

# 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 Report

2021



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# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>38,736</b>	18,252	<b>65,899</b>	38,093
Cost of sales		<b>(17,845)</b>	(10,494)	<b>(30,723)</b>	(20,901)
<b>Gross profit</b>		<b>20,891</b>	7,758	<b>35,176</b>	17,192
Other revenue and income		<b>1,586</b>	306	<b>2,745</b>	1,271
Government grants		<b>16</b>	952	<b>538</b>	983
Impairment losses on trade and other receivables, net		<b>(1,634)</b>	(1,314)	<b>(1,634)</b>	(2,242)
Selling and distribution costs		<b>(19,840)</b>	(10,991)	<b>(33,685)</b>	(21,534)
Administrative and other operating expenses		<b>(3,656)</b>	(5,015)	<b>(7,116)</b>	(9,947)
Finance costs		<b>(93)</b>	(132)	<b>(196)</b>	(424)
<b>Loss before income tax</b>	6	<b>(2,730)</b>	(8,436)	<b>(4,172)</b>	(14,701)
Income tax expense	5	<b>—</b>	—	<b>(8)</b>	—
<b>Loss for the period</b>		<b>(2,730)</b>	(8,436)	<b>(4,180)</b>	(14,701)
<b>Other comprehensive (expense)/ income</b>					
<i>Item that may be reclassified subsequently to the profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations		<b>(297)</b>	8	<b>(228)</b>	377
<b>Total comprehensive loss for the period</b>		<b>(3,027)</b>	(8,428)	<b>(4,408)</b>	(14,324)



	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Loss for the period attributable to:</b>					
Equity holders of the Company		(2,277)	(7,850)	(3,307)	(14,320)
Non-controlling interests		(453)	(586)	(873)	(381)
		(2,730)	(8,436)	(4,180)	(14,701)
<b>Total comprehensive loss for the period attributable to:</b>					
Equity holders of the Company		(2,574)	(7,842)	(3,535)	(13,943)
Non-controlling interests		(453)	(586)	(873)	(381)
		(3,027)	(8,428)	(4,408)	(14,324)
<b>Loss per share attributable to equity holders of the Company</b>					
Basic and diluted	8	(0.41)	(1.40)	(0.59)	(2.56)



# Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2021

	<i>Notes</i>	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,629	1,143
Intangible assets		2,672	2,774
Financial asset at fair value through profit or loss ("FVTPL")	10	585	592
Deferred tax assets		1,940	1,940
		<b>6,826</b>	<b>6,449</b>
<b>Current assets</b>			
Inventories		40,993	30,182
Trade and other receivables	11	12,983	13,554
Amounts due from Controlling Shareholders		8	8
Income tax recoverable		237	230
Restricted cash		—	54
Cash and bank balances		13,603	13,845
		<b>67,824</b>	<b>57,873</b>
<b>Current liabilities</b>			
Trade and other payables	12	31,243	17,885
Contract liabilities		1,300	359
Bank borrowings		16,505	16,516
Amount due to the then immediate holding company		2	13
Lease liabilities		415	251
		<b>49,465</b>	<b>35,024</b>
<b>Net current assets</b>		<b>18,359</b>	<b>22,849</b>
<b>Total assets less current liabilities</b>		<b>25,185</b>	<b>29,298</b>



	<i>Notes</i>	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		295	—
Put option liability		504	504
		<b>799</b>	504
<b>Net assets</b>			
		<b>24,386</b>	28,794
<b>EQUITY</b>			
Share capital	13	4,470	4,470
Reserves		20,499	24,034
<b>Equity attributable to equity holders of the Company</b>			
		<b>24,969</b>	28,504
<b>Non-controlling interests</b>		<b>(583)</b>	290
<b>Total equity</b>			
		<b>24,386</b>	28,794



# Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2021

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Put option reserve	Translation reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2020 (Audited)	4,470	35,026	10,520	1,195	(3,658)	2,642	(4,271)	45,924	1,186	47,110
Loss for the period	–	–	–	–	–	–	(14,320)	(14,320)	(381)	(14,701)
<i>Other comprehensive income:</i>										
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	377	–	377	–	377
Total comprehensive income/ (loss) for the period	–	–	–	–	–	377	(14,320)	(13,943)	(381)	(14,324)
As at 30 June 2020 (Unaudited)	4,470	35,026	10,520	1,195	(3,658)	3,019	(18,591)	31,981	805	32,786



	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Put option reserve	Translation reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2021 (Audited)	4,470	35,026	10,520	1,195	(3,658)	1,232	(20,281)	28,504	290	28,794
Loss for the period	–	–	–	–	–	–	(3,307)	(3,307)	(873)	(4,180)
<i>Other comprehensive expense</i>										
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	(228)	–	(228)	–	(228)
Total comprehensive loss for the period	–	–	–	–	–	(228)	(3,307)	(3,535)	(873)	(4,408)
As at 30 June 2021 (Unaudited)	4,470	35,026	10,520	1,195	(3,658)	1,004	(23,588)	24,969	(583)	24,386





# Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net cash generated from operating activities	260	2,401
Net cash (used in)/generated from investing activities	(111)	46
Net cash (used in)/generated from financing activities	(391)	1,076
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(242)</b>	<b>3,523</b>
Cash and cash equivalents at the beginning of the period	13,845	6,969
<b>Cash and cash equivalents at the end of the period</b>	<b>13,603</b>	<b>10,492</b>



# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2021*

## 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 its subsidiaries (collectively referred to as the “**Group**”) are 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 Stock Exchange on 16 January 2018.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 have 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 condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020. The accounting policies used in the preparation of the condensed consolidated interim financial statements are



consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2020, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are effective as of 1 January 2021.

## **Amended HKFRSs that are effective for annual periods beginning or after 1 January 2021**

### **Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”**

The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions as stated in paragraph 46B of HKFRS 16 for applying the practical expedient are met.

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying this amendment or Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”. Additional disclosures are required if this practical expedient is used.

The Group has elected to early adopt the amendment. Consequently, rent concessions received have been recognised in “Other revenue and income” in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity as at 1 January 2021.

### **Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform — Phase 2” (“Phase 2 Amendments”)**

The Phase 2 Amendments provide practical relief from certain requirements in HKFRSs. These reliefs relate to modifications of financial assets and financial liabilities (measured at amortised costs) and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark risk-free rate.



The Group initially applied Phase 2 Amendments on 1 January 2021 and applied the amendments retrospectively. However, in accordance with the exceptions permitted in Phase 2 Amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

## Issued but not yet effective HKFRSs

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations <sup>4</sup>

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective date not yet determined

4 Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022



The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The adoption of these new and amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial asset at FVTPL which is stated at fair value.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is Hong Kong dollars ("**HK\$**"). The Company's primary subsidiaries were incorporated in the People's Republic of China (the "**PRC**") and these subsidiaries considered Renminbi ("**RMB**") as their functional currency. As the development and operation of the Group during the years are within the PRC, the Group determined to present the condensed consolidated interim financial statements in RMB, unless otherwise stated.

The preparation of the condensed consolidated interim financial statements 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 condensed consolidated interim financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2020.

The condensed consolidated interim financial statements have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee.



### 3. REVENUE

Revenue represents the fair value of consideration received and receivable from sale of women's handbags, small leather goods, luggage and travel goods by the Group to external customers.

#### Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time through different channels were analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Online retail sales	36,322	13,464	61,245	29,923
Wholesale to online retailers	1,748	3,057	2,831	5,146
Wholesale to offline retailers	527	1,340	1,290	2,361
Offline retail sales	139	391	533	663
	<b>38,736</b>	18,252	<b>65,899</b>	38,093



## 4. 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 (including right-of-use assets) and intangible assets ("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 (including right-of-use assets), and the location of the operations to which they are allocated, in the case of intangible assets.

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue from external customers</b>				
The PRC (excluding Hong Kong)	<b>38,736</b>	18,252	<b>65,899</b>	38,093



	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Specified non-current assets</b>		
The PRC (excluding Hong Kong)	4,236	3,815
Hong Kong	65	102
	<b>4,301</b>	<b>3,917</b>

### Information about major customers

During the six months ended 30 June 2021, none of the Group's customers contributed more than 10% of the Group's revenue (2020: Nil).

## 5. INCOME TAX EXPENSE

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% (2020: 25%) on the estimated assessable profit for the period arising from the PRC.

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Current tax</b>				
The PRC EIT				
— Under-provision in respect of prior years	—	—	8	—





## 6. LOSS BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Auditor's remuneration	—	29	—	37
Cost of inventories recognised as an expense	17,764	10,371	30,517	20,715
Amortisation of intangible assets	51	289	102	365
Depreciation of property, plant and equipment				
— Owned assets	130	223	241	495
— Right-of-use assets	99	551	340	991
Loss/(Gain) on modification of lease term	—	22	—	(20)
Loss on disposal of property, plant and equipment	2	—	2	—
Staff costs (including directors' emoluments)				
— Salaries, allowances and other benefits	2,150	3,198	4,252	6,184
— Contributions to retirement benefit schemes (note (a))	324	272	646	644
Operating lease charges premises:				
— Short-term leases and leases with lease term shorter than 12 months	728	580	1,381	1,100
— Variable lease payments (note (b))	—	1	1	71
Exchange (gains)/losses, net	(495)	(25)	(354)	578



Notes:

- (a) During the six months ended 30 June 2021 and 2020 and previous years, there are no forfeited contribution be used to reduce the level of employer's contributions. As at 30 June 2021, 31 December 2020 and previous years, there was no forfeited contribution available to reduce the contributions payable in the future years.
- (b) The variable lease payments refer to the rentals based on pre-determined percentages to realised sales less the basic rentals of the respective leases.

## 7. DIVIDENDS

The board of directors (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 8. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Loss</b>				
Loss for the period attributable to equity holders of the Company	(2,277)	(7,850)	(3,307)	(14,320)
<b>Number of shares</b>				
Weighted average number of ordinary shares (in thousands)	560,000	560,000	560,000	560,000

The weighted average number of ordinary shares used to calculate the basic loss per share of the six months ended 30 June 2021 and 2020 represents 560,000,000 ordinary shares in issue throughout the periods.



There were no dilutive potential ordinary shares during the six months ended 30 June 2021 and 2020 and therefore, diluted loss per share equals to basic loss per share.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group has acquired property, plant and equipment of RMB200,000 (six months ended 30 June 2020: Nil). During the six months ended 30 June 2021, the Group disposed property, plant and equipment of RMB351,000 (six months ended 30 June 2020: RMB259,000).

During the six months ended 30 June 2021, the Group entered into two new lease agreements (six months ended 30 June 2020: Nil). During the six months ended 30 June 2021, the Group initially recognised right-of-use assets and lease liabilities amounting to RMB851,000 and RMB851,000 respectively (six months ended 30 June 2020: Nil).

As at 30 June 2021, the carrying amounts of the Group's right-of-use assets in relation to premises is RMB752,000 (31 December 2020: RMB241,000).

## 10. FINANCIAL ASSET AT FVTPL

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 FVTPL represents the carrying amount of the net cash value of the Policy as at 30 June 2021 which comprised of guaranteed cash value of RMB566,000 (31 December 2020: RMB573,000) together with accumulated annual dividends and its accrued interests of RMB19,000 (31 December 2020: RMB19,000).

The financial asset at FVTPL is denominated in HK\$ and the fair value is determined by reference to the net cash value as provided by the insurance company.



## 11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Trade receivables</b>	<b>12,155</b>	10,917
Less: expected credit losses ("ECL") allowance	<b>(4,843)</b>	(3,209)
	<b>7,312</b>	7,708
<b>Prepayments and other receivables</b>		
Prepaid expenses	<b>2,439</b>	2,662
Rental and other deposits	<b>2,329</b>	1,843
Other receivables	<b>1,350</b>	1,788
Less: ECL allowance	<b>(447)</b>	(447)
	<b>5,671</b>	5,846
	<b>12,983</b>	13,554

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0-90 days	<b>2,666</b>	5,683
91-180 days	<b>2,338</b>	10
181-365 days	<b>754</b>	73
Over 365 days	<b>1,554</b>	1,942
	<b>7,312</b>	7,708



## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Trade payables</b>	<b>22,326</b>	11,648
<b>Accrued charges and other payables</b>		
Accrued expenses	7,158	3,779
Deposits received	980	1,220
Other tax payables	743	1,198
Other payables	36	40
	<b>8,917</b>	6,237
	<b>31,243</b>	17,885



The Group was granted by its suppliers credit periods ranging from 0 to 90 days (31 December 2020: 0 to 90 days). Based on the date of goods received, the ageing analysis of trade payables is as follows:

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Audited)</b>
0–90 days	22,163	11,283
91–180 days	12	7
181–365 days	2	—
Over 365 days	149	358
	<b>22,326</b>	<b>11,648</b>

### 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>RMB'000</b>
<b>Authorised:</b> Ordinary shares of HK\$0.01 each <b>As at 31 December 2020 and 30 June 2021</b>	<b>1,110,000,000</b>	<b>9,243</b>
<b>Issued and fully paid:</b> Ordinary shares of HK\$0.01 each <b>As at 31 December 2020 and 30 June 2021</b>	<b>560,000,000</b>	<b>4,470</b>



## 14. RELATED PARTY TRANSACTIONS

Other than as disclosed in these condensed consolidated interim financial statements, the Group entered into the following material related party transactions during the six months ended 30 June 2021.

### (a) Transactions with related parties

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Finance charges on lease liabilities paid to a related company</b>				
– Unigrade International Limited (note)	–	4	–	11

Note: Unigrade International Limited (“**Unigrade**”) is a related company controlled by Mr. Sammy Yau, Mr. Sonny Yau, Mr. Fred Yau and Mr. Nicholas Yau. As at 30 June 2021 and 31 December 2020, there was no lease liabilities balance with Unigrade as the lease was early terminated. During the six months ended 30 June 2021, the total rental paid is RMB27,000 (six months ended 30 June 2020: RMB116,000).



**(b) Key management personnel remuneration**

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries, allowances and other benefits	445	466	977	1,242
Contributions to retirement benefit schemes	18	19	36	53
	<b>463</b>	485	<b>1,013</b>	1,295





## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB65.9 million, which represents an increase of approximately 73.0% as compared to the same period of 2020. The main reason for such increase was attributable to the sale recovery in distributing women's handbag. The revenue rose by approximately 36.9% and 112.2% among the first quarter and second quarter respectively compared to the corresponding periods last year.

The economic environment in China in first half of 2021 is more or less returned to normal. The consumer sentiment has been positive. Without overseas travelling, consumers are willing to spend locally. The Group has geared up e-commerce marketing programs, particularly teaming up with key opinion leaders "KOL" for livestreaming online sales. The results have been within our expectation.

Online retail sales achieved significant progress in the first half of 2021. The Group has increased the emphasis on short videos and livestream shopping. The revenue jumped by RMB31.3 million, or 104.7%, from RMB29.9 million to RMB61.2 million. Online retail sales currently account for 92.9% of total revenue. The revenue in wholesale to online retailers, offline retail sales and wholesale to offline retailers experienced revenue drop by 45.0%, 19.6% and 45.4% respectively.

While the business of women's handbag shows improvement, the distribution of luggage and travel accessories remained sluggish given limited overseas travelling. The variant arising from coronavirus ("**COVID-19**") continues to weigh on cross board travelling. The revenue dropped by RMB1.2 million from RMB12.0 million to RMB10.8 million during the first half of 2021. Considering most countries still fighting for COVID-19, the sale recovery in luggage and travel accessories would be slow and gradual in the coming months.

In terms of revenue among the brands of ELLE and Jessie & Jane, the distribution mix is approximately 79.1% and 20.9% respectively in the first half of 2021, compared to 80.2% and 19.8% in the same period of 2020. ELLE and Jessie & Jane have benefited from the market upturn, up by 70.6% and 82.7%, compared to the same period of 2020.



On the cost side, the Group's cost control measures set the foundation to minimize operating loss in the first half of 2021. The Group previously streamlined operations, reduced staff headcount, consolidated inventory for online sales, and downsized retail operation.

## FUTURE PROSPECTS

The second half of 2021 remain optimistic in sales and marketing of women's handbags. The Group will continue to strengthen our collaboration with the key partners and allocate sufficient resources to support e-marketing programs and social media. Beside the conventional e-commerce platform, the Group is currently working with new B2C e-commerce platforms, including those popular entertainment platforms, to further develop online sale opportunities. In view of recovering spending appetite, the Group believes all these business plans will provide further business opportunities in the near future.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately RMB27.8 million, or 73.0%, from approximately RMB38.1 million for the six months ended 30 June 2020 to approximately RMB65.9 million for the six months ended 30 June 2021. For the second quarter, the Group's revenue increased by approximately RMB20.4 million, or 111.5%, from approximately RMB18.3 million for the three months ended 30 June 2020 to approximately RMB38.7 million for the same period in 2021.

### Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately RMB18.0 million, or 104.7%, from approximately RMB17.2 million for the six months ended 30 June 2020 to approximately RMB35.2 million for the six months ended 30 June 2021. The increase was attributable to the 73.0% sale growth and improved profit margin during the period.

Our gross profit margin for the six months ended 30 June 2021 and 2020 were approximately 53.4% and 45.1% respectively. The gross profit margin enhanced 8.3 percentage point as a result of upward pricing adjustment and less promotional discount to attract consumers' purchases.



## Selling and Distribution Costs

The Group's selling and distribution costs increased by approximately RMB12.2 million, or 56.7%, from approximately RMB21.5 million for the six months ended 30 June 2020 to approximately RMB33.7 million for the six months ended 30 June 2021. The increase was mainly attributable to higher (i) commission, (ii) online shop marketing expenses, and (iii) advertising for the period.

## Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately RMB2.8 million, or 28.3%, from approximately RMB9.9 million for the six months ended 30 June 2020 to approximately RMB7.1 million for the six months ended 30 June 2021. During the period, the Group reduced RMB1.4 million salary costs. The net impairment losses on trade and other receivables was decreased by approximately RMB0.6 million from RMB2.2 million to RMB1.6 million.

## Income Tax Expense

The Group's income tax expense increased by approximately RMB8,000 from nil for the six months ended 30 June 2020 to RMB8,000 for the six months ended 30 June 2021.

## Loss for the Period

The loss for the period decreased by approximately RMB10.5 million, from approximately RMB14.7 million loss for the six months ended 30 June 2020 to approximately RMB4.2 million loss for the six months ended 30 June 2021. The decrease was attributable to the increased revenue, higher gross profit margin, and lower administrative expenses as discussed above.



## FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2021,

- (a) the Group's total assets increased to approximately RMB74.7 million (31 December 2020: approximately RMB64.3 million) while the total equity decreased to approximately RMB24.4 million (31 December 2020: approximately RMB28.8 million);
- (b) the Group's current assets increased to approximately RMB67.8 million (31 December 2020: approximately RMB57.9 million) while the current liabilities increased to approximately RMB49.5 million (31 December 2020: approximately RMB35.0 million);
- (c) the Group had approximately RMB13.6 million in cash and cash equivalents (31 December 2020: approximately RMB13.8 million), and the current ratio of the Group was approximately 1.4 times (31 December 2020: approximately 1.7 times);
- (d) the Group had bank borrowings of approximately RMB16.5 million (31 December 2020: approximately RMB16.5 million), leaving RMB40.4 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 67.6% (31 December 2020: approximately 57.3%).

The Company's shares are listed on GEM of the Stock 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 2021, the Group did not have any significant contingent liabilities.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2021, the Group did not hold any significant investments.

## **INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS**

As at 30 June 2021, 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 or HK\$.

The Directors are of the view that the Group's operations are not subject to significant foreign exchange rate risk. 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 2021, the Group had 62 employees (30 June 2020: 62) 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 RMB4.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB6.8 million). The remuneration policies of the Group are formulated based on the Group's operating results, employees' individual performance, 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.

## EVENTS AFTER THE BALANCE SHEET DATE

As from 30 June 2021 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 2021, 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 Stock 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 Stock 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%

Note: 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

<u>Name of Directors</u>	<u>Position in the associated corporations</u>	<u>Number of shares held</u>	<u>Percentage of interest in the associated corporation</u>
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 2021, 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 Stock 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 Stock 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 2021, 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 Stock 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%



Notes:

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 2021, 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 2021 (2020: 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 (the “**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 2021.

## 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 during the six months ended 30 June 2021.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 30 June 2021.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2021, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.



## 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 six months ended 30 June 2021, 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 during the six months ended 30 June 2021.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (the "**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 2021 and up to the date of this report.



## AUDIT COMMITTEE

The Company had established the 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 auditor, 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. Feng Dai and Ms. Sit Ting Fong. 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 2021.

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

Hong Kong, 12 August 2021

*As at the date of this report, the executive Directors are Mr. Yau Frederick Heng Chung (Chairman) and Mr. Lee Tat Fai Brian; the non-executive Directors are Mr. Yau Sonny Tai Nin and Mr. Yau Tai Leung Sammy; and the independent non-executive Directors are Mr. Won Chik Kee, Mr. Feng Dai and Ms. Sit Ting Fong.*

