SLING GROUP HOLDINGS LIMITED
森浩集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 8285

INTERIM 2018 REPORT

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*This report, for which the directors of Sling Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company (the "**Directors**"), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2018

		Three months ended 30 June		Six months ended 30 June	
	Note	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Unaudited)	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Audited)
Revenue	*4*	**40,813**	54,367	**79,957**	107,485
Cost of sales		**(18,269)**	(24,139)	**(35,525)**	(48,127)
Gross profit		**22,544**	30,228	**44,432**	59,358
Other revenue and income		**1,283**	62	**2,537**	84
Government grants		**2,661**	—	**2,661**	—
Selling and distribution costs		**(17,550)**	(20,263)	**(32,235)**	(38,856)
Administrative and other operating expenses		**(6,716)**	(4,988)	**(12,715)**	(10,058)
Listing expenses		**—**	(3,062)	**(102)**	(4,334)
Finance costs		**(40)**	(206)	**(121)**	(415)
Profit before income tax	*7*	**2,182**	1,771	**4,457**	5,779
Income tax expense	*6*	**(1,144)**	(1,088)	**(1,780)**	(2,230)
Profit for the period		**1,038**	683	**2,677**	3,549
Other comprehensive income					
Item that may be reclassified subsequently to the profit or loss:					
Exchange differences on translation of foreign operations		**1,077**	206	**1,875**	324
Total comprehensive income for the period attributable to equity holders of the Company		**2,115**	889	**4,552**	3,873
		RMB cents	RMB cents	**RMB cents**	RMB cents
Earnings per share for profit attributable to equity holders of the Company					
Basic and diluted	*9*	**0.19**	0.16	**0.49**	0.85

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2018

	Note	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**1,512**	1,483
Interest in an associate		**—**	—
Intangible assets		**3,171**	2,723
Financial asset at fair value through other comprehensive income ("**FVTOCI**")	*11*	**202**	199
Deferred tax assets		**863**	863
		5,748	5,268
Current assets			
Inventories		**35,767**	45,023
Trade and other receivables	*12*	**44,743**	35,746
Amounts due from Controlling Shareholders		**9**	9
Amount due from an associate		**—**	—
Amounts due from related companies		**3**	—
Income tax recoverable		**326**	218
Restricted cash		**260**	188
Cash and cash equivalents		**24,437**	18,958
		105,545	100,142
Current liabilities			
Trade and other payables	*13*	**28,714**	45,219
Bank borrowings		**5,909**	26,395
Amount due to the then immediate holding company		**2**	8
Income tax payable		**2,657**	3,816
		37,282	75,438
Net current assets		**68,263**	24,704
Net assets		**74,011**	29,972

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
EQUITY			
Share capital	*14*	**4,470**	9
Reserves		**69,541**	29,963
Total equity attributable to equity holders of the Company		**74,011**	29,972

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2018

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2017	—	—	10,520	—	(1,718)	16,260	25,062
Profit for the period	—	—	—	—	—	3,549	3,549
Other comprehensive income:							
Exchange differences on translation of foreign operations	—	—	—	—	324	—	324
Total comprehensive income for the period	—	—	—	—	324	3,549	3,873
Issuance of share capital upon incorporation	9	—	—	—	—	—	9
Issuance of share capital of Sling BVI	—	—	9	—	—	—	9
Transactions with equity holders	9	—	9	—	—	—	18
As at 30 June 2017 (Audited)	9	—	10,529	—	(1,394)	19,809	28,953

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2018	9	—	10,520	220	(656)	19,879	29,972
Profit for the period	—	—	—	—	—	2,677	2,677
Other comprehensive income:							
Exchange differences on translation of foreign operations	—	—	—	—	1,875	—	1,875
Total comprehensive income for the period	—	—	—	—	1,875	2,677	4,552
Issuance of ordinary shares pursuant to the Share Offer	1,117	46,935	—	—	—	—	48,052
Issuance of ordinary shares pursuant to the Capitalisation Issue	3,344	(3,344)	—	—	—	—	—
Expenses incurred in connection with the issuance of ordinary shares	—	(8,565)	—	—	—	—	(8,565)
Transactions with equity holders	4,461	35,026	—	—	—	—	39,487
As at 30 June 2018 (Unaudited)	4,470	35,026	10,520	220	1,219	22,556	74,011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Net cash (used in)/generated from operating activities	**(13,506)**	12,613
Net cash used in investing activities	**(786)**	(289)
Net cash generated from financing activities	**19,771**	88
Net increase in cash and cash equivalents	**5,479**	12,412
Cash and cash equivalents at the beginning of the period	**18,958**	20,193
Effect of foreign exchange rate changes	**—**	(163)
Cash and cash equivalents at the end of the period	**24,437**	32,442

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 6 January 2017. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Unit 1, 21st Floor, Yen Sheng Centre, 64 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the design and sale of women's handbags, small leather goods, luggage and travel goods.

The Company's immediate and ultimate holding company is Yen Sheng Investment Limited ("**Yen Sheng BVI**"), a company incorporated in the British Virgin Islands and controlled by Mr. Yau Tai Leung Sammy ("**Mr. Sammy Yau**"), Mr. Yau Sonny Tai Nin ("**Mr. Sonny Yau**"), Mr. Yau Frederick Heng Chung ("**Mr. Fred Yau**"), Mr. Yau Nicholas Heng Wah ("**Mr. Nicholas Yau**") and Ms. Hiang Siu Wei Cecilia ("**Ms. Cecilia Hiang**").

The Company's shares are listed on GEM of the Exchange on 16 January 2018.

2. BASIS OF PRESENTATION

Pursuant to a group reorganisation of the Company in connection with the listing of its shares on the Exchange (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 4 December 2017.

Details of the Reorganisation are set out in the paragraphs headed "Reorganisation" in the section headed "History and Development and Reorganisation" in the Company's prospectus dated 29 December 2017.

The Reorganisation has not resulted in any changes of economic substance. Accordingly, the unaudited interim financial report of the Group for the six months ended 30 June 2017 has been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the six months ended 30 June 2017, or since their respective dates of incorporation and/or establishment, whichever was shorter.

3. BASIS OF PREPARATION

The unaudited interim financial report of the Group for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited interim financial report should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2017. The accounting policies used in the preparation of the unaudited interim financial report are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except for the accounting policies as disclosed below:

(i) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are initially measured at fair value. A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification and measurement

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt instruments that are designated as at FVFPL on initial recognition):

— the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets that are other than those categorised as amortised cost and FVTOCI above, are categorised as measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount at initial recognition.

Interest income is recognised using effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in the profit or loss.

Financial assets measured at FVTOCI

On the date of initial application of HKFRS 9, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held-for-trading. A financial asset is held-for-trading if it has been acquired principally for the purpose of selling it in the near term or it is a derivative that is not designated and effective as a hedging instrument.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial assets measured at FVTOCI reserve. Fair value is determined in the manner described in note 11 to the unaudited interim financial report.

Dividend income is recognised in the profit or loss.

The Group has designated all investments in equity instruments (listed or unlisted) that are not held-for-trading as at FVTOCI since the application of HKFRS 9.

(b) Impairment of financial assets

The Group recognises loss allowances for expected credit loss ("**ECLs**") on financial assets measured at amortised cost. An impairment gain or loss, the amount of ECLs (or reversal) that is required to adjust the loss allowance at reporting date is recognised in the profit or loss.

The Group measures loss allowances at an amount equal to lifetime ECLs. For trade receivables, the Group applies the simplified approach to providing for ECLs prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses over the expected life of the financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data of the following events:

— significant financial difficulty of the borrower or issuer;

— a breach of contract such as a default or past due event;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation, or the disappearance of an active market for a security because of financial difficulties.

(c) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of a financial asset, except for a financial asset that is classified as FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the profit or loss.

On derecognition of a financial asset that is classified as at FVTOCI, the cumulative gain or loss previously accumulated in the financial assets measured at FVTOCI reserve is not reclassified to the profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

(a) Classification and measurement

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are classified into financial liabilities subsequently measured at amortised cost. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities subsequently measured at amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised using effective interest method for financial liabilities.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

(b) Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

(ii) Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

Control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the Group's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Sales of goods — retailers

Revenue is recognised when (or as) the Group transfers control of the assets to the retailers, control transfers at the point in time when the goods are delivered and accepted by the retailers. Acceptance refers to either of the situations that the retailers accepted the goods in accordance with the sales contracts; the acceptance provisions have lapsed; or the Group has objective evidence that all criteria for acceptance have been satisfied and there is no unfulfilled obligation that could affect the retailers' acceptance of the goods.

Retailers are offered with right of return (including exchange) within the limit as agreed in the sales contracts. Revenue is adjusted for expected returns (including exchanges) based on historical pattern.

Sales of goods — retail

The Group sells its goods to end customers via a chain of self-operated retail points of the Group or over third-party online retail platforms. Revenue is recognised when (or as) the Group transfers control of the assets to end customers, control transfers at the point in time when the Group can reasonably estimate the acceptance by end customers. For offline retail sales, acceptance by end customers is estimated based on historical experience on product returns. For online retail sales, acceptance can normally be estimated when online payment transaction is completed through third-party payment platforms. Revenue is adjusted for the value of expected returns.

The Group offers a variety of membership-based customer loyalty programs (the "**Programs**") to provide incentive to customers to buy their products. Under the Programs, customers who joined the membership are able to accumulate reward points through purchases of goods or promotion activities and could redeem these reward points for free products or vouchers entitling discount immediately or on a subsequent purchase. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received or receivable between the reward points and the other components of the sale such that the reward points are initially recognised as deferred revenue at their fair values. Revenue from the reward points is recognised when the points are redeemed or expired.

Service income

Service income is recognised when the relevant service is rendered.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

As at the date of authorisation of the unaudited interim financial report, HKICPA has issued a number of new and amended Hong Kong Financial Reporting Standards ("**HKFRSs**"). For those which are effective for accounting period beginning on 1 January 2018, the adoption of theses amended HKFRSs had no material impact on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. The Group has not adopted early any new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

The unaudited interim financial report has been prepared on the historical cost basis except for financial asset classified as FVTOCI which is stated at fair value.

The unaudited interim financial report is presented in Renminbi ("**RMB**"), which is the functional currency of the Company and its major subsidiaries, and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

The preparation of the unaudited interim financial report in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group. The accounting estimates and assumptions used in the preparation of the unaudited interim financial report are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except for the estimation uncertainty as disclosed below:

(i) Impairment of receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected credit loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as other quantitative and qualitative information and forward-looking estimates at each reporting date.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the periods in which such estimate has been changed.

The unaudited interim financial report has not been audited by the Company's auditors, but has been reviewed by the Company's audit committee.

4. REVENUE

Revenue represents the consideration received and receivable from sale of women's handbags, small leather goods, luggage and travel goods through different channels, net of value-added tax, returns, rebates and discounts and were analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Online retail sales	**27,507**	37,166	**51,522**	69,627
Offline retail sales	**1,202**	3,459	**3,225**	10,280
Wholesale to offline retailers	**4,204**	6,000	**11,822**	15,817
Wholesale to online retailers	**7,900**	7,742	**13,388**	11,761
	40,813	54,367	**79,957**	107,485

5. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the wholesale and retail of women's handbags, small leather goods, luggage and travel goods. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker (the "**CODM**"), being the executive directors of the Company. The CODM mainly reviews revenue derived from the wholesale and retail of women's handbags, small leather goods, luggage and travel goods. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly other than the entity-wide disclosure, no segment analysis is presented.

Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interest in an associate ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operations to which they are allocated, in the case of intangible assets, and the location of operation, in the case of interest in an associate.

	Three months ended 30 June		**Six months ended 30 June**	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Audited)
Revenue from external customers				
The People's Republic of China (the "**PRC**") (excluding Hong Kong)	**40,813**	54,366	**79,956**	107,481
Hong Kong	**—**	1	**1**	4
	40,813	54,367	**79,957**	107,485

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Specified non-current assets		
The PRC (excluding Hong Kong)	**4,379**	3,879
Hong Kong	**304**	327
	4,683	4,206

Information about major customers

During the six months ended 30 June 2018 and 2017, none of the Group's customers contributed more than 10% of the Group's revenue.

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2018 and 2017.

PRC Enterprise Income Tax (the "**PRC EIT**") in respect of the Group's operations in the PRC has been calculated at the rate of 25% on the estimated assessable profit for the six months ended 30 June 2018 and 2017 arising from the PRC.

	Three months ended 30 June		**Six months ended 30 June**	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Audited)
Current tax				
Hong Kong Profits Tax				
— Current period	**—**	249	**—**	463
The PRC EIT				
— Current period	**1,144**	1,222	**1,780**	2,168
	1,144	1,471	**1,780**	2,631
Deferred tax				
— Credited to the profit or loss	**—**	(383)	**—**	(401)
Income tax expense	**1,144**	1,088	**1,780**	2,230

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Auditor's remuneration	**—**	20	**—**	20
Cost of inventories recognised as an expense	**17,826**	23,661	**34,963**	46,732
Write-down of inventories to net realisable value	**—**	—	**—**	93
Amortisation of intangible assets	**48**	18	**83**	36
Depreciation of property, plant and equipment	**267**	101	**467**	364
Staff costs (including directors' emoluments)				
— Salaries, allowances and other benefits	**3,694**	3,835	**7,352**	7,382
— Contributions to retirement benefit schemes	**445**	905	**931**	1,836
Operating lease charges on premises				
— Minimum lease payments	**830**	681	**1,991**	2,804
— Contingent lease payments (note)	**472**	362	**1,095**	1,281
Exchange gain, net	**(243)**	(633)	**(574)**	(547)

Note: The contingent lease payments refer to the operating lease rentals based on pre-determined percentages to realised sales less the basic rentals of the respective leases.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 and 2017.

9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Earnings				
Profit for the period attributable to equity holders of the Company	**1,038**	683	**2,677**	3,549
Number of shares				
Weighted average number of ordinary shares (in thousands)	**560,000**	420,000	**549,171**	420,000

The weighted average number of ordinary shares for the six months ended 30 June 2017 has been adjusted retrospectively on the assumption that the Reorganisation and the Capitalisation Issue (note) had been effective on 1 January 2017.

There were no dilutive potential ordinary shares during the six months ended 30 June 2018 and 2017 and therefore, diluted earnings per share equals to basic earnings per share.

Note: On 15 January 2018, 140,000,000 shares of HK$0.01 each of the Company were allotted and issued at a price of HK$0.43 per share by way of public offer and placing (the "**Share Offer**").

Subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 419,000,000 shares credited as fully paid at par to Yen Sheng BVI and Summit Time Resources Limited by way of capitalisation of the sum of HK$4,190,000 (equivalent to approximately RMB3,344,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"). The Capitalisation Issue was completed on 16 January 2018.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of RMB475,000 (six months ended 30 June 2017: RMB345,000). No property, plant and equipment was disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMBNil).

11. FINANCIAL ASSET AT FVTOCI

The Group entered into a life insurance policy (the "**Policy**") with an insurance company to insure a director of the Company. The Group is the policy holder and the beneficiary of the Policy. The Group is eligible for surrender the Policy at any time for cash equivalent to the net cash value.

The financial asset at FVTOCI represents the carrying amount of the net cash value of the Policy as at 30 June 2018 which comprised of guaranteed cash value of RMB195,000 (31 December 2017: RMB192,000) together with accumulated annual dividends and its accrued interests of RMB7,000 (31 December 2017: RMB7,000).

The financial asset at FVTOCI is denominated in Hong Kong dollars ("**HK$**") and the fair value is determined by reference to the net cash value as provided by the insurance company.

The fair value measurement hierarchy of the Group's financial asset at FVTOCI is as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2018				
Financial asset:				
— Financial asset at FVTOCI	**—**	**202**	**—**	**202**
As at 31 December 2017				
Financial asset:				
— Financial asset at FVTOCI	—	199	—	199

During the six months ended 30 June 2018, there were no transfers between Level 1, Level 2 and Level 3.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade receivables	**27,619**	20,676
Deposits, prepayments and other receivables		
Prepaid expenses		
— to a related company controlled by three of the Controlling Shareholders	**—**	562
— to third parties	**13,824**	5,929
	13,824	6,491
Rental and other deposits	**1,626**	2,006
Prepaid listing expenses	**—**	4,879
Other receivables, net of impairment	**1,674**	1,694
	17,124	15,070
	44,743	35,746

Before accepting any new customer, the Group applied an internal credit assessment policy to assess the potential customer's credit quality. The credit period is generally for a period of 0 to 90 days. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade receivables at the end of the reporting date, based on the revenue recognition dates, is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0–90 days	**22,226**	13,321
91–180 days	**2,384**	5,820
181–365 days	**1,927**	966
Over 365 days	**1,082**	569
	27,619	20,676

13. TRADE AND OTHER PAYABLES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade payables	**9,705**	22,680
Accrued charges and other payables		
Accrued expenses		
— to a related company significantly influenced by a director	**290**	420
— to third parties	**8,635**	14,180
	8,925	14,600
Deposits received	**1,906**	1,909
Other tax payables	**4,440**	4,244
Receipts in advance	**3,622**	1,674
Deferred revenue	**116**	112
	19,009	22,539
	28,714	45,219

The Group was granted by its suppliers credit periods ranging from 0 to 90 days. Based on the date of goods received, the ageing analysis of trade payables as at 30 June 2018 is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0–90 days	**7,899**	21,629
91–180 days	**359**	586
181–365 days	**1,105**	—
Over 365 days	**342**	465
	9,705	22,680

14. SHARE CAPITAL

	Number of shares	RMB'000
Authorised:		
As at 31 December 2017 and 30 June 2018	**1,110,000,000**	**9,243**
Issued and fully paid:		
As at 31 December 2017	1,000,000	9
Issuance of ordinary shares pursuant to the Share Offer (note a)	**140,000,000**	**1,117**
Issuance of ordinary shares pursuant to the Capitalisation Issue (note b)	**419,000,000**	**3,344**
As at 30 June 2018	**560,000,000**	**4,470**

Note:

(a) On 15 January 2018, 140,000,000 shares of HK$0.01 each of the Company were allotted and issued at a price of HK$0.43 per share by way of the Share Offer.

The proceeds of HK$1,400,000 (equivalent to approximately RMB1,117,000) represents the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$58,800,000 (equivalent to approximately RMB46,935,000), before issuing expenses, were credited to the Company's share premium account. The shares allotted and issued rank pari passu in all respects with the existing issued shares.

(b) Pursuant to the written resolutions of the shareholders passed on 15 December 2017, subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 419,000,000 shares credited as fully paid at par to Yen Sheng BVI and Summit Time Resources Limited by way of capitalisation of the sum of HK$4,190,000 (equivalent to approximately RMB3,344,000) standing to the credit of the share premium account of the Company. The Capitalisation Issue was completed on 16 January 2018. The shares allotted and issued rank pari passu in all respects with the then existing issued shares.

15. RELATED PARTY TRANSACTIONS

Other than as disclosed in this unaudited interim financial report, the Group entered into the following material related party transactions during the six months ended 30 June 2018.

(a) Transactions with related parties

	Three months ended 30 June		Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Audited)
Sales of goods to a related company				
— Shanghai Xuandi Trading Company Limited 上海軒帝貿易有限公司 ("**Shanghai Xuandi**") (note a)	**—**	—	**2,217**	—
Purchases of goods from a related company				
— Dongguan Taiheng Handbags Company Limited 東莞泰亨手袋有限公司 ("**Dongguan Taiheng**") (note b)	**1,308**	3,233	**1,743**	5,062
Logistics fees paid to a related company				
— Shanghai Xuandi	**—**	541	**1,745**	952
Commission paid to a related company				
— Shanghai Xuandi	**—**	544	**150**	828
Sample costs paid to a related company				
— Macia Company Limited (note b)	**—**	—	**—**	21
Operating leases charges paid to related companies				
— Unigrade International Limited (note c)	**59**	63	**117**	128
— Shanghai Xuandi	**—**	234	**1,438**	702

Note:

(a) Shanghai Xuandi is a related company significantly influenced by Mr. Brian Lee, a director of the Company. On 31 March 2018, Mr. Brian Lee disposed of his entire equity interest in Shanghai Xuandi.

(b) Dongguan Taiheng and Macia Company Limited are the related companies controlled by Mr. Sammy Yau, Mr. Sonny Yau and Ms. Cecilia Hiang.

(c) Unigrade International Limited is a related company controlled by Mr. Sammy Yau, Mr. Sonny Yau, Mr. Fred Yau and Mr. Nicholas Yau.

(b) Key management personnel remuneration

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Salaries, allowances and other benefits	**836**	848	**1,623**	1,613
Contributions to retirement benefit schemes	**78**	97	**160**	170
	914	945	**1,783**	1,783

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2018, the Group recorded a revenue of RMB80.0 million which represents the decrease by 25.6% as compared to the same period of last year. The main reason for such decrease was attributable to the revenue drop in online retail sales by 26.0% and offline retail sales by 68.6% during the first half of 2018. The revenue drop among the first quarter and second quarter were approximately 26.3% and 24.9%.

In the past, the Group online sales' performance is much dependent on our performance with the No.1 leading B2C e-commerce platform in China. This platform's strategy change affects the online free traffic at our online flagship brand stores. The platform diverted important resources and exposure to i) affordable luxury brands; ii) fast fashion international brands; and iii) new high growing product categories such as cosmetics, watches & jewelry. As a result, we have seen significant decline in traffic to our online stores. To tackle the channel issue, the Group has increased spending on paid traffic to regain our sales momentum and this takes time to yield positive effect in the next few quarters.

The revenue in offline retail sales dropped as anticipated. The Group has executed the business plan to streamline directly operated offline retail points and thus operating expenses. Significant cost saving have been realised. The business risk is reduced accordingly. Despite the revenue decline, the profit impact is contained as low level. Our reduced retail points are largely transferred to third party retailers. We expect no further impact arising from the plan in the coming quarters.

Wholesale to offline retailers has performed below our expectation in the first half of 2018 with 25.3% decline compared to the same period of last year. Third party retailers have been cautious to expand store numbers after witnessing sluggish sales. The Group has stepped up the marketing spending to increase our brand exposure and provide incentive to them for new store opening in the second half of the year.

Being the marketing plan to diversify into other B2C e-commerce platforms, the Group has been developing new partnerships to reduce reliance on the No.1 B2C e-commerce platform. In addition, expanding our collaboration with other existing major online platforms in China is being executed. All these aim to increase our sales and acquire new customers. More merchandise for display and purchase have been added at these platforms. The revenue in wholesale to online retailers in first half of 2018 has grown by 13.8% compared to corresponding period in 2017. We expect more revenue would be contributed by them.

In terms of revenue among the brands of ELLE and Jessie & Jane, the distribution is approximately 65.4% and 34.6% in the first half of 2018, compared to 63.2% and 36.8% in the same period of 2017.

Besides the design and distribution of lady handbags, the Group has offered marketing services in online market to other retailers by utilising our knowledge, experience and business relation. After pushing additional effort to work with the retailers, other income has gradually built up. It achieved RMB2.5 million for the period.

We believe that the Group's ability to sustain sale growth. We have also stepped up marketing effort to gain more repeat purchases from our VIPs that will not rely heavily on free traffic provided by the No.1 platform. For the six months ended 30 June 2018, the growth of VIP numbers in ELLE T-mall and Jessie & Jane T-mall remain steady. After listing on 16 January 2018, the Group has allocated higher portion of financial resource in more marketing and promotion with the target platform operators. All these marketing efforts will pave the way for steady growth in the next several quarters.

FUTURE PROSPECTS

In view of the fast changing consumer behavior and competition for resources in the online sales platforms, our Group will continue to be responsive to business partners and consumer markets. In particular, we have been deploying more marketing resources in social media events, strengthen product design capability, and partner with strategic third party retailers in 2018. Jessie & Jane brand will participate the Paris Fashion Show in the coming October to gain more international exposure.

With offline and online presence for ELLE and Jessie & Jane brands, our Group is well-positioned to capture various consumers' needs in the market.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB27.5 million, or 25.6%, from approximately RMB107.5 million for the six months ended 30 June 2017 to approximately RMB80.0 million for the six months ended 30 June 2018. For the second quarter, the Group's revenue decreased by approximately RMB13.6 million, or 24.9%, from approximately RMB54.4 million for the three months ended 30 June 2017 to approximately RMB40.8 million for the same period in 2018. The drop in revenue was caused by declined revenue on the sale channels of online retail sales, offline retail sales, and wholesale to offline retailers.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RMB15.0 million, or 25.3%, from approximately RMB59.4 million for the six months ended 30 June 2017 to approximately RMB44.4 million for the six months ended 30 June 2018. The drop was largely attributable to the 25.6% declined sales in the six months ended 30 June 2018.

Our gross profit margin for the six months ended 30 June 2018 and the six months ended 30 June 2017 were approximately 55.6% and 55.2% respectively, which has been maintained at a stable level.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately RMB6.7 million, or 17.2%, from approximately RMB38.9 million for the six months ended 30 June 2017 to approximately RMB32.2 million for the six months ended 30 June 2018. The decrease was mainly attributable to the decline in (i) sale commission, (ii) staff cost and rental expenses in relation to in operating offline retail stores, (iii) royalty payment. Due to variable cost nature of a large portion of selling and distribution expenses, the costs were able to reduce.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately RMB1.6 million, or 11.1%, from approximately RMB14.4 million for the six months ended 30 June 2017 to approximately RMB12.8 million for the six months ended 30 June 2018, which was mainly attributable to the decreases in listing fee. The listing fee reduced by RMB4.2 million in the first half of 2018 compared to same corresponding period in 2017. On the other hand, the Group's experienced higher operating costs after listing and increase in exchange loss. Additional professional fee and other costs in relation to the compliance with the GEM Listing Rules and other regulations for maintaining the listing status. Also, unrealised exchange loss was recorded owing to recent RMB depreciation.

Income Tax Expense

The Group's income tax expense decreased by approximately RMB0.4 million, or 18.2%, from approximately RMB2.2 million for the six months ended 30 June 2017 to approximately RMB1.8 million for the six months ended 30 June 2018. The decrease was primarily attributable to the decrease in profit before income tax.

Profit for the period

The profit for the period decreased by approximately RMB0.8 million, or 22.9%, from approximately RMB3.5 million for the six months ended 30 June 2017 to approximately RMB2.7 million for the six months ended 30 June 2018. The decrease was primarily attributable to the decline in revenue as discussed above.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2018,

(a) the Group's total assets increased to approximately RMB111.3 million (31 December 2017: approximately RMB105.4 million) while the total equity increased to approximately RMB74.0 million (31 December 2017: approximately RMB30.0 million);

(b) the Group's current assets increased to approximately RMB105.5 million (31 December 2017: approximately RMB100.1 million) while the current liabilities decreased to approximately RMB37.3 million (31 December 2017: approximately RMB75.4 million);

(c) the Group had approximately RMB24.7 million in cash and cash equivalents (31 December 2017: approximately RMB19.1 million), and the current ratio of the Group was approximately 2.8 times (31 December 2017: approximately 1.3 times);

(d) the Group had bank borrowings of approximately RMB5.9 million (31 December 2017: approximately RMB26.4 million), leaving RMB46.4 million uncommitted banking facilities available for future utilisation.

(e) the gearing ratio (calculated based on total debt divided by total equity as at the end of the year and multiplied 100%) of the Group was approximately 8.0% (31 December 2017: approximately 88.1%).

The Company's shares are listed on GEM of the Exchange on 16 January 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. The Group actively and regularly reviews the capital structure and makes adjustments in light of changes in economic conditions. The Group monitors the capital structure on the basis of the net debt to equity ratio.

The Group is of the opinion that, after taking into consideration of the internal available financial resources and the current banking facilities, it has sufficient funds to finance internal operations and meet the financial obligations.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2018, the Group did not hold any significant investments.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 30 June 2018, the Group did not have any assets pledged to secure general banking facilities.

FOREIGN CURRENCY EXPOSURE

The Group's businesses are solely operated in China. The sales and purchases are mainly denominated in RMB and customers rarely request to settle our billing by other foreign currencies such as United States dollar and Hong Kong dollar ("**HKD**"). Except the bank borrowings and the cash arising from initial public offer, the Group's assets, liabilities and transactions were mainly denominated in RMB in the year. The HKD borrowings were at short-term nature and could be repaid at request.

The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risk. With sufficient cash on hand, the Group is in net cash position to meet financial needs. Therefore, no hedging arrangements are made. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

HUMAN RESOURCES

As at 30 June 2018, the Group had 93 employees (30 June 2017: 94) in Hong Kong and the PRC. We believe that hiring, motivating and retaining qualified employees are crucial to our success as an online and offline distributor. Total staff costs (including Directors' emoluments) were RMB8.3 million for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB9.2 million). The remuneration policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly.

COMPARISON OF BUSINESS OBJECTIVE AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

As set out in the Prospectus, the business objectives and strategies of the Group are (i) marketing investments in social media events; (ii) expansion of product design and development capacities; (iii) physical shop opening and refurbishment; and (iv) information technology system purchase and upgrade.

An analysis comparing the future plans and use of proceeds contained in the Prospectus with the Group's actual business progress for the period from the date of Listing to 30 June 2018 (the "**Relevant Period**") is set out below:

Business strategy	Implementation plan	Actual business progress
Marketing investment in social media events	Providing sponsorships to artists and television programmes.	The Group is in the progress of seeking for appropriate artists for sponsorship and TV programmes.
	Increasing our marketing efforts by, among others, placing more advertisements on social media and photoshoots.	The Group has advertised on WeChat, engaged celebrities to take Street Snap and photoshoots.
	Participating in and attending fashion shows and exhibitions.	The Group will participate Paris Fashion Week in October 2018.
Expansion of product design and development capacities	Recruitment of designers and engage one more overseas design consultant firm for fashion trend information for our brands.	One additional designer has been recruited for Jessie & Jane.
	Recruitment of one additional product development manager and one additional procurement executive.	One additional product development manager, responsible for costume jewelry, has been recruited for Jessie & Jane.

Business strategy	Implementation plan	Actual business progress
Physical shop opening and refurbishment	Providing subsidy on decoration costs of approximately RMB150,000 each, representing approximately 50% of each shop's decoration costs, to our third party retailers for the opening of 14 new Jessie & Jane shops under new shop opening incentive scheme.	The Group has provided subsidy to third party retailers for the opening of 2 new ELLE shops and 7 new Jessie & Jane shops under new shop opening incentive scheme.
Information technology system purchase and upgrade	Upgrading our finance system and functions such as inventory reports, etc. and sales processing system.	The Group is in the progress of seeking for appropriate system.
	Purchasing of software licences including our product design and operating system softwares.	The Group is in the progress of seeking for appropriate software.
	Purchasing of servers and storage equipment.	The Group is in the progress of seeking for appropriate suppliers.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Group was listed on GEM of the Exchange on 16 January 2018.

As at the date of this report, the Group has applied RMB7.3 million proceeds in the designated areas, compared to the initial plan of RMB8.9 million. More marketing expenditure in social media was made in the first half of 2018 to expose our brands and products in the consumer market. The investment in design and new product category, as well as offline store opening and refurbishment, have been proceeded cautiously so as to match with market development. Directors do not anticipate any significant change to the use of net proceeds. The Group will apply the proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The use of IPO proceeds for the six months ended 30 June 2018 are shown as below:

		Net proceeds RMB'000	Utilised Amount from the Listing Date up to 30 June 2018 RMB'000	Unutilised Amount as at 30 June 2018 RMB'000
1)	Marketing investment in social media events	**13,610**	**4,907**	**8,703**
2)	Design and new product category	**4,185**	**185**	**4,000**
3)	Physical shop opening and refurbishment	**6,250**	**1,319**	**4,931**
4)	IT system purchase and upgrade	**6,862**	**927**	**5,935**
Total Use of Net Proceeds		**30,907**	**7,338**	**23,569**

EVENTS AFTER THE BALANCE SHEET DATE

As from 30 June 2018 to the date of this report, save as disclosed in this report, the Board is not aware of any significant events requiring disclosure that have occurred.

OTHER INFORMATION

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the Company's shares (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), which were required: (i) to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred therein (the "**Register**"); or (iii) pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Exchange were as follows:

(i) Long Position in the Shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of shares held/ interested in	Percentage of shareholding
Mr. Yau Tai Leung Sammy (Note)	Interests held jointly with other persons; Interest in a controlled corporation	291,838,960	52.1141%
Mr. Yau Sonny Tai Nin (Note)	Interests held jointly with other persons; Interest in a controlled corporation	291,838,960	52.1141%

Yen Sheng Investment Limited ("**Yen Sheng BVI**") was beneficially owned by Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin as to approximately 49.3120% and 49.2321%, respectively. By virtue of the SFO, Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin are deemed to be interested in all the Shares held by Yen Sheng BVI.

(ii) Long Position in the Shares of the Associated Corporations

Name of Directors	Position in the associated corporations	Number of shares held	Percentage of interest in the associated corporation
Mr. Yau Tai Leung Sammy	Director of Yen Sheng BVI	493,120	49.31% in Yen Sheng BVI
Mr. Yau Sonny Tai Nin	Director of Yen Sheng BVI	492,321	49.23% in Yen Sheng BVI
Mr. Yau Frederick Heng Chung	Director of Yen Sheng BVI	6,863	0.69% in Yen Sheng BVI

Save as disclosed above, as at 30 June 2018, none of the Directors and the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the Register, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Exchange.

B. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2018, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting Shares:

Name of Shareholders	Long/Short position	Nature of interest	Shares held	Percentage of shareholding
Yen Sheng BVI	Long position	Beneficial owner	291,838,960	52.1141%
Yau Tai Leung Sammy (Note 1)	Long position	Interests held jointly with other persons; Interest in a controlled corporation	291,838,960	52.1141%
Chan Yee Ling Elaine (Note 2)	Long position	Interests of spouse	291,838,960	52.1141%
Yau Sonny Tai Nin (Note 1)	Long position	Interests held jointly with other persons; Interest in a controlled corporation	291,838,960	52.1141%
Hiang Siu Wei Cecilia (Note 3)	Long position	Interests of spouse	291,838,960	52.1141%
Summit Time Resources Limited	Long position	Beneficial owner	128,161,040	22.8859%
Li Wing Chi Agnes (Note 4)	Long position	Interest in a controlled corporation	128,161,040	22.8859%
Lee Shui Kwai Victor (Note 5)	Long position	Interests of spouse	128,161,040	22.8859%

Note:

1. Yen Sheng BVI was beneficially owned by Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin as to approximately 49.3120% and 49.2321%, respectively. By virtue of the SFO, Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin are deemed to be interested in all the Shares held by Yen Sheng BVI.

2. Ms. Chan Yee Ling Elaine is the spouse of Mr. Yau Tai Leung Sammy. By virtue of the SFO, Ms. Chan Yee Ling Elaine is deemed to be interested in all the Shares held by Mr. Yau Tai Leung Sammy.

3. Ms. Hiang Siu Wei Cecilia is the spouse of Mr. Yau Sonny Tai Nin. By virtue of the SFO, Ms. Hiang Siu Wei Cecilia is deemed to be interested in all the Shares held by Mr. Yau Sonny Tai Nin.

4. Summit Time Resources Limited was wholly owned by Ms. Li Wing Chi Agnes. By virtue of the SFO, Ms. Li Wing Chi Agnes is deemed to be interested in all the Shares held by Summit Time Resources Limited.

5. Mr. Lee Shui Kwai Victor is the spouse of Ms. Li Wing Chi Agnes. By virtue of the SFO, Mr. Lee Shui Kwai Victor is deemed to be interested in all the Shares held by Ms. Li Wing Chi Agnes.

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

SHARE OPTION SCHEME

The Company has a share option scheme which was approved and adopted by the shareholders of the Company by way of the written resolution passed on 15 December 2017 ("**Share Option Scheme**"). No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and there was no share option outstanding as at 30 June 2018.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

Each of the controlling Shareholders, namely Yen Sheng BVI, Mr. Yau Sonny Tai Nin, Mr. Yau Tai Leung Sammy, Mr. Yau Frederick Heng Chung, Mr. Yau Nicholas Heng Wah and Ms. Hiang Siu Wei Cecilia, entered into the Non-Competition Undertaking in favour of the Company on 15 December 2017, details of which have been set out in the prospectus of the Company dated 29 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities throughout the period from 16 January 2018 (the "**Listing Date**").

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not as at 30 June 2018 have other future plans for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of listing of the Company as set out in the paragraph headed "Reorganisation" under the section headed "History and Development and Reorganisation" in the Prospectus.

CORPORATE GOVERNANCE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. During the period from the Listing Date to 30 June 2018, the Company has complied with the applicable code provisions of the CG Code.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company or any of their respective close associates as defined in the GEM Listing Rules has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or had any other conflict of interests with the Group throughout the period from the Listing Date to 30 June 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct ("**Code of Conduct**") regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors that all the Directors have complied with the Code of Conduct for the six months ended 30 June 2018 and up to the date of the report.

INTERESTS OF COMPLIANCE ADVISER

As notified by Kingsway Capital Limited ("**Kingsway**"), the Company's compliance adviser, except for the compliance adviser agreement dated 21 December 2017 entered into between the Company and Kingsway, neither Kingsway nor any of its directors or employees or close associates had any interest in the securities of the Company or any member of the Group as at the date of this report which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules at as 30 June 2018.

AUDIT COMMITTEE

The Company had established the audit committee ("**Audit Committee**") on 15 December 2017 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Company, make recommendations to the Board on the appointment, reappointment and removal of the independent auditors, and review the Company's financial information.

The Audit Committee comprises three members, all being Independent Non-executive Directors, namely Mr. Won Chik Kee (chairman of the Audit Committee), Mr. Tong Raymond Kwok Kong, and Mr. Feng Dai. It has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing and financial reporting matters, including review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

By order of the Board
Sling Group Holdings Limited
Yau Frederick Heng Chung
Chairman

Hong Kong, 10 August 2018

As at the date of this report, the executive Directors are Mr. Yau Frederick Heng Chung (Chairman), Mr. Lee Tat Fai Brian and Mr. Yip Chun Wai; the non-executive Directors are Mr. Yau Sonny Tai Nin and Mr. Yau Tai Leung Sammy; and the independent non-executive Directors are Mr. Tong Raymond Kwok Kong, Mr. Won Chik Kee and Mr. Feng Dai.