

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

 **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 2023**

**FINANCIAL HIGHLIGHTS**

		<b>For the year ended 31 December</b>		
		<b>2023</b>	<b>2022</b>	<b>Change</b>
Revenue	<i>(HK\$'million)</i>	<b>462.3</b>	561.8	-17.7%
Gross profit	<i>(HK\$'million)</i>	<b>39.3</b>	42.6	-7.7%
Gross profit margin		<b>8.5%</b>	7.6%	
Loss for the year attributable to equity holders of the Company	<i>(HK\$'million)</i>	<b>(5.0)</b>	(34.5)	-85.5%
Net loss margin attributable to equity holders of the Company		<b>-1.1%</b>	-6.1%	
Basic and diluted losses per share for loss attributable to equity holders of the Company for the year	<i>(HK\$ per share)</i>	<b>(0.0083)</b>	(0.0574)	

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Speedy Global Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2023	2022
		HK\$'000	HK\$'000
Revenue	3	462,331	561,797
Cost of sales	5	(423,008)	(519,200)
<b>Gross profit</b>		<b>39,323</b>	42,597
Selling and marketing expenses	5	(1,482)	(3,380)
Administrative expenses	5	(40,302)	(54,718)
Net impairment reversal/(losses) on financial assets	6	102	(8,403)
Other income	4	462	1,521
Other gains/(losses) – net	7	524	(4,302)
<b>Operating loss</b>		<b>(1,373)</b>	(26,685)
Finance income		3,190	977
Finance costs		(7,140)	(6,341)
Finance costs – net		(3,950)	(5,364)
<b>Loss before income tax</b>		<b>(5,323)</b>	(32,049)
Income tax credit/(expense)	8	373	(2,409)
<b>Loss for the year attributable to equity holders of the Company</b>		<b>(4,950)</b>	(34,458)
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(946)	(10,819)
<b>Total comprehensive loss for the year attributable to equity holders of the Company</b>		<b>(5,896)</b>	(45,277)
<b>Basic and diluted losses per share for loss attributable to equity holders of the Company for the year (expressed in HK\$ per share)</b>	10	<b>(0.0083)</b>	(0.0574)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at 31 December</b>	
		<b>2023</b>	2022
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,105	27,604
Right-of-use assets		214	2,617
Intangible assets		–	16
Deferred tax assets		2,646	2,580
		<b>11,965</b>	32,817
<b>Current assets</b>			
Inventories		43,259	48,147
Trade and other receivables	<i>11</i>	62,370	71,160
Prepayments	<i>12</i>	16,252	7,013
Short-term bank deposits		30,942	–
Cash and cash equivalents		96,173	160,720
		<b>248,996</b>	287,040
<b>Total assets</b>		<b>260,961</b>	319,857
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		60,000	60,000
Share premium		53,441	53,441
Other reserves		14,150	15,096
Accumulated losses		(58,056)	(53,106)
		<b>69,535</b>	75,431
<b>Total equity</b>		<b>69,535</b>	75,431
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		–	331
Deferred tax liabilities		1,224	1,996
		<b>1,224</b>	2,327

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current liabilities</b>			
Trade and other payables	13	<b>88,389</b>	83,791
Contract liabilities		<b>1,009</b>	523
Current tax liabilities		<b>4,073</b>	3,868
Finance payables		<b>30,591</b>	43,301
Bank borrowings		<b>65,918</b>	108,311
Lease liabilities		<b>222</b>	2,305
		<hr/>	<hr/>
		<b>190,202</b>	242,099
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>191,426</b>	244,426
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>260,961</b>	319,857
		<hr/> <hr/>	<hr/> <hr/>

## NOTES:

### 1. GENERAL INFORMATION

Speedy Global Holdings Limited (the “Company”) and its subsidiaries (together 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 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 AND CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

#### 2.1(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023.

<b>New and amended standards</b>	<b>Subject</b>
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Amendments to HKFRS 17
Amendments to HKFRS 17	Comparative Information – Initial Application of HKFRS 17 and HKFRS 9
Amendments to HKAS 8	Definition of Accounting Estimate
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Save for the impact of adoption of amendments to HKAS 12 set out in Note 2.2, the new and amended standards 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.

## 2.1(b) Amended standards and interpretation not yet adopted

Certain amendments to existing standards and interpretation have been published that are not mandatory for December 31, 2023 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.

<b>Amended standards and interpretations</b>	<b>Subject</b>	<b>Effective for annual accounting periods beginning on or after</b>
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	January 1, 2024
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to HKAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	January 1, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	January 1, 2024
Amendments to HKAS 21	Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

## 2.2 Changes in accounting policies

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

The Group's revenue is recognised at a point in time when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured. During the years ended 31 December 2023 and 2022, the Group's revenue was derived from the Apparel Supply Chain Servicing Business.

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

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Customer A	209,862	258,183
Customer B	188,016	200,133
	<u>397,878</u>	<u>458,316</u>

The revenue recognised in the current financial year relating to carried-forward contract liabilities as at 1 January 2023 was approximately HK\$523,000 (2022: HK\$5,428,000).

#### (b) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2023 and 2022, the Group is principally engaged in the Apparel Supply Chain Servicing Business. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services and the method used to provide their services is same in different regions.

The Group's revenue is mainly derived from customers located in China (including Hong Kong and the PRC) whilst the Group's business activities are conducted predominately in China. An analysis of the Group's sales by geographical area of its customers is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
China	437,594	532,559
Europe and North America	15,742	20,535
Other countries	8,995	8,703
	<u>462,331</u>	<u>561,797</u>

An analysis of the Group's non-current assets other than deferred tax assets by geographical area in which the assets are located is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
China	3,377	5,627
Cambodia	5,942	24,610
	<u>9,319</u>	<u>30,237</u>

#### 4. OTHER INCOME

	<b>Year ended 31 December</b>	
	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government subsidies	41	1,058
Rental income from subcontractors	–	47
Others	421	416
	<u>462</u>	<u>1,521</u>



## 5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Changes in inventories of finished goods and work in progress	8,944	(3,227)
Raw materials and consumables used, processing fee paid and merchandise purchased	331,294	459,105
Employee benefit expenses	60,176	63,972
Depreciation and amortisation	11,123	16,734
Rental expenses relating to short-term leases and low-value assets	9,960	6,441
Impairment of property, plant and equipment	9,891	2,330
Transportation expenses	8,220	10,436
Utilities	4,716	4,768
Entertainment expenses	4,372	2,959
Auditors' remuneration	1,901	1,760
Professional service fees	1,655	1,234
Travelling expenses	1,531	1,625
Allowance for inventory impairment	1,404	392
Others ( <i>note a</i> )	9,605	8,769
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	<u>464,792</u>	<u>577,298</u>

- (a) Other expenses mainly comprises repairs and maintenance expenses, insurance expenses, cleaning expense, office supply expense and sundry expenses.

## 6. NET IMPAIRMENT (REVERSAL)/LOSSES ON FINANCIAL ASSETS

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Allowance for doubtful debts	<u>(102)</u>	<u>8,403</u>

## 7. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Net foreign exchange losses	(221)	(4,095)
Net gains/(losses) on disposal of property, plant and equipment	65	(1,407)
Gains on modification of lease agreement	27	–
Write-back of trade receivables previously written off	597	–
Write-back of advanced proceeds received from a customer (contract liability)	–	805
Others	56	395
	<hr/>	<hr/>
	<u>524</u>	<u>(4,302)</u>

## 8. INCOME TAX (CREDIT)/EXPENSE

### (a) Income tax (credit)/expense

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– PRC corporate income tax (“CIT”)	60	3,008
– Hong Kong profits tax	175	–
– Cambodia profits tax	230	–
	<u>465</u>	<u>3,008</u>
Deferred income tax	(698)	(324)
Corporate income tax	(233)	2,684
PRC withholding income tax	(140)	(275)
	<u>(373)</u>	<u>2,409</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 2023 and 2022 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

In 2022, Agile Sweater (Cambodia) Co. Ltd. (“**Agile**”), one of the wholly owned subsidiaries of the Group in Cambodia, received tax reassessments from the tax authority for the period from 1 January 2019 to 31 March 2022. This exposure (including additional taxation, penalty and interest) was settled by Agile with approximately USD0.1 million in the current period and the amount was charged to the profit or loss of the Group.

Pursuant to the Cambodia tax laws, Agile is subject to 20% profits tax rate or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher, if it is not qualified for the conditions for exemption of Minimum Tax. During the years ended 31 December 2023 and 2022, Agile was loss-making and, of the view of the management, maintained proper accounting records in accordance with the tax regulations that they are exempted from Income Tax and Minimum Tax.

#### (iv) PRC CIT

CIT is provided at the rate of 25% (2022: 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 (2022: 5%).

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

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rates applicable to profit or loss of the Group's entities in the respective jurisdictions as follows:

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Loss before income tax	<u>(5,323)</u>	<u>(32,049)</u>
Tax calculated at rates applicable to profit or loss of the Group's entities in the respective jurisdictions	(1,307)	(5,970)
Tax losses for which no deferred income tax assets were recognised	2,420	8,375
Utilisation of tax losses for which no deferred tax assets were recognised previously	(772)	(62)
Income not subject to tax	(631)	(131)
Expenses not deductible for tax purposes	57	471
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	<u>(140)</u>	<u>(274)</u>
Income tax (credit)/expense	<u><u>(373)</u></u>	<u><u>2,409</u></u>

9. **LOSSES PER SHARE**

(a) **Basic losses per share**

Basic losses per share is calculated by dividing the loss 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	
	2023	2022
Loss for the year attributable to equity holders of the Company (HK\$'000)	(4,950)	(34,458)
Weighted average number of ordinary shares in issue	<u>600,000,000</u>	<u>600,000,000</u>
Basic losses per share (HK\$)	<u><u>(0.0083)</u></u>	<u><u>(0.0574)</u></u>

(b) **Diluted losses per share**

As there were no potential dilutive ordinary shares during the year ended 31 December 2023 (2022: Nil), diluted losses per share was equal to basic losses per share.

## 10. DIVIDEND

No dividend was approved and declared by the directors of the Company for the year ended 31 December 2023 and 2022.

## 11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Trade receivables ( <i>note (b)</i> )	51,594	67,249
Other receivables	10,920	12,345
	<u>62,514</u>	<u>79,594</u>
Less: provision for impairment		
– Trade receivables	(144)	(246)
– Other receivables	–	(8,188)
	<u>62,370</u>	<u>71,160</u>

As at 31 December 2023 and 2022, the Group's trade receivables are mainly due from customers with good credit history and low default rate.

### (a) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximate to their fair values.

(b) 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 2023, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Within 30 days	32,401	42,973
31 to 90 days	19,152	18,873
91 to 180 days	14	5,147
Over 180 days	27	256
	<u>51,594</u>	<u>67,249</u>

## 12. PREPAYMENTS

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Prepayments for purchases of raw materials, processing fees, consumables and insurance	16,252	7,013

### 13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Trade payables – due to third parties ( <i>note (b)</i> )	69,504	66,525
Accrued payroll	11,093	10,433
Other payables	4,073	5,307
Other taxes payable	3,719	1,526
	<u>88,389</u>	<u>83,791</u>

(a) **Fair value of trade and other payables**

The carrying amounts of trade and other payables are considered to be approximate to 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 2023, the ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Within 30 days	29,888	33,764
31 to 90 days	33,673	27,370
91 to 180 days	3,068	523
Over 180 days	2,875	4,868
	<u>69,504</u>	<u>66,525</u>

### 14. CONTINGENCY

On 27 December 2023, a subsidiary of the Company received a letter from the tax authority in Cambodia regarding its accounting records. Under the Cambodian tax regulations, an entity has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher, if the entity is not qualified for the conditions for exemption of Minimum Tax. The potential tax exposure (excluding penalty and interest) of the Group is estimated to be approximately USD0.2 million (equivalent to approximately HK\$1.6 million).

The Group considers that the Cambodia tax authorities' position is unfounded and has challenged their assertion. It is not practical to estimate the potential financial effect of the above assertion of the tax authorities but the Group considers that it is unlikely that a material liability will arise if the Group can well defend its position with the tax authorities. Therefore, the Group has not recognised a provision in relation to the above assertion of the tax authorities in these consolidated financial statements.

## 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.

### FINANCIAL REVIEW

	Year ended 31 December	
	2023	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	<b>462.3</b>	561.8
Gross profit	<b>39.3</b>	42.6
Loss for the year attributable to equity holders of the Company	<b>(5.0)</b>	(34.5)

In 2023, the revenue decreased by 17.7% to approximately HK\$462.3 million (2022: HK\$561.8 million). The decrease in the Group's revenue was mainly due to decrease in sales from the existing customers.

Gross profit decreased by 7.7% to approximately HK\$39.3 million (2022: HK\$42.6 million) mainly due to the decrease in sale orders from the major customers. The gross profit margin increased to approximately 8.5% (2022: 7.6%), mainly attributable to the implementation of effective cost control during the year 2023. The management of the Group will continue to implement cost-saving measures where appropriate.

During the year 2023, we recorded a loss of approximately HK\$5.0 million (2022: HK\$34.5 million). The decrease in loss was mainly attributable to the downsizing of the scale of operation of our loss-making subsidiary, which recorded a net loss of approximately HK\$1.0 million for the year 2023 (2022: net loss of HK\$19.4 million).

### SELLING AND MARKETING EXPENSES

Selling and marketing expenses mainly represented employees' wages for salesmen and commission expenses related to sales of goods incurred during the year 2023. Selling and marketing expenses decreased to approximately HK\$1.5 million (2022: HK\$3.4 million) mainly due to the downsizing of the scale of operation of our loss-making subsidiary (2022: HK\$2.0 million).

## **ADMINISTRATIVE EXPENSES**

Administrative expenses mainly represented the employee benefit expenses for our management, finance and administrative personnel, entertainment expenses, rental expenses for our office premises, depreciation and travelling expenses. Administrative expenses decreased to approximately HK\$40.3 million (2022: HK\$54.7 million) mainly due to (i) the downsizing of the scale of operation of loss-making subsidiary, which recorded approximately HK\$1.7 million for the year 2023 (2022: HK\$6.6 million) and (ii) the decrease of employee benefits expense from approximately HK\$26.2 million for the year 2022 to approximately HK\$16.1 million during the year 2023.

## **OTHER GAINS/(LOSSES) – NET**

Other gains – net of approximately HK\$0.5 million during the year 2023 (2022: Other losses – net HK\$4.3 million) mainly comprised write-back of trade receivables previously written off of approximately HK\$0.6 million offsetting the net foreign exchange losses of approximately HK\$0.2 million.

## **FINANCE INCOME AND COSTS**

Finance income increased by 226.5% to approximately HK\$3.2 million for the year 2023 (2022: HK\$1.0 million) primarily due to the increase in interest income as a result of the increase in short-term deposits.

Finance costs increased by 12.6% to approximately HK\$7.1 million for the year 2023 (2022: HK\$6.3 million). Finance costs for the year 2023 mainly represented interest expense on bank borrowings. Increase in the interest expense on bank borrowings was primarily due to increase of interest rate during the year 2023.

## **INCOME TAX CREDIT/(EXPENSE)**

Income tax credit/(expense) mainly represented amounts of current income tax paid or payable and the deferred income tax at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong, the PRC and Cambodia. During the year 2023, income tax credit was approximately HK\$0.4 million (2022: income tax expense of HK\$2.4 million).

## **PROPERTY, PLANT AND EQUIPMENT**

Our property, plant and equipment decreased from approximately HK\$27.6 million as at 31 December 2022 to approximately HK\$9.1 million as at 31 December 2023, which was mainly attributable to the provision of impairment on a subsidiary in Cambodia of approximately HK\$9.9 million and depreciation of approximately HK\$9.0 million. The impairment was resulted from a decreased valuation, which stemmed from deteriorating financial performance and rising operational costs, in particular, wages, of such subsidiary.

## **RIGHT-OF-USE ASSETS**

The right-of-use assets decreased from approximately HK\$2.6 million as at 31 December 2022 to approximately HK\$0.2 million as at 31 December 2023. Such decrease was primarily due to the expiration of a lease agreement for factory building in Cambodia in May 2023.

## **INVENTORIES**

Inventories balance decreased from approximately HK\$48.1 million as at 31 December 2022 to approximately HK\$43.3 million as at 31 December 2023 due to drop in sales during the year 2023 which resulted in an increase in the inventory turnover days (2023: 40 days; 2022: 33 days).

## **TRADE RECEIVABLES**

Trade receivables decreased by HK\$15.6 million to approximately HK\$51.6 million as at 31 December 2023 (31 December 2022: HK\$67.2 million) which is in line with the decrease in revenue during the year 2023.

We generally grant customers 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 receivables turnover days for the year 2023 were 47 days (2022: 58 days). The decrease in turnover days was because of faster settlement from the customers during the year 2023.

## **PREPAYMENT**

Prepayment increased by approximately HK\$9.3 million to approximately HK\$16.3 million as at 31 December 2023 (31 December 2022: HK\$7.0 million) mainly because increase in prepayment for purchase of raw materials and subcontractors.

## **TRADE PAYABLES**

Trade payables increase from HK\$66.5 million as at 31 December 2022 to HK\$69.5 million as 31 December 2023 because more purchases were made before current year end.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade payables turnover days for the year 2023 were 59 days (2022: 54 days). The increase in turnover days was because of delay payments to the suppliers during the year 2023.

## **BORROWINGS**

The Group had bank borrowings as at 31 December 2023 in the sum of approximately HK\$65.9 million which are denominated in HK\$. All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 31 December 2023, approximately HK\$60.6 million was repayable within one year, approximately HK\$0.6 million was repayable between one to two years, approximately HK\$2.0 million was repayable between two to five years, approximately HK\$2.7 million was repayable over 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 2023, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2023, our short-term bank deposits and cash and cash equivalents amounted to approximately HK\$127.1 million, of which approximately HK\$90.0 million denominated in HK\$, approximately HK\$14.4 million in Renminbi, approximately HK\$21.8 million in USD and approximately HK\$0.9 million in other currencies. As at 31 December 2023, the current ratio of the Group was 1.3 (31 December 2022: 1.2). The Group was in a strong net cash position as at 31 December 2023. 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 2023, 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 2023. The capital of the Company comprises ordinary shares and other reserves.

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group did not have any significant capital commitments (31 December 2022: Nil).

## **INFORMATION ON EMPLOYEES**

As at 31 December 2023, the Group had a total of 1,096 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2023 were approximately HK\$60.2 million, as compared to approximately HK\$64.0 million for the year ended 31 December 2022. 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 26 May 2022 where options to subscribe for shares may be granted to the Directors and employees of the Group.

## **SIGNIFICANT INVESTMENTS HELD**

During the year 2023, 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 2023, 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 2023.

## **CHARGE OF ASSETS**

There was no charge on the Group's assets as at 31 December 2023 (31 December 2022: Nil).

## **CONTINGENT LIABILITIES**

On 27 December 2023, a subsidiary of the Company has received a letter from the tax authority in Cambodia regarding its accounting records. Under the Cambodian tax regulations, an entity has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher, if the entity is not qualified for the conditions for exemption of Minimum Tax. The potential tax exposure (excluding penalty and interest) of the Group is estimated to be approximately USD0.2 million (equivalent to approximately HK\$1.6 million).

The Group considers that the Cambodia tax authorities' position is unfounded and has challenged their assertion. It is not practical to estimate the potential financial effect of the above assertion of the tax authorities but the Group considers that it is not probable that a material liability will arise if the Group can well defend its position with the tax authorities. Therefore the Group has not recognised a provision in relation to the above assertion of the tax authorities in these consolidated financial statements.

## **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 2024, 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.

## **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 2023.

## **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 2023.

## **CORPORATE GOVERNANCE CODE**

During the year 2023, the Company had complied with the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the following deviations:

- i) Code Provision C.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 C.2.1 and will continue to consider the feasibility of appointing a separate chief executive officer.
- ii) Code Provision B.2.4(b) stipulates that where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. Since all the then independent non-executive Directors have served for more than nine years, the Company endeavoured to identify suitable candidate as a new independent non-executive director after the termination of the then possible transaction in relation to the possible sale of approximately 67.09% of the then entire issued share capital of the Company on 16 June 2023. Given the short period of time, the Company was unable to identify and appoint a suitable candidate at the annual general meeting in June 2023. The Company recognises the importance to comply with the Code Provision B.2.4(b) and appointed Mr. Chan Tsang Mo as the new independent non-executive Director on 31 August 2023.

## **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 C3 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 2023 to the date of the Board meeting approving the annual results announcement for the year 2023.

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 EVENTS AFTER THE REPORTING PERIOD**

There is no important event affecting the Company and its subsidiaries which has occurred after the reporting period.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the reporting year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **ANNUAL GENERAL MEETING (THE "AGM")**

The AGM will be held on Friday, 24 May 2024. 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 Friday, 24 May 2024, the register of members will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, 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 and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20 May 2024.

## **PUBLICATION OF ANNUAL REPORT**

The annual report for the year ended 31 December 2023 will be despatched to the shareholders and available on the Company's website at [www.speedy-global.com](http://www.speedy-global.com) and HKExnews website on or around 27 April 2024.

## **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, 28 March 2024

*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 Mr. Chan Tsang Mo.*