the Company for the year (expressed in HK\$ per share)	8	(0.2481)	0.0444

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		53,963	63,575
Right-of-use assets		9,171	18,516
Intangible assets		5,330	9,350
Goodwill	10	11,387	134,035
Deferred tax assets		3,804	1,884
		83,655	227,360
Current assets			
Inventories		72,425	71,919
Trade and other receivables	11	126,164	189,656
Prepayments		35,074	41,620
Cash and cash equivalents		179,835	169,775
		413,498	472,970
Total assets		497,153	700,330
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		60,000	60,000
Share premium		53,441	53,441
Other reserves		23,075	18,523
Retained earnings		13,815	180,664
		150,331	312,628
Total equity		150,331	312,628
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,515	9,315
Deferred tax liabilities		2,800	4,867
		8,315	14,182

	<i>Note</i>	As at 31 December	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>12</i>	201,737	246,292
Contract liabilities		2,504	2,926
Current tax liabilities		3,876	23,405
Borrowings		126,590	91,545
Lease liabilities		3,800	9,352
		<hr/>	<hr/>
		338,507	373,520
		<hr/>	<hr/>
Total liabilities		346,822	387,702
		<hr/>	<hr/>
Total equity and liabilities		497,153	700,330
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. GENERAL INFORMATION

The Group are principally engaged in the apparel supply chain servicing business which offers 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 investment and development business (the “Property Investment and Development Business”).

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 Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 15 January 2013.

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated.

2. BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Compliance Ordinance Cap. 622.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) New standards, amendments to existing standards and interpretations adopted by the Group

The following new standards, amendments to existing standards and interpretations have been issued and effective for the annual accounting period beginning on 1 January 2020.

Standards, Amendments or Interpretations	Subject
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3 Conceptual Framework for Financial Reporting	Definition of a Business Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

The 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.

(iv) **New standards, amendments to existing standards and interpretations that have been issued but are not effective**

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for adoption during the current reporting period and have not been early adopted by the Group. None of these is expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards, Amendments or Interpretations	Subject	Effective for annual accounting periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to 2018-2020 Cycle	Improvements to HKFRS	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3. REVENUE AND SEGMENT INFORMATION

(a) **Revenue**

Revenue recognised during the year ended 31 December 2020 is as follows:

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Apparel Supply Chain Servicing Business	685,688	1,117,035
Apparel Retail Business	–	–
Property Investment and Development Business	–	–
	685,688	1,117,035

	As at 31 December	
	2020	2019
	HK\$'000	HK\$'000
Contract liabilities related to Apparel Supply Chain Servicing Business	<u>2,504</u>	<u>2,926</u>

The revenue recognised in the current reporting year relating to carried-forward contract liabilities as at 1 January 2020 was approximately HK\$2,926,000.

(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	
	2020	2019
	HK\$'000	HK\$'000
Customer A	266,285	443,837
Customer B	98,831	*
Customer C	68,801	*
Customer D	*	107,319
	<u>433,917</u>	<u>551,156</u>

* *Less than 10%*

(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. During the year ended 31 December 2020, the Group was 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 gains – net, finance costs – net and income tax credit/(expense) are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of properties, plant and equipment, right-of-use assets, intangible assets, goodwill, inventories, trade and other receivables, prepayments, and cash and cash equivalents. They exclude deferred tax assets.

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

The segment results for the year ended 31 December 2020:

	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	<u>685,688</u>	<u>-</u>	<u>-</u>	<u>685,688</u>
Segment results	<u>(147,684)</u>	<u>-</u>	<u>-</u>	<u>(147,684)</u>
Other gains – net				940
Finance costs – net				<u>(6,281)</u>
Loss before income tax				(153,025)
Income tax credit				<u>4,176</u>
Loss for the year				<u><u>(148,849)</u></u>

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	13,225	-	-	13,225
Depreciation of right-of-use assets	9,372	-	-	9,372
Amortisation of intangible assets	4,063	-	-	4,063
Allowance for inventory impairment	2,120	-	-	2,120
Allowance for doubtful debts	11,726	-	-	11,726

The segment assets and liabilities as at 31 December 2020 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	<u>493,349</u>	<u>-</u>	<u>-</u>	<u>3,804</u>	<u>497,153</u>
Total liabilities	<u>213,556</u>	<u>-</u>	<u>-</u>	<u>133,266</u>	<u>346,822</u>

The segment results for the year ended 31 December 2019:

	Apparel Supply Chain Servicing Business <i>HK\$'000</i>	Apparel Retail Business <i>HK\$'000</i>	Property Investment and Development Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue and revenue from external customers	1,117,035	–	–	1,117,035
Segment results	43,162	–	–	43,162
Other gains – net				176
Finance costs – net				(9,528)
Profit before income tax				33,810
Income tax expense				(7,161)
Profit for the year				26,649

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

	Apparel Supply Chain Servicing Business <i>HK\$'000</i>	Apparel Retail Business <i>HK\$'000</i>	Property Investment and Development Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	11,466	–	–	11,466
Depreciation of right-of-use assets	13,333	–	–	13,333
Amortisation of intangible assets	3,256	–	–	3,256
Allowance for inventory impairment	1,447	–	–	1,447
Allowance for doubtful debts	7,258	–	–	7,258

The segment assets and liabilities as at 31 December 2019 are as follows:

	Apparel Supply Chain Servicing Business <i>HK\$'000</i>	Apparel Retail Business <i>HK\$'000</i>	Property Investment and Development Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total assets	698,446	–	–	1,884	700,330
Total liabilities	267,885	–	–	119,817	387,702

4. OTHER INCOME

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Government subsidies	3,250	–
Rental income from subcontractors	386	1,004
Others	82	–
	<u>3,718</u>	<u>1,004</u>

5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Changes in inventories of finished goods and work in progress	153	35,028
Raw materials and consumables used, processing fee paid and merchandise purchased	557,732	855,324
Impairment of goodwill	122,648	–
Employee benefit expenses	74,790	86,932
Rental expenses	513	1,020
Transportation expenses	10,711	16,313
Allowance for inventory impairment	2,120	1,447
Depreciation and amortisation	26,660	28,055
Travelling expenses	3,027	6,580
Entertainment expenses	3,478	5,898
Professional service fees	3,297	6,877
Utilities	4,896	4,101
Auditors' remuneration		
Audit services	1,904	3,817
Non-audit services	100	376
Commission expenses	1,200	2,359
Repairs and maintenance expenses	832	1,438
Banks charges	484	1,018
Others	10,819	11,036
	<u>825,364</u>	<u>1,067,619</u>

6. NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Allowance for doubtful debts	<u>11,726</u>	<u>7,258</u>

7. INCOME TAX (CREDIT)/EXPENSE

(a) income tax (credit)/expense

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Current income tax		
– PRC corporate income tax (“CIT”)	–	530
– Hong Kong profits tax	130	6,609
	<u>130</u>	<u>7,139</u>
Deferred income tax	(3,953)	(93)
	<u>(3,823)</u>	<u>7,046</u>
Corporate income tax	(3,823)	7,046
Withholding tax	(353)	115
	<u>(4,176)</u>	<u>7,161</u>

(i) Cayman Islands profits tax

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

(ii) Hong Kong profits tax

Under the two-tiered profits tax rates regime for the year ended 31 December 2020 and 2019 the profits tax rate for the first HK\$2,000,000 of assessable profits is lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance). Assessable profits above HK\$2,000,000 continue to be subject to the rate of 16.5%.

(iii) Cambodia profits tax

Pursuant to the Cambodia tax laws, Agile Sweater (Cambodia) Co. Ltd, one of the wholly-owned subsidiaries of the Group, is subject to 20% profits tax rate for the year ended 31 December 2020. For the year ended 31 December 2019, it is entitled to preferential tax treatment with full exemption from Cambodia corporate income tax.

(iv) PRC CIT

CIT is provided at the rate of 25% (2019: 25%) on the assessable profit of entities within the Group incorporated in the PRC.

(v) PRC withholding income tax

According to the CIT Law, as there is a tax treaty arrangement between the 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 for at a rate of 5% during the year (2019: 5%).

(b) Numerical reconciliation of income tax (credit)/expense

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

	Year ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/profit before income tax	<u>(153,025)</u>	<u>33,810</u>
Tax calculated at rates applicable to (losses)/profits of the Group's entities in the respective jurisdictions	(25,530)	5,923
Tax losses for which no deferred income tax assets were recognised	2,820	1,067
Recognition of tax losses for which no deferred tax assets were recognised previously	(883)	–
Income not subject to tax	(1,074)	(423)
Expenses not deductible for tax purposes	20,844	479
Withholding tax	<u>(353)</u>	<u>115</u>
Tax (credit)/charge	<u><u>(4,176)</u></u>	<u><u>7,161</u></u>

(c) Tax losses

As at 31 December 2020, the Group did not recognise deferred income tax assets of approximately HK\$4,751,000 (31 December 2019: HK\$1,932,000) in respect of losses amounting to approximately HK\$16,943,000, (2019: HK\$7,890,000), as it is uncertain that future taxable profit will be available against which the tax losses can be utilised. In accordance with the PRC tax law, tax losses may be carried forward to offset against future taxable income for a period of five years.

8. (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/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	
	2020	2019
(Loss)/profit for the year attributable to equity holders of the Company (<i>HK\$'000</i>)	(148,849)	26,649
Weighted average number of ordinary shares in issue	<u>600,000,000</u>	<u>600,000,000</u>
Basic (losses)/earnings per share (<i>HK\$</i>)	<u>(0.2481)</u>	<u>0.0444</u>

(b) Diluted (losses)/earnings per share

As there were no potential dilutive ordinary shares during the year ended 31 December 2020 (2019: Nil), diluted (losses)/earnings per share was equal to basic (losses)/earnings per share.

9. DIVIDEND

On 30 March 2020, the Board approved and declared a final dividend for the year ended 31 December 2019 of HK\$0.03 per ordinary share. A total sum amounted to HK\$18,000,000 was paid out of the retained earnings of the Company during the year.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2020.

10. GOODWILL

	<i>HK\$'000</i>
Year ended 31 December 2020	
Opening net book amount	134,035
Impairment	<u>(122,648)</u>
Closing net book amount	<u>11,387</u>
As at 31 December 2020	
Cost	134,035
Accumulated impairment	<u>(122,648)</u>
Net book amount	<u>11,387</u>

(a) **Impairment test for goodwill**

Goodwill is monitored by management at the level of Splendid Gains International Limited and its subsidiaries (collectively, the “**Splendid Gains Group**”).

The following table sets out the key assumptions for the CGU that has significant goodwill allocated to them:

	Splendid Gains Group
2020	
Revenue (% annual growth rate)	3.0
Budgeted gross margin (% of revenue)	12.0
Pre-tax discount rate (%)	17.9

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine the value
Revenue (% annual growth rate)	Average annual growth rate over the five-year forecast period. It is determined based on past performance, management’s expectations of market development. Despite there was a decrease in revenue by 38.6% for the year 2019 to 2020, with the promote of COVID-19 vaccine, the coronavirus disease is gradually under control and the consume market will gradually recover, revenue growth rate is expected to be positive over the forecast period.
Budgeted gross margin (% of revenue)	Average margin as a percentage of revenue over the five-year forecast period. It is determined based on the CGU’s past performance and management’s expectations for the future.
Pre-tax discount rates	Reflect specific risks relating to the CGU and the countries in which it operates.

(b) **Impact of possible changes in key assumptions**

If the annual growth rate of revenue used in the value-in-use calculation had been 1% lower than management’s estimates as at 31 December 2020 (2% instead of 3%), the Group would have had to recognise an impairment of approximately HK\$129,148,000.

If the budgeted gross margin used in the value-in-use calculation had been 1% lower than management’s estimates as at 31 December 2020 (11% instead of 12%), the Group would have had to recognise an impairment of approximately HK\$134,035,000, in which case, the goodwill will be fully impaired.

If the pre-tax discount rate applied to the cash flow projections had been 1% higher than management’s estimates (18.9% instead of 17.9%), the Group would have had to recognise an impairment of approximately HK\$127,748,000.

11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	HK\$'000	HK\$'000
Trade receivable	119,125	176,935
Other receivables	<u>18,765</u>	<u>12,734</u>
	137,890	189,669
Less: provision for impairment		
– Trade receivable	<u>(11,726)</u>	<u>(13)</u>
	<u>126,164</u>	<u>189,656</u>

As at 31 December 2020 and 2019, the Group's trade receivable are mainly due from customers with good credit history and low default rate.

Credit terms granted to customers by the Group are usually 30 to 90 days and which are mainly due from customers with good credit history and low default rate. As at 31 December 2020, the ageing analysis of the trade receivable based on invoice date is as follows:

	As at 31 December	
	2020	2019
	HK\$'000	HK\$'000
Within 30 days	54,155	79,219
31 to 90 days	41,607	87,702
91 to 180 days	8,661	9,822
Over 180 days	<u>14,702</u>	<u>192</u>
	<u>119,125</u>	<u>176,935</u>

As at 31 December 2020, trade receivables of approximately HK\$13,713,000 (2019: nil) was individually assessed where there is objective evidence that the debtor faces significant financial difficulties. The trade receivables relate to a customer in the United States which has come into financial crisis due to the outbreak of coronavirus disease in early 2020. The Group made an impairment provision of HK\$11,656,000 with reference to its latest communications with the customer and a debt collecting agent appointed by the Group. The ageing of these receivables was over 180 days.

Movements of the provision for impairment of receivables are as follows:

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
At beginning of year	(13)	(1,586)
Allowance for doubtful debts	(11,726)	(7,258)
Receivables written-off during the year as uncollectible	13	8,831
At end of year	<u>(11,726)</u>	<u>(13)</u>

12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	HK\$'000	HK\$'000
Trade payable – due to third parties (<i>note (b)</i>)	110,485	118,094
Bills payable (<i>note (c)</i>)	68,059	98,384
Accrued payroll	11,108	15,383
Other payables	8,425	10,276
Other taxes payable	3,632	4,011
Due to related parties	28	144
	<u>201,737</u>	<u>246,292</u>

(a) Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

- (b) Trade payables are unsecured. The credit period granted by the Group's principal suppliers ranges from 30 to 90 days. As at 31 December 2020, the ageing analysis of trade payable based on invoice date is as follows:

	As at 31 December	
	2020	2019
	HK\$'000	HK\$'000
Within 30 days	73,197	65,851
31 to 90 days	31,294	37,259
91 to 180 days	2,982	5,015
Over 180 days	3,012	9,969
	<u>110,485</u>	<u>118,094</u>

- (c) The bills payable were guaranteed by companies within the Group, which have to be settled within three months from the dates of issue.

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.

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

	Year ended 31 December	
	2020	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	685.7	1,117.0
– Apparel Supply Chain Servicing Business	685.7	1,117.0
– Apparel Retail Business	–	–
– Property Investment and Development Business	–	–
Gross profit	60.0	144.9
– Apparel Supply Chain Servicing Business	60.0	144.9
– Apparel Retail Business	–	–
– Property Investment and Development Business	–	–
(Loss)/profit for the year attributable to equity holders of the Company	(148.8)	26.6

Apparel Supply Chain Servicing Business

In 2020, the ongoing outbreak of the Coronavirus Disease 2019 (the “COVID-19 Outbreak”) around the world delivered a serious blow to the global economy and market demands, causing significant impacts on the demands for the Apparel Supply Chain Servicing Business. The revenue under the Apparel Supply Chain Servicing Business decreased by 38.6% to approximately HK\$685.7 million during the year 2020 (2019: HK\$1,117.0 million).

Gross profit and gross profit margin under our Apparel Supply Chain Servicing Business decreased by 58.6% to approximately HK\$60.0 million (2019: HK\$144.9 million) and decreased to approximately 8.8% (2019: 13.0%) respectively, mainly due to the decrease in revenue and in gross profit margin. The gross profit margin decreased mainly because certain of the Group's cost of sales were fixed costs, such as depreciation of property, plant and equipment, labour cost and lease expenses, which resulted in the decrease of gross profit margin.

During the year 2020, we recorded a segmental loss before other gains – net, finance costs-net and income tax credit of approximately HK\$147.7 million (2019: segmental profit HK\$43.2 million).

Apparel Retail Business

There was neither revenue, gross profit nor expenses from our Apparel Retail Business during the year 2020 as the subsidiaries which were 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 expenses from our Property Investment and Development Business during the year 2020 as the subsidiaries which were engaged in the property development and investment for the land at Xinmi City were fully disposed of in 2016.

DISTRIBUTION COSTS

Distribution costs mainly represented employees' wages for salesmen, commission expenses and freight charges related to sales of goods incurred during the year 2020. Distribution costs decreased mainly due to decrease in sales commission and the freight charges.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly represented the provision for impairment of goodwill, 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 mainly due to the provision for impairment of goodwill. Due to the weak performance of the Splendid Gains Group engaged in the business of manufacturing and trading of sweater knitwear products resulting from the COVID-19 Outbreak, based on HKAS 36 requirements, the Group made a provision for impairment of goodwill of approximately HK\$122.6 million during the year 2020 (2019: Nil). The impairment provision will reduce the net carrying amount of the goodwill. However, the provision for impairment of goodwill is a non-cash item and has no impact on the Group's cash flow, operations or liquidity position. For details, please refer to the paragraph headed "Goodwill" below.

NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Due to the COVID-19 Outbreak, one of the US customers faces significant financial difficulties. The Group had engaged a debt collecting agent to deal with that debtor. Since the ageing was past due over 180 days, the Group made an allowance for doubtful debts of approximately HK\$11.7 million during the year 2020 (2019: HK\$7.3 million).

OTHER GAINS – NET

Other gains – net of approximately HK\$0.9 million during the year 2020 mainly represented claims from customers for order cancellation of approximately HK\$0.6 million and net foreign exchange gains of approximately HK\$0.3 million.

Other gains – net of approximately HK\$0.2 million during the year 2019 mainly represented claims from customer for order cancellation of approximately HK\$0.9 million, partially offset by the net losses on disposal of the property, plant and equipment of approximately HK\$0.6 million.

FINANCE INCOME AND COSTS

Finance income decreased by 50.0% to approximately HK\$0.6 million for the year 2020 (2019: HK\$1.2 million) primarily due to decrease in the deposit amount during the year 2020.

Finance cost decreased by 36.4% to approximately HK\$6.8 million for the year 2020 (2019: HK\$10.7 million). Finance costs for the year 2020 mainly represented interest expense on bank borrowings of approximately HK\$6.7 million, interest and finance charges of lease liabilities of approximately HK\$0.7 million and net exchange gains of approximately HK\$0.5 million while finance costs for the year 2019 mainly represented interest expense on bank borrowings of approximately HK\$9.3 million and net exchange losses of approximately HK\$0.3 million. Decreased in the interest expense on bank borrowings was primarily due to decrease of import trade loan amount during the year 2020.

INCOME TAX CREDIT/(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. During the year 2020, income tax credit was approximately HK\$4.2 million because the operation result was in loss position (2019: income tax expense HK\$7.2 million).

GOODWILL

On 1 April 2019, the Company acquired 100% interest in Splendid Gains Group from Splendid Gains Holdings Limited for a cash consideration of HK\$180.0 million (the “**Acquisition**”). A goodwill of approximately HK\$134.0 million was recognised based on the difference between the purchase consideration and the fair values of the total identifiable net assets of Splendid Gains Group at the date of the Acquisition.

The performance of Splendid Gains Group has been severely affected due to the COVID-19 Outbreak. Since April 2020, the Splendid Gains Group has experienced loss in key overseas customers, cancellation or reduction of orders or requests for delayed delivery by overseas customers, and resulted in a significant decline of revenue in 2020 as compared to last year. Management of the Company does not expect this situation to easily be resumed to normal having considered the impacts of the COVID-19 Outbreak and the current deteriorating political and economic relationships between China and overseas countries which significantly affects the apparel industry and business. Accordingly, the Company has recalculated the recoverable amount of the Splendid Gains Group as at 31 December 2020 resulted in an impairment loss of approximately HK\$122.6 million being recognised which has reduced the carrying value of the goodwill to approximately HK\$11.4 million. For details, please refer to note 10 to the financial statements of this announcement.

INVENTORIES

Inventories balance increased from approximately HK\$71.9 million as at 31 December 2019 to approximately HK\$72.4 million as at 31 December 2020 due to delay in shipment resulting from the COVID-19 Outbreak which resulted in an increase in the inventory turnover days (2020: 42 days; 2019: 33 days).

TRADE RECEIVABLE

Trade receivable decreased (31 December 2020: HK\$119.1 million; 31 December 2019: HK\$176.9 million) which is in line with the decrease in revenue during the year 2020.

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 for the year 2020 were 79 days (2019: 43 days) which increased due to the delay in payment by our customers.

TRADE AND BILLS PAYABLE

Trade and bills payable decreased (31 December 2020: HK\$178.5 million; 31 December 2019: HK\$216.5 million) because less purchases were made before the current year end.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade and bills payable turnover days for the year 2020 were 115 days (2019: 77 days). Increased in turnover days was because delay of settlements to the suppliers were noted during the year 2020.

BORROWINGS

The Group had bank borrowings as at 31 December 2020 in the sum of approximately HK\$126.6 million which are denominated in HK\$. All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 31 December 2020, all bank borrowings were repayable within five years of which approximately HK\$115.2 million was repayable within one year, approximately HK\$7.2 million was repayable between one to two years and approximately HK\$4.2 million was repayable between two to five years and all subject to repayable on demand clauses. 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 2020, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2020, cash and cash equivalents amounted to approximately HK\$179.8 million, of which approximately HK\$118.6 million denominated in HK\$, approximately HK\$46.2 million in Renminbi, approximately HK\$14.5 million in United States dollar and approximately HK\$0.5 million in other currencies. As at 31 December 2020, the current ratio of the Group was 1.2 (31 December 2019: 1.3). The Group was in a strong net cash position as at 31 December 2020. 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 or US dollars as their functional currency, foreign exchange risk arises primarily from translation of amounts denominated in foreign currencies. 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 2020, 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 2020. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any significant capital commitments (31 December 2019: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2020, the Group had a total of 1,179 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2020 were approximately HK\$74.8 million, as compared to approximately HK\$86.9 million for the year ended 31 December 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 with 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.

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 2020, 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 2020, the Group did not have plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year 2020.

CHARGE OF ASSETS

There was no charge on the Group's assets as at 31 December 2020 (31 December 2019: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2020 (31 December 2019: 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 ahead to 2021, the global economic landscape will still be dominated by the COVID-19 Outbreak. With cumulative COVID-19 vaccination, we expected that it is able to get out of the current predicament and see the light in future. However, global economy will continue to be volatile subject to various factors such as the COVID-19 Outbreak and China-US trade war. It will bring a series of uncertainties across the globe. The Group will continue to pay close attention to the development of the domestic and international epidemic and changes in the markets to agilely respond and take appropriate actions.

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 simplify the Group's organisation structure with each operating process in order to save costs.

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 2020.

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 2020.

CORPORATE GOVERNANCE CODE

During the year 2020, the Company had complied with the code provisions (the "**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:

- (i) 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.
- (ii) Under Code Provision A.6.7, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Dr. Chan Chung Bun, Bunny, an independent non-executive Director of the Company, did not attend the Company's 2019 annual general meeting due to his other business commitments. Dr. Chan often provides valuable advice to the Company with his skills, experience and expertise and he will strive to attend future general meeting(s) of the Company so as to keep a balanced understanding of the views of shareholders of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**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 2020 to the date of the Board meeting approving the annual results announcement for the year 2020.

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 above and in this announcement, there is no important event affecting the Group which has occurred after the reporting period.

ANNUAL GENERAL MEETING (THE “AGM”)

The AGM will be held on Thursday, 27 May 2021. 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 Thursday, 27 May 2021, the register of members will be closed from Monday, 24 May 2021 to Thursday, 27 May 2021, 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 Hong Kong Branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 May 2021.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2020 will be despatched to the shareholders and available on the Company's website at www.speedy-global.com and HKExnews website on or around 19 April 2021.

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, 31 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Huang Chih Shen and Ms. Huang Li Hun, Serlina; 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.