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(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 540)

## FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

### FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
		2016	2015	Change
Revenue	(HK\$'million)	<b>1,088.2</b>	1,223.8	-11.1%
— apparel supply chain servicing segment	(HK\$'million)	<b>1,088.2</b>	1,215.9	-10.5%
— apparel retail segment	(HK\$'million)	—	7.9	-100.0%
— property investment and development segment	(HK\$'million)	—	—	—
Gross profit	(HK\$'million)	<b>114.0</b>	134.9	-15.5%
— apparel supply chain servicing segment	(HK\$'million)	<b>114.0</b>	132.8	-14.2%
— apparel retail segment	(HK\$'million)	—	2.1	-100.0%
— property investment and development segment	(HK\$'million)	—	—	—
Gross profit margin		<b>10.5%</b>	11.0%	
— apparel supply chain servicing segment		<b>10.5%</b>	10.9%	
— apparel retail segment		—	26.6%	
— property investment and development segment		—	—	
Profit for the year attributable to equity holders of the Company	(HK\$'million)	<b>31.5</b>	24.8	27.0%
Net profit margin attributable to equity holders of the Company		<b>2.9%</b>	2.0%	
Basic and diluted earnings per share attributable to equity holders of the Company for the year	(HK\$ per share)	<b>0.0525</b>	0.0414	

## ANNUAL RESULTS

The board (the “**Board**”) of directors (“**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 2016, together with the comparative figures for the year ended 31 December 2015.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2016 HK\$'000	2015 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenue	3	1,088,201	1,223,831
Cost of sales	5	(974,165)	(1,088,932)
<b>Gross profit</b>		<b>114,036</b>	134,899
Selling expenses	5	(2,328)	(17,321)
Administrative expenses	5	(65,058)	(73,109)
Other income	4	1,229	945
Other (losses)/gains — net		(962)	1,035
<b>Operating profit</b>		<b>46,917</b>	46,449
Finance income		1,159	6,092
Finance costs		(7,517)	(15,077)
Net finance costs		(6,358)	(8,985)
<b>Profit before income tax</b>		<b>40,559</b>	37,464
Income tax expense	6	(8,830)	(10,405)
<b>Profit for the year from continuing operations</b>		<b>31,729</b>	27,059
<b>Discontinued operations</b>			
Losses for the year from discontinued operations		(1,696)	(2,229)
<b>Profit for the year</b>		<b>30,033</b>	24,830
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(14,018)	(22,832)
Exchange reserves realised from disposal of subsidiaries		8,880	—
		(5,138)	(22,832)
<b>Total comprehensive income for the year</b>		<b>24,895</b>	1,998

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2016</b>	<b>2015</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
			<i>(Restated)</i>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		<b>31,484</b>	24,830
Non-controlling interest		<b>(1,451)</b>	–
		<u><b>30,033</b></u>	<u>24,830</u>
<b>Profit/(loss) for the year attributable to equity holders of the Company arises from:</b>			
Continuing operations		<b>31,729</b>	27,059
Discontinued operations		<b>(245)</b>	(2,229)
		<u><b>31,484</b></u>	<u>24,830</u>
<b>Earnings/(losses) per share from continuing and discontinued operations attributable to equity holders of the Company for the year (expressed in HK\$ per share)</b>			
<b>Basic and diluted earnings/(losses) per share</b>			
From continuing operations		<b>0.0529</b>	0.0451
From discontinued operations		<b>(0.0004)</b>	(0.0037)
From profit for the year	7	<u><b>0.0525</b></u>	<u>0.0414</u>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		<b>28,111</b>	1,998
Non-controlling interest		<b>(3,216)</b>	–
		<u><b>24,895</b></u>	<u>1,998</u>

Details of dividends paid and payable to shareholders of the Company attributable to the profit for the year are set out in note 8.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>As at 31 December</b>	
<i>Note</i>	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>17,404</b>	53,224
Land use rights	–	73,217
Intangible assets	<b>919</b>	1,444
Deferred income tax assets	<b>4,645</b>	3,260
	<u><b>22,968</b></u>	<u>131,145</u>
<b>Current assets</b>		
Inventories	<b>120,043</b>	91,599
Properties under development	–	153,687
Trade and other receivables	<b>222,977</b>	228,364
Prepayments	<b>22,616</b>	28,571
Cash and cash equivalents	<b>244,800</b>	309,069
	<u><b>610,436</b></u>	<u>811,290</u>
<b>Total assets</b>	<u><b>633,404</b></u>	<u>942,435</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	<b>60,000</b>	60,000
Share premium	<b>53,441</b>	53,441
Other reserves	<b>18,606</b>	10,904
Retained earnings	<b>103,687</b>	79,583
<b>Total equity</b>	<u><b>235,734</b></u>	<u>203,928</u>

		<b>As at 31 December</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Borrowings		<u>442</u>	<u>293,277</u>
<b>Current liabilities</b>			
Trade and other payables	10	308,174	329,580
Current income tax liabilities		9,721	8,293
Borrowings		<u>79,333</u>	<u>107,357</u>
		<u>397,228</u>	<u>445,230</u>
<b>Total liabilities</b>		<u>397,670</u>	<u>738,507</u>
<b>Total equity and liabilities</b>		<u>633,404</u>	<u>942,435</u>

## NOTES:

### 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 Vistra (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.

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

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board on 23 March 2017, The comparative consolidated statement of comprehensive income has been re-presented as if the operation discontinued due to the Company’s disposal of its entire interests in the subsidiaries which operated the Property Investment and Development Business during the year ended 31 December 2016 had been discontinued at the beginning of the comparative period.

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

#### (a) New standards and amendments adopted by the Group

The Group had adopted the following new standards and amendments which are effective for the Group’s financial year beginning on 1 January 2016:

HKFRS 14	Regulatory Deferral Accounts
HKFRS 11 (Amendment)	Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 10,12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Amendment to HKFRS	Annual Improvements 2014
HKAS 1 (Amendment)	Disclosure Initiative

The adoptions of the above new standards and amendments have no material impact to the Group’s consolidated financial statements.

**(b) New standards and interpretations not yet adopted**

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements:

		<b>Effective for annual periods beginning on or after</b>
HKAS 12 (Amendment)	Income Taxes	1 January 2017
HKAS 7 (Amendment)	Statement of Cash Flows	1 January 2017
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Lease	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The management is in the process of assessing the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements of the Group.

**3. REVENUE AND SEGMENT INFORMATION**

**(a) Revenue**

Revenue from continuing operations recognised during the year ended 31 December 2016 is as follows:

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Apparel Supply Chain Servicing Business	<b>1,088,201</b>	1,215,943
Apparel Retail Business	–	7,888
Property Investment and Development Business	–	–
	<b><u>1,088,201</u></b>	<b><u>1,223,831</u></b>

**(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:

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Customer A	<b>725,872</b>	812,795
Customer B	<b>214,642</b>	220,518
	<b><u>940,514</u></b>	<b><u>1,033,313</u></b>

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

Segment assets consist primarily of property, plant and equipment, land use rights, intangible assets, inventories, properties under development, trade and other receivables, prepayments and cash and cash equivalents. They exclude deferred income tax assets.

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

The segment results for the year ended 31 December 2016:

	<b>Apparel Supply Chain Servicing Business <i>HK\$'000</i></b>	<b>Apparel Retail Business <i>HK\$'000</i></b>	<b>Property Investment and Development Business <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment revenue and revenue from external customers	<u>1,088,201</u>	<u>—</u>	<u>—</u>	<u>1,088,201</u>
Segment results	<u>48,149</u>	<u>(270)</u>	<u>—</u>	<u>47,879</u>
Other losses — net				(962)
Net finance costs				<u>(6,358)</u>
Profit before income tax				40,559
Income tax expense				<u>(8,830)</u>
Profit for the year from continuing operations				<u><u>31,729</u></u>



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	5,212	–	–	5,212
Amortisation of intangible assets	432	–	–	432
Allowance for inventory impairment	5,559	–	–	5,559

The segment assets and liabilities as at 31 December 2016 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>625,716</u>	<u>3,043</u>	<u>–</u>	<u>4,645</u>	<u>633,404</u>
Total liabilities	<u>307,439</u>	<u>735</u>	<u>–</u>	<u>89,496</u>	<u>397,670</u>

The segment results for the year ended 31 December 2015 (restated):

	<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	<u>1,215,943</u>	<u>7,888</u>	<u>–</u>	<u>1,223,831</u>
Segment results	<u>63,806</u>	<u>(18,392)</u>	<u>–</u>	<u>45,414</u>
Other gains — net				1,035
Net finance costs				<u>(8,985)</u>
Profit before income tax				37,464
Income tax expense				<u>(10,405)</u>
Profit for the year from continuing operations				<u>27,059</u>

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

	Apparel Supply Chain Servicing Business HK\$'000	Apparel Retail Business HK\$'000	Property Investment and Development Business HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	4,600	1,965	–	6,565
Amortisation of intangible assets	244	11	–	255
Reversal for inventory impairment	(264)	–	–	(264)
Allowance for doubtful debts	2,797	1,158	–	3,955

The segment assets and liabilities as at 31 December 2015 are as follows:

	Apparel Supply Chain Servicing Business HK\$'000	Apparel Retail Business HK\$'000	Property Investment and Development Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Total assets	<u>650,259</u>	<u>3,505</u>	<u>285,411</u>	<u>3,260</u>	<u>942,435</u>
Total liabilities	<u>318,484</u>	<u>796</u>	<u>302,803</u>	<u>116,424</u>	<u>738,507</u>

#### 4. OTHER INCOME

	Year ended 31 December	
	2016 HK\$'000	2015 HK\$'000
Rental income from subcontractors	979	945
Consulting service income	250	–
	<u>1,229</u>	<u>945</u>

## 5. EXPENSES BY NATURE

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

	Year ended 31 December	
	2016 HK\$'000	2015 HK\$'000 (Restated)
Changes in inventories of finished goods and work in progress	(19,871)	32,263
Raw materials and consumables used, processing fee paid and merchandise purchased	961,146	1,013,705
Employee benefit expenses	49,602	65,401
Rental expenses	6,081	11,298
Transportation expenses	7,025	9,092
Depreciation and amortisation	5,644	6,820
Travelling expenses	5,100	6,094
Auditors' remuneration		
— Audit service	1,795	1,901
— Non-audit services	501	839
Utilities	2,440	3,304
Entertainment expenses	5,473	5,206
Allowance/(reversal) for inventory impairment	5,559	(264)
Allowance for doubtful debts	—	3,955
Professional service fees	2,650	2,913
Penalty for early termination of the rental agreements	—	5,283
Others	8,406	11,552
	<u>1,041,551</u>	<u>1,179,362</u>
Total cost of sales, selling expenses and administrative expenses		

## 6. INCOME TAX EXPENSE

	Year ended 31 December	
	2016 HK\$'000	2015 HK\$'000
Current income tax		
— Hong Kong profits tax	4,772	4,269
— PRC corporate income tax	4,714	6,694
	<u>9,486</u>	<u>10,963</u>
Deferred tax	(1,385)	(1,429)
	<u>8,101</u>	<u>9,534</u>
Corporate income tax		
Withholding tax	729	871
	<u>8,830</u>	<u>10,405</u>
Income tax expense		

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

	<b>Year ended 31 December</b>	
	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i> <i>(Restated)</i>
Profit before income tax from continuing operations	<u>40,559</u>	<u>37,464</u>
Tax calculated at rates applicable to profits of the Group's entities in the respective jurisdictions	<b>8,835</b>	6,654
Tax loss for which no deferred income tax assets was recognised	<b>61</b>	2,354
Recognition of tax loss for which no deferred income tax assets was recognised previously	<b>(990)</b>	–
Income not subject to tax	<b>(98)</b>	(890)
Expenses not deductible for tax purposes	<b>293</b>	1,416
Withholding tax	<u>729</u>	<u>871</u>
Tax charge	<u><b>8,830</b></u>	<u>10,405</u>

**(i) Cayman Islands profits tax**

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

**(ii) Hong Kong profits tax**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2016 (2015: 16.5%).

**(iii) PRC enterprise income tax ("EIT")**

EIT is provided at the rate of 25% (2015: 25%) on the assessable profit of entities within the Group incorporated in the PRC.

**(iv) PRC withholding income tax**

According to the EIT Law, as there is a tax treaty arrangement between 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% during the year (2015: 5%).

## 7. BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>Year ended 31 December</b>	
	<b>2016</b>	2015 <i>(Restated)</i>
Profit/(loss) for the year attributable to equity holders of the Company arises from (HK\$'000):		
Continuing operations	<b>31,729</b>	27,059
Discontinued operations	<b>(245)</b>	(2,229)
	<b>31,484</b>	24,830
Weighted average number of ordinary shares in issue	<b>600,000,000</b>	600,000,000
Basic and diluted earnings/(losses) per share (HK\$)		
From continuing operations	<b>0.0529</b>	0.0451
From discontinued operations	<b>(0.0004)</b>	(0.0037)
From profit for the year	<b>0.0525</b>	0.0414

The Company did not have any potential dilutive ordinary shares outstanding as at 31 December 2016 and 2015. Diluted earnings per share is equal to basic earnings per share.

## 8. DIVIDENDS

	<b>Year ended 31 December</b>	
	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final — Nil (2015: HK\$0.0123) per ordinary share	—	7,380

## 9. TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>	
	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivable	<b>197,761</b>	206,546
Other receivables	<b>16,332</b>	23,596
Bills receivable	<b>10,662</b>	—
	<b>224,755</b>	230,142
Less: provision for impairment of trade and other receivables	<b>(1,778)</b>	(1,778)
	<b>222,977</b>	228,364

For Apparel Supply Chain Servicing Business, credit terms granted to customers by the Group are usually 30 to 90 days. The aging analysis of trade receivable as at 31 December 2016 and 2015 based on invoice date is as follows:

	<b>As at 31 December</b>	
	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0–30 days	<b>104,766</b>	138,016
31–90 days	<b>77,440</b>	58,491
91–180 days	<b>11,752</b>	7,888
Over 180 days	<b>3,803</b>	2,151
	<b><u>197,761</u></b>	<u>206,546</u>

As at 31 December 2016 and 2015, the Group's trade receivable was mainly due from customers with good credit history and low default rate.

#### 10. TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payable — due to third parties	<b>199,591</b>	215,509
Bills payable ( <i>Note (a)</i> )	<b>56,744</b>	81,515
Advances from customers	<b>31,848</b>	553
Accrued payroll	<b>10,170</b>	10,296
Other payables	<b>6,798</b>	7,355
Other taxes payable	<b>2,739</b>	3,327
Due to related parties	<b>284</b>	867
Construction payables	<b>–</b>	10,158
	<b><u>308,174</u></b>	<u>329,580</u>

(a) The bills payable was 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:

	<b>As at 31 December</b>	
	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0–30 days	<b>74,240</b>	142,179
31–90 days	<b>109,881</b>	65,688
91–180 days	<b>6,989</b>	3,415
Over 180 days	<b>8,481</b>	4,227
	<b><u>199,591</u></b>	<u>215,509</u>

## 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. Under our Apparel Supply Chain Servicing Business, we outsource the labor-intensive manufacturing function to third-party manufacturers and focus on providing one-stop solution to our customers to accommodate their different needs.

Furthermore, the Group also engaged in the Apparel Retail Business which mainly focused on procuring, marketing and retailing men's and women's apparel and accessory products under the Unisex and Promod brands. Due to the unsatisfactory sales performance of the Unisex and Promod brands, their operations ceased by the end of May 2015 accordingly.

The Group also engaged in the Property Investment and Development Business to develop the relevant market and was progressing diligently with the development of the three pieces of land in Xinmi City, all of which are for industrial use. The Company announced on 15 July 2016 that the Company and the purchaser, a wholly and beneficially owned by Mr. Huang Chih Shen, chairman, executive Director and controlling shareholder of the Company, have entered into the agreement pursuant to which the Company had conditionally agreed to sell and the purchaser had conditionally agreed to purchase 50% of the total issued share capital of Speedy Global Development Limited (the "Target"), a company incorporated in the British Virgin Islands, at the consideration of HK\$10 in cash. The Target and its subsidiaries (the "Target Group") are principally engaged in the property development and investment for the land above-mentioned at Xinmi City. The Board considered that the disposal of the Target Group enables the Group to avoid the risks and uncertainties associated with the investments in industrial properties, including but not limited to the depreciation trend in Renminbi and decreasing trend in growth for both gross domestic production in the PRC and the industrial added value in Henan province, the PRC. After the completion of the disposal in early September 2016, the Company no longer held any interest in the Target.

### Financial Review

	<b>2016</b>	2015
	<i>HK\$'million</i>	<i>HK\$'million</i>
Revenue	<b>1,088.2</b>	1,223.8
— Apparel Supply Chain Servicing Business	<b>1,088.2</b>	1,215.9
— Apparel Retail Business	—	7.9
— Property Investment and Development Business	—	—
Gross profit	<b>114.0</b>	134.9
— Apparel Supply Chain Servicing Business	<b>114.0</b>	132.8
— Apparel Retail Business	—	2.1
— Property Investment and Development Business	—	—
Profit for the year attributable to equity holders of the Company	<b>31.5</b>	24.8

### *Apparel Supply Chain Servicing Business*

Being in line with our strategy to focus on our strengths in product design and development, as well as quality control and production management, we design, develop and produce men's and women's woven wear and cut-and-sewn knitwear products to respond to constantly evolving consumer preferences. During the year, we have provided many designs of apparel products to our customers and our designs are well appreciated by our customers. However, due to the depression in the apparel retail market, revenue under the Apparel Supply Chain Servicing Business decreased by 10.5% to approximately HK\$1,088.2 million during the year 2016 (2015: HK\$1,215.9 million).

Gross profit under our Apparel Supply Chain Servicing Business decreased by 14.2% to approximately HK\$114.0 million (2015: HK\$132.8 million) while gross profit margin decreased to 10.5% for the year 2016, representing a decrease of 0.4 percentage point when compared with the preceding year (2015: 10.9%). The slight decrease in gross profit margin was mainly due to the allowance for inventory impairment of approximately HK\$5.6 million provided during the year 2016.

During the year 2016, we recorded a segmental profit before other losses — net, net finance costs and income tax expense of approximately HK\$48.1 million, represented a decrease of approximately 24.6% compared to that of approximately HK\$63.8 million for 2015. The decrease in the segmental profit was mainly due to the decrease in revenue during the year 2016.

### *Apparel Retail Business*

There was neither revenue nor gross profit from our Apparel Retail Business (2015: revenue of HK\$7.9 million and gross profit of HK\$2.1 million) and only limited expenses were incurred during the year 2016 due to the closure of all the retail shops for the Unisex and Promod brands before the end of May 2015, which resulted in a decrease in the segmental loss before other losses — net, net finance costs and income tax expense of approximately 98.4% during the year 2016 (2016: HK\$0.3 million; 2015: HK\$18.4 million).

### *Property Investment and Development Business*

There was neither revenue nor gross profit from our Property Investment and Development Business and only expenses were incurred during the year 2016. Due to the disposal of the Target Group during the year 2016, a gain on disposal of the Target Group of approximately HK\$5.4 million was generated and the expenses incurred by the Target Group net with the gain on disposal of the Target Group were reclassified as losses for the year from discontinued operations in the consolidated statement of comprehensive income.

### **Selling expenses**

Selling expenses mainly represented promotion expenses and freight charges incurred during the year 2016. Selling expenses significantly decreased by 86.7% to approximately HK\$2.3 million during the year 2016 (2015: HK\$17.3 million) mainly due to decrease in (i) rent of the self-operated retail outlets, (ii) employee benefit expense for salespersons, and (iii) penalty fees for the early termination of the rental agreements for the retail shops, all incurred under the Apparel Retail Business during the year 2015. No such expenses was incurred during the year 2016.



## **Administrative expenses**

Administrative expenses mainly represented employee benefit expenses for our management, finance and administrative personnel, entertainment expenses, rental expenses for our office premises and travelling expenses. Administrative expenses decreased by 10.9% to approximately HK\$65.1 million during the year 2016 (2015: HK\$73.1 million) mainly because better cost control was implemented and there was no allowance for doubtful debts provided during the year 2016 (2015: HK\$4.0 million).

## **Other (losses)/gains — net**

Other losses— net of approximately HK\$1.0 million during the year 2016 (2015: other gains — net of HK\$1.0 million) mainly represented loss on disposal of property, plant and equipment of approximately HK\$17,000 (2015: gain of HK\$32,000) and the net exchange losses of approximately HK\$1.0 million (2015: HK\$0.3 million). Last year's amounts also included written off of trade payable of approximately HK\$1.2 million (2016: Nil).

## **Finance income and costs**

Finance income decreased by 80.3% to approximately HK\$1.2 million for the year of 2016 (2015: HK\$6.1 million) primarily because less time deposits in Renminbi were made during the year 2016.

Finance costs decreased by 50.3% to approximately HK\$7.5 million (2015: HK\$15.1 million) primarily due to a decrease in average bank borrowings to finance the general operation and decrease in net exchange loss arising from translation of the balances of cash and cash equivalents and borrowings during the year 2016 (2016: HK\$2.8 million; 2015: HK\$7.3 million).

## **Income tax expense**

Income tax expense mainly represented amounts of current income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC. Income tax expense decreased by 15.4% to approximately HK\$8.8 million (2015: HK\$10.4 million) primarily as less taxable profit was generated by the Group during the year 2016.

## **Inventory**

Inventory balance increased from approximately HK\$91.6 million as at 31 December 2015 to approximately HK\$120.0 million as at 31 December 2016 because more goods were delivered before the last year ended which resulted in an increase in the inventory turnover days (31 December 2016: 40 days; 31 December 2015: 36 days).

## **Properties under development**

Last year's properties under development balance comprised land use rights, construction costs, capitalised finance costs and related expenses. The balance become nil as at 31 December 2016 due to the disposal of the Target Group during the year 2016.

## **Trade receivable**

There was no material fluctuation in the gross trade receivable balance (31 December 2016: HK\$197.8 million; 31 December 2015: HK\$206.5 million).

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

Our trade receivable turnover days as at 31 December 2016 was 68 days (31 December 2015: 55 days) which is in general within the credit period granted by us to the customers.

## **Trade payable**

Trade payable balance decreased from approximately HK\$215.5 million as at 31 December 2015 to approximately HK\$199.6 million as at 31 December 2016 primarily because less purchases were made before the year ended.

We generally enjoy a credit term of up to 90 days to settle payment. Our trade payable turnover days as at 31 December 2016 was 78 days (31 December 2015: 67 days) which is within the credit period granted by our suppliers and third-party manufacturers.

## **Borrowings**

The Group had bank borrowings as at 31 December 2016 in the sum of approximately HK\$79.0 million. All bank borrowings were made from banks in Hong Kong at floating interest rates. As at 31 December 2016, all bank borrowings were repayable within one year or repayable on demand. Furthermore, the Group had finance lease liabilities of approximately HK\$0.8 million as at 31 December 2016 (31 December 2015: HK\$1.1 million). The carrying amounts of bank borrowings were denominated in HK\$. 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 2016, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2016, cash and bank balances amounted to approximately HK\$244.8 million, of which approximately HK\$167.2 million denominated in HK\$, HK\$66.2 million in Renminbi, HK\$11.3 million in United States dollar and HK\$0.1 million in other currencies. As at 31 December 2016, the current ratio of the Group was 1.5 (31 December 2015: 1.8). The Group was in a strong net cash position as at 31 December 2016. 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 as their functional currency, foreign exchange risk arises primarily with respect of HK\$. For group companies with HK\$ as their functional currency, foreign exchange risk arises primarily with respect to Renminbi. 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, 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 2016. The capital of the Company comprises ordinary shares and other reserves.

## **Capital commitments**

As at 31 December 2016, the Group did not have any significant capital commitments (31 December 2015: HK\$51.6 million).

## **Information on employees**

As at 31 December 2016, the Group had a total of 410 employees, including the executive Directors. Total staff costs (including Directors' emoluments) for the year ended 31 December 2016 were approximately HK\$49.6 million, as compared to approximately HK\$65.4 million for the year ended 31 December 2015. 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 rules and regulations and the prevailing regulatory requirements of the PRC.

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 2016, 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 2016, the Group did not have plan for material investments and capital assets.

### **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

Save as disclosed in the Company's announcement dated 15 July 2016, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year 2016.

### **Charge of assets**

There was no charge on the Group's assets as at 31 December 2016 (31 December 2015: Nil).

### **Contingent liabilities**

The Group had no material contingent liabilities as at 31 December 2016 (31 December 2015: 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 forward, we expect the business environment of our Apparel Supply Chain Servicing Business keeps challenging in the year 2017 due to keen competition. In order to maintain our competitiveness, the Group will enhance product innovation and creativity to meet fashion trends and maintain premium quality. 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. The Group is offering a competitive price with higher flexibility arrangements to our existing customers in order to secure more long term and committed orders and is also actively looking for new customers for further growth opportunities.

As the retail sentiment in the PRC remains weak, we adopt a cautious approach in developing the retail business. We retain capital and are looking for other retail business opportunity with a better profitability.

After the completion of the disposal of the Target, we no longer held any interest in the Target which ceased to be a subsidiary of the Company. We are still closely monitoring the property market and determine the appropriate development 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 2016.

## **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 2016.

## **CORPORATE GOVERNANCE CODE**

During the year 2016, the Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviations:

- (1) 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.

- (2) Under Code Provision A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Dr. Chan Chung Bun, Bunny and Ms. Pang Yuen Shan, Christina, independent non-executive Director of the Company, did not attend the Company's 2015 annual general meeting due to other business engagements while Mr. Chang Cheuk Cheung, Terence, an independent non-executive Director of the Company, did not attend the Company's 2016 extraordinary general meeting due to other business engagement.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 2016 to the date of the Board meeting approving the annual results announcement for the year 2016.

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**

Reference is made to the announcements dated 3 January 2017, 25 January 2017 and 23 February 2017, where Sky Halo Holdings Limited, Mr. Huang Chih Shen, 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 2 January 2017 and a supplemental memorandum of understanding on 25 January 2017 with 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.

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

## **ANNUAL GENERAL MEETING (“AGM”)**

The AGM will be held on Monday, 22 May 2017. 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 Monday, 22 May 2017, the register of members will be closed from Wednesday, 17 May 2017 to Monday, 22 May 2017, 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 share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 16 May 2017.

## **PUBLICATION OF ANNUAL REPORT**

The annual report for the year ended 31 December 2016 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 before 20 April 2017.

## **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, 23 March 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Huang Chih Shen, Mr. Chan Hung Kwong, Patrick, Ms. Tang Wai Shan and Mr. Au Wai Shing; 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.*