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 **迅捷環球控股有限公司**  
**SPEEDY GLOBAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 540)

**FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED  
31 DECEMBER 2021**

**FINANCIAL HIGHLIGHTS**

		For the year ended 31 December		
		2021	2020	Change
Revenue	(HK\$'million)	<b>750.5</b>	685.7	9.5%
– apparel supply chain servicing segment	(HK\$'million)	<b>750.5</b>	685.7	9.5%
– apparel retail segment	(HK\$'million)	–	–	–
– property investment and development segment	(HK\$'million)	–	–	–
Gross profit	(HK\$'million)	<b>48.8</b>	60.0	-18.7%
– apparel supply chain servicing segment	(HK\$'million)	<b>48.8</b>	60.0	-18.7%
– apparel retail segment	(HK\$'million)	–	–	–
– property investment and development segment	(HK\$'million)	–	–	–
Gross profit margin		<b>6.5%</b>	8.8%	
– apparel supply chain servicing segment		<b>6.5%</b>	8.8%	
– apparel retail segment		–	–	
– property investment and development segment		–	–	
Loss for the year attributable to equity holders of the Company	(HK\$'million)	<b>(31.3)</b>	(148.8)	-79.0%
Net loss margin attributable to equity holders of the Company		<b>-4.2%</b>	-21.7%	
Basic and diluted losses per share for loss attributable to equity holders of the Company for the year	(HK\$ per share)	<b>(0.0521)</b>	(0.2481)	

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Speedy Global Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2021	2020
		HK\$'000	HK\$'000
Revenue	3	750,474	685,688
Cost of sales	5	(701,679)	(625,706)
<b>Gross profit</b>		<b>48,795</b>	<b>59,982</b>
Distribution costs	5	(6,737)	(7,813)
Administrative expenses	5	(74,336)	(191,845)
Net impairment losses on financial and contract assets	6	(2,269)	(11,726)
Other income	4	777	3,718
Other gains – net		516	940
<b>Operating loss</b>		<b>(33,254)</b>	<b>(146,744)</b>
Finance income		286	566
Finance costs		(5,334)	(6,847)
Finance costs – net		(5,048)	(6,281)
<b>Loss before income tax</b>		<b>(38,302)</b>	<b>(153,025)</b>
Income tax credit	7	7,028	4,176
<b>Loss for the year attributable to equity holders of the Company</b>		<b>(31,274)</b>	<b>(148,849)</b>
<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		1,651	4,552
<b>Total comprehensive loss for the year attributable to equity holders of the Company</b>		<b>(29,623)</b>	<b>(144,297)</b>
<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>	8	<b>(0.0521)</b>	<b>(0.2481)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		42,681	53,963
Right-of-use assets		6,915	9,171
Intangible assets		718	5,330
Goodwill	10	–	11,387
Deferred tax assets		3,209	3,804
		<b>53,523</b>	83,655
<b>Current assets</b>			
Inventories		44,569	72,425
Trade and other receivables	11	116,011	126,164
Prepayments		30,058	35,074
Cash and cash equivalents		193,107	179,835
		<b>383,745</b>	413,498
<b>Total assets</b>		<b>437,268</b>	497,153
<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		24,726	23,075
(Accumulated losses)/retained earnings		(17,459)	13,815
<b>Total equity</b>		<b>120,708</b>	150,331
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		2,636	5,515
Deferred tax liabilities		3,248	3,895
		<b>5,884</b>	9,410

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	12	<b>190,188</b>	201,737
Contract liabilities		<b>5,428</b>	2,504
Current tax liabilities		<b>1,146</b>	2,781
Borrowings		<b>109,437</b>	126,590
Lease liabilities		<b>4,477</b>	3,800
		<hr/>	<hr/>
		<b>310,676</b>	337,412
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>316,560</b>	346,822
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>437,268</b>	497,153
		<hr/> <hr/>	<hr/> <hr/>

## NOTES:

### 1. GENERAL INFORMATION

The Group are principally engaged in the apparel supply chain servicing business which offers a wide range of woven wear, cut-and-sewn knitwear and sweater knitwear products to a number of owners or agents of global reputable brands (the “Apparel Supply Chain Servicing Business”), the Group had also been engaged in the apparel retail business operating in the People’s Republic of China (the “PRC”) (the “Apparel Retail Business”), and the property investment and development business (the “Property Investment and Development Business”).

The Company was incorporated in the Cayman Islands on 28 September 2011 as an exempted Company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is at the office of Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

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

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

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and in compliance with 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.

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

The following new standards, amendments to existing standards and interpretations have been issued and effective for the annual accounting period beginning on 1 January 2021.

<b>Standards, Amendments or Interpretations</b>	<b>Subject</b>
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform Phase 2

The amendments listed above did not have any impact on the amounts recognised in prior or current periods and are not expected to significantly affect or future periods.

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

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

<b>Standards, Amendments or Interpretations</b>	<b>Subject</b>	<b>Effective for annual accounting periods beginning on or after</b>
Annual Improvements Project	Annual Improvements 2018 – 2020 Cycle	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

Revenue recognised during the year ended 31 December 2021 is as follows:

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Apparel Supply Chain Servicing Business	750,474	685,688
Apparel Retail Business	–	–
Property Investment and Development Business	–	–
	<u>750,474</u>	<u>685,688</u>
	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
Contract liabilities related to Apparel Supply Chain		
Servicing Business	<u>5,428</u>	<u>2,504</u>

The revenue recognised in the current reporting year relating to carried-forward contract liabilities as at 1 January 2021 was approximately HK\$2,504,000 (2020: HK\$2,926,000).

#### (b) Information about major customers

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

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Customer A	378,235	266,285
Customer B	150,721	98,831
Customer C	N/A*	68,801
	<u>528,956</u>	<u>433,917</u>

\* *Less than 10%*

(c) **Segment information**

Management reviews the Group's internal reporting in order to assess performance and allocate resource. Management has determined the operating segments based on the internal reports reviewed by the chairman of the Board that are used to make strategic decisions.

Management assesses the performance of the Group from a product and service perspective which included apparel products and property investment and development. During the year ended 31 December 2021, the Group was principally engaged in Apparel Supply Chain Servicing Business.

Management assesses the performance of the operating segments based on a measure of gross profit. Other gains – net, finance costs – net and income tax credit are managed on a group basis and are not allocated to operating segments.

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

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

The segment results for the year ended 31 December 2021:

	<b>Apparel Supply Chain Servicing Business HK\$'000</b>	<b>Apparel Retail Business HK\$'000</b>	<b>Property Investment and Development Business HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue and revenue from external customers ( <i>Note</i> )	<u>750,474</u>	<u>–</u>	<u>–</u>	<u>750,474</u>
Gross profit	<u><u>48,795</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>48,795</u></u>

*Note:* The Group's revenue during year ended 31 December 2021 have been recognised at point in time.

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

	<b>Apparel Supply Chain Servicing Business HK\$'000</b>	<b>Apparel Retail Business HK\$'000</b>	<b>Property Investment and Development Business HK\$'000</b>	<b>Total HK\$'000</b>
Depreciation of property, plant and equipment	13,003	–	–	13,003
Depreciation of right-of-use assets	4,172	–	–	4,172
Amortisation of intangible assets	4,067	–	–	4,067
Impairment of goodwill	11,387	–	–	11,387
Impairment of intangible asset	555	–	–	555
Allowance for inventory impairment	2,639	–	–	2,639
Allowance for doubtful debts	2,269	–	–	2,269

The segment assets and liabilities as at 31 December 2021 are as follows:

	<b>Apparel Supply Chain Servicing Business HK\$'000</b>	<b>Apparel Retail Business HK\$'000</b>	<b>Property Investment and Development Business HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
Total assets	<u>434,059</u>	<u>–</u>	<u>–</u>	<u>3,209</u>	<u>437,268</u>
Total liabilities	<u>202,729</u>	<u>–</u>	<u>–</u>	<u>113,831</u>	<u>316,560</u>

The segment results for the year ended 31 December 2020:

	<b>Apparel Supply Chain Servicing Business HK\$'000</b>	<b>Apparel Retail Business HK\$'000</b>	<b>Property Investment and Development Business HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue and revenue from external customers ( <i>Note</i> )	<u>685,688</u>	<u>–</u>	<u>–</u>	<u>685,688</u>
Gross profit	<u>59,982</u>	<u>–</u>	<u>–</u>	<u>59,982</u>

*Note:* The Group's revenue during year ended 31 December 2020 have been recognised at point in time.

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

	Apparel Supply Chain Servicing Business <i>HK\$'000</i>	Apparel Retail Business <i>HK\$'000</i>	Property Investment and Development Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	13,225	–	–	13,225
Depreciation of right-of-use assets	9,372	–	–	9,372
Amortisation of intangible assets	4,063	–	–	4,063
Impairment on goodwill	122,648	–	–	122,648
Allowance for inventory impairment	2,120	–	–	2,120
Allowance for doubtful debts	11,726	–	–	11,726

The segment assets and liabilities as at 31 December 2020 are as follows:

	Apparel Supply Chain Servicing Business <i>HK\$'000</i>	Apparel Retail Business <i>HK\$'000</i>	Property Investment and Development Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total assets	<u>493,349</u>	<u>–</u>	<u>–</u>	<u>3,804</u>	<u>497,153</u>
Total liabilities	<u>213,556</u>	<u>–</u>	<u>–</u>	<u>133,266</u>	<u>346,822</u>

The 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
China	<b>719,050</b>	607,279
Europe and North America	<b>22,387</b>	78,409
Other countries	<b>9,037</b>	–
	<u><b>750,474</b></u>	<u>685,688</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>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
China	<b>13,901</b>	14,216
Cambodia	<b>36,413</b>	65,635
	<b>50,314</b>	79,851

Sales of goods are 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.

#### 4. OTHER INCOME

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Government subsidies ( <i>Note</i> )	<b>83</b>	3,250
Rental income from subcontractors	<b>148</b>	386
Others	<b>546</b>	82
	<b>777</b>	3,718

*Note:* Government subsidies mainly represents the subsidies received pursuant to the Employment Support Scheme (ESS) of the Hong Kong Government in 2020.

## 5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Changes in inventories of finished goods and work in progress	9,130	153
Raw materials and consumables used, processing fee paid and merchandise purchased	626,855	557,732
Impairment of goodwill	11,387	122,648
Impairment of intangible asset	555	–
Employee benefit expenses	69,919	76,258
Rental expenses relating to short-term leases and low value assets	7,053	513
Transportation expenses	10,395	10,711
Allowance for inventory impairment	2,639	2,120
Depreciation and amortisation	21,242	26,660
Travelling expenses	2,428	3,027
Entertainment expenses	3,433	3,478
Professional service fees	2,532	3,297
Utilities	4,537	4,896
Auditors' remuneration		
Audit services	1,901	1,904
Non-audit services	–	100
Commission expenses	274	1,200
Repairs and maintenance expenses	691	832
Banks charges	353	484
Others ( <i>Note</i> )	7,428	9,351
	<u>782,752</u>	<u>825,364</u>
Total cost of sales, distribution costs and administrative expenses	<u>782,752</u>	<u>825,364</u>

*Note:* Other expenses mainly comprises donation, insurance expenses, cleaning expenses, office supply expenses and sundry expenses.

## 6. NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Allowance for doubtful debts	<u>2,269</u>	<u>11,726</u>

## 7. INCOME TAX CREDIT

### (a) Income tax credit

	Year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Current income tax		
– PRC corporate income tax (“CIT”)	(3,210)	–
– Hong Kong profits tax	(3,802)	130
	<u>(7,012)</u>	<u>130</u>
Deferred income tax	(545)	(3,953)
Corporate income tax	(7,557)	(3,823)
PRC Withholding income tax	529	(353)
Income tax credit	<u>(7,028)</u>	<u>(4,176)</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 2021 and 2020 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%. During the year ended 31 December 2021, income tax credit represents reversal of the over provision in prior years.

#### (iii) Cambodia profits tax

Pursuant to the Cambodia tax laws, Agile Sweater (Cambodia) Co. Ltd, one of the wholly-owned subsidiaries of the Group, is subject to 20% profits tax rate or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher for the year ended 31 December 2021 and 2020. During the years ended 31 December 2021 and 2020, the subsidiary was loss-making and 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% (2020: 25%) on the assessable profit of entities within the Group incorporated in the PRC. During the year ended 31 December 2021, income tax credit represents reversal of the over provision in prior years.

#### (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 (2020: 5%).

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

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

	Year ended 31 December	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before income tax	<u>(38,302)</u>	<u>(153,025)</u>
Tax calculated at rates applicable to profits of the Group's entities in the respective jurisdictions	(6,760)	(25,530)
Over provision in prior years	(4,107)	(1,975)
Tax losses for which no deferred income tax assets were recognised	4,148	4,795
Utilisation of tax losses for which no deferred tax assets were recognised previously	(1,859)	(883)
Income not subject to tax	(452)	(1,074)
Expenses not deductible for tax purposes	1,473	20,844
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	<u>529</u>	<u>(353)</u>
Tax credit	<u><u>(7,028)</u></u>	<u><u>(4,176)</u></u>

(c) **Tax losses**

As at 31 December 2021, the Group did not recognise deferred income tax assets of approximately HK\$7,040,000 (31 December 2020: HK\$4,751,000) in respect of losses amounting to approximately HK\$29,133,000, (2020: HK\$16,943,000), as it is uncertain that future taxable profit will be available against which the tax losses can be utilised. In accordance with the PRC tax law, tax losses may be carried forward to offset against future taxable income for a period of five years.

8. **LOSSES 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	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company ( <i>HK\$'000</i> )	(31,274)	(148,849)
Weighted average number of ordinary shares in issue	<u>600,000,000</u>	<u>600,000,000</u>
Basic losses per share ( <i>HK\$</i> )	<u><u>(0.0521)</u></u>	<u><u>(0.2481)</u></u>

**(b) Diluted losses per share**

As there were no potential dilutive ordinary shares during the year ended 31 December 2021 (2020: Nil), diluted losses per share was equal to basic losses per share.

**9. DIVIDEND**

No dividend was approved and declared by the directors of the Company for the year ended 31 December 2021 and 2020.

**10. GOODWILL**

	<i>HK\$'000</i>
<b>Year ended 31 December 2020</b>	
Opening net book amount	134,035
Impairment	<u>(122,648)</u>
Closing net book amount	<u><u>11,387</u></u>
<b>As at 31 December 2020</b>	
Cost	134,035
Accumulated impairment	<u>(122,648)</u>
Net book amount	<u><u>11,387</u></u>
<b>Year ended 31 December 2021</b>	
Opening net book amount	11,387
Impairment	<u>(11,387)</u>
Closing net book amount	<u><u>–</u></u>
<b>As at 31 December 2021</b>	
Cost	134,035
Accumulated impairment	<u>(134,035)</u>
Net book amount	<u><u>–</u></u>

(a) **Impairment test for goodwill**

Goodwill is monitored by management at the level of Splendid Gains Group.

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

	<b>Splendid Gains Group</b>
Revenue (% compound annual growth rate)	11
Budget gross margin (% of revenue)	8.7
Pre-tax discount rate (%)	16

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

<b>Assumption</b>	<b>Approach used to determine the value</b>
Revenue (% compound annual growth rate)	It is determined based on past performance, management's expectations of market development and confirmed sales orders for the year ending 31 December 2022.
Budget 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 rate	Reflect specific risks relating to the CGU and the countries in which it operates.

**11. TRADE AND OTHER RECEIVABLES**

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivable ( <i>note (b)</i> )	<b>104,951</b>	113,088
Bills receivables ( <i>note (c)</i> )	<b>5,208</b>	6,037
Other receivables	<b>8,121</b>	18,765
	<hr/>	<hr/>
	<b>118,280</b>	137,890
Less: provision for impairment		
– Trade receivable	<b>(2,269)</b>	(11,726)
	<hr/>	<hr/>
	<b>116,011</b>	126,164
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2021 and 2020, the Group's trade receivable 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 the same as 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 2021, the ageing analysis of the trade receivable based on invoice date is as follows:

	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
Within 30 days	72,114	53,811
31 to 90 days	27,701	36,510
91 to 180 days	2,654	8,065
Over 180 days	2,482	14,702
	<u>104,951</u>	<u>113,088</u>

(c) **Bills receivables**

All bills receivables were issued by licensed banks in the Hong Kong with maturities within three months (2020: three months).

**12. TRADE AND OTHER PAYABLES**

	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
Trade payable – due to third parties ( <i>note (b)</i> )	85,510	110,485
Bills payable ( <i>note (c)</i> )	83,562	68,059
Accrued payroll	9,398	11,108
Other payables	8,257	8,425
Other taxes payable	3,461	3,632
Due to related parties	–	28
	<u>190,188</u>	<u>201,737</u>

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

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

- (b) Trade payables are unsecured. The credit period granted by the Group's principal suppliers ranges from 30 to 90 days. As at 31 December 2021, the ageing analysis of trade payable based on invoice date is as follows:

	As at 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	53,899	73,197
31 to 90 days	22,978	31,294
91 to 180 days	2,343	2,982
Over 180 days	6,290	3,012
	<u>85,510</u>	<u>110,485</u>

(c) **Bills payables**

The bills payable were guaranteed by companies within the Group, which have to be settled within three months from the dates of issue (2020: three months).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

The Group focuses on providing one stop solution to our customers by the provision of apparel supply chain services including product design and development, fashion trend ascertaining and sampling, raw material sourcing, production order and merchandise sourcing management, quality control, packaging, inventory management and logistics management.

Furthermore, the Group also engaged in the Apparel Retail Business. Due to the unsatisfactory sales performance of the Unisex and Promod brands, their operations ceased by the end of May 2015 and the subsidiaries involved in the Apparel Retail Business were fully disposed of by the end of February 2017. The Group is still closely monitoring the apparel retail market to determine the appropriate investment strategy for the Group's Apparel Retail Business.

The Group also engaged in the Property Investment and Development Business to develop the relevant market. The subsidiaries involved in the Property Investment and Development Business were fully disposed of in early September 2016. The Group is still closely monitoring the property market to determine the appropriate investment strategy for the Group's Property Investment and Development Business.

### FINANCIAL REVIEW

	Year ended 31 December	
	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	<b>750.5</b>	685.7
– Apparel Supply Chain Servicing Business	<b>750.5</b>	685.7
– Apparel Retail Business	–	–
– Property Investment and Development Business	–	–
Gross profit	<b>48.8</b>	60.0
– Apparel Supply Chain Servicing Business	<b>48.8</b>	60.0
– Apparel Retail Business	–	–
– Property Investment and Development Business	–	–
Loss for the year attributable to equity holders of the Company	<b>(31.3)</b>	(148.8)

#### Apparel Supply Chain Servicing Business

In 2021, the revenue under the Apparel Supply Chain Servicing Business increased by 9.5% to approximately HK\$750.5 million (2020: HK\$685.7 million). The increase in the Group's revenue was mainly due to increase of sales from part of the existing customers.

Gross profit and gross profit margin under our Apparel Supply Chain Servicing Business decreased by 18.7% to approximately HK\$48.8 million (2020: HK\$60.0 million) and decreased to approximately 6.5% (2020: 8.8%) respectively, 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 of our products to increase sales orders from our major customers during the year 2021. As a result, a lower gross profit was recognised as compared to last year.

During the year 2021, we recorded a loss of approximately HK\$31.3 million (2020: loss of HK\$148.8 million). The decrease in loss was mainly attributable to a decrease in provision for impairment of goodwill by HK\$111.2 million to HK\$11.4 million during the year 2021 (2020: HK\$122.6 million) and a decrease in allowance for doubtful debt by HK\$9.4 million to HK\$2.3 million during the year 2021 (2020: HK\$11.7 million).

### **Apparel Retail Business**

There was neither revenue, gross profit nor expenses from our Apparel Retail Business during the year 2021 as the subsidiaries which were engaged in the Apparel Retail Business were disposed of in February 2017.

### **Property Investment and Development Business**

There was neither revenue, gross profit nor expenses from our Property Investment and Development Business during the year 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 for salesmen and commission expenses related to sales of goods incurred during the year 2021. Distribution costs decreased mainly due to decrease in employees' wages resulting from reduction in number of employee.

### **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 the provision for impairment of goodwill. Due to the weak performance of Splendid Gains International Limited and its subsidiaries (collectively, the "Splendid Gains Group") engaged in the business of manufacturing and trading of sweater knitwear products resulting from COVID-19, based on HKAS 36 requirements, the Group made a provision for impairment of goodwill of approximately HK\$11.4 million during the year 2021 (2020: 122.6 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. For details, please refer to the paragraph headed "Goodwill" below.

## **NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS**

Due to the COVID-19 Outbreak, one of the US customers filed for bankruptcy in 2021 and thus the Group made an allowance for doubtful debts of approximately HK\$2.3 million during the year 2021 (2020: HK\$11.7 million).

## **OTHER GAINS – NET**

Other gains – net of approximately HK\$0.5 million during the year 2021 (2020: HK\$0.9 million) mainly represented net foreign exchange gains of approximately HK\$0.7 million and partially offset by the net losses on disposal of the property, plant and equipment of approximately HK\$0.2 million.

## **FINANCE INCOME AND COSTS**

Finance income decreased by 50.0% to approximately HK\$0.3 million for the year 2021 (2020: HK\$0.6 million) primarily due to the decrease in interest income as a result of the decrease in the deposit amount during the year 2021.

Finance cost decreased by 22.1% to approximately HK\$5.3 million for the year 2021 (2020: HK\$6.8 million). Finance costs for the year 2021 mainly represented interest expense on bank borrowings of approximately HK\$5.5 million, interest and finance charges of lease liabilities of approximately HK\$0.4 million and partially offset the net exchange gains of approximately HK\$0.6 million. Decreased in the interest expense on bank borrowings was primarily due to decrease of bank borrowings during the year 2021.

## **INCOME TAX CREDIT**

Income tax expense mainly represented amounts of current income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC. During the year 2021, income tax credit was approximately HK\$7.3 million because of the reversal of over tax provision in prior years (2020: HK\$4.2 million).

## **GOODWILL**

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

The performance of Splendid Gains Group has been severely affected due to the COVID-19 Outbreak. Since April 2020, the Splendid Gains Group has experienced loss in key overseas customers, cancellation or reduction of orders or requests for delayed delivery by overseas customers, and resulted in a decline of revenue in 2021 as compared to last year. Management of the Company does not expect this situation to easily be resumed to normal having considered the impacts of the COVID-19 Outbreak and the current deteriorating political and economic relationships between China and overseas countries which significantly affects the apparel industry and business. Accordingly, the Company has recalculated the recoverable amount of the Splendid Gains Group as at 31 December 2021, which resulted in an impairment loss of approximately HK\$11.4 million being recognised and has reduced the carrying value of the goodwill to nil. For details, please refer to note 10 to the financial statements of this announcement.

## **INVENTORIES**

Inventories balance decreased from approximately HK\$72.4 million as at 31 December 2020 to approximately HK\$44.6 million as at 31 December 2021 due to faster delivery of products to customers during the year 2021 which resulted in a decrease in the inventory turnover days (2021: 30 days; 2020: 42 days).

## **TRADE AND BILLS RECEIVABLE**

Trade and bills receivable decreased by HK\$8.9 million to HK\$110.2 million as at 31 December 2021 (31 December 2020: HK\$119.1 million) because of the earlier settlement from the Company's long-term customers during the year 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.

Our trade and bills receivable turnover days for the year 2021 were 56 days (2020: 79 days) which decreased due to better credit control of the Company.

## **TRADE AND BILLS PAYABLE**

Trade and bills payable decreased (31 December 2021: HK\$169.1 million; 31 December 2020: HK\$178.5 million) because of the settlements by way of bank borrowing during year 2021.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade and bills payable turnover days for the year 2021 were 90 days (2020: 115 days). The decrease in turnover days was because of earlier payments to the suppliers during the year 2021.

## **BORROWINGS**

The Group had bank borrowings as at 31 December 2021 in the sum of approximately HK\$109.4 million which are denominated in HK\$ and USD. All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 31 December 2021, all bank borrowings were repayable within two years of which approximately HK\$105.1 million was repayable within one year and approximately HK\$4.3 million was repayable between one to two 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 2021, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2021, cash and cash equivalents amounted to approximately HK\$193.1 million, of which approximately HK\$103.9 million denominated in HK\$, approximately HK\$49.7 million in Renminbi, approximately HK\$39.1 million in USD and approximately HK\$0.4 million in other currencies. As at 31 December 2021, the current ratio of the Group was 1.2 (31 December 2020: 1.2). The Group was in a strong net cash position as at 31 December 2021. 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 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 year 2021. The capital of the Company comprises ordinary shares and other reserves.

## **CAPITAL COMMITMENTS**

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

## **INFORMATION ON EMPLOYEES**

As at 31 December 2021, the Group had a total of 1,048 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2021 were approximately HK\$69.9 million, as compared to approximately HK\$76.3 million for the year ended 31 December 2020. Remuneration is determined with reference to market norms as well as individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC and Cambodia rules and regulations and the prevailing regulatory requirements.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 24 December 2012 where options to subscribe for shares may be granted to the Directors and employees of the Group.

## **SIGNIFICANT INVESTMENTS HELD**

During the year ended 31 December 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 31 December 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 or disposal of subsidiaries, associates and joint ventures during the year 2021.

## **CHARGE OF ASSETS**

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

## **CONTINGENT LIABILITIES**

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

## **NEW BUSINESS OPPORTUNITY**

There was no New Business Opportunity (as defined in the Company's prospectus dated 31 December 2012 headed "Relationship with Controlling Shareholders – New Business Opportunity") referred by the controlling shareholders of the Company as provided under the non-competition undertaking.

## **PROSPECTS**

Looking ahead to 2022, the global economic landscape will still be dominated by the COVID-19 Outbreak. With cumulative COVID-19 vaccination, we expected that it is able to get out of the current predicament and see the light in future. However, global economy will continue to be volatile subject to various factors such as the COVID-19 Outbreak and China-US trade war. It will bring a series of uncertainties across the globe. The Group will continue to pay close attention to the development of the domestic and international epidemic and changes in the markets to agilely respond and take appropriate actions.

In order to explore for more new opportunities with the existing and potential customers, the Group will enhance product innovation and creativity continuously. For production management, the Group will continue to enhance the operating efficiency by simplifying the production processes which results in a shorter product delivery time. In addition, the Group will work closely with our customers to consolidate the fabrication in order to obtain better material prices with mass volume which will enhance our cost competitiveness. Moreover, we will try to simplify the Group's organisation structure with each operating process in order to save costs.

We keep looking for other retail business opportunity with a better profitability for the Group's Apparel Retail Business.

We are still closely monitoring the property market to determine the appropriate investment strategy for the Group's Property Investment and Development Business. We will seek any appropriate property investment and development project if we believe that it can magnify the Group's shareholders' return.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities during the year 2021.

## **AUDIT COMMITTEE**

The Company's audit committee has reviewed the accounting policies of the Group and the audited annual results of the Group for the year ended 31 December 2021.

## **CORPORATE GOVERNANCE CODE**

During the year 2021, the Company had complied with the code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Huang Chih Shen. Since the Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently. The Company understands the importance to comply with the Code Provision A.2.1 and will continue to consider the feasibility of appointing a separate chief executive officer.

On 1 January 2022, the amendments to the CG Code (the "**New CG Code**") came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. All Directors confirmed that, after specific enquiries were made by the Company, they have complied with the required standard of dealings as set out in the Model Code throughout the period from 1 January 2021 to the date of the Board meeting approving the annual results announcement for the year 2021.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company's securities has been requested to follow such code when dealing in the securities of the Company.

### **IMPORTANT EVENT AFTER THE REPORTING PERIOD**

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

### **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 2021 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

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

The AGM will be held on Thursday, 26 May 2022. Notice of AGM will be issued and disseminated to the shareholders in due course.

### **CLOSURE OF THE REGISTER OF MEMBERS**

To determine the eligibility of the shareholders of the Company to attend the AGM to be held on Thursday, 26 May 2022, the register of members will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 20 May 2022.

### **PUBLICATION OF ANNUAL REPORT**

The annual report for the year ended 31 December 2021 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 22 April 2022.

## **APPRECIATION**

The Chairman of the Group would like to take this opportunity to thank his fellow Directors for their invaluable advice and guidance, and to each staff of the Group for their hard work and loyalty to the Group.

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

Hong Kong, 31 March 2022

*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.*