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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

| | | For the six months ended 30 June | | Change |
|-------------------------------------------------------------------------------------------------------|------------------|-------------------------------------|---------------------|--------|
| | | 2021 (Unaudited) | 2020 (Unaudited) | |
| Revenue | (HK\$'million) | 306.0 | 256.5 | 19.3% |
| – apparel supply chain servicing segment | (HK\$'million) | 306.0 | 256.5 | 19.3% |
| – apparel retail segment | (HK\$'million) | – | – | – |
| – property investment and development segment | (HK\$'million) | – | – | – |
| Gross profit | (HK\$'million) | 17.7 | 19.0 | -6.8% |
| – apparel supply chain servicing segment | (HK\$'million) | 17.7 | 19.0 | -6.8% |
| – apparel retail segment | (HK\$'million) | – | – | – |
| – property investment and development segment | (HK\$'million) | – | – | – |
| Gross profit margin | | 5.8% | 7.4% | |
| – apparel supply chain servicing segment | | 5.8% | 7.4% | |
| – apparel retail segment | | – | – | |
| – property investment and development segment | | – | – | |
| Loss for the period attributable to equity holders of the Company | (HK\$'million) | (26.4) | (128.3) | -79.4% |
| Net loss margin attributable to equity holders of the Company | | -8.6% | -50.0% | |
| Basic and diluted losses per share attributable to equity holders of the Company for the period | (HK\$ per share) | (0.0440) | (0.2139) | |

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 2021, together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

| | Notes | Six months ended 30 June | |
|--------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------|---------------------------------|
| | | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Revenue | 6 | 305,995 | 256,459 |
| Cost of sales | | (288,332) | (237,441) |
| Gross profit | | 17,663 | 19,018 |
| Distribution costs | | (3,127) | (3,999) |
| Administrative expenses | | (39,219) | (141,400) |
| Net impairment losses on financial and contract assets | | (2,238) | – |
| Other income | | 1,237 | 2,619 |
| Other gains/(losses) – net | | 2,436 | (968) |
| Operating loss | 7 | (23,248) | (124,730) |
| Finance income | 8 | 159 | 729 |
| Finance costs | 8 | (2,905) | (4,179) |
| Finance costs – net | 8 | (2,746) | (3,450) |
| Loss before income tax | | (25,994) | (128,180) |
| Income tax expenses | 9 | (392) | (168) |
| Loss for the period attributable to equity holders of the Company | | (26,386) | (128,348) |
| Basic and diluted losses per share attributable to equity holders of the Company for the period (expressed in HK\$ per share) | 10 | (0.0440) | (0.2139) |
| Other comprehensive loss | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Currency translation differences | | (909) | (3,308) |
| Total comprehensive loss for the period attributable to equity holders of the Company | | (27,295) | (131,656) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

| | <i>Notes</i> | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|-------------------------------------------------------------|--------------|------------------------------------------------------------------------|------------------------------------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 47,969 | 53,963 |
| Right-of-use assets | | 9,146 | 9,171 |
| Intangible assets | | 3,301 | 5,330 |
| Goodwill | 12 | 4,493 | 11,387 |
| Deferred tax assets | | 3,816 | 3,804 |
| | | 68,725 | 83,655 |
| Current assets | | | |
| Inventories | | 124,865 | 72,425 |
| Trade and other receivables | 13 | 93,050 | 126,164 |
| Prepayments | | 39,004 | 35,074 |
| Cash and cash equivalents | | 137,389 | 179,835 |
| | | 394,308 | 413,498 |
| Total assets | | 463,033 | 497,153 |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 60,000 | 60,000 |
| Share premium | | 53,441 | 53,441 |
| Other reserves | | 23,984 | 23,075 |
| (Accumulated losses)/retained earnings | | (12,571) | 13,815 |
| Total equity | | 124,854 | 150,331 |

| | | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|-------------------------------------|----|---------------------------------------------------------|-----------------------------------------------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 4,857 | 5,515 |
| Deferred tax liabilities | | 2,800 | 2,800 |
| | | <u>7,657</u> | <u>8,315</u> |
| Current liabilities | | | |
| Trade and other payables | 14 | 166,737 | 201,737 |
| Contract liabilities | | 639 | 2,504 |
| Current tax liabilities | | 5,012 | 3,876 |
| Borrowings | | 153,701 | 126,590 |
| Lease liabilities | | 4,433 | 3,800 |
| | | <u>330,522</u> | <u>338,507</u> |
| Total liabilities | | <u>338,179</u> | <u>346,822</u> |
| Total equity and liabilities | | <u>463,033</u> | <u>497,153</u> |

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**”).

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 2021 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 2020, 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 2020, as described in those annual financial statements.

(a) Amended standards adopted by the Group

The Group has adopted the following amendments to standards which are effective for the Group’s financial year beginning on 1 January 2021:

| | |
|------------------------------------------------------------------|------------------------------------------|
| Amendments to HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 | Interest Rate Benchmark Reform – Phase 2 |
|------------------------------------------------------------------|------------------------------------------|

The adoption of the above amendments to standards did not result in substantial changes to the Group’s accounting policies or financial results.

(b) New and amended standard have been issued but not yet effective

The Group has not early applied the new and amended standards and interpretations that have been issued but not yet effective. The adoption of these are not expected to have a material impact on the financial results of the Group.

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 2020.

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 2020.

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue recognised for the six months ended 30 June 2021 and 2020 is as follows:

| | Six months ended 30 June | |
|----------------------------------------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Apparel Supply Chain Servicing Business | 305,995 | 256,459 |
| Apparel Retail Business | – | – |
| Property Investment and Development Business | – | – |
| | <hr/> | <hr/> |
| | 305,995 | 256,459 |
| | <hr/> <hr/> | <hr/> <hr/> |

(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 gains/(losses) – net, finance costs – net and income tax expenses are managed on a group basis and are not allocated to operating segments.

The segment results for the six months ended 30 June 2021:

| | Apparel Supply Chain Servicing Business <i>HK\$'000</i> (Unaudited) | Apparel Retail Business <i>HK\$'000</i> (Unaudited) | Property Investment and Development Business <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|
| Segment revenue and revenue from external customers | 305,995 | – | – | 305,995 |
| Segment results | (25,684) | – | – | (25,684) |
| Other gains – net | | | | 2,436 |
| Finance costs – net | | | | (2,746) |
| Loss before income tax | | | | (25,994) |
| Income tax expenses | | | | (392) |
| Loss for the period | | | | (26,386) |

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

| | Apparel Supply Chain Servicing Business <i>HK\$'000</i> (Unaudited) | Apparel Retail Business <i>HK\$'000</i> (Unaudited) | Property Investment and Development Business <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|-----------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|
| Depreciation of property, plant and equipment | 5,553 | – | – | 5,553 |
| Amortisation of intangible assets | 2,029 | – | – | 2,029 |
| Allowance for inventory impairment | 1,007 | – | – | 1,007 |
| Provision for impairment of goodwill | 6,894 | – | – | 6,894 |

The segment results for the six months ended 30 June 2020:

| | Apparel Supply Chain Servicing Business <i>HK\$'000</i> (Unaudited) | Apparel Retail Business <i>HK\$'000</i> (Unaudited) | Property Investment and Development Business <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|
| Segment revenue and revenue from external customers | 256,459 | – | – | 256,459 |
| Segment results | (123,762) | – | – | (123,762) |
| Other losses – net | | | | (968) |
| Finance costs – net | | | | (3,450) |
| Loss before income tax | | | | (128,180) |
| Income tax expenses | | | | (168) |
| Loss for the period | | | | (128,348) |

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

| | Apparel Supply Chain Servicing Business <i>HK\$'000</i> (Unaudited) | Apparel Retail Business <i>HK\$'000</i> (Unaudited) | Property Investment and Development Business <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|-----------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|
| Depreciation of property, plant and equipment | 7,857 | – | – | 7,857 |
| Amortisation of intangible assets | 2,036 | – | – | 2,036 |
| Allowance for inventory impairment | 1,779 | – | – | 1,779 |
| Provision for impairment of goodwill | 103,743 | – | – | 103,743 |

(c) **Information about major customers**

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

| | Six months ended 30 June | |
|------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Customer A | 184,583 | 106,932 |
| Customer B | * | 36,566 |
| Customer C | 47,180 | * |
| | <u>47,180</u> | <u>*</u> |

* *less than 10%*

7. OPERATING LOSS

Loss before taxation is arrived at after charging:

| | Six months ended 30 June | |
|--------------------------------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Depreciation and amortisation | 7,582 | 9,893 |
| Employee benefit expenses | 28,729 | 31,596 |
| Rental expenses | 4,220 | 873 |
| Provision for impairment of goodwill | 6,894 | 103,743 |
| | <u>6,894</u> | <u>103,743</u> |

8. FINANCE INCOME AND COSTS

| | Six months ended 30 June | |
|-----------------------------------------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Finance costs | | |
| – Interest expense on bank borrowings | (2,705) | (3,773) |
| – Leases liabilities | (200) | (406) |
| | <u>(2,905)</u> | <u>(4,179)</u> |
| Finance income | | |
| – Interest income on short-term bank deposits | 159 | 729 |
| | <u>159</u> | <u>729</u> |
| Finance costs – net | <u>(2,746)</u> | <u>(3,450)</u> |

9. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|------------------------------------|--------------------------|-------------|
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current income tax | | |
| – Hong Kong profits tax | – | (91) |
| – PRC corporate income tax (“CIT”) | 392 | 259 |
| | <hr/> | <hr/> |
| Income tax expenses | <u>392</u> | <u>168</u> |

(i) Cayman Islands profits tax

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

(ii) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the group companies which are subject to Hong Kong profits tax incurred tax losses for the six months ended 30 June 2021 and 2020.

(iii) PRC CIT

CIT 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 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 at a rate of 5% for the six months ended 30 June 2021 and 2020.

(v) Cambodia profits tax

The Group had been subject to profits tax in Cambodia at the rate of 20%. No profits tax was provided as there was no assessable profits generated in Cambodia for the six months ended 30 June 2021 and 2020.

10. BASIC AND DILUTED LOSSES PER SHARE

Basic losses per share is calculated by dividing the loss 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 | |
|---------------------------------------------------------------------------------------|--------------------------|------------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) |
| Loss for the period attributable to equity holders of the Company (<i>HK\$'000</i>) | (26,386) | (128,348) |
| Weighted average number of ordinary shares in issue | <u>600,000,000</u> | <u>600,000,000</u> |
| Basic and diluted losses per share (<i>HK\$</i>) | <u>(0.0440)</u> | <u>(0.2139)</u> |

The Company did not have any potential dilutive ordinary shares outstanding as at 30 June 2021 and 2020. Diluted losses per share is equal to basic loss per share.

11. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 and 2020.

12. GOODWILL

| | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|-----------------------------------|---------------------------------------------------------|-----------------------------------------------------------|
| Balance at end of previous year | 11,387 | 134,035 |
| Provision for impairment | <u>(6,894)</u> | <u>(122,648)</u> |
| Balance at end of the period/year | <u>4,493</u> | <u>11,387</u> |

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 cash-generating units (the “**CGU**”) that has significant goodwill allocated to them:

| | As at 30 June 2021 | As at 31 December 2020 |
|--------------------------------------|--------------------------|------------------------------|
| Revenue (% annual growth rate) | 3.0 | 3.0 |
| Budgeted gross margin (% of revenue) | 11.5 | 12.0 |
| Pre-tax discount rate (%) | 19.0 | 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. With the promote of ongoing outbreak of the Coronavirus Disease 2019 (the “ COVID-19 Outbreak ”) 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. |

13. TRADE AND OTHER RECEIVABLES

| | At 30 June 2021 <i>HK\$’000</i> (Unaudited) | At 31 December 2020 <i>HK\$’000</i> (Audited) |
|------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|
| Trade receivable | 88,564 | 119,125 |
| Other receivables | 18,376 | 18,765 |
| | <hr/> | <hr/> |
| | 106,940 | 137,890 |
| Less: provision for impairment – Trade receivable | (13,890) | (11,726) |
| | <hr/> | <hr/> |
| | 93,050 | 126,164 |
| | <hr/> <hr/> | <hr/> <hr/> |

For Apparel Supply Chain Servicing Business, credit terms granted to customers by the Group were usually 30 to 90 days and which are mainly due from customers with good credit history and low default late. Aging analysis of trade receivable as at 30 June 2021 and 31 December 2020 based on invoice date is as follows:

| | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|---------------|---------------------------------------------------------|-----------------------------------------------------------|
| 0-30 days | 53,342 | 54,155 |
| 31-90 days | 15,734 | 41,607 |
| 91-180 days | 2,677 | 8,661 |
| Over 180 days | 16,811 | 14,702 |
| | <u>88,564</u> | <u>119,125</u> |

14. TRADE AND OTHER PAYABLES

| | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|--------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|
| Trade payable – due to third parties | 123,097 | 110,485 |
| Bills payable (<i>Note (a)</i>) | 14,079 | 68,059 |
| Other payables | 22,657 | 8,425 |
| Accrued payroll | 6,406 | 11,108 |
| Other taxes payable | 37 | 3,632 |
| Due to related parties | 461 | 28 |
| | <u>166,737</u> | <u>201,737</u> |

Notes:

- (a) The bills payable were guaranteed by companies within the Group, which have to be settled within three months from the date of issue.
- (b) The credit period granted by the Group's principal suppliers ranges from 30 to 90 days. Aging analysis of trade payable by invoice date is as follows:

| | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|---------------|---------------------------------------------------------|-----------------------------------------------------------|
| 0-30 days | 75,640 | 73,197 |
| 31-90 days | 34,066 | 31,294 |
| 91-180 days | 6,575 | 2,982 |
| Over 180 days | 6,816 | 3,012 |
| | <u>123,097</u> | <u>110,485</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

| | Six months ended 30 June | |
|----------------------------------------------------------------------|--------------------------|---------------------|
| | 2021 | 2020 |
| | <i>HK\$ million</i> | <i>HK\$ million</i> |
| | (Unaudited) | (Unaudited) |
| Revenue | 306.0 | 256.5 |
| – Apparel Supply Chain Servicing Business | 306.0 | 256.5 |
| – Apparel Retail Business | – | – |
| – Property Investment and Development Business | – | – |
| Gross profit | 17.7 | 19.0 |
| – Apparel Supply Chain Servicing Business | 17.7 | 19.0 |
| – Apparel Retail Business | – | – |
| – Property Investment and Development Business | – | – |
| Loss for the period attributable to equity holders of the Company | (26.4) | (128.3) |

The Group's overall revenue for the six months ended 30 June 2021 was approximately HK\$306.0 million, representing an increase of approximately 19.3% over the last corresponding period. The increase in the Group's revenue was mainly due to recovery of sales from part of the existing customers.

The Group's overall gross profit margin for the six months ended 30 June 2021 decreased (January to June 2021: 5.8%; January to June 2020: 7.4%) mainly because there was a decrease in the average selling unit price to attract more sales orders from our major customers during the six months ended 30 June 2021, resulting in the recognition of a lower gross profit when compared to the last corresponding period.

As a result of the set off of the decrease in gross profit margin and the provision for impairment of goodwill against the increase in revenue, the Group recorded a net loss of approximately HK\$26.4 million for the six months ended 30 June 2021 (January to June 2020: net loss of approximately HK\$128.3 million).

Apparel Supply Chain Servicing Business

The Group's revenue from the Apparel Supply Chain Servicing Business for the six months ended 30 June 2021 was approximately HK\$306.0 million, representing an increase of approximately 19.3% over the last corresponding period. The increase in the Group's revenue from the Apparel Supply Chain Servicing Business was mainly due to recovery of sales from part of the existing customers.

The Group's gross profit from the Apparel Supply Chain Servicing Business for the six months ended 30 June 2021 decreased (January to June 2021: HK\$17.7 million; January to June 2020: HK\$19.0 million) mainly due to the decrease in gross profit margin. The gross profit margin decreased mainly because there was a decrease in the average selling unit price to attract more sales orders from our major customers during the six months ended 30 June 2021, resulting in the recognition of a lower gross profit when compared to the last corresponding period.

During the six months ended 30 June 2021, we recorded a segmental loss before other gains – net, finance costs – net and income tax expenses of approximately HK\$25.7 million, representing a decrease of approximately HK\$98.1 million comparing to 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 2021 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 expenses from our Property Investment and Development Business during the six months ended 30 June 2021 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, transportation charges and sales commission incurred during the six months ended 30 June 2021. Distribution costs decreased by approximately 21.8% to approximately HK\$3.1 million comparing to the last corresponding period mainly because of the reduction in employees' wages and sales commission payment.

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. Decrease in the administrative expenses was mainly due to the decrease in provision for impairment of goodwill. Based on HKAS 36 requirements, the Group made a provision for impairment of goodwill of approximately HK\$6.9 million for the six months ended 30 June 2021 (January to June 2020: HK\$103.7 million). 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.

NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Due to the COVID-19 Outbreak, one of the US customers of the Company filed for bankruptcy in April 2021. The Group made an allowance for doubtful debts of approximately HK\$2.2 million during the six months ended 30 June 2021 (January to June 2020: Nil).

FINANCE INCOME AND COSTS

Finance income decreased by approximately 78.2% to approximately HK\$0.2 million primarily due to the decrease in the deposit interest rates during the six months ended 30 June 2021.

Finance costs decreased by approximately 30.5% to approximately HK\$2.9 million primarily due to the decrease in bank borrowings interest rate during the six months ended 30 June 2021.

INCOME TAX EXPENSES

Income tax expenses mainly represented the amount 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.

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. The Splendid Gains Group has experienced loss in key overseas customers, reduction of orders by overseas customers, and resulted in a decline of revenue during the six months ended 30 June 2021 as compared to last corresponding period. 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 economic relationships between the PRC 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 30 June 2021 and resulted in an impairment loss of approximately HK\$6.9 million being recognised (30 June 2020: HK\$103.7 million) which has reduced the carrying value of the goodwill to approximately HK\$4.5 million. For details, please refer to note 12 to the financial statements of this announcement.

INVENTORIES

Inventories balance increased from approximately HK\$72.4 million as at 31 December 2020 to approximately HK\$124.9 million as at 30 June 2021 mainly due to the increasing number of goods purchased in contemplation for shipment in the second half of 2021, resulting in an increase in the inventory turnover days (30 June 2021: 62 days; 31 December 2020: 42 days).

TRADE RECEIVABLE

Trade receivable balance decreased from approximately HK\$119.1 million as at 31 December 2020 to approximately HK\$88.6 million as at 30 June 2021 primarily because of the earlier settlement from the Company's long-term customers during the six months ended 30 June 2021.

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.

Trade receivable turnover days decreased due to better credit control of the Company (30 June 2021: 62 days; 31 December 2020: 79 days).

TRADE AND BILLS PAYABLE

Trade and bills payable balance decreased from approximately HK\$178.5 million as at 31 December 2020 to approximately HK\$137.2 million as at 30 June 2021 primarily because of the settlements by using bank borrowings before the six months ended 30 June 2021.

We generally enjoy a credit term of up to 90 days to settle payment. There is a decrease in trade and bills payable turnover days (30 June 2021: 99 days; 31 December 2020: 115 days) because earlier payments to the suppliers were noted before the six months ended 30 June 2021.

BORROWINGS

The Group had bank borrowings in the sum of approximately HK\$153.7 million as at 30 June 2021 (31 December 2020: HK\$126.6 million). All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 30 June 2021, all bank borrowings were repayable within five years, of which approximately HK\$145.8 million was repayable within one year, approximately HK\$7.3 million was repayable between one to two years and approximately HK\$0.6 million was repayable between two to five years, and all subject to repayable on demand clauses. The carrying amounts of bank borrowings of approximately HK\$111.0 million and approximately HK\$42.7 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 as at 30 June 2021.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2021, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 30 June 2021, cash and cash equivalents amounted to approximately HK\$137.4 million, of which approximately HK\$86.3 million was denominated in HK\$, approximately HK\$39.9 million in Renminbi (“**RMB**”), approximately HK\$10.7 million in United States dollar and approximately HK\$0.5 million in other currencies respectively. As at 30 June 2021, the current ratio of the Group was approximately 1.2 (31 December 2020: 1.2) and the Group’s gearing ratio, calculated on the basis of total borrowings and lease liabilities net of cash and cash equivalents as a percentage of total equity, was approximately 20.5%. 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 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 six months ended 30 June 2021, 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 2021. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any significant capital commitments (31 December 2020: Nil).

INFORMATION ON EMPLOYEES

As at 30 June 2021, the Group had a total of 1,118 employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$37.6 million, as compared to approximately HK\$41.0 million for the last corresponding period. Out of the total staff costs of approximately HK\$37.6 million, staff costs of approximately HK\$8.9 million were capitalised as inventories as at 30 June 2021. 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.

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 2021, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2021, 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 2021, 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 and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

CHARGE OF ASSETS

There was no charge on the Group’s assets as at 30 June 2021 (31 December 2020: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or the Group since 30 June 2021 up to the date of this announcement.

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.

PROSPECTS

Looking ahead to the second half of 2021, it is expected that the global economy will still be affected by the COVID-19 Outbreak. With the increase in COVID-19 vaccination coverage, we believe that there is hope to get out of the present predicament even though we expect the global economy will remain volatile given the uncertain factors such as the COVID-19 Outbreak and the development of the China-US trade war. The Group will continue to pay close attention to the development of the COVID-19 in China and around the globe and changes in the market in order to respond and take appropriate actions promptly.

In order to explore for more new opportunities with the existing and potential customers, the Group will continuously enhance product innovation and creativity. For production management, the Group will continue to enhance the operating efficiency by simplifying the production processes which will result 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 THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2021, 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 2021, 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% |
| Ms. Huang Li Hun, Serlina | Our Company | Beneficial owner | 92,000 ordinary shares (L) | 0.02% |

Notes:

- The letter "L" denotes the Directors' long position in the shares of our Company or the relevant associated corporation.
- 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 2021. 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:

- The disclosed interest represented the interest in Sky Halo which was wholly owned by Mr. Huang as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, 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 2021, 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. Chan Hung Kwong, Patrick | Our Company | Beneficial owner | 33,031,758 ordinary shares (L) | 5.51% |
| 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 2021.
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 2021, 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 2021, except for the following:

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 2021.

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 2021 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 2021 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 2021.

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 2021 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, 31 August 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, GBM, GBS, JP.