

TARGET

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SLING GROUP HOLDINGS LTD: LOSSES, LOSSES AND MORE LOSSES ... WITH A MASSIVE IMPOVERSHIPMENT OF SHAREHOLDERS' FUNDS

Whilst it is true that Sling Group Holdings Ltd (森浩集團股份有限公司) (Code: 8285, The Growth Enterprise Market [the GEM], The Stock Exchange of Hongkong Ltd) has only had a relatively short history of just four calendar years as a publicly listed company, its shares, having been traded on the Secondary Equity Market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), nevertheless, by present appearances, this Company is not faring well, at all.

In respect of the 2021 Financial Year, ended December 31, at first glance, one could be terrible misled about the Company's financials – but only for a very short space of time.

On scanning the following table, extracted from the '*Consolidated Statement of Profit or Loss and Other Comprehensive Income*' and '*Consolidated Statement of Financial Position*', found at Pages 70 and 71 of the 2021 Annual Report, one could easily be confounded on noting the Revenue and the Gross Profit because, inter alia, as one engages in a little arithmetic, a very different picture of the Company emerges.

The following table, the highlights of which **TARGET** (泰達財經) interpolated from the given data, are as follows:

	For The Year, Ended December 31		Percentage Increase/(Decrease) *
	2021	2020	
	All Figures Are Denominated In Renminbi (RMB) (Except where otherwise stipulated)		
Revenue	135,193	88,548	52.68
Gross Profit	72,930	40,510	80.03
Gross Profit Margin*	53.95 percent	45.75 percent	17.92
Loss Before Income Tax	(11,039)	(17,318)	(36.26)
Loss For The Year	(10,111)	(16,906)	(40.19)
Net Loss Attributable To Shareholders	(8,598)	(16,010)	(46.30)
Loss Per Share Attributable To Shareholders Of The Company	(1.54 RMB Cents)	(2.86 RMB Cents)	(46.15)

* These are **TARGET**'s calculations.

At the following Page 71, under the subheading, '**Current Assets**', it was noted that '**Cash and Bank Balances**', as at December 31, 2021, stood at RMB4,892,000.00 (2020: RMB13,845,000.00).

Under the subheading, '**Current Liabilities**', also at Page 71, it was shown that '**Bank Borrowings**', as at December 31, 2021, stood at RMB17,861,000.00 (2020: RMB16,516,000.00).

Turning to the next Page 72, under the heading, '**EQUITY**', the following was shown:

'Equity attributable to equity holders of the Company' (Shareholders' Funds), as at December 31, 2021, stood at RMB19,296,000.00 (2020: RMB28,504,000.00).

Simply put, the Bottom Line in respect of the Shareholders of the Company have seen their funds eroded by about 32.30 percent within the 2021 Financial Year, compared to the 2020 Financial Year's figure.

The Business Of Sling Group Holdings Ltd

At Page 52 of the 2021 Annual Report of Sling Group Holdings Ltd, under the heading, '**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**', one was informed of the following:

'The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in (the) provision of design, promote and sell women's handbags, small leather goods and travel goods in the PRC.'

The Company's workforce, numbering 60 employees, all of whom are stationed in the HKSAR and the PRC, as at December 31, 2021.

It appears, on noting Page 101 of the 2021 Annual Report of the Company, that the Company aims at selling its finished products, exclusively in the PRC proper, being separate and distinct from the HKSAR of the PRC.

At Page 117 of the 2021 Annual Report, the matter of '**DEFERRED TAX**' was mentioned as follows:

'As at 31 December 2021, the Group has estimated tax losses arising in the PRC of approximately RMB41,504,000 (2020: RMB35,013,000) and the tax loss not recognised is approximately RMB10,376,000 (2020: RMB8,753,000) that will expire five years after the relevant accounting year end for offsetting against future taxable profits of the companies in which the losses arose.'

'As at 31 December 2021, the aggregate amount of temporary differences associated with the undistributed profits of the Company's PRC subsidiaries amounted to approximately RMB4,420,000 (2020:

RMB4,735,000). Deferred income tax liabilities have not been recognised amounting to approximately RMB221,000 (2020: RMB237,000) in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries.’

As shown at Page 132 of the 2021 Annual Report, a Financial Summary was presented, hereby reproduced verbatim, indicating, inter alia, that Sling Group Holdings Ltd had suffered losses since its listing on the GEM, that successful exercise, being January 16, 2018:

<i>‘Consolidated results</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue</i>	<i>208,983</i>	<i>141,081</i>	<i>146,106</i>	<i>88,548</i>	<i>135,193</i>
<i>Listing expenses</i>	<i>(13,169)</i>	<i>(106)</i>	<i>—</i>	<i>—</i>	<i>—</i>
<i>Profit/(Loss) before income tax</i>	<i>8,637</i>	<i>(5,506)</i>	<i>(13,901)</i>	<i>(17,318)</i>	<i>(11,039)</i>
<i>Income tax (expense)/credit</i>	<i>(4,798)</i>	<i>245</i>	<i>(2,201)</i>	<i>412</i>	<i>928</i>
<i>Profit/(Loss) for the year</i>	<i>3,839</i>	<i>(5,261)</i>	<i>(16,102)</i>	<i>(16,906)</i>	<i>(10,111)</i>
<i>Total comprehensive income/(loss) for the year attributable to equity holders of the Company</i>	<i>4,901</i>	<i>(2,411)</i>	<i>(16,350)</i>	<i>(17,420)</i>	<i>(9,208)</i>
<i>Consolidated assets and liabilities</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Total assets</i>	<i>105,410</i>	<i>91,140</i>	<i>86,163</i>	<i>64,322</i>	<i>59,366</i>
<i>Total liabilities</i>	<i>(75,438)</i>	<i>(25,155)</i>	<i>(39,053)</i>	<i>(35,528)</i>	<i>(41,293)</i>
<i>Total equity</i>	<i>29,972</i>	<i>65,985</i>	<i>47,110</i>	<i>28,794</i>	<i>18,073</i>

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