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## **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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

### **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 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.*

## HIGHLIGHTS OF ANNUAL RESULTS

- The total revenue of the Group for the year ended 31 December 2022 amounted to RMB96.1 million, a decrease of 28.9% or RMB39.1 million as compared to RMB135.2 million for the year ended 31 December 2021.
- The Group for the year ended 31 December 2022 incurred loss of RMB17.1 million, compared to RMB10.1 million loss for the year ended 31 December 2021.
- Online businesses, including both online retail sales and wholesale to online retailers, recorded a total revenue of RMB95.0 million, representing 28.4% decline compared to the year ended 31 December 2021. Of which, online retail sales amounted to RMB85.5 million, representing 32.1% drop compared to the year ended 31 December 2021. The online businesses accounted for 98.9% of total revenue.
- Offline businesses, including both retail sales and wholesale to offline retailers, dropped to RMB1.1 million, representing 56.3% reduction compared to the year ended December 2021. Offline retail sales and wholesale to offline retailers dropped to RMB0.7 million and RMB0.4 million respectively.
- The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2022.

## RESULTS

The Board of Sling Group Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022, together with the comparative figures for the preceding year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

		<b>2022</b>	2021
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>96,070</b>	135,193
Cost of sales		<u>(44,189)</u>	<u>(62,263)</u>
<b>Gross profit</b>		<b>51,881</b>	72,930
Other revenue and income	5	<b>2,045</b>	3,576
Government grants	5	<b>601</b>	538
(Impairment losses on)/Reversal of trade and other receivables, net		<b>(1,287)</b>	445
Re-measurement of put option liability	15	<b>23</b>	493
Selling and distribution costs		<b>(52,577)</b>	(71,435)
Administrative and other operating expenses		<b>(17,374)</b>	(17,151)
Finance costs	6	<u>(655)</u>	<u>(435)</u>
<b>Loss before income tax</b>	7	<b>(17,343)</b>	(11,039)
Income tax credit	8	<u>210</u>	<u>928</u>
<b>Loss for the year</b>		<b><u>(17,133)</u></b>	<b><u>(10,111)</u></b>
<b>Other comprehensive income/(expenses)</b>			
<b>Items that may be reclassified subsequently to the profit or loss:</b>			
Exchange differences on translation of financial statements of foreign operations		<u>1,475</u>	<u>(610)</u>
<b>Total comprehensive loss for the year</b>		<b><u>(15,658)</u></b>	<b><u>(10,721)</u></b>

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Loss for the year attributable to:</b>			
Equity holders of the Company		<b>(16,296)</b>	(8,598)
Non-controlling interests		<b>(837)</b>	(1,513)
		<u><b>(17,133)</b></u>	<u>(10,111)</u>
<b>Total comprehensive loss for the year attributable to:</b>			
Equity holders of the Company		<b>(14,821)</b>	(9,208)
Non-controlling interests		<b>(837)</b>	(1,513)
		<u><b>(15,658)</b></u>	<u>(10,721)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Loss per share attributable to equity holders of the Company</b>			
Basic and diluted	<i>10</i>	<u><b>(2.91)</b></u>	<u>(1.54)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>814</b>	1,223
Intangible assets		<b>2,392</b>	2,584
Financial asset at fair value through profit or loss ("FVTPL")		<b>953</b>	751
Deferred tax assets		<b>3,086</b>	2,876
		<u><b>7,245</b></u>	<u>7,434</u>
<b>Current assets</b>			
Inventories		<b>25,581</b>	34,707
Trade and other receivables	<i>11</i>	<b>6,478</b>	12,162
Amounts due from shareholders		<b>9</b>	8
Income tax recoverable		<b>372</b>	163
Cash and bank balances	<i>12</i>	<b>9,659</b>	4,892
		<u><b>42,099</b></u>	<u>51,932</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>19,287</b>	22,463
Contract liabilities		<b>1,500</b>	433
Bank borrowings	<i>14</i>	<b>20,963</b>	17,861
Amount due to the then immediate holding company		<b>8</b>	6
Lease liabilities		<b>244</b>	433
Put option liability	<i>15</i>	<b>—</b>	23
Income tax payable		<b>234</b>	—
		<u><b>42,236</b></u>	<u>41,219</u>
<b>Net current (liabilities)/assets</b>		<u><b>(137)</b></u>	<u>10,713</u>
<b>Total assets less current liabilities</b>		<u><b>7,108</b></u>	<u>18,147</u>

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		227	74
Loans from shareholders	<i>16</i>	3,573	—
Loan from a director	<i>16</i>	893	—
		<u>4,693</u>	<u>74</u>
<b>Net assets</b>		<u><b>2,415</b></u>	<u>18,073</u>
<b>EQUITY</b>			
Share capital	<i>17</i>	4,470	4,470
Reserves	<i>18</i>	5	14,826
		<u>4,475</u>	<u>19,296</u>
<b>Equity attributable to equity holders of the Company</b>		<b>4,475</b>	19,296
<b>Non-controlling interests</b>		<u><b>(2,060)</b></u>	<u>(1,223)</u>
<b>Total equity</b>		<u><b>2,415</b></u>	<u>18,073</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 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 the Group is principally engaged in the design and sale of women's handbags, small leather goods, luggage and travel goods.

The Company's immediate and ultimate holding company is Yen Sheng Investment Limited ("Yen Sheng BVI"), a company incorporated in the British Virgin Islands ("BVI") 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 of Hong Kong Limited (the "Stock Exchange") on 16 January 2018.

### **2. BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

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

### ***Going concern basis***

During the year ended 31 December 2022, the Group recorded a net loss of RMB17,133,000 and net cash used in operating activities of RMB941,000. The Group's operations are financed by bank borrowings, loans from related parties and internal resources. As at 31 December 2022, the Group had net current liabilities of RMB137,000. The Group's cash and bank balances amounting to RMB9,659,000 as at 31 December 2022.

The Company has reviewed the current performance and cash flows forecast as part of the assessment of its own ability to continue as a going concern, and carefully considered the matters and detailed assessment of going concern described below. The Company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

- (i) During the year ended 31 December 2022, the Group's business were negatively impact by COVID-19 and recorded a net loss of RMB17,133,000 under the zero-COVID policy and the frequent and prolonged lockdowns.

After the zero-COVID policy has been abandoned in January 2023 and daily lives and businesses are returning to normal. Management has been continuously implementing measures to improve profitability, control operating costs and reduce capital expenditures in order to improve the Group's net loss. These measures include (i) continuously remapping its marketing strategies and pricing policies; and (ii) continuing its measures to control capital and operating expenditures;

- (ii) As at 31 December 2022, the Group has bank borrowings classified as current liabilities of RMB20,963,000, of which RMB15,935,000 are revolving bank loans. The banks have the discretionary rights to demand for immediate repayment. Having taken into account of the Group's financial position, the Company does not believe that it is probable that the banks will exercise their discretionary rights to demand for immediate repayment;
- (iii) the Group has the ability to obtain new financing facilities, to renew its existing financing facilities upon maturity, or to refinance the financing facilities when necessary. As at 31 December 2022, the Group has unutilised banking facilities with aggregate amount of RMB41,450,000; and
- (iv) As at 31 December 2022, the Group has loans from shareholders amounting RMB3,573,000 and loan from a director amounting RMB893,000 (note 16) to support the operation of the Group. The loans are repayable in June 2024, which is eighteen months after the drawdown date. Such loans may be extended by both parties in writing prior to expiry.

The appropriateness of the going concern basis is assessed after taking into consideration the relevant available information about future of the Group, including the Group's cash position and cash flow forecast. Such assessment inherently involve uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis inappropriate.



### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### 3.1 Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the 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

Other than as noted 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, in the assessment.

Amendments to HKFRS 16 remove the illustration of the reimbursement of leasehold improvements by the lessor from the illustrative example 13 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 consolidated financial statements.

### 3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated 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>1</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 HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective date not yet determined

The directors of the Company 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. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

#### ***Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments")***

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current which are summarised as follows:

- It clarifies that a liability is non-current if an entity have a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the end of the reporting period. This right has to be existed at the end of the reporting period, regardless of whether the lender tests for compliance at the date or at a later date;
- Any expectations about events after the reporting period do not impact the assessment made at the end of the reporting period as to the classification of the liability; and

- “Settlements” are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity’s own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32 “Financial Instruments: Presentation”, the transfer of equity instruments by exercising the conversion option constitute settlement of liability for the purpose current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current.

2022 Amendments issued in 2022 clarified that only covenants of a liability arising from a loan arrangement, which an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Those covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date.

Besides, the 2022 Amendments required an entity to provide additional disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. The information provided should enable users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including:

- the carrying amount of the related liabilities;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that an entity may have difficulty complying with covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The 2022 Amendments also deferred the effective date of the 2020 Amendments to the annual reporting periods beginning on or after 1 January 2024, in which both amendments are to be applied as a package and apply retrospectively. Earlier application is permitted. The directors of the Company expect that the amendments have no material impact on the consolidated financial statements.

***Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”***

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 “Income Taxes”.

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted. The directors expect that the amendments have no other material impact on the consolidated financial statements.

#### 4. REVENUE AND SEGMENT REPORTING

##### 4.1 Revenue

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. Revenue represents the fair value of consideration received and receivable from the 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:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Online retail sales	<b>85,487</b>	125,899
Wholesale to online retailers	<b>9,462</b>	6,730
Wholesale to offline retailers	<b>416</b>	1,687
Offline retail sales	<b>705</b>	877
	<b>96,070</b>	135,193

##### 4.2 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 market (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.

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Revenue from external customers</b>		
The PRC (excluding Hong Kong)	<b><u>96,070</u></b>	<u>135,193</u>
<b>Specified non-current assets</b>		
The PRC (excluding Hong Kong)	<b>3,206</b>	3,778
Hong Kong	<u>—</u>	<u>29</u>
	<b><u>3,206</u></b>	<u>3,807</u>

### ***Information about major customers***

During the year ended 31 December 2022, none of the Group's customers (2021: Nil) contributed more than 10% of the Group's revenue.

## 5. OTHER REVENUE AND INCOME AND GOVERNMENT GRANTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Other revenue</b>		
Service income	1,568	2,145
Bank interest income	58	160
Dividend and interest income from financial asset at FVTPL	6	5
	<u>1,632</u>	<u>2,310</u>
<b>Other income</b>		
Exchange gain, net	—	996
Fair value gain on financial asset at FVTPL	121	174
Gain on early termination for lease	11	—
COVID-19-related rent concessions received ( <i>note i</i> )	53	—
Sundry income	228	96
	<u>413</u>	<u>1,266</u>
	<u>2,045</u>	<u>3,576</u>
Government grants ( <i>note (ii)</i> )	<u>601</u>	<u>538</u>

### Notes:

- (i) The Group has adopted Amendments to HKFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021” respectively and applied the practical expedients introduced by the amendments to all eligible rent concessions received by the Group. During the year ended 31 December 2022, the rent concessions received by the Group are in the form of a discount on fixed payments and rent free during the period of severe social distancing and travel restriction measures introduced to prevent the spread of COVID-19.
- (ii) Government grants represented unconditional subsidies received from local governmental authorities by several subsidiaries of the Group.

## 6. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest charges on bank borrowings	619	381
Finance charges on lease liabilities	36	42
Imputed interest on put option liability	—	12
	<u>655</u>	<u>435</u>

## 7. LOSS BEFORE INCOME TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Auditor's remuneration	729	761
Cost of inventories recognised as an expense	43,692	61,750
Write-down of inventories to net realisable value	1,533	2,213
Fair value gain on financial asset at FVTPL	(121)	(174)
Exchange losses/(gains), net	3,062	(996)
Losses on written-off of property, plant and equipment	—	17
Gain on early termination for lease	(11)	—
Amortisation of intangible assets	208	204
Depreciation of property, plant and equipment		
— Owned assets	340	429
— Right-of-use assets	458	554
Total depreciation	<u>798</u>	<u>983</u>
Staff costs (including directors' emoluments)		
— Salaries, allowances and other benefits	8,400	8,578
— Contributions to retirement benefit schemes ( <i>note</i> )	2,051	2,148
Total staff costs	<u>10,451</u>	<u>10,726</u>
Operating lease charges on premises		
— Short-term leases	707	1,308
— COVID-19-related rent concession received ( <i>note 5</i> )	(53)	—
Total lease charges	<u>654</u>	<u>1,308</u>

*Note:* During the years ended 31 December 2022 and 2021 and previous years, there are no forfeited contribution be used to reduce the level of employer's contributions. As at 31 December 2022 and 2021 and previous years, there was no forfeited contribution available to reduce the contributions payable in the future years.

## 8. INCOME TAX CREDIT

For the years ended 31 December 2022 and 2021, Hong Kong Profits Tax has not been provided in the consolidated financial statements as no assessable profits subject to Hong Kong Profits Tax.

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 profits for the year arising from the PRC.

From 1 January 2022 to 31 December 2024, under relevant PRC EIT Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB1 million are applicable to the effective rate of 2.5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective rate of 2.5%, whereas the excess portion will be subject to the effective rate of 5%.

From 1 January 2019 to 31 December 2021, under relevant PRC EIT Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB3 million and thin-profit enterprises with an annual taxable income of RMB1 million or less are applicable to the effective rate of 5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective rate of 5%, whereas the excess portion will be subject to the effective rate of 10%.

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current tax</b>		
PRC EIT		
— Under-provision in respect of prior year	—	8
<b>Deferred tax</b>		
— Credited to the profit or loss	<u>(210)</u>	<u>(936)</u>
Income tax credit	<u>(210)</u>	<u>(928)</u>
Reconciliation between income tax credit and accounting loss at applicable tax rates:		
	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss before income tax	<u>(17,343)</u>	<u>(11,039)</u>
Tax on loss before income tax, calculated at the rates applicable in the tax jurisdiction concerned	<b>(4,009)</b>	(1,971)
Tax effect on:		
— Non-deductible expenses	<b>1,235</b>	1,004
— Non-taxable income	<b>(37)</b>	(1,598)
— Recognition of deductible temporary differences previously not recognised	<b>(1)</b>	6
— Tax losses not recognised	<b>2,628</b>	1,623
— Tax losses utilised	<b>(26)</b>	—
— Under-provision in respect of prior year	<u>—</u>	<u>8</u>
Income tax credit	<u>(210)</u>	<u>(928)</u>

## 9. DIVIDENDS

No dividend was declared or paid by the Group during the year ended 31 December 2022 to its equity holders (2021: Nil).



## 10. LOSS PER SHARE

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

	2022	2021
<b>Loss</b>		
Loss for the year attributable to equity holders of the Company (in RMB'000)	<u>16,296</u>	<u>8,598</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u>560,000,000</u>	<u>560,000,000</u>

The weighted average number of ordinary shares used to calculate the basic loss per share for the years ended 31 December 2022 and 2021 represents 560,000,000 ordinary shares in issue throughout the years.

There were no dilutive potential ordinary shares during both years and therefore, diluted loss per share equals to basic loss per share.

## 11. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Trade receivables</b>	5,569	10,059
Less: ECL allowance	<u>(3,975)</u>	<u>(2,688)</u>
	<u>1,594</u>	<u>7,371</u>
<b>Prepayments and other receivables</b>		
Prepaid expenses	1,978	2,102
Rental and other deposits	2,640	2,274
Other receivables	789	938
Less: ECL allowance	<u>(523)</u>	<u>(523)</u>
	<u>4,884</u>	<u>4,791</u>
	<u>6,478</u>	<u>12,162</u>

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
0-90 days	1,403	5,704
91-180 days	31	202
181-365 days	160	622
Over 365 days	—	843
	<u>1,594</u>	<u>7,371</u>

The movement in ECL allowance of trade receivables is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
As at 1 January	2,688	3,209
ECL recognised during the year	1,900	738
ECL reversed during the year	<u>(613)</u>	<u>(1,259)</u>
As at 31 December	<u>3,975</u>	<u>2,688</u>

The movement in ECL allowance of other receivables is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
As at 1 January	523	447
ECL recognised during the year	—	77
ECL reversed during the year	<u>—</u>	<u>(1)</u>
As at 31 December	<u>523</u>	<u>523</u>

## 12. CASH AND CASH EQUIVALENTS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Cash and bank balances	<u>9,659</u>	<u>4,892</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in cash and cash equivalents of the Group of approximately RMB4,995,000 (2021: RMB4,671,000) as at 31 December 2022 are the balances denominated in RMB placed with banks and financial institutions in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

### 13. TRADE AND OTHER PAYABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Trade payables</b>	<u>11,781</u>	<u>11,649</u>
<b>Accrued charges and other payables</b>		
Accrued expenses	5,559	8,651
Deposits received	1,029	921
Other tax payables	871	1,176
Other payables	<u>47</u>	<u>66</u>
	<u>7,506</u>	<u>10,814</u>
	<u><b>19,287</b></u>	<u><b>22,463</b></u>

As at 31 December 2022 and 2021, accrued expenses mainly represents accrued commission, accrued royalty payment and accrued services fee.

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
0-90 days	11,578	11,533
91-180 days	1	13
181-365 days	4	12
Over 365 days	<u>198</u>	<u>91</u>
	<u><b>11,781</b></u>	<u><b>11,649</b></u>

### 14. BANK BORROWINGS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Unsecured bank borrowings, wholly repayable within one year or on demand	<u><b>20,963</b></u>	<u><b>17,861</b></u>

As at 31 December 2022, unsecured bank borrowings of RMB15,935,000 (2021: RMB12,956,000) are repayable within one year or on demand. The bank borrowings bear variable interest rate at 1.75% over HIBOR and 3.70% (2021: 1.75% over HIBOR and 3.65%) per annum.

As at 31 December 2022, unsecured bank borrowings of RMB5,028,000 (2021: RMB4,905,000) are repayable in more than five years (2021: in more than five years) or on demand and bear variable interest rate at 2.5% (2021: 2.5%) per annum below the Hong Kong Dollars Prime Rate. The bank borrowings were guaranteed by the personal guarantees given by Mr. Sammy Yau and Mr. Sonny Yau, the non-executive directors of the Company and HKMC Insurance Limited.

## 15. PUT OPTION LIABILITY

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Sencai Maoyi</b>		
As at 1 January	23	504
Imputed interest	—	12
Re-measurement	<u>(23)</u>	<u>(493)</u>
As at 31 December	<u>—</u>	<u>23</u>

On 29 January 2019, Senxuan Shangmao, an indirect wholly-owned subsidiary of the Company, and Guangzhou Caige International Trading Company Limited (“Guangzhou Caige”), an independent third party, established Sencai Maoyi for the purpose of engaging in the wholesales and retail of luggage, clothes and accessories through online retail platforms in the PRC. The registered capital of the Sencai Maoyi is RMB1,000,000 (owned as to 51% by Senxuan Shangmao and as to 49% by Guangzhou Caige).

Pursuant to the shareholder agreement between Senxuan Shangmao and Guangzhou Caige dated 26 March 2019, the Group has granted a put option which entitles Guangzhou Caige to sell all, but not some, of its equity interest in Sencai Maoyi to the Group. The put option is exercisable 36 months after the establishment of Sencai Maoyi. The exercise price is determined based on 4.5 times of the net profit of the latest one and a half financial year of Sencai Maoyi times Guangzhou Caige’s shareholding ratio. The exercise price is formula based.

The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount. The corresponding charge is accounted for directly as a reduction in the Group’s equity since the risks and rewards have not been transferred to the Group until the option is exercised. The put option liability is subsequently re-measured as a result of the change in the expected performance at each reporting date, with any resulting gain or loss recognised in the profit or loss. In the event that the option expires unexercised, the put option liability is derecognised with a corresponding adjustment to equity.

Given that the fair value of the put option liability varies with the non-financial variables that are specific to the parties in the contract, management of the Group has classified this put option liability as a financial liability at amortised cost.

The decreased in put option liability due to the Group has considered the latest situation of business operation in Sencai Maoyi in re-measuring the result of the change in the expected performance as at 31 December 2022 and 2021.

## 16. LOANS FROM SHAREHOLDERS/A DIRECTOR

### Loans from shareholders/a director

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Shareholders		
Mr. Sammy Yau ( <i>note a</i> )	1,787	—
Mr. Sonny Yau ( <i>note a</i> )	<u>1,786</u>	<u>—</u>
	<u>3,573</u>	<u>—</u>
Director		
Mr. Lee Tat Fai Brian ( <i>note b</i> )	<u>893</u>	<u>—</u>

*Note:*

- (a) Mr. Sammy Yau and Sonny Yau are also non-executive directors of the Company.
- (b) Mr. Lee Tat Fai Brian is an executive director and chief executive officer of the Company.

Loans from shareholders/a director are non-trade in nature, unsecured, interest-bearing at 1% per annum and repayable in June 2024, which is eighteen months after drawdown date.

## 17. SHARE CAPITAL

	2022		2021	
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each				
As at 31 December	<u>1,110,000,000</u>	<u>9,243</u>	<u>1,110,000,000</u>	<u>9,243</u>
<b>Issued and fully paid:</b>				
Ordinary share of HK\$0.01 as at				
1 January and 31 December	<u>560,000,000</u>	<u>4,470</u>	<u>560,000,000</u>	<u>4,470</u>

## 18. RESERVES

The amounts of the Group's reserves and the movements during the years ended 31 December 2022 and 2021 are presented in the consolidated statement of changes in equity.

**Share premium**

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

**Capital reserve**

Capital reserve represents the difference between the nominal values of the share capital of a subsidiary acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the reorganisation in connection with the listing of the Company's shares on the Stock Exchange.

**Statutory reserve**

In accordance with the Company Law of the PRC, each of the subsidiaries of the Company that was registered in the PRC is required to appropriate 10% of the annual statutory profit after income tax (after offsetting any prior years' losses), determined in accordance with relevant accounting principles and financial regulations applicable to the enterprises established in the PRC (the "PRC GAAP"), to the statutory reserve until the balance of the reserve funds reaches 50% of the entity's registered capital.

**Put option reserve**

During the year ended 31 December 2019, the Group issued a put option over the equity of a subsidiary. The amount that may become payable under the option on exercise is initially recognised at the present value of redemption amount. The corresponding charge of RMB3,658,000 is accounted for directly as a reduction in the Group's equity under "put option reserve" since the risks and rewards have not been transferred to the Group until the option is exercised.

## **BUSINESS REVIEW**

For the year of 2022, the Group has undergone an exceptionally difficult business year. The Group's businesses were negatively impacted by coronavirus ("COVID-19"). China once managed to control the spread of the virus after the outbreak in the first half of 2020. The Group seized the business opportunities and witnessed a strong sales rebound in 2021. China was however unable to contain the pandemic when it resurged in the first quarter of 2022, facing increasingly infected cases emerged in many cities including the major cities. To contain the spreading of COVID-19, The Chinese government put forward zero-COVID policy and implemented stringent restrictive measures, including mass testing, contact tracing, quarantine for travellers and the patients. As the daily lives of the people were affected, the consumers had little appetite to spending. All these also put great pressure in conducting business in China. Frequent and prolonged lockdowns were widespread. Material supplies for production of goods and delivery of goods to our consumers were delayed. Livestreaming hours were limited or shortened. Depending on the progress of viral spread containment and the Chinese government attitude toward the disease, sales were volatile every quarter in the year. The business environment was difficult. The Group was unable to execute suitable business plans.

The business of marketing and distributing women's handbags has dropped noticeably. Total revenue for women's handbags amounted to RMB75.8 million, compared to RMB110.9 million in 2021. The demands for luggage and travel accessories continue to be low as travel restriction measures limited overseas travelling. The revenue for luggage and travel accessories was lowered by RMB4.0 million to RMB20.3 million. Total revenue for the year as a whole decreased by RMB39.1 million from RMB135.2 million to RMB96.1 million. To reserve our resources and energy, the Group's dedicated most effort in online marketing and online retail sales accounted for 89.0% of total revenue.

To manage the difficult operating environment, the Group continues to focus on online marketing and control operating costs. The Group focused on a few key e-commerce service providers, particularly a fast-growing social media platform, to achieve sales targets and exposed our brands. The Group has worked with a number of key opinion leaders ("KOLs") on live streaming online sales and has arranged regular marketing programs as many as possible during the lockdown periods. The marketing programs with targeted social media platform has so far been the effective way to reach out to our consumers.

In terms of revenue among the brands, ELLE and Jessie & Jane witnessed reduction by 20.1% and 71.8% respectively. The sales distribution was approximately 93.2% and 6.8% in 2022, compared to 82.9% and 17.1% in 2021.

## **Principal Risks and Uncertainties**

Our Group faces several risk and uncertainty factors that may affect the operating results and business prospects. There may have other risks and uncertainties in addition to those listed below which are not known to the Group or which may not be material now but could turn out to be material in the future. The followings are the key risks and uncertainties identified by the Group.

### **Market and Operational Risk**

If the Group fails to renew license agreement to the use of ELLE brand or maintain proper operation of the e-commerce platforms which are operated by third parties, it may result in monetary penalties and would have a material adverse effect on the Group.

Our products are sold in highly competitive markets that we compete in products development, product quality, competitive pricing; and adapt to fast changing consumer behavior. The markets we serve are seasonal and sensitive to domestic economic conditions and events which may cause our operating results to fluctuate.

Our future success depends to a significant degree upon the continued contributions of our management team and key personnel.

### **Financial Risk**

The Group's business operations is exposed to risks from liquidity, interest rates, credit and exchange rates.

### **Relationship with Key Stakeholders**

Business relationship with customers and suppliers are crucial for business success. The Company is dedicated to create fair manner while balancing interests of various stakeholders of our Group. We engage our employees, customers, business partners and community through variety of stakeholder engagement channels. The Group provides quality service and products to our customers. The Group also viewed our suppliers as strategic partner. Lastly the Group values its employees as one of its greatest strengths and assets and strive to provide equal opportunities to employees.



## FINANCIAL REVIEW

### Revenue

The Group's total revenue decreased by RMB39.1 million to RMB96.1 million (2021: RMB135.2 million).

In term of revenue by sales channels, the Group achieved RMB85.5 million sales from online retail sales (2021: RMB125.9 million), representing 89.0% of total sales (2021: 93.1%). Wholesale to online retailers slightly increased to RMB9.5 million (2021: RMB6.7 million). Total sales related to these online businesses amounted to RMB95.0 million (2021: RMB132.6 million), representing a decline of 28.4% compared to 2021. Online businesses amounted to 98.9% of total sales (2021: 98.1%).

Offline retail sales dropped to RMB0.7 million (2021: RMB0.9 million). Wholesale to offline retailers declined to RMB0.4 million (2021: RMB1.7 million). These offline businesses recorded total sales of RMB1.1 million (2021: RMB2.6 million). The offline businesses recorded 57.7% reduction. Offline businesses amounted to 1.1% of total sales (2021: 1.9%).

Among the distribution channels, the revenue of online retail sales, offline retail sales, and wholesale to offline dropped by approximately 32.1%, 19.6%, and 75.3% respectively. The revenue of wholesale to online retailers was managed to increase by 40.6%.

	2022		2021		Increase/ (Decrease)	Raise/ (Drop) rate
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Online Sales						
Online retail sales	<b>85,487</b>	<b>89.0%</b>	125,899	93.1%	(40,412)	(32.1%)
Wholesale to online retailers	<b>9,462</b>	<b>9.9%</b>	6,730	5.0%	2,732	40.6%
Offline Sales						
Offline retail sales	<b>705</b>	<b>0.7%</b>	877	0.7%	(172)	(19.6%)
Wholesale to offline retailers	<b>416</b>	<b>0.4%</b>	1,687	1.2%	(1,271)	(75.3%)
	<b><u>96,070</u></b>	<b><u>100.0%</u></b>	<b><u>135,193</u></b>	<b><u>100.0%</u></b>	<b><u>(39,123)</u></b>	<b><u>(28.9%)</u></b>

Revenue generated from ELLE products decreased to RMB89.6 million (2021: RMB112.1 million) with the revenue mainly from women handbag. Also, Jessie & Jane products witnessed reduced sale. The sales of Jessie & Jane products decreased to RMB6.6 million (2021: RMB23.1 million).

	2022		2021		Decrease	Drop
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
ELLE	<b>89,563</b>	<b>93.2%</b>	112,139	82.9%	(22,576)	(20.1%)
Jessie & Jane	<b>6,507</b>	<b>6.8%</b>	23,054	17.1%	(16,547)	(71.8%)
	<b><u>96,070</u></b>	<b><u>100.0%</u></b>	<b><u>135,193</u></b>	<b><u>100.0%</u></b>	<b><u>(39,123)</u></b>	<b><u>(28.9%)</u></b>

The Group's revenue dropped by approximately RMB39.1 million, or 28.9%, from approximately RMB135.2 million in 2021 to approximately RMB96.1 million in 2022. As the impact from resurging COVID-19 in China has lingered, consumer confidence has dropped to a low level and local consumption diminished noticeably. Despite the Group strategically focuses on online sales to better utilize our resources, the negative impact on both brands of ELLE and Jessie & Jane was obvious. The sales of the brands dropped by 20.1% and 71.8% respectively. Both the business lines of distributing women's handbags and luggage and accessories were under great pressure during the period.

For further detailed discussion on the Group's business performance, please refer to the paragraph headed "Business Review" above.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit decreased by approximately RMB21.0 million, or 28.8%, from approximately RMB72.9 million to approximately RMB51.9 million. The decrease was largely attributable to the decline in revenue. Our gross profit margin for 2022 and 2021 were approximately 54.0% and 53.9% respectively, which represent 0.1% margin increase. Due to depressed sales arising from COVID-19, the Group was unable to command for higher selling prices.

### **Selling and Distribution Costs**

The Group's selling and distribution costs decreased by approximately RMB18.8 million, or 26.3%, from approximately RMB71.4 million to approximately RMB52.6 million. The drop was mainly attributable to lower expenses in (i) sale commission, (ii) marketing shop expenses, (iii) advertising, (iv) royalty, and (v) delivery costs. As the volume of sale activities reduced, corresponding variable selling and distribution costs, including sale commission, royalty and delivery costs, dropped accordingly. To contain marketing costs, marketing expenses and advertising were restricted to minimal to support necessary marketing activities.

## **Administrative and Other Operating Expenses**

The Group's administrative and other operating expenses slightly increased by approximately RMB0.2 million, or 1.2%, from approximately RMB17.2 million to approximately RMB17.4 million. The increase was mainly attributable to RMB3.1 million foreign exchange loss arising from unfavourable RMB movement and partly offset by decreased expenses in write-down of inventories to net realisable value and lease charges.

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO**

As at 31 December 2022,

- (a) the Group's total assets decreased to approximately RMB49.3 million (2021: approximately RMB59.4 million) while the total equity decreased to approximately RMB2.4 million (2021: approximately RMB18.1 million);
- (b) the Group's current assets decreased to approximately RMB42.1 million (2021: approximately RMB51.9 million) while the current liabilities increased to approximately RMB42.2 million (2021: approximately RMB41.2 million);
- (c) the Group had approximately RMB9.7 million in cash and cash equivalents (2021: approximately RMB4.9 million), and the current ratio of the Group was approximately 1.0 times (2021: approximately 1.3 times);
- (d) the Group had bank borrowings of approximately RMB21.0 million (2021: approximately RMB17.9 million), leaving RMB41.5 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 1,053.0% (2021: approximately 98.8%).

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 profile of bank borrowings, and free cash on hand. During the years, the shareholders and a director has provided a RMB4.5 million (equivalent to HK\$5 million) loan to the Group to strengthen working capital.

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

## **CAPITAL EXPENDITURE**

During the year ended 31 December 2022, the Group invested approximately RMB513,000 (2021: RMB1.1 million) and RMB16,000 (2021: RMB14,000) on the acquisition of property, plant and equipment and intangible assets respectively. Capital expenditure was principally funded by internal resources.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as disclosed in note 15 to the consolidated financial statements, the Group had no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2022 (2021: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group had no material contingent liabilities or off-balance sheet obligation (2021: Nil).

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

Save as disclosed in note 14 to the consolidated financial statements, as at 31 December 2022, the Group did not have any assets pledged to secure general banking facilities (2021: Nil).

## **PROSPECT**

The Chinese government finally abandons its zero-Covid policy. Since it has lifted various restrictive measures and encountered sky rocketing infected cases, the spread of the virus has levelled off. Daily lives and businesses are returning to normal. With increasing individual and business activities, the Group has seen rebound in sales, particularly strong in the segment of distributing luggage and travel accessories in January and February 2023. The Group anticipates the rebound has just started and will continue for the rest of 2023.

The Group will execute more marketing plans in delivering live-streaming programs. In addition to third party KOLs, the Group has been training up internal sale staffs for marketing our products. The Group is cautiously optimistic that 2023 will be a much better year than 2022.

## **FOREIGN CURRENCY EXPOSURE**

The Group's businesses are solely operated in China. The sales and purchases are mainly denominated in Renminbi ("RMB") and customers rarely request to settle our billing by other foreign currencies such as United States dollar and Hong Kong dollar ("HK\$").

The Directors are of the view that the Group's operations are not subject to significant foreign exchange rate risks. 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 31 December 2022, the Group had 55 employees (2021: 60) 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 RMB10.5 million for the year ended 31 December 2022 (2021: RMB10.7 million). The remuneration packages of the Group's employees include salaries, bonus, retirement benefit scheme contributions and other benefits. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff during the year ended 31 December 2022 are generally appreciated and recognized.

## **FINAL DIVIDEND**

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2022. (2021: Nil)

## **ANNUAL GENERAL MEETING**

The Annual General Meeting ("the AGM") of the Company will be held on 20 June 2023 (Tuesday). The notice of AGM, which constitutes part of the circular to shareholders, will be sent together with the 2022 Annual Report in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from 15 June 2023 to 20 June 2023, both days inclusive during which period no share transfer will be registered. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's

branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 2:30 p.m. on 14 June 2023

## **CORPORATE GOVERNANCE CODE**

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 year ended 31 December 2022 period, the Company has complied with the applicable code provisions of the CG Code.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct ("Code of Conduct") regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct throughout the year ended 31 December 2022 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 15 December 2017 with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company. The Audit Committee comprises three independent non-executive Directors, namely Mr. Won Chik Kee, Mr. Feng Dai and Ms. Sit Ting Fong. Mr. Won Chik Kee is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the Company's internal control and risk management system, overseeing the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles, reviewing the relationship with the external auditor and its independence assessment and the adequacy of resources, qualifications and experience of the Company's accounting staff, their training programs and budget.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2022.

## **SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) and on the Company's website at [www.sling-inc.com.hk](http://www.sling-inc.com.hk). The 2022 Annual Report of the Company will be dispatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 March 2023

*As at the date of this announcement, the executive Directors of the Company 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.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

*This announcement will remain on GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least seven days from the date of its posting and the Company website at [www.sling-inc.com.hk](http://www.sling-inc.com.hk).*