

CONTENTS

Corporate Profile	2	Unaudited Condensed Consolidated Statement of Financial Position	22
Corporate Information	3	Unaudited Condensed Consolidated Statement of Changes in Equity	24
Financial Highlights	5	Unaudited Condensed Consolidated Statement of Cash Flows	25
Management Discussion and Analysis	6	Notes to Unaudited Condensed Consolidated Financial Statement	26
Other Information	15		
Unaudited Condensed Consolidated Statement of Comprehensive Income	20		



COMPANY PROFILE

UNQ Holdings Limited (the “Company” or “We”, together with its subsidiaries, the “Group”) is a leading brand e-commerce retail and wholesale solutions provider in China, strategically focused on Japanese-branded fast-moving consumer goods, including personal care products for adults, personal care products for babies, beauty products, health products and others. The Group maintained long-term and in-depth cooperation with major brand partners and e-commerce platforms. In the first half of 2021, the Group’s overall business continued to maintain steady growth, with its sales revenue of RMB1,481 million, representing an increase of 17.4% as compared with the same period of last year.

The Group acts as the bridge between brand partners, e-commerce platforms and customers in China. We operate our business primarily through distribution method and service fee method. Under the distribution model, we purchase products from selected brand partners, manage Chinese and cross-border supply chains, identify and reach target customers through omnichannel marketing, and sell products to customers through online marketplace stores operated by us, which we refer to as our business-to-customer, or B2C model, or to e-commerce platforms or other distributors, which, in turn, sell to customers, which we refer to as our business-to-business, or B2B model. Under the service fee method, as a supplement to the B2C and B2B models, we also provide our solutions to brand partners or other customers for service fees. In the first half of 2021, the Group’s sales revenue from general trade and cross-border e-commerce under the B2B model increased by 20.4% and 17.4% respectively as compared with the same period of last year, while the Group’s sales revenue from general trade and cross-border e-commerce under the B2C model increased by 17.9% and 12.4% respectively as compared with the same period of last year, and there was a significant growth in the revenue under the service fee model.

The Group will be continuously and deeply engaged in its business areas and improve its overall operational efficiency. Meanwhile, it will keep up with the industry development trend, gain insight into consumer demand, provide more forward-looking operational services for brand partners, drive more spending traffic to e-commerce platforms and offer more high-quality and interesting products to customers.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. WANG Yong (*Chairman and Chief Executive Officer*)
Mr. SHEN Yu
Mr. MATSUMOTO Ryoji

Non-executive Director

Mr. NAKAYAMA Kokkei

Independent non-executive Directors

Mr. NG Kam Wah Webster
Mr. WEI Hang
Ms. XIN Honghua

JOINT COMPANY SECRETARIES

Mr. SHEN Yu
Ms. SZETO Kar Yee Cynthia (*ACG, ACS*)

AUDIT COMMITTEE

Mr. NG Kam Wah Webster (*Chairman*)
Mr. WEI Hang
Ms. XIN Honghua

REMUNERATION COMMITTEE

Mr. WEI Hang (*Chairman*)
Ms. XIN Honghua
Mr. WANG Yong

NOMINATION COMMITTEE

Mr. WANG Yong (*Chairman*)
Mr. NG Kam Wah Webster
Mr. WEI Hang

AUTHORIZED REPRESENTATIVES

Mr. SHEN Yu
Ms. SZETO Kar Yee Cynthia (*ACG, ACS*)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISORS

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER

Maxa Capital Limited
Flat 08, 19/F, Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HEAD OFFICE

17F, Tower C, LCM Square
No. 4, Lane 2389, Zhangyang Road
Pudong New Area
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKS

DBS (Hong Kong) Limited
11/F, The Center
99 Queen's Road Central
Hong Kong

Sumitomo Mitsui Banking Corporation, Hong Kong Branch
7/F-8/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

STOCK CODE

2177

COMPANY'S WEBSITE

www.youquhui.com

LISTING DATE

July 12, 2021

FINANCIAL HIGHLIGHTS

Steady growth in business performance

- Revenue in the first half of 2021 increased by 17.4% over the same period last year to RMB1,481 million
- Further solidified the Group's leading position in the e-commerce solutions market of Japanese-branded fast-moving consumer goods

Further improvement in gross profit margin with increased selling and marketing expenses

- Gross profit margin in the first half of 2021 was 32.2%, an increase of 0.4% over the same period last year, and operating profit margin was 4.5%
- Focused on increasing investment in new channels and new business forms such as Douyin and Pinduoduo

Net profit turned positive

- There was no preference share fee impact in the current period

Significant improvement in the net operating cash flow

- Operating cash flow became positive, with significant improvement in the net operating cash flow

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2021, the COVID-19 pandemic remained quite severe around the globe, however in Mainland China where the Group operated its main businesses, the situation was basically stable, which provided a good external environment for our business development.

From the industry perspective, the overall online retail market in mainland China continued to grow with innovations in business models. The performance of live streaming e-commerce, short-form video e-commerce, rural residents based e-commerce, and real-time delivery grew rapidly, in response to the increasingly diversified and personalized demands. The Group maintained a stable and good cooperative relationship with major brands partners and platforms, and achieved steady growth in businesses. Meanwhile, we actively utilized resources and explored business opportunities in platforms like Douyin, Kuaishou, and Pinduoduo.

ANALYSIS OF KEY FINANCIAL DATA

Revenue

In the first half of 2021, the Group's overall business continued to maintain steady growth, and total revenue increased by 17.4% over the same period last year, mainly benefited from the stable and good cooperative relationships with major brands partners and platforms, and the stable development of the personal care, mother and infant categories and traditional e-commerce channel business in which the Group has been deeply engaged for years. Meanwhile, up-and-coming brands incubated by us such as Attenir grew rapidly, and the over-the-counter (the "OTC") drugs category also showed momentum of good growth.

In addition, the Group continuously expanded and optimized its sales channels, and vigorously increased our expenditure in short-form video and social e-commerce channels. In June 2021 solely, gross merchandise volume of our stores on Douyin and Pinduoduo exceeded RMB8 million, representing a surge of 685% as compared with the same month of last year. We believe that our resources investment in the channels will help the Group to further secure new point of growth in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by business lines

	Unaudited			
	For the six months ended June 30,			
	2021		2020	
	Revenue	Percentage	Revenue	Percentage
	<i>(RMB in thousands except for percentages)</i>			
Sales of goods				
B2B	699,694	47.2	586,238	46.5
General trade	467,180	31.5	388,131	30.8
Cross-border e-commerce	232,514	15.7	198,107	15.7
B2C	768,362	51.9	668,978	53.0
General trade	352,331	23.8	298,778	23.7
Cross-border e-commerce	416,031	28.1	370,200	29.3
Provision of services	<u>13,043</u>	<u>0.9</u>	<u>6,701</u>	<u>0.5</u>
Total	<u>1,481,099</u>	<u>100.0</u>	<u>1,261,917</u>	<u>100.0</u>

Revenue from B2B general trade increased by 20.4% as compared with the same period of last year, mainly due to larger investment by the Group in the promotion of personal care products and mother and infant products on Tmall Supermarket platform.

Revenue from B2B cross-border e-commerce increased by 17.4% as compared with the same period of last year, mainly due to the year-on-year increase of over 60% in sales in the channel as a result of deepening by the Group of its cooperation with an important personal care brand and JD Worldwide platform.

Revenue from B2C general trade increased by 17.9% as compared with the same period of last year, mainly due to the steady growth of various product categories of the Group, while the brand business strategy of a brand for mothers and infants was changed from cross-border e-commerce to general trade, with the year-on-year increase of over 90% in the sales.

Despite a decrease in revenue from cross-border business as a result of the shift of the business strategy focus of the brand for mothers and infants from cross-border e-commerce to general trade, revenue from B2C cross-border e-commerce increased by 12.4% as compared with the same period of last year, as some up-and-coming brands including Attenir achieved well growth during the period, and certain OTC drug brands grew rapidly.

Revenue from the provision of services increased significantly in the period, mainly due to the Group's use of its business capability of supply chain management to expand its business of providing independent logistics services to third parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales of goods revenue by product categories

	Unaudited			
	For the six months ended June 30, 2021		2020	
	Sales of goods revenue	% of revenue	Sales of goods revenue	% of revenue
	<i>(RMB in thousands except for percentages)</i>			
Personal care products for adults	919,613	62.6	733,839	58.5
Personal care products for babies	247,295	16.8	234,050	18.6
Beauty products	172,798	11.8	179,238	14.3
Health products	80,591	5.5	71,420	5.7
Others	47,759	3.3	36,669	2.9
Total	1,468,056	100.0	1,255,216	100.0

Note: Others mainly include household necessities.

During the six months ended June 30, 2021, revenue from personal care products for adults increased, primarily due to the significant increases in sales of products of an important brand of personal care for adults on various platforms.

Gross profit and gross profit margin

For the six months ended June 30 2021, the Group's overall gross profit margin was 32.2%, compared with 31.8% in the same period last year. The increase in gross profit was resulted from the Group's above-mentioned efforts to broaden and optimize the channels.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin by business lines

	Unaudited			
	Six months ended June 30,			
	2021		2020	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	<i>(RMB in thousands except for percentages)</i>			
Sales of goods				
B2B	104,157	14.9	70,315	12.0
General trade	67,953	14.5	49,437	12.7
Cross-border e-commerce	36,204	15.6	20,878	10.5
B2C	368,219	47.9	326,376	48.8
General trade	157,741	44.8	148,161	49.6
Cross-border e-commerce	210,478	50.6	178,215	48.1
Provision of services	4,271	32.7	4,040	60.3
Total	<u>476,647</u>	<u>32.2</u>	<u>400,731</u>	<u>31.8</u>

The gross profit margin of B2B general trade increased by 1.8% as compared with the same period of last year, mainly due to a slight increase in the gross margin as a result of greater efforts of the Group for promotion and obtaining of support from brand owners in relation to promotion expenses.

The gross profit margin of B2B cross-border e-commerce increased by 5.1% as compared with the same period of last year, mainly due to the significant sales growth and higher gross profit margin of an important personal care brand with which the Group deepened its cooperation on JD Worldwide platform.

The gross profit margin of B2C general trade decreased by 4.8% as compared with the same period of last year, mainly due to the adjustment of the business strategy focus of a mother and infant brand, to give up a share of gross profits for further stabilizing and increasing the market share.

The gross profit margin of B2C cross-border e-commerce increased by 2.5% as compared with the same period of last year, mainly due to the increase in the overall gross margin of the Group in the channel as a result of higher gross profits of up-and-coming brands including Attenir, and certain OTC drug brands.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross margin in respect of sales of goods revenue by product categories

	Unaudited			
	Six months ended June 30,			
	2021		2020	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
	<i>(RMB in thousands except for percentages)</i>			
Personal care products for adults	252,166	27.4	211,701	28.8
Personal care products for babies	87,682	35.5	87,548	37.4
Beauty products	82,870	48.0	58,609	32.7
Health products	26,030	32.3	23,245	32.5
Others	23,628	49.5	15,588	42.5
Total	472,376	32.2	396,691	31.6

Note: Others mainly include household necessities.

During the six months ended June 30, 2021, the gross margins of all product categories remained generally stable. Compared with the same period of 2020, the gross margin of beauty products significantly increased, primarily due to the adjustment of the Group in brand portfolio, in which the Group focused on brands with higher gross profit, and increased sales of these brands through B2C cross-border e-commerce, which generally enjoyed higher gross margin than B2B model and general trade, respectively.

SELLING AND MARKETING EXPENSES

For the six months ended June 30, 2021, the increase in selling and marketing expenses of the Group was mainly attributable to the increase in marketing expenses and human resources costs from front offices. In response to the changes in spending behaviors in the market, the Group kept abreast of the current mainstream promotion methods, such as live streaming activities with top key opinion leaders, and tried to use novel promotion models, such as smart advertising. In line with the rise of short-form video and social e-commerce channels, the Group also increased its advertisement investment in the emerging channels and has established teams for short video, multi-channel network, live streaming media, customer service and private traffic respectively.

GENERAL AND ADMINISTRATIVE EXPENSES

For the six months ended June 30, 2021, the general and administrative expenses of the Group decreased by 4.1% as compared with the same period of last year, as a result of the decrease in listing expenses of the Group. The increase in interest expenses was mainly due to the increase in bank borrowings to cope with the fast-growing purchase demand.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PROFIT AND EARNINGS PER SHARE

For the six months ended June 30, 2021, operating profit of the Group decreased slightly as compared with the same period last year as a result of the increase in the Group's selling and marketing expenses.

For the six months ended June 30, 2021, earnings per share of the Group, if based on the number of shares before listing but after the share expansion, was RMB0.26, compared with a loss of RMB0.48 for the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended June 30, 2021, the Group mainly used cash generated from operations and bank borrowings to meet its cash demand. As of June 30, 2021, cash and cash equivalents were RMB326 million. Cash and cash equivalents include monetary funds, bank deposits and other short-term highly liquid investments with original maturities of up to three months (inclusive). Most of the Group's cash and cash equivalents are presented in RMB, USD and JPY.

The cash flows for the six months ended June 30, 2020 and the six months ended June 30, 2021 are as follows:

	Unaudited	
	Six months ended June 30,	
	2021	2020
	(RMB'000)	(RMB'000)
Net cash used in operating activities	(36,097)	(233,140)
Net cash generated from investing activities	66,552	35,040
Net cash generated from/(used in) financing activities	68,920	(113,343)
Net increase/(decrease) in cash and cash equivalents	99,375	(311,443)
Opening cash and cash equivalents	252,334	538,561
Effect on exchange rate difference	(26,159)	11,961
Closing cash and cash equivalents	325,550	239,079

NET CASH USED IN OPERATING ACTIVITIES

Net cash used in operating activities means cash generated from/(used in) operations plus interest received less income tax paid. Cash generated from/(used in) operations mainly includes profit before income tax adjusted by non-cash items and changes in working capital.

For the six months ended June 30, 2021, net cash used in operating activities was RMB36 million, calculated as cash generated from operations of RMB1 million less income tax paid of RMB37 million.

Cash generated from operations mainly arose out of profit before income tax of RMB52 million adjusted by interest expenses of RMB18 million, the increase of RMB100 million in inventories and the increase of RMB43 million in operating trade receivables, partially offset by the decrease of RMB83 million in other current assets.

MANAGEMENT DISCUSSION AND ANALYSIS

NET CASH GENERATED FROM INVESTING ACTIVITIES

For the six months ended June 30, 2021, net cash generated from investing activities was RMB67 million, mainly due to loan repayment of RMB63 million by related parties.

NET CASH GENERATED FROM FINANCING ACTIVITIES

For the six months ended June 30, 2021, net cash generated from financing activities was RMB69 million, mainly due to the net change of RMB94 million in borrowings.

CHANGES ON MAJOR ASSETS

The increase in inventory as of June 30, 2021 was mainly due to the increase in the Group's sales in the first half of the year and the corresponding increase in stocking. In addition, in view of the resurgence of COVID-19 pandemic at home and abroad, the Group also increased the stock of products to deal with the possible impact of COVID-19 pandemic on its supply chain. As of June 30, 2021, the decrease in other receivables of the Group was mainly due to the recovery of loans from related parties. The decrease in other current assets as of June 30, 2021 was mainly attributable to the timely collection of Japanese consumption tax receivable.

CAPITAL STRUCTURE

There was no significant change in the capital structure of the Group as at June 30, 2021 as compared with that as at December 31, 2020. As at June 30, 2021, the gearing ratio of the Group was 65%, which was calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including interest-bearing borrowings and lease liabilities) less cash and cash equivalents, and liquid investment which are financial assets at fair value through profit or loss.

BANK AND OTHER BORROWINGS, CHARGES ON ASSETS

During the six months ended June 30, 2021, the Group adopted proactive financing policies.

As at June 30, 2021, the Group's total borrowings were RMB718 million, mainly consisting of bank borrowings. As at June 30, 2021, among the Group's borrowings, total borrowings of an equivalent of RMB246 million were secured by mortgaging inventories or account receivables, while borrowings of an equivalent of RMB233 million were guaranteed by members of the Group or external banks. As at June 30, 2021, among the Group's borrowings, total borrowings of an equivalent of RMB471.4 million are at a fixed interest rate.

The abovementioned borrowings have effectively strengthened the Group's resilience against uncertain risks brought about by the COVID-19 pandemic, and provided sufficient capital reserve for the policy operation and rapid development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BANK LOAN CONDITIONS

UNQ Hong Kong Limited, a subsidiary of the Group, signed Banking Facilities Contracts with DBS Bank (Hong Kong) Limited on February 5, 2021 for a total credit loan of up to RMB22,000,000 and HK\$205,000,000. One of the conditions for DBS Bank (Hong Kong) Limited to provide the credit loan is that Mr. WANG Yong shall continue to be a substantial beneficial shareholder of the Company. If Mr. WANG Yong ceases to be a substantial beneficial shareholder of the Company and the Group fails to negotiate an acceptable solution with DBS Bank (Hong Kong) Limited, UNQ Hong Kong Limited may lose the source of the loan proceeds. As of June 30, 2021, the balance of the loan obtained by UNQ Hong Kong Limited from DBS Bank (Hong Kong) Limited was US\$24,472,936.88.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

During the six months ended June 30, 2021, the capital expenditure of the Group was RMB3.3 million (RMB5.9 million in the same period of 2020), primarily for the renovation of offices. As at June 30, 2021, the Group had no material capital commitment.

FUTURE PLANS OF MAJOR INVESTMENTS AND CAPITAL ASSETS

As at June 30, 2021, the Group did not have any other plans of major investments and capital assets.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments in any other companies' equity interest during the six months ended June 30, 2021.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

The Group did not have material acquisition or disposal of subsidiaries and associates during the six months ended June 30, 2021.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2021, the Group had a total of 812 employees, most of whom were resident in China, including Shanghai, Hangzhou and Beijing. The remuneration offered by the Group is determined with reference to the market conditions and the performance, qualifications and experience of employees. Based on the performance of the Group and employees, the Group offers competitive remuneration packages to retain employees, including salaries, discretionary bonuses and benefit plans. In addition to on-the-job training, we also adopt a training policy to provide employees with various internal and external trainings. During the reporting period, the relationship between the Company and its employees was stable. We were not subject to any strikes or other labor disputes that had a significant impact on our business activities.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK

During the six months ended June 30, 2021, the Group mainly operated its businesses in mainland China, with most transactions settled in RMB. Foreign exchange risk means the risk of loss arising out of changes in foreign exchange rates. Fluctuations in exchange rates between RMB and other currencies used for the Group's business operations may have an impact on our financial position and results of operations. The foreign exchange risk to which we are exposed mainly arises from the changes in the exchange rates of USD and JPY against RMB. The Group did not use financial instruments to hedge against any foreign currency fluctuations in the first half of 2021 (the first half of 2020: Nil).

CONTINGENT LIABILITIES

As at June 30, 2021, the Group did not have any material contingent liabilities.

SUBSEQUENT EVENTS

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on July 12, 2021 (the "Listing Date"). The prospectus of the Company dated June 28, 2021 (the "Prospectus") was published on the websites of the Company (www.youquhui.com) and the Stock Exchange (www.hkexnews.hk).

OUTLOOK

According to the announcements of the PRC government, the PRC government is leading the improvement of support policies for cross-border e-commerce development, including expansion of the scope of cross-border e-commerce comprehensive pilot zones, optimization of the list of cross-border e-commerce retail imports, and facilitation of the management of cross-border e-commerce import and export goods returns and exchanges. Besides, government policies such as allowing couples to have three children and actively responding to aging population will also benefit the industry.

In the second half of 2021, we will continue to focus on the following development strategies:

- We will continue to be deeply engaged in Japan brands, and make efforts to cover more high-quality and interesting goods, so as to solidify the Group's leading position in the e-commerce solutions market of Japanese-branded fast-moving consumer goods;
- We will continue to increase our advertisement investment in short-term video e-commerce and social e-commerce channels including Douyin (抖音) and Kuaishou (快手), and make arrangements for private traffic management, etc., and strive to make them new sources of growth;
- We will continue to identify big data analysis and other investment opportunities that will help strengthen the service functions of the Group; and
- We will improve our financial position, effectively enhance inventory management, and continue to enrich our working capital.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code of corporate governance. Save as disclosed in this report, since the Listing Date to the date of this report (the “Relevant Period”), the Company has complied with all applicable code provisions as set out in the CG Code, except for Code Provision A.2.1 of the CG Code, which stipulates that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

The roles of chairman of the board of directors (the “Board”) and chief executive officer of our Company are currently performed by Mr. WANG Yong. In view of Mr. WANG Yong’s substantial contribution to our Group since our establishment and his extensive experience, the Group considers that having Mr. WANG Yong acting as both the chairman of the Board and chief executive officer of the Company will provide strong and consistent leadership to our Group and facilitate the efficient execution of business strategies of the Group. The Group considers it appropriate and beneficial to our Group’s business development and prospects that Mr. WANG Yong acts as both the chairman of the Board and chief executive officer of the Company, and therefore currently does not propose to separate the functions of chairman of the Board and chief executive officer of the Company.

While this would constitute a deviation from Code Provision A.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of the directors of the Company (the “Directors”), and our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. WANG Yong and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer of the Company is necessary.

HUMAN RESOURCES MANAGEMENT AND INTERNAL CONTROL

Employees are the foundation for the sustainable development of the Group. We are committed to providing equal employment opportunities for all qualified candidates, without employment discrimination based on age, nationality, race, religion, sexual orientation, gender, color, etc. Meanwhile, the Group has implemented a fair and reasonable remuneration management and performance appraisal system, and has provided internal training and sharing sessions that are beneficial to the career development of its employees.

OTHER INFORMATION

As at June 30, 2021, the Group had a total of 812 employees, of which 71% were female employees.

The Group is committed to maintaining a high standard of corporate governance. All employees should adhere to the Group's code of conduct. We regularly review and update our internal control policies, procedures and guidelines so that they comply with the latest external and internal control requirements. All new employees should receive necessary training. The Company has a dedicated mail to accept any report on misconducts. The internal audit department is responsible for conducting internal compliance review and reporting to the management. In the first half of 2021, 15 training sessions covering key employees were organized according to industry characteristics including information security protection.

CORPORATE SOCIAL RESPONSIBILITY

The Group has always regarded corporate social responsibility as an integral part of our operation activities, including energy conservation and emission reduction, green office, caring for employees and communities.

We signed a long-term co-construction agreement with Shanghai Changning Special Education School, and organized volunteers to participate in various activities of special children in the school from time to time, donating materials and accompanying them to grow up. In June 2021, we organized and participated in the tenth birthday activities of special children.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code during the Relevant Period.

INTERIM DIVIDEND

The Board has resolved that no interim dividends be declared for the six months ended June 30, 2021.

AUDIT COMMITTEE

The Board has established the audit committee ("Audit Committee"), which comprises three independent non-executive Directors, namely Mr. NG Kam Wah Webster, Mr. WEI Hang and Ms. XIN Honghua. Mr. NG Kam Wah Webster is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Company's financial information, and oversee the Company's financial reporting system, risk management and internal control procedures.

The interim financial information is unaudited and has not been reviewed by the auditors. The Audit Committee has jointly reviewed with the Board the unaudited condensed interim results of the Group for the six months ended June 30, 2021.

CHANGE IN INFORMATION OF DIRECTORS

The Directors have confirmed that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Relevant Period.

USE OF PROCEEDS FROM LISTING

The Company was listed on the Main Board of the Stock Exchange on July 12, 2021 with total net proceeds from the listing of approximately HK\$320 million after deducting underwriting fees, commissions and estimated expenses.

The proceeds from listing are and will continuously be used in accordance with the plans as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, namely:

Item	Percentage	Net proceeds (in HK\$ million)		
		Available	Utilized	Unutilized
For investing in social media marketing and advertising, growing proprietary brands, diversifying brand portfolios and strengthening supply chain management	54.3%	174	57	117
For diversifying our brand and product offerings for health products, in particular OTC drugs	15.7%	50	17	33
For enhancing our technology systems and data analytics capabilities	7.0%	22	2	20
For pursuing strategic investments in technology companies and O2O service providers	13.0%	42	0	42
For working capital and general corporate uses	10.0%	32	32	0
Total	100.0%	320	108	212

As at the date of this report, the remaining proceeds of approximately HK\$212 million will continue to be used in accordance with the purposes as set out in the Prospectus and are expected to be fully utilized within three years.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this report, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required 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 were 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 referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Interest in the shares of the Company:

Name of Director	Identity and nature of interest	Number of shares held ⁽¹⁾	Approximate percentage of equity interest
Mr. WANG Yong ("Mr. WANG") ⁽²⁾	Interest in controlled corporation	64,392,700	38.82%
Mr. MATSUMOTO Ryoji ("Mr. MATSUMOTO") ⁽³⁾	Interest in controlled corporation	1,000,000	0.60%

Notes:

- (1) All interests stated are long positions.
- (2) Wisdom Oasis Holdings Limited ("Wisdom Oasis"), which is wholly owned by Mr. WANG Yong, is interested in 64,392,700 ordinary shares of the Company, and thus Mr. WANG Yong is deemed to be interested in 64,392,700 ordinary shares of the Company.
- (3) Athena Land V Holdings Limited, which is wholly owned by Mr. MATSUMOTO Ryoji, is interested in 1,000,000 ordinary shares of the Company, and thus Mr. MATSUMOTO is deemed to be interested in 1,000,000 ordinary shares of the Company.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives of the Company had interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required 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 were 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 referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company, which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Identity and nature of interest	Number of shares held	Approximate percentage of equity interest
Wisdom Oasis	Beneficial owner	64,392,700	38.82%
Transcosmos Inc.	Beneficial owner	57,264,100	34.52%

Note:

(1) All interests stated are long positions.

Save as disclosed above, as at the date of this report, the Directors or chief executive of the Company were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report, during the Relevant Period, none of the Directors or their respective spouses or minor children were authorized to benefit from the purchase of shares or debentures of the Company, nor did they exercise any of these rights, and none of the Company or any of its holding companies, fellow subsidiaries and subsidiaries had entered into any arrangements that would enable the Directors to obtain such rights from any other companies.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

	Notes	Unaudited	
		Six months ended June 30,	
		2021	2020
		RMB'000	RMB'000
Revenue	5	1,481,099	1,261,917
Cost of revenue		(1,004,452)	(861,186)
Gross profit		476,647	400,731
Selling and marketing expenses	6	(364,563)	(275,096)
General and administrative expenses	6	(46,389)	(48,376)
Research and development expenses	6	(3,566)	(4,219)
Net impairment losses on financial assets	11	(859)	(6,219)
Other income		7,864	3,695
Other (losses)/gains – net		(2,480)	3,871
Operating profit		66,654	74,387
Finance costs – net	7	(17,733)	(8,247)
Fair value changes from preferred shares		–	(88,634)
Share of net profit of associates and joint ventures accounted for using the equity method		3,541	6,170
Profit/(loss) before income tax		52,462	(16,324)
Income tax expenses	8	(17,467)	(23,983)
Profit/(loss) for the period		34,995	(40,307)
Attributable to:			
– Owners of the Company		34,826	(40,066)
– Non-controlling interests		169	(241)
		34,995	(40,307)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

	Notes	Unaudited	
		Six months ended June 30,	
		2021	2020
		RMB'000	RMB'000
Other comprehensive income/(losses)			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive (losses)/income of associates and joint ventures accounted for using the equity method		(1,582)	178
Exchange differences on translation of foreign operations		(11,088)	5,981
Total other comprehensive income/(losses)		(12,670)	6,159
Total comprehensive income/(losses) for the period		22,325	(34,148)
Attributable to:			
– Equity holders of the Company		22,156	(33,907)
– Non-controlling interests		169	(241)
		22,325	(34,148)
Earnings/(losses) per share for profits/(losses) attributable to equity holders of the Company			
– Basic earnings/(losses) per share (RMB)	9	0.26	(0.48)
– Diluted earnings/(losses) per share (RMB)	9	0.26	(0.48)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Notes	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		33,594	34,893
Intangible assets		1,589	1,922
Deferred tax assets		27,407	25,830
Investments accounted for using the equity method		25,958	23,999
Total non-current assets		88,548	86,644
Current assets			
Inventories	10	759,730	659,361
Trade and other receivables	11	501,450	526,959
Other current assets		184,041	264,977
Restricted cash		4,150	3,200
Cash and cash equivalents		325,550	252,334
Total current assets		1,774,921	1,706,831
Total assets		1,863,469	1,793,475
EQUITY			
Share capital		–	–
Share premium		2,318,000	2,318,000
Other reserves		(1,494,074)	(1,481,399)
Accumulated losses		(183,044)	(217,870)
Equity attributable to equity holders of the Company		640,882	618,731
Non-controlling interests		(875)	(1,044)
Total equity		640,007	617,687

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Notes	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	12	48,196	42,305
Lease liabilities		10,642	14,983
Total non-current liabilities		58,838	57,288
Current liabilities			
Contract liabilities		48	3,425
Trade and other payables	13	465,269	489,620
Lease liabilities		11,355	9,722
Current tax liabilities		18,444	35,094
Borrowings	12	669,508	580,639
Total current liabilities		1,164,624	1,118,500
Total liabilities		1,223,462	1,175,788
Total equity and liabilities		1,863,469	1,793,475

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021

	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At January 1, 2021		-	2,318,000	(1,481,399)	(217,870)	618,731	(1,044)	617,687
Comprehensive income/(losses)								
Profit for the year		-	-	-	34,826	34,826	169	34,995
Other comprehensive losses		-	-	(12,670)	-	(12,670)	-	(12,670)
Transactions with owners:								
Distribution to shareholders		-	-	(5)	-	(5)	-	(5)
At June 30, 2021		-	2,318,000	(1,494,074)	(183,044)	640,882	(875)	640,007
At January 1, 2020		-	-	(125,397)	(220,677)	(346,074)	(73)	(346,147)
Comprehensive (losses)/income								
Loss for the period		-	-	-	(40,066)	(40,066)	(241)	(40,307)
Other comprehensive income		-	-	6,159	-	6,159	-	6,159
Transactions with owners:								
Issuance of ordinary shares		-	-	-	-	-	-	-
Extinguishment of preferred shares		-	-	977,867	3,895	981,762	-	981,762
Completion of Reorganization		-	2,318,000	(2,318,000)	-	-	-	-
At June 30, 2020		-	2,318,000	(1,459,371)	(256,848)	601,781	(314)	601,467

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	603	(197,922)
Interest received	270	4,235
Income tax paid	(36,970)	(39,453)
Net cash used in operating activities	(36,097)	(233,140)
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,330)	(4,841)
Purchases of intangible assets	–	(1,017)
Proceeds from disposal of property, plant and equipment	12	–
Acquisition of financial assets at fair value through profit or loss	(73,000)	(114,000)
Proceeds from disposal of financial assets at fair value through profit or loss and investment income	73,038	158,398
Repayment of loans by related parties	63,200	–
Repayment of loans by third parties	4,000	–
Interest received on loans	2,632	–
Net cash generated from investing activities	66,552	35,040
Cash flows from financing activities		
Proceeds from borrowings from third parties	1,007,830	523,914
Payment of listing expenses	(1,248)	(1,115)
Repayment of borrowings to third parties	(898,359)	(441,442)
Repayment of borrowings to related parties	(15,492)	(130,001)
Payment of guarantees for borrowings	–	(51,330)
Interest paid	(16,111)	(5,244)
Dividends distribution	–	(2,055)
Distribution to shareholders	(5)	–
Payments of lease liabilities	(7,695)	(6,070)
Net cash generated from/(used in) financing activities	68,920	(113,343)
Net increase/(decrease) in cash and cash equivalents	99,375	(311,443)
Cash and cash equivalents at beginning of the period	252,334	538,561
Effect on exchange rate difference	(26,159)	11,961
Cash and cash equivalents at end of the period	325,550	239,079

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

1 GENERAL INFORMATION

UNQ Holdings Limited (the “Company”) was incorporated in the Cayman Islands on October 31, 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (together, the “Group”) are principally engaged in (i) selling goods to customers (“Sales of Goods Business”), including Business To Business Model (“B2B”) and Business To Consumer Model (“B2C”); (ii) the facilitation of brand partners’ online operating services (“Online Operating Business”); (iii) the provision of digital marketing and other services (“Digital Marketing and Other Business”) (collectively, the “Listing Business”) in the People’s Republic of China (the “PRC”). Mr. Wang Yong is the ultimate controlling shareholder of the Company.

The Company completed its initial public offering (“IPO”) and listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited on July 12, 2021.

The unaudited condensed consolidated financial statement is presented in Renminbi thousand (RMB’000), unless otherwise stated.

The unaudited condensed consolidated financial statement was approved by the Board of Directors on August 19, 2021.

The condensed consolidated financial statement has not been audited.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statement for the six months ended June 30, 2021 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”. The unaudited condensed consolidated financial statement should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2020, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

- Covid-19-related Rent Concession – Amendments to IFRS 16
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

There is no significant impact of the new and amended standards.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

4 SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer. The CODM reviews the consolidated results of the Group as a whole when making decisions about allocating resources and assessing performance of the Group. The Group mainly operates in the PRC. As at December 31, 2020 and June 30, 2021, most of non-current assets were located in the PRC. All of the Group's revenue are derived from the PRC.

Thus no segment information was presented for the six month ended June 30, 2021.

5 REVENUE

(a) The revenue for the six months ended June 30, 2021 and 2020 are set out as follows:

	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
Sales of goods		
– B2B	699,694	586,238
– B2C	768,362	668,978
Provision of services		
– online operating services	1,126	4,315
– digital marketing and other services	11,917	2,386
	<u>1,481,099</u>	<u>1,261,917</u>

(b) Revenue by geographical markets

All the revenue of the Group was generated in the PRC during the six months ended June 30, 2021 and 2020 and in 2020.

(c) Information about major customers

During the six months ended June 30, 2021 and 2020, the revenue derived from external customers accounted for more than 10% of total revenue are set out below.

	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
Customer A	<u>472,464</u>	<u>361,181</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

6 EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Cost of goods sold	995,679	858,526
Sales and marketing expenses	172,876	115,047
Warehousing and logistic expenses	139,796	127,530
Employee benefit expenses	78,445	58,208
Listing expenses	10,807	13,547
Depreciation and amortization charges	9,174	7,467
Office expenses	2,783	2,741
Auditors' remuneration	500	649
Others	8,910	5,162
	<u>1,418,970</u>	<u>1,188,877</u>

7 FINANCE COSTS – NET

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Finance income:		
Bank interest income	<u>270</u>	<u>285</u>
Finance costs:		
Interest expense on borrowings	(17,228)	(7,778)
Interest expense on lease liabilities	<u>(775)</u>	<u>(754)</u>
	(18,003)	(8,532)
Finance costs – net	<u>(17,733)</u>	<u>(8,247)</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

8 INCOME TAX EXPENSES

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Current income tax	19,164	30,714
Deferred income tax	(1,697)	(6,731)
Income tax expenses	<u>17,467</u>	<u>23,983</u>

(a) Cayman Islands

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gains.

(b) British Virgin Islands

The Group's entities incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

(c) Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. Provision for Hong Kong profits tax was made on the assessable profits of entities within the Group incorporated in Hong Kong.

(d) Japan corporate income tax

Entities incorporated in Japan are subject to Japan corporate income tax at an effective statutory tax rate of approximately 30%.

(e) PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended June 30, 2021 and 2020.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

8 INCOME TAX EXPENSES *(Continued)*

(f) PRC withholding Tax (“WHT”)

According to the New Corporate Income Tax Law (“New CIT Law”), distribution of profits earned by PRC companies since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on if the foreign investor is considered as the beneficial owner of the dividend according to the double tax treaty (agreement) between China and the jurisdiction of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

9 EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

Basic earnings/(losses) per share for the six months ended June 30, 2021 and 2020 is calculated by dividing the profit/(losses) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the interim periods.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the six months ended June 30, 2021 and June 30, 2020 has been retroactively adjusted for the capitalisation of the share premium account arose from the IPO of the Company.

	Unaudited	
	Six months ended June 30,	
	2021	2020
Net profit/(losses) attributable to equity holders of the Company (RMB'000)	34,826	(40,066)
Weighted average number of ordinary shares in issue	135,204,100	83,603,500
Basic earnings/(losses) per share (expressed in RMB per share)	<u>0.26</u>	<u>(0.48)</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

9 EARNINGS/(LOSSES) PER SHARE *(Continued)*

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred losses for the six months ended June 30, 2020, the potential ordinary shares were not included in the calculation of dilutive earnings/(losses) per share, as their inclusion would be anti-dilutive. Accordingly, diluted earnings (losses) per share for the six months ended June 30, 2020 are same as basic losses per share of respective periods.

For the six months ended June 30, 2021 and 2020, diluted earnings per share was calculated by considering that the preferred shares issued by the Company were excluded from the diluted weighted average number of ordinary shares calculation, as their effect would have been anti-dilutive.

	Unaudited	
	Six months ended June 30,	
	2021	2020
Net profit/(losses) attributable to equity holders of the Company (RMB'000)	34,826	(40,066)
Weighted average number of ordinary shares in issue	135,204,100	83,603,500
Weighted average number of ordinary shares for calculation of diluted earnings/(losses) per share	135,204,100	83,603,500
Diluted earnings/(losses) per share (expressed in RMB per share)	<u>0.26</u>	<u>(0.48)</u>

10 INVENTORIES

	Unaudited	Audited
	June 30, 2021	December 31, 2020
	RMB'000	RMB'000
Merchant goods	799,629	702,490
Less: provision	<u>(39,899)</u>	<u>(43,129)</u>
	<u>759,730</u>	<u>659,361</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

10 INVENTORIES (Continued)

Movements on the Group's allowance for provision of inventories are as follows:

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
At beginning of period	43,129	18,498
Charge for the period		
– charge to profit or loss	(64)	9,593
– exchange differences	(484)	122
Write-off for the period	(2,682)	(3,289)
At end of period	39,899	24,924

11 TRADE AND OTHER RECEIVABLES

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheets:

	Unaudited	Audited
	June 30, 2021	December 31, 2020
	RMB'000	RMB'000
Trade receivables		
– Related parties	57,813	50,972
– Third parties	279,141	205,058
	336,954	256,030
Other receivables		
– Related parties	46,307	115,904
– Third parties	129,773	165,746
	176,080	281,650
Less: allowance for impairment	11,584	10,721
Net trade and other receivables	501,450	526,959

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

11 TRADE AND OTHER RECEIVABLES *(Continued)*

- (a) Sales of goods under lump sum basis are received in accordance with the terms of the relevant agreements. Sales income is due for payment by the customer upon the issuance of invoices. For online operating services and digital marketing services, customers are generally given a credit term up to 90 days.

The ageing analysis of the trade receivables based on invoice date were as follows:

	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
Trade receivables – gross		
Up to 3 months	273,788	218,187
3 to 6 months	24,092	21,169
6 months to 1 year	37,106	14,491
Over 1 year	1,968	2,183
	<u>336,954</u>	<u>256,030</u>

- (b) The ageing analysis of other receivables based on due date were as follows:

	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
Other receivables – gross		
Up to 3 months	175,407	281,282
3 to 6 months	217	150
6 months to 1 year	452	208
Over 1 year	4	10
	<u>176,080</u>	<u>281,650</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

11 TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Movements on the Group's allowance for impairment of trade and other receivables are as follows:

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
At beginning of period	10,721	5,709
Charge for the period		
– charge to profit or loss	859	6,219
– exchange differences	4	–
Write-off for the period	–	(730)
At end of period	<u>11,584</u>	<u>11,198</u>

The Group's allowance for impairment of trade and other receivables charged to profit or loss are as follows:

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Trade receivables	94	2,527
Other receivables	<u>765</u>	<u>3,692</u>
	<u>859</u>	<u>6,219</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

12 BORROWINGS

	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
Secured or guaranteed		
Current	439,472	556,113
Current portion of non-current	7,150	11,130
Non-current	<u>32,662</u>	<u>28,652</u>
	<u>479,284</u>	<u>595,895</u>
Unsecured		
Current	210,444	7,523
Current portion of non-current	12,442	5,873
Non-current	<u>15,534</u>	<u>13,653</u>
	<u>238,420</u>	<u>27,049</u>
Total borrowings	<u><u>717,704</u></u>	<u><u>622,944</u></u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2021

13 TRADE AND OTHER PAYABLES

	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
Trade payables		
– Related parties	19,206	111,865
– Third parties	378,295	286,781
	<u>397,501</u>	<u>398,646</u>
Other payables		
– Related parties	300	15,615
– Third parties	23,486	32,401
	<u>23,786</u>	<u>48,016</u>
Accrued payroll	15,864	20,979
Accrued listing expenses	9,690	15,322
Other taxes payables	15,755	5,101
Interest payables	2,673	1,556
	<u>465,269</u>	<u>493,045</u>

The ageing analysis of the trade payables based on invoice date were as follows:

	Unaudited June 30, 2021 RMB'000	Audited December 31, 2020 RMB'000
Up to 3 months	396,266	321,071
3 to 6 months	1,235	77,575
	<u>397,501</u>	<u>398,646</u>

14 DIVIDENDS

The Board has resolved that no interim dividends be declared for the six months ended June 30, 2021.



优趣汇控股有限公司
UNQ HOLDINGS LIMITED

