

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

2022

Interim Report





CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this

report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (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 Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to 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 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3	19,441	38,736	40,606	65,899
Cost of sales		(8,392)	(17,845)	(17,823)	(30,723)
Gross profit		11,049	20,891	22,783	35,176
Other revenue and income		68	1,586	985	2,745
Government grants		20	16	20	538
Impairment losses on trade and other receivables, net		(1,440)	(1,634)	(1,440)	(1,634)
Selling and distribution costs		(11,155)	(19,840)	(23,917)	(33,685)
Administrative and other operating expenses		(4,672)	(3,656)	(8,075)	(7,116)
Finance costs		(131)	(93)	(240)	(196)
Loss before income tax	6	(6,261)	(2,730)	(9,884)	(4,172)
Income tax expense	5	—	—	—	(8)
Loss for the period		(6,261)	(2,730)	(9,884)	(4,180)
Other comprehensive income/ (expense)					
<i>Item that may be reclassified subsequently to the profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations		752	(297)	628	(228)
Total comprehensive loss for the period		(5,509)	(3,027)	(9,256)	(4,408)



	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Loss for the period attributable to:					
Equity holders of the Company		(5,792)	(2,277)	(9,079)	(3,307)
Non-controlling interests		(469)	(453)	(805)	(873)
		(6,261)	(2,730)	(9,884)	(4,180)
Total comprehensive loss for the period attributable to:					
Equity holders of the Company		(5,040)	(2,574)	(8,451)	(3,535)
Non-controlling interests		(469)	(453)	(805)	(873)
		(5,509)	(3,027)	(9,256)	(4,408)
Loss per share attributable to equity holders of the Company		RMB cents	RMB cents	RMB cents	RMB cents
Basic and diluted	8	(1.03)	(0.41)	(1.62)	(0.59)



Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2022

	<i>Notes</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	1,180	1,223
Intangible assets		2,497	2,584
Financial asset at fair value through profit or loss ("FVTPL")	10	786	751
Deferred tax assets		2,876	2,876
		7,339	7,434
Current assets			
Inventories		30,522	34,707
Trade and other receivables	11	9,584	12,162
Amounts due from Controlling Shareholders		9	8
Income tax recoverable		138	163
Cash and bank balances		6,990	4,892
		47,243	51,932
Current liabilities			
Trade and other payables	12	24,320	22,463
Contract liabilities		303	433
Bank borrowings		20,432	17,861
Amount due to the then immediate holding company		4	6
Lease liabilities		369	433
Put option liability		23	23
		45,451	41,219
Net current assets		1,792	10,713
Total assets less current liabilities		9,131	18,147



	<i>Notes</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		314	74
		314	74
Net assets			
		8,817	18,073
EQUITY			
Share capital	13	4,470	4,470
Reserves		6,375	14,826
Equity attributable to equity holders of the Company			
		10,845	19,296
Non-controlling interests		(2,028)	(1,223)
Total equity			
		8,817	18,073



Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2022

	Attributable to equity holders of the Company							Sub-total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Put option reserve	Translation reserve	Accumulated losses			
	RMB'000	RMB'000	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
As at 1 January 2022 (Audited)	4,470	35,026	10,520	1,195	(3,658)	622	(28,879)	19,296	(1,223)	18,073
Loss for the period	–	–	–	–	–	–	(9,079)	(9,079)	(805)	(9,884)
<i>Other comprehensive income</i>										
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	628	–	628	–	628
Total comprehensive loss for the period	–	–	–	–	–	628	(9,079)	(8,451)	(805)	(9,256)
As at 30 June 2022 (Unaudited)	4,470	35,026	10,520	1,195	(3,658)	1,250	(37,958)	10,845	(2,028)	8,817



Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash generated from operating activities	412	260
Net cash generated from/(used in) investing activities	7	(111)
Net cash generated from/(used in) financing activities	1,679	(391)
Net increase/(decrease) in cash and cash equivalents	2,098	(242)
Cash and cash equivalents at the beginning of the period	4,892	13,845
Cash and cash equivalents at the end of the period	6,990	13,603



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 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 unaudited 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 2021. The accounting policies used in the preparation of the unaudited 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 2021, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are effective as of 1 January 2022.

Amended HKFRSs that are effective for annual period beginning on 1 January 2022

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

Except for those mentioned below, the adoption of these amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.



Annual Improvements to HKFRS Standards 2018–2020

The Annual Improvements to HKFRS Standards 2018–2020 include a number of amendments to various HKFRSs, which are summarised below.

Amendments to HKFRS 1 provide an option for a subsidiary to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of its parent company (based on the parent company's date of transitions to HKFRSs) if a subsidiary adopts HKFRSs later than its parent company and applies paragraph D16(a) of HKFRS 1.

Amendments to HKFRS 9 clarify that, for the purpose of applying the “10 per cent” test for derecognition of financial liability, the borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to illustrative example 13 accompanying HKFRS 16 remove the illustration of the reimbursement of leasehold improvements by the lessor from the example as the example is not clear as to why such payments are not a lease incentive, which in turn remove any potential confusion regarding the treatment of lease incentives that might arise.

Amendments to HKAS 41 remove a requirement to exclude cash flows from taxation when measuring fair value of a biological asset, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

Amendments to HKFRS 1, HKFRS 9 and HKAS 41 are effective for annual period beginning on or after 1 January 2022. The amendments to HKFRS 16 only regard an illustrative example, so no effective date is stated. The annual improvements have no impact on the unaudited condensed consolidated interim financial statements.

As at the date of authorisation of the unaudited 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. The Directors anticipate the adoption of these new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.



The unaudited 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 periods are within the PRC, the Group determined to present the unaudited condensed consolidated interim financial statements in RMB, unless otherwise stated.

The preparation of the unaudited 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 unaudited 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 2021.

The unaudited 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Online retail sales	18,337	36,322	37,982	61,245
Wholesale to online retailers	1,051	1,748	2,326	2,831
Wholesale to offline retailers	49	527	256	1,290
Offline retail sales	4	139	42	533
	19,441	38,736	40,606	65,899



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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from external customers				
The PRC (excluding Hong Kong)	19,441	38,736	40,606	65,899



	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Specified non-current assets		
The PRC (excluding Hong Kong)	3,677	3,778
Hong Kong	—	29
	3,677	3,807

Information about major customers

During the six months ended 30 June 2022, none of the Group's customers contributed more than 10% of the Group's revenue (2021: 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% (2021: 25%) on the estimated assessable profit for the period arising from the PRC.

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax				
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		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	8,293	17,764	17,587	30,517
Write-down of inventories to net realisable value	482	—	818	—
Impairment losses on trade and other receivables, net	1,440	—	1,440	—
Amortisation of intangible assets	52	51	103	102
Depreciation of property, plant and equipment				
— Owned assets	89	130	186	241
— Right-of-use assets	138	99	244	340
Loss on disposal of property, plant and equipment	—	2	—	2
Gain on early termination for lease	(11)	—	(11)	—
COVID-19-related rent concessions	(38)	—	(38)	—
Staff costs (including directors' emoluments)				
— Salaries, allowances and other benefits	1,930	2,150	4,337	4,252
— Contributions to retirement benefit schemes (note (a))	318	324	644	646
Operating lease charges premises:				
— Short-term leases	346	728	1,004	1,381
— Variable lease payments (note (b))	—	—	—	1
Exchange losses/(gains), net	1,620	(495)	1,371	(354)



Notes:

- (a) During the six months ended 30 June 2022 and 2021, there are no forfeited contribution be used to reduce the level of employer's contributions. As at 30 June 2022 and 31 December 2021, 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 2022 (2021: 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss				
Loss for the period attributable to equity holders of the Company	(5,792)	(2,277)	(9,079)	(3,307)
Number of shares				
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 for the six months ended 30 June 2022 and 2021 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 2022 and 2021 and therefore, diluted loss per share equals to basic loss per share.



9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, there was no property, plant and equipment acquired (six months ended 30 June 2021: RMB200,000). During the six months ended 30 June 2022, there was no property, plant and equipment disposed (six months ended 30 June 2021: RMB351,000).

During the six months ended 30 June 2022, the Group entered into one new lease agreement (six months ended 30 June 2021: two). During the six months ended 30 June 2022, the Group initially recognised right-of-use assets and lease liabilities amounting to approximately RMB513,000 and RMB513,000 respectively (six months ended 30 June 2021: RMB851,000 and RMB851,000 respectively).

During the six months ended 30 June 2022, the Group has early terminated one lease agreement (six months ended 30 June 2021: Nil) for an office at a carrying amount of approximately RMB126,000 (six months ended 30 June 2021: Nil) and a gain on early termination of RMB11,000 was recognised in profit or loss.

As at 30 June 2022, the carrying amounts of the Group's right-of-use assets in relation to premises is RMB681,000 (31 December 2021: RMB538,000).



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 2022 which comprised of guaranteed cash value of RMB762,000 (31 December 2021: RMB727,000) together with accumulated annual dividends and its accrued interests of RMB24,000 (31 December 2021: RMB24,000).

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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	7,286	10,059
Less: expected credit losses ("ECL") allowance	(4,128)	(2,688)
	3,158	7,371
Prepayments and other receivables		
Prepaid expenses	2,832	2,102
Rental and other deposits	3,106	2,274
Other receivables	1,011	938
Less: ECL allowance	(523)	(523)
	6,426	4,791
	9,584	12,162



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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0-90 days	2,123	5,704
91-180 days	734	202
181-365 days	150	622
Over 365 days	151	843
	3,158	7,371

12. TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	12,187	11,649
Accrued charges and other payables		
Accrued expenses	9,895	8,651
Deposits received	931	921
Other tax payables	989	1,176
Other payables	318	66
	12,133	10,814
	24,320	22,463



The Group was granted by its suppliers credit periods ranging from 0 to 90 days (31 December 2021: 0 to 90 days). Based on the date of goods received, the ageing analysis of trade payables is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0–90 days	10,463	11,533
91–180 days	3	13
181–365 days	1,554	12
Over 365 days	167	91
	12,187	11,649

13. SHARE CAPITAL

	Number of shares	RMB'000
Authorised: Ordinary shares of HK\$0.01 each As at 31 December 2021 and 30 June 2022	1,110,000,000	9,243
Issued and fully paid: Ordinary shares of HK\$0.01 each As at 31 December 2021 and 30 June 2022	560,000,000	4,470



14. RELATED PARTY TRANSACTIONS

Other than as disclosed in these unaudited condensed consolidated interim financial statements, the Group entered into the following material related party transactions during the six months ended 30 June 2022.

(a) Transactions with related parties

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Rental expense for short term lease to a related company – Unigrade (Note a)	14	14	27	27

Note:

- (a) 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, allowances and other benefits	395	445	854	977
Contributions to retirement benefit schemes	15	18	30	36
	410	463	884	1,013



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2022, the Group recorded a revenue of approximately RMB40.6 million, which represents a decrease of approximately 38.4% as compared to the same period of 2021. The main reason for the decline was attributable to the resurgence of coronavirus (“**COVID-19**”) in a number of major cities in China since March 2022. The revenue dropped by approximately 22.1% and 49.8% among the first quarter and second quarter respectively compared to the corresponding periods last year.

Despite noticeable revenue growth in 2021, the resurgence of COVID-19 in March 2022 started to affect sale in the first quarter of 2022. The increasing number of infected cases in Shanghai forced the Chinese government to implement stringent measures in controlling the outbreak. Owing to the lockdowns in all of Shanghai and part of Beijing and Shenzhen, both demand side and supply side on our business were impacted. Many regions were listed as high or medium risk zones which created long delay in transportation time and some consumers cancelled their orders. The material suppliers in Guangzhou and Dongguan encountered some delays arising from lockdowns. Livestreaming hours were limited or shortened. The consumers in China had little appetite on spending. Given the circumstances, the Group has withheld most marketing programs temporarily. The businesses of marketing women’s handbags and luggage were largely halted from March to May. As the pandemic was gradually under control in May and the Chinese government starts to ease restrictions, the Group has observed noticeable improvement in consumption in June. The results for the period was out of our expectation.

Online retail sales suffered significantly with revenue reduction by 49.5% and 38.0% respectively in the second quarter and first half of 2022. The revenue declined by RMB18.0 million and RMB23.3 million during the periods. Besides COVID-19 resurgence, the relatively low marketing activities with our engaged key opinion leaders (“**KOLs**”) also contributed to the revenue decline. Also, the revenue in wholesale to online retailers, offline retail sales and wholesale to offline retailers experienced revenue drop. Their share of decline was only 8.0% of total sales declined given online retail sales accounted for 93.5% of total sales during the period.



In view of restricted overseas travelling and resurgence of COVID-19, the distribution of luggage and travel accessories remained sluggish. The variant of COVID-19 continues to weigh on cross board travelling, which is the business driver for our luggage products. The revenue dropped by RMB4.0 million from RMB10.8 million to RMB6.8 million during the first half of 2022 compared to the same corresponding period in 2021. Considering Chinese government's cautious attitude toward oversea travelling for the prevention of COVID-19, the sale recovery in luggage and travel accessories is expected to be slow in the coming months.

In terms of revenue among the brands of ELLE and Jessie & Jane, the distribution mix is approximately 91.5% and 8.5% respectively in the first half of 2022, compared to 79.1% and 20.9% in the same period of 2021. The revenue from the brands of ELLE and Jessie & Jane decreased by 28.8% and 74.9%, compared to the same period of 2021, because of market downturn under COVID-19 situation. Jessie & Jane was impacted a lot as little marketing support provided by the Group.

FUTURE PROSPECTS

The second half of 2022 is cautiously optimistic in sales and marketing of both women's handbags and luggage. Despite there are occasional infected COVID-19 cases, the recent spreading of the disease is relatively minimal. The Chinese government has put forward various incentive scheme and economic programs to stimulate spending and investment in infrastructure.

In line with our strategy of focusing on online retail business, the Group will put additional effort in 2 business drivers in the second half of 2022: i) close collaboration with a fast growing social media and ii) becoming an exclusive handbag distribution partner with an international brand. Due to close working relationship and assistance in live streaming sale platform, the Group is identified as a key business partner on this social media. This platform not only fits with our brands, but also poses high growth potential. The Group is currently taking steps to strengthen our effort in recruiting and developing livestream presenters, building up relationships with livestreaming partners in various locations in China for a longer term business support, and taking advantage of the platform's algorithm-driven business model to test new products and styles. All these could drive for stronger sales.



Also, to capitalize on Chinese consumers' strong interests in international luxury brands, the Group secures to become an exclusive handbag distribution partner of a well-known international brand and starts launching the brand on a livestreaming platform in July. The brand diversification move will enable us to gain leverage with online platforms and distribution partners.

The revenue in June has risen noticeably. Given scheduled marketing programs in progress, the management is positive in the third quarter and will closely collaborate with the target e-commerce platforms for marketing our products in the fourth quarter.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB25.3 million, or 38.4%, from approximately RMB65.9 million for the six months ended 30 June 2021 to approximately RMB40.6 million for the six months ended 30 June 2022. For the second quarter, the Group's revenue decreased by approximately RMB19.3 million, or 49.8%, from approximately RMB38.7 million for the three months ended 30 June 2021 to approximately RMB19.4 million for the same period in 2022.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RMB12.4 million, or 35.2%, from approximately RMB35.2 million for the six months ended 30 June 2021 to approximately RMB22.8 million for the six months ended 30 June 2022. The decrease was largely attributable to the 38.4% revenue drop during the period.

Our gross profit margin for the six months ended 30 June 2022 and 2021 were approximately 56.1% and 53.4% respectively. The gross profit margin increased by 2.7 percentage point as a result of enhanced gross profit margin.



Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately RMB9.8 million, or 29.1%, from approximately RMB33.7 million for the six months ended 30 June 2021 to approximately RMB23.9 million for the six months ended 30 June 2022. The drop was mainly attributable to lower (i) commission, (ii) online shop marketing expenses, (iii) advertising, and (iv) royalty for the period.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately RMB1.0 million, or 14.1%, from approximately RMB7.1 million for the six months ended 30 June 2021 to approximately RMB8.1 million for the six months ended 30 June 2022. During the period, the Group incurred write-down of inventories to net realisable value of RMB818,000 and RMB1.4 million foreign exchange loss owing to unfavorable foreign exchange movement.

Income Tax Expense

The Group's income tax expense decreased by approximately RMB8,000 from RMB8,000 for the six months ended 30 June 2021 to nil for the six months ended 30 June 2022.

Loss for the Period

The loss for the period increased by approximately RMB5.7 million, from approximately RMB4.2 million loss for the six months ended 30 June 2021 to approximately RMB9.9 million loss for the six months ended 30 June 2022. The increase was attributable to the lower revenue, foreign exchange loss incurred, impairment losses on trade and other receivables and write-down of inventories to net realisable value for the period.



FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2022,

- (a) the Group's total assets decreased to approximately RMB54.6 million (31 December 2021: approximately RMB59.4 million) while the total equity decreased to approximately RMB8.8 million (31 December 2021: approximately RMB18.1 million);
- (b) the Group's current assets decreased to approximately RMB47.2 million (31 December 2021: approximately RMB51.9 million) while the current liabilities increased to approximately RMB45.5 million (31 December 2021: approximately RMB41.2 million);
- (c) the Group had approximately RMB7.0 million in cash and cash equivalents (31 December 2021: approximately RMB4.9 million), and the current ratio of the Group was approximately 1.0 times (31 December 2021: approximately 1.3 times);
- (d) the Group had bank borrowings of approximately RMB20.4 million (31 December 2021: approximately RMB17.9 million), leaving RMB39.7 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 231.7% (31 December 2021: approximately 98.8%).

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 might consider other financing sources to finance business operations and meet the financial obligations in the near future.



CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not hold any significant investments.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 30 June 2022, 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 2022, the Group had 58 employees (30 June 2021: 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 RMB5.0 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB4.9 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 REPORTING DATE

As from 30 June 2022 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 2022, 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

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 2022, 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 2022, 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 2022, 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 2022 (2021: 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 2022.

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 2022.

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 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2022, 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 2022, 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 2022.

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 2022 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 interim financial statements of the Group for the six months ended 30 June 2022.

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

Hong Kong, 11 August 2022

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.

