

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

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 540)

**FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
		2022	2021	Change
Revenue	<i>(HK\$'million)</i>	561.8	750.5	-25.1%
Gross profit	<i>(HK\$'million)</i>	42.6	48.8	-12.7%
Gross profit margin		7.6%	6.5%	
Loss for the year attributable to equity holders of the Company	<i>(HK\$'million)</i>	(34.5)	(31.3)	10.2%
Net loss margin attributable to equity holders of the Company		-6.1%	-4.2%	
Basic and diluted losses per share for loss attributable to equity holders of the Company for the year	<i>(HK\$ per share)</i>	(0.0574)	(0.0521)	

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Speedy Global Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2022	2021
		HK\$'000	HK\$'000
Revenue	3	561,797	750,474
Cost of sales	5	(519,200)	(701,679)
Gross profit		42,597	48,795
Selling and marketing expenses	5	(3,380)	(6,737)
Administrative expenses	5	(54,718)	(74,336)
Net impairment losses on financial assets	6	(8,403)	(2,269)
Other income	4	1,521	777
Other (losses)/gains – net	7	(4,302)	516
Operating loss		(26,685)	(33,254)
Finance income		977	286
Finance costs		(6,341)	(5,334)
Finance costs – net		(5,364)	(5,048)
Loss before income tax		(32,049)	(38,302)
Income tax (expense)/credit	8	(2,409)	7,028
Loss for the year attributable to equity holders of the Company		(34,458)	(31,274)
Other comprehensive income for the year, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences	9	(10,819)	1,651
Total comprehensive loss for the year attributable to equity holders of the Company		(45,277)	(29,623)
Basic and diluted losses per share for loss attributable to equity holders of the Company for the year (expressed in HK\$ per share)	10	(0.0574)	(0.0521)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2022	2021
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		27,604	42,681
Right-of-use assets		2,617	6,915
Intangible assets		16	718
Deferred tax assets		2,580	3,209
		<u>32,817</u>	<u>53,523</u>
Current assets			
Inventories		48,147	44,569
Trade and other receivables	12	71,160	116,011
Prepayments	13	7,013	30,058
Cash and cash equivalents		160,720	193,107
		<u>287,040</u>	<u>383,745</u>
Total assets		<u>319,857</u>	<u>437,268</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		60,000	60,000
Share premium		53,441	53,441
Other reserves	9	15,096	24,726
Accumulated losses		(53,106)	(17,459)
Total equity		<u>75,431</u>	<u>120,708</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		331	2,636
Deferred tax liabilities		1,996	3,248
		<u>2,327</u>	<u>5,884</u>

		As at 31 December	
	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
Current liabilities			
Trade and other payables	14	83,791	106,626
Contract liabilities		523	5,428
Current tax liabilities		3,868	1,146
Trade loans		43,301	83,562
Other bank borrowings		108,311	109,437
Lease liabilities		2,305	4,477
		<hr/>	<hr/>
		242,099	310,676
		<hr/>	<hr/>
Total liabilities		244,426	316,560
		<hr/>	<hr/>
Total equity and liabilities		319,857	437,268
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. GENERAL INFORMATION

Speedy Global Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the apparel supply chain servicing business which offers a wide range of woven wear, cut-and-sewn knitwear and sweater knitwear products to a number of owners or agents of global reputable brands (the “Apparel Supply Chain Servicing Business”).

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

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

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

2. BASIS OF PREPARATION

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 2022.

Standards, Amendments or Interpretations	Subject
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRS Standards 2018–2020	Annual Improvements 2018 – 2020 Cycle
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16 (March 2021) (the “HKFRS 16 Amendment (March 2021)”)	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to AG 5	Merger Accounting for Common Control Combinations

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.

Standards, Amendments or Interpretations	Subject	Effective for annual accounting periods beginning on or after
HKFRS 17 and Amendments to HKFRS 17	Insurance contracts (including Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information)	January 1, 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023
Amendments to HKAS 8	Definition of accounting estimates	January 1, 2023
Amendment to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	January 1, 2024
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to HKAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	January 1, 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is recognised at a point in time when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured. During the years ended 31 December 2022 and 2021, the Group's revenue was derived from the Apparel Supply Chain Servicing Business.

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

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	258,183	378,235
Customer B	200,133	150,721
	<u>458,316</u>	<u>528,956</u>

The revenue recognised in the current financial year relating to carried-forward contract liabilities as at 1 January 2022 was approximately HK\$5,428,000 (2021: HK\$2,504,000).

(b) Segment information

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

During the years ended 31 December 2022 and 2021, the Group is principally engaged in the Apparel Supply Chain Servicing Business. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services and the method used to provide their services is same in different regions.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
China	532,559	719,050
Europe and North America	20,535	22,387
Other countries	8,703	9,037
	<u>561,797</u>	<u>750,474</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
China	5,627	13,901
Cambodia	24,610	36,413
	<u>30,237</u>	<u>50,314</u>

4. OTHER INCOME

	Year ended 31 December	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government subsidies (<i>Note (a)</i>)	1,058	83
Rental income from subcontractors	47	148
Others	416	546
	<u>1,521</u>	<u>777</u>

- (a) Government subsidies mainly represents the subsidies received pursuant to the Employment Support Scheme (ESS) of the Hong Kong Government in 2022.

5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Changes in inventories of finished goods and work in progress	(3,227)	9,130
Raw materials and consumables used, processing fee paid and merchandise purchased	459,105	626,855
Employee benefit expenses	63,972	69,919
Depreciation and amortisation	16,734	21,242
Transportation expenses	10,436	10,395
Rental expenses relating to short-term leases and low-value assets	6,441	7,053
Utilities	4,768	4,537
Entertainment expenses	2,959	3,433
Impairment of property, plant and equipment	2,330	–
Auditors' remuneration	1,760	1,901
Travelling expenses	1,625	2,428
Professional service fees	1,234	2,532
Allowance for inventory impairment	392	2,639
Impairment of intangible assets	–	555
Impairment of goodwill	–	11,387
Others (<i>note (a)</i>)	8,769	8,746
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	577,298	782,752

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

6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Allowance for doubtful debts	8,403	2,269

7. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Net foreign exchange (losses)/gains	(4,095)	727
Net losses on disposal of property, plant and equipment	(1,407)	(211)
Write-back of advanced proceeds received from a customer (contract liability)	805	–
Others	395	–
	<u>(4,302)</u>	<u>516</u>

8. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax expense/(credit)

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
– PRC corporate income tax (“CIT”)	3,008	(3,210)
– Hong Kong profits tax	–	(3,802)
	<u>3,008</u>	<u>(7,012)</u>
Deferred income tax	(324)	(545)
	<u>2,684</u>	<u>(7,557)</u>
Corporate income tax	2,684	(7,557)
PRC withholding income tax	(275)	529
	<u>2,409</u>	<u>(7,028)</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 2022 and 2021 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 represented 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 2022 and 2021. During the years ended 31 December 2022 and 2021, 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% (2021: 25%) on the assessable profit of entities within the Group incorporated in the PRC. During the year ended 31 December 2021, income tax credit represented 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 (2021: 5%).

(b) Numerical reconciliation of income tax expense/(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	
	2022	2021
	HK\$'000	HK\$'000
Loss before income tax	<u>(32,049)</u>	<u>(38,302)</u>
Tax calculated at rates applicable to profits of the Group's entities in the respective jurisdictions	(5,970)	(6,760)
Over provision in prior years	–	(4,107)
Tax losses for which no deferred income tax assets were recognised	8,375	4,148
Utilisation of tax losses for which no deferred tax assets were recognised previously	(62)	(1,859)
Income not subject to tax	(131)	(452)
Expenses not deductible for tax purposes	471	1,473
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	<u>(274)</u>	<u>529</u>
Income tax expense/(credit)	<u><u>2,409</u></u>	<u><u>(7,028)</u></u>

9. OTHER RESERVES

	Exchange reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Total reserves <i>HK\$'000</i>
As at 1 January 2021	4,649	11,597	2,957	3,872	23,075
Currency translation difference	1,651	–	–	–	1,651
As at 31 December 2021	6,300	11,597	2,957	3,872	24,726
Currency translation difference	(10,819)	–	–	–	(10,819)
Transfer to statutory reserves	–	1,189	–	–	1,189
As at 31 December 2022	<u>(4,519)</u>	<u>12,786</u>	<u>2,957</u>	<u>3,872</u>	<u>15,096</u>

10. 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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company (<i>HK\$'000</i>)	(34,458)	(31,274)
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>(0.0574)</u>	<u>(0.0521)</u>

(b) Diluted losses per share

As there were no potential dilutive ordinary shares during the year ended 31 December 2022 (2021: Nil), diluted losses per share was equal to basic losses per share.

11. DIVIDEND

No dividend was approved and declared by the directors of the Company for the year ended 31 December 2022 and 2021.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivable (<i>note (b)</i>)	67,249	104,951
Bills receivables	–	5,208
Other receivables (<i>note (c)</i>)	12,345	8,121
	<hr/>	<hr/>
	79,594	118,280
Less: provision for impairment		
– Trade receivable	(246)	(2,269)
– Other receivables (<i>note (c)</i>)	(8,188)	–
	<hr/>	<hr/>
	71,160	116,011
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2022 and 2021, 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 approximate to their fair values.

(b) Credit terms granted to customers by the Group are usually 30 to 90 days and which are mainly due from customers with good credit history and low default rate. As at 31 December 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	42,973	72,114
31 to 90 days	18,873	27,701
91 to 180 days	5,147	2,654
Over 180 days	256	2,482
	<hr/>	<hr/>
	67,249	104,951
	<hr/> <hr/>	<hr/> <hr/>

(c) The balance of other receivables as at 31 December 2022 included an amount of approximately HK\$8.2 million due from one of the Group's suppliers. During the year ended 31 December 2022, there is information indicating that the supplier was in severe financial difficulty and it is expected that the supplier would not be able to deliver processing services to settle the amount prepaid by the Group in prior years. Therefore, the Group reclassified this balance from prepayments to other receivables as a financial asset. The Group has assessed the amount due from the supplier individually for impairment allowance and made a full provision of approximately HK\$8.2 million as there was no reasonable expectation of recovery.

13. PREPAYMENTS

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Prepayments for purchases of raw materials, processing fees, consumables and insurance	<u>7,013</u>	<u>30,058</u>

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Trade payable – due to third parties (<i>note (b)</i>)	66,525	85,510
Accrued payroll	10,433	9,398
Other payables	5,307	8,257
Other taxes payable	<u>1,526</u>	<u>3,461</u>
	<u>83,791</u>	<u>106,626</u>

(a) Fair value of trade and other payables

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

- (b) Trade payables are unsecured. The credit period granted by the Group's principal suppliers ranges from 30 to 90 days. As at 31 December 2022, the ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Within 30 days	33,764	53,899
31 to 90 days	27,370	22,978
91 to 180 days	523	2,343
Over 180 days	<u>4,868</u>	<u>6,290</u>
	<u>66,525</u>	<u>85,510</u>

15. CONTINGENCY

The Group has received tax reassessments from the tax authority in Cambodia for a subsidiary of the Company for the period from 1 January 2019 to 31 March 2022. The potential maximum tax exposure (including penalty and interest) of the Group is estimated to be approximately USD2 million (equivalent to approximately HK\$15.7 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

FINANCIAL REVIEW

	Year ended 31 December	
	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	561.8	750.5
Gross profit	42.6	48.8
Loss for the year attributable to equity holders of the Company	(34.5)	(31.3)

In 2022, the revenue decreased by 25.1% to approximately HK\$561.8 million (2021: HK\$750.5 million). The decrease in the Group's revenue was mainly due to decrease in sales from the existing customers.

Gross profit decreased by 12.7% to approximately HK\$42.6 million (2021: HK\$48.8 million) mainly due to the decrease in sale orders from the major customers. The gross profit margin increased to approximately 7.6% (2021: 6.5%), mainly attributable to the implementation of effective cost control during the year 2022.

During the year 2022, we recorded a loss of approximately HK\$34.5 million (2021: HK\$31.3 million). The increase in loss was mainly attributable to an increase in impairment losses on financial asset of approximately HK\$6.1 million to approximately HK\$8.4 million during the year 2022 (2021: HK\$2.3 million).

SELLING AND MARKETING EXPENSES

Selling and marketing expenses mainly represented employees' wages for salesmen and commission expenses related to sales of goods incurred during the year 2022. Selling and marketing expenses decreased mainly due to decrease in employees' wages resulting from reduction in number of employees.

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 (i) the absence of provision for impairment of goodwill for the year ended 31 December 2022 as compared to HK\$11.4 million for the corresponding year in 2021 and (ii) the decrease of amortisation for the customer relationships from approximately HK\$4.0 million for the year ended 31 December 2021 to approximately HK\$0.5 million during the year 2022.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The Group prepaid approximately HK\$8.2 million to a supplier, for garment manufacturing in 2020. Due to the impact of the outbreak of COVID-19 in 2022, the operation and financial situation of the supplier deteriorate, and it is expected that it would not be able to provide further processing services to the Group. As a result, the prepayment of approximate HK\$8.2 million was reclassified as other receivables, resulting in a decrease in the prepayment during the year 2022. Based on information available to the Company indicating that the supplier is in severe financial difficulty and there was no reasonable expectation of recovery of such sum, the Group made an allowance for doubtful debts of approximately HK\$8.2 million during the year 2022.

OTHER (LOSSES)/GAINS – NET

Other losses – net of approximately HK\$4.3 million during the year 2022 (2021: other gains – net HK\$0.5 million) was mainly attributed to net foreign exchange losses of approximately HK\$4.1 million.

FINANCE INCOME AND COSTS

Finance income increased by 241.6% to approximately HK\$1.0 million for the year 2022 (2021: HK\$0.3 million) primarily due to the increase in interest income as a result of the increase in the interest rate during the year 2022.

Finance cost increased by 18.9% to approximately HK\$6.3 million for the year 2022 (2021: HK\$5.3 million). Finance costs for the year 2022 mainly represented interest expense on bank borrowings of approximately HK\$6.1 million and interest and finance charges of lease liabilities of approximately HK\$0.2 million. Increase in the interest expense on bank borrowings was primarily due to increase of interest rate during the year 2022.

INCOME TAX (EXPENSE)/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 2022, income tax expenses was approximately HK\$2.4 million (2021: tax credit HK\$7.0 million).

INVENTORIES

Inventories balance increased from approximately HK\$44.6 million as at 31 December 2021 to approximately HK\$48.1 million as at 31 December 2022 due to delay of shipment during the year 2022 which resulted in an increase in the inventory turnover days (2022: 33 days; 2021: 30 days).

TRADE AND BILLS RECEIVABLES

Trade and bills receivables decreased by HK\$43.0 million to HK\$67.2 million as at 31 December 2022 (31 December 2021: HK\$110.2 million) which is in line with the decrease in revenue during the year 2022.

We generally grant customers a credit period of 30 to 90 days and they are generally required to settle their trade balances with us by bank transfer or by cheque.

Our trade and bills receivables turnover days for the year 2022 remained stable at 58 days (2021: 56 days).

PREPAYMENT

Prepayment decreased by approximately HK\$23.0 million to approximately HK\$7.0 million as at 31 December 2022 (31 December 2021: HK\$30.0 million) mainly because (i) approximately HK\$8.2 million prepayment was reclassified as other receivables, details of which are set out in the paragraph headed “Net Impairment Losses on Financial Assets” above, and (ii) approximately HK\$7.7 million was used up and converted to cost of sale during the year 2022.

TRADE PAYABLE

Trade payable decreased from HK\$85.5 million as at 31 December 2021 to HK\$66.5 million as 31 December 2022 because of the settlements by way of cash and cash equivalents during the year 2022.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade payable turnover days for the year 2022 were 54 days (2021: 51 days). The increase in turnover days was because of delay payments to the suppliers during the year 2022.

BORROWINGS

The Group had bank borrowings as at 31 December 2022 in the sum of approximately HK\$108.3 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 2022, approximately HK\$102.4 million was repayable within one year, approximately HK\$0.6 million was repayable between one to two years, approximately HK\$1.9 million was repayable between two to five years, approximately HK\$3.4 million was repayable over five years and all subject to repayable on demand clauses. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

LIQUIDITY AND FINANCIAL RESOURCES

During the year 2022, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2022, cash and cash equivalents amounted to approximately HK\$160.7 million, of which approximately HK\$94.0 million denominated in HK\$, approximately HK\$33.0 million in Renminbi, approximately HK\$33.5 million in USD and approximately HK\$0.2 million in other currencies. As at 31 December 2022, the current ratio of the Group was 1.2 (31 December 2021: 1.2). The Group was in a strong net cash position as at 31 December 2022. 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 2022, 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 2022. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any significant capital commitments (31 December 2021: Nil).

INFORMATION ON EMPLOYEES

As at 31 December 2022, the Group had a total of 1,171 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2022 were approximately HK\$64.0 million, as compared to approximately HK\$69.9 million for the year ended 31 December 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 with reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC and Cambodia rules and regulations and the prevailing regulatory requirements.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 26 May 2022 where options to subscribe for shares may be granted to the Directors and employees of the Group.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2022, 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 2022, 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 2022.

CHARGE OF ASSETS

There was no charge on the Group's assets as at 31 December 2022 (31 December 2021: Nil).

CONTINGENT LIABILITIES

The Group has received tax reassessments from the tax authority in Cambodia for a subsidiary of the Company for the period from 1 January 2019 to 31 March 2022. The potential maximum tax exposure (including penalty and interest) of the Group is estimated to be approximately USD2 million (equivalent to approximately HK\$15.7 million).

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

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2022 (31 December 2021: 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 2023, the Group will continue to pay close attention to the development of the domestic and international epidemic and changes in the markets to agilely respond and take appropriate actions.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities during the year 2022.

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 2022.

CORPORATE GOVERNANCE CODE

During the year 2022, the Company had complied with the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix 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 C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Huang Chih Shen. Since the Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently. The Company understands the importance to comply with the Code Provision C.2.1 and will continue to consider the feasibility of appointing a separate chief executive officer.

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 2022 to the date of the Board meeting approving the annual results announcement for the year 2022.

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 3 January 2023, 30 January 2023, 6 February 2023 and 24 February 2023 (the “**Announcements**”), where Sky Halo Holdings Limited, Mr. Chan Hung Kwong Patrick, Ms. Tang Wai Shan and Mr. Au Wai Shing (together “**Selling Shareholders**”) as sellers entered into a memorandum of understanding on 3 January 2023 and a supplemental memorandum of understanding on 6 February 2023 with Pinpal Tech Co., Limited, an independent third party, as purchaser regarding possible sale of an aggregate of 402,550,665 shares of the Company, representing approximately 67.09% of the entire issued share capital of the Company held by the Selling Shareholders. No formal sale and purchase agreement for the possible sale has been entered into at the date of this announcement. For details, please refer to the Announcements.

Save as disclosed above, there is no important event affecting the Company and its subsidiaries which has occurred after the reporting period.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 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, 25 May 2023. 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, 25 May 2023, the register of members will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 19 May 2023.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2022 will be despatched to the shareholders and available on the Company's website at www.speedy-global.com and HKExnews website on or around 27 April 2023.

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 2023

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 and Mr. Chang Cheuk Cheung, Terence.