

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

2024

INTERIM REPORT





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This report, for which the directors (the “Directors”) of Sling Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	54,344	61,682
Cost of sales		(30,815)	(29,392)
Gross profit		23,529	32,290
Other revenue and other income		1,711	1,757
Reversal of trade and other receivables, net		—	405
Selling and distribution costs		(24,685)	(30,080)
Administrative and other operating expenses		(6,628)	(7,203)
Finance costs		(841)	(466)
Loss before income tax	6	(6,914)	(3,297)
Income tax expense	5	—	—
Loss for the period		(6,914)	(3,297)
Other comprehensive income			
<i>Item that may be reclassified subsequently to the profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		37	217
Total comprehensive loss for the period		(6,877)	(3,080)

		Six months ended 30 June	
	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period attributable to:			
Equity holders of the Company		(6,230)	(3,417)
Non-controlling interests		(684)	120
		(6,914)	(3,297)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(6,193)	(3,200)
Non-controlling interests		(684)	120
		(6,877)	(3,080)
		RMB cents	RMB cents
Loss per share attributable to equity holders of the Company			
Basic and diluted	<i>8</i>	(1.11)	(0.61)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

<i>Notes</i>	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited) (Restated)	
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	1,887	2,429
Intangible assets		2,265	2,274
Financial asset at fair value through profit or loss ("FVTPL")	10	1,117	1,109
Deferred tax assets		1,383	1,383
		6,652	7,195
Current assets			
Inventories		13,520	23,878
Trade and other receivables	11	7,834	10,175
Amounts due from shareholders		9	9
Amounts due from a non-controlling shareholder		2,694	—
Income tax recoverable		372	372
Cash and bank balances		3,972	7,445
		28,401	41,879
Current liabilities			
Trade and other payables	12	16,310	18,241
Contract liabilities		520	3,686
Bank borrowings		5,996	6,352
Loans from shareholders		7,757	7,439
Loans from a director		867	831
Amount due to the then immediate holding company		6	—
Lease liabilities		828	935
Put option liability		—	2,473
Income tax payable		208	202
		32,492	40,159
Net current (liabilities)/assets		(4,091)	1,720
Total assets less current liabilities		2,561	8,915

	<i>Notes</i>	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited) (Restated)
Non-current liabilities			
Bank borrowings		10,131	11,781
Lease liabilities		607	907
		10,738	12,688
Net liabilities		(8,177)	(3,773)
EQUITY			
Share capital	13	4,470	4,470
Reserves		(10,896)	(7,176)
Capital deficiency attributable to equity holders of the Company		(6,426)	(2,706)
Non-controlling interests		(1,751)	(1,067)
Capital deficiency		(8,177)	(3,773)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2024

	Attributable to equity holders of the Company								Non-controlling interests		Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Put option reserve	Other reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 (Audited)	4,470	35,026	10,520	1,195	(3,658)	–	2,097	(45,175)	4,475	(2,060)	2,415
Loss for the period	–	–	–	–	–	–	–	(3,417)	(3,417)	120	(3,297)
<i>Other comprehensive income:</i>											
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	217	–	217	–	217
Total comprehensive loss for the period	–	–	–	–	–	–	217	(3,417)	(3,200)	120	(3,080)
As at 30 June 2023 (Unaudited)	4,470	35,026	10,520	1,195	(3,658)	–	2,314	(48,592)	1,275	(1,940)	(665)
As at 1 January 2024 (Audited)	4,470	35,026	10,520	1,195	(3,658)	904	2,261	(53,424)	(2,706)	(1,067)	(3,773)
Put option liability terminated	–	–	–	–	3,658	–	–	(1,185)	2,473	–	2,473
Transactions with owners	–	–	–	–	3,658	–	–	(1,185)	2,473	–	2,473
Loss for the period	–	–	–	–	–	–	–	(6,230)	(6,230)	(684)	(6,914)
<i>Other comprehensive income:</i>											
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	37	–	37	–	37
Total comprehensive loss for the period	–	–	–	–	–	–	37	(6,230)	(6,193)	(684)	(6,877)
As at 30 June 2024 (Unaudited)	4,470	35,026	10,520	1,195	–	904	2,298	(60,839)	(6,426)	(1,751)	(8,177)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	(967)	534
Net cash generated from/(used in) investing activities	21	(2)
Net cash used in financing activities	(2,527)	(2,408)
Net decrease in cash and cash equivalents	(3,473)	(1,876)
Cash and cash equivalents at the beginning of the period	7,445	9,659
Cash and cash equivalents at the end of the period	3,972	7,783

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 6 January 2017. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Unit 1, 21st Floor, Yen Sheng Centre, 64 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the design and sale of women’s handbags, small leather goods, luggage and travel goods.

The Company’s immediate and ultimate holding company is Yen Sheng Investment Limited (“**Yen Sheng BVI**”), a company incorporated in the British Virgin Islands and controlled by Mr. Yau Tai Leung Sammy (“**Mr. Sammy Yau**”), Mr. Yau Sonny Tai Nin (“**Mr. Sonny Yau**”), Mr. Yau Frederick Heng Chung (“**Mr. Fred Yau**”), Mr. Yau Nicholas Heng Wah (“**Mr. Nicholas Yau**”) and Ms. Hiang Siu Wei Cecilia (“**Ms. Cecilia Hiang**”).

The Company’s shares are listed on GEM of the Stock Exchange on 16 January 2018.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

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

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023. The accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2023, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are effective as of 1 January 2024.

Amended HKFRSs that are effective for annual period beginning on 1 January 2024

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” (“2020 Amendments”) and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (“2022 Amendments”)

The amendments clarified the classification of debt and other liabilities as current or non-current, depending on whether an entity has a right to defer settlement of the liability for at least twelve months from the end of the reporting period and this right has to be existed at the end of the reporting period. Any expectations about events after the reporting period do not impact the assessment of the classification of the liabilities make at the end of the reporting period as to the classification of the liability.

Only covenants of 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 such classification at the reporting date.

The amendments also define “settlements” of a liability, which includes transfer of entity’s own equity instrument. However, if the holder’s conversion option in a convertible bond 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. If the holder’s conversion option is classified as liability, such option must be considered for the determination of current/non-current classification of a convertible bond.

Besides, the amendments required an entity to provide additional disclosure when a liability is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments should be applied retrospectively. The adoption of the amendments would also resulted in a change in the Group’s accounting policy for the classification of borrowings as follows.

Borrowings are classified as current liabilities unless as at the end of the reporting period, the Group has a right to defer settlement of the liability for at least twelve months after the end of the reporting period.

As at 1 January 2024, the Group has identified the following liabilities are affected by the amendments:

Bank loan drawn under revolving loan facility

As at 1 January 2024, an unsecured bank loan of RMB11,781,000 was drawn a revolving loan facility was classified as a current liability as it would mature in first half of 2024. According to the terms in the revolving loan facility, the Group has the right to roll over the loan for another year. Under the amendments, the loan would be classified as non-current liabilities as seen from 1 January 2024, as covenants to be fulfilled after the end of the reporting period would not affect the classification of a liability as current or non-current and hence the Group has the right to roll over the loan and defer settlement of the loan for at least twelve months after the end of the reporting period under the revolving loan facility. The classification of such unsecured bank loan as at 1 January 2023 changed to non-current.

Loans from shareholders/a director

As at 1 January 2024, loans from shareholders/a director of RMB8,270,000 were drawn loan agreements were classified as a non-current liability as it would mature in December 2025. According to the terms in the loan agreements, the loans can be mutually agreed between the Group and borrowers for defer repayment. The Group has no right to defer settlement of the loans for at least twelve months from the end of the reporting period. Under the amendments, the loans would be classified as current as seen from 1 January 2024, as the Group has no right to defer settlement of the loans for at least twelve months after the end of the reporting period under the loan agreements. The classification of such loans as at 1 January 2023 changed to current.

As a result, the opening balances and comparatives on consolidated financial statements are restated as follows:

	Carrying amount as at 31 December 2023 (before the amendments) RMB'000	Impact of Amendments to HKAS 1 RMB'000	Restated carrying amount as at 1 January 2024 (after the amendments) RMB'000
Current liabilities			
Bank borrowings	18,133	(11,781)	6,352
Loans from shareholders	—	7,439	7,439
Loan from a director	—	831	831
Non-current liabilities			
Bank borrowings	—	11,781	11,781
Loans from shareholders	7,439	(7,439)	—
Loan from a director	831	(831)	—

Issued but not yet effective HKFRSs

As at the date of authorisation of the unaudited condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group. The Directors anticipate the adoption of these new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Going concern basis

During the six months ended 30 June 2024, the Group recorded a net loss of RMB6,914,000. The Group's operations are financed by bank borrowings, loans from related parties and internal resources. As at 30 June 2024, the Group had net current liabilities and capital deficiency of RMB4,091,000 and RMB8,177,000 respectively. The Group's cash and bank balances amounting to RMB3,972,000 as at 30 June 2024.

The Company has reviewed the current performance, the new business model of distributing luggage and accessories, and cash flow forecast. The Company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group. The accounting estimates and assumptions used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

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

3. REVENUE

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

Disaggregation of revenue from contracts with customers

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Online retail sales	51,886	54,907
Wholesale to online retailers	1,870	6,372
Wholesale to offline retailers	3	51
Offline retail sales	585	352
	54,344	61,682

4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the wholesale and retail of women's handbags, small leather goods, luggage and travel goods. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker (the "CODM"), being the executive directors of the Company. The CODM mainly reviews revenue derived from the wholesale and retail of women's handbags, small leather goods, luggage and travel goods. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly other than the entity-wide disclosure, no segment analysis is presented.

Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment (including right-of-use assets) and intangible assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment (including right-of-use assets), and the location of the operations to which they are allocated, in the case of intangible assets.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from external customers The People's Republic of China (the "PRC") (excluding Hong Kong)	54,344	61,682

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Specified non-current assets		
The PRC (excluding Hong Kong)	4,150	4,699
Hong Kong	2	4
	4,152	4,703

Information about major customers

During the six months ended 30 June 2024, none of the Group's customers contributed more than 10% of the Group's revenue (2023: Nil).

5. INCOME TAX EXPENSE

For the six months ended 30 June 2024 and 2023, Hong Kong Profits Tax and PRC Enterprise Income Tax (the "PRC EIT") have not been provided in the unaudited condensed consolidated interim financial statements as no assessable profits subject to Hong Kong Profits Tax and PRC EIT.

The PRC EIT in respect of the Group's operations in the PRC has been calculated at the rate of 25% (2023: 25%) on the estimated assessable profit for the period arising from the PRC.

6. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories recognised as an expense	30,575	29,130
Write-down/(Reversal) of inventories to net realisable value	569	(250)
Amortisation of intangible assets	9	75
Bad debt written off	119	—
Depreciation of property, plant and equipment		
— Owned assets	42	229
— Right-of-use assets	500	317
Total depreciation	542	546
Exchange losses, net	179	880
Staff costs (including directors' emoluments)		
— Salaries, allowances and other benefits	3,935	4,092
— Contributions to retirement benefit schemes (note)	584	669
Total staff costs	4,519	4,761
Operating lease charges premises:		
— Short-term leases	214	398

Note: During the six months ended 30 June 2024 and 2023, there are no forfeited contribution be used to reduce the level of employer's contributions. As at 30 June 2024 and 31 December 2023, there are no forfeited contribution available to reduce the contributions payable in the future years.

7. DIVIDENDS

The board of directors (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss		
Loss for the period attributable to equity holders of the Company (in RMB'000)	(6,230)	(3,417)
Number of shares		
Weighted average number of ordinary shares	560,000,000	560,000,000

The weighted average number of ordinary shares used to calculate the basic loss per share for the six months ended 30 June 2024 and 2023 represents 560,000,000 ordinary shares in issue throughout the periods.

There were no dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023 and therefore, diluted loss per share equals to basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, there is no property, plant and equipment acquired (six months ended 30 June 2023: RMB18,000). During the six months ended 30 June 2024 and 2023, there is no property, plant and equipment disposed.

During the six months ended 30 June 2024, the Group had no new lease agreement (six months ended 30 June 2023: one). During the six months ended 30 June 2023, the Group initially recognised right-of-use assets and lease liabilities amounting to approximately RMB961,000 and RMB961,000 respectively.

During the six months ended 30 June 2024 and 2023, there are no early termination on lease agreement.

As at 30 June 2024, the carrying amounts of the Group's right-of-use assets in relation to premises is RMB1,519,000 (31 December 2023: RMB2,019,000).

10. FINANCIAL ASSET AT FVTPL

The Group entered into a life insurance policy (the “**Policy**”) with an insurance company to insure a director of the Company. The Group is the policy holder and the beneficiary of the Policy. The Group is eligible for surrender the Policy at any time for cash equivalent to the net cash value.

The financial asset at FVTPL represents the carrying amount of the net cash value of the Policy as at 30 June 2024 which comprised of guaranteed cash value of RMB1,076,000 (31 December 2023: RMB1,071,000) together with accumulated annual dividends and its accrued interests of RMB41,000 (31 December 2023: RMB38,000).

The financial asset at FVTPL is denominated in Hong Kong dollars (“**HK\$**”) and the fair value is determined by reference to the net cash value as provided by the insurance company.

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	5,664	7,463
Less: Expected credit losses (“ECL”) allowance	(3,135)	(3,135)
	2,529	4,328
Prepayments and other receivables		
Prepaid expenses	2,220	2,590
Rental and other deposits	2,808	1,414
Other receivables	277	1,843
	5,305	5,847
	7,834	10,175

As at 30 June 2024 and 31 December 2023, prepaid expenses mainly comprised of marketing and advertising fee prepaid, online shop expenses prepaid and royalty fee prepaid.

As at 30 June 2024 and 31 December 2023, rental and other deposits mainly comprised of the deposits paid to online platforms for services deposits and rental deposits.

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0-90 days	2,121	4,294
91-180 days	51	26
181-365 days	48	8
Over 365 days	309	—
	2,529	4,328

12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	11,483	12,206
Accrued charges and other payables		
Accrued expenses	3,534	4,585
Deposits received	404	651
Other tax payables	832	764
Other payables	57	35
	4,827	6,035
	16,310	18,241

As at 30 June 2024 and 31 December 2023, accrued expenses mainly represents accrued commission, accrued management fee, accrued legal and professional fee and accrued courier fee.

The Group was granted by its suppliers credit periods ranging from 0 to 90 days (31 December 2023: 0 to 90 days). Based on the date of goods received, the ageing analysis of trade payables is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0–90 days	11,211	11,815
91–180 days	134	116
181–365 days	6	—
Over 365 days	132	275
	11,483	12,206

13. SHARE CAPITAL

	Number of shares	RMB'000
Authorised: Ordinary shares of HK\$0.01 each As at 31 December 2023 and 30 June 2024	1,110,000,000	9,243
Issued and fully paid: Ordinary shares of HK\$0.01 each As at 31 December 2023 and 30 June 2024	560,000,000	4,470

14. RELATED PARTY TRANSACTIONS

Other than as disclosed in these unaudited condensed consolidated interim financial statements, the Group entered into the following material related party transactions during the six months ended 30 June 2024.

(a) Transactions with related parties

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Rental paid to a related company		
– Unigrade International Limited (note a)	30	29
Effective interest paid to shareholders and a director		
Shareholders		
– Mr. Sammy Yau (note b)	50	—
– Mr. Sonny Yau (note b)	50	—
– Mr. Fred Yau (note c)	123	—
A director		
– Mr. Lee Tat Fai Brian (note d)	25	—
	248	—

Note:

- (a) Unigrade International Limited is a related company controlled by Mr. Sammy Yau, Mr. Sonny Yau, Mr. Fred Yau and Mr. Nicholas Yau.
- (b) Mr. Sammy Yau and Sonny Yau are also non-executive directors of the Company.
- (c) Mr. Fred Yau is an executive director, chairman and controlling shareholder of the Company.
- (d) Mr. Lee Tat Fai Brian is an executive director and chief executive officer of the Company.

(b) Key management personnel remuneration

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and other benefits	867	897
Contributions to retirement benefit schemes	75	32
	942	929

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2024, the Group recorded a revenue of approximately RMB54.3 million, which represents a decrease of approximately 12.0% as compared to the same period of 2023. The main reason for the decrease was attributable to change of business strategy starting in April. Instead of distributing luggage and accessories through our indirect held subsidiary of the Company, the Group sub-licenses ELLE brand to the non-controlling shareholder under their full control. By close collaboration with the principal of ELLE and their support, the Group could further explore licensing the brand to other merchandise if the management could seek suitable partners. Beside potentially more business opportunities, the change of business model on luggage and accessories offers stable income flow and enhanced operating efficiency.

For the first quarter of 2024, the revenue of luggage and accessories rose by 14.7% to RMB11.5 million. This business section continues to benefit from increasing appetite for travelling. Since the start of April 1, this business section was no longer recorded in revenue but under other income. The other income arising from sub-licensing the brand amounted to RMB1.2 million in the first half of 2024, compared to RMB0.9 million in the corresponding period in 2023.

Given relatively weak consumers' market arising from slower than expected economic growth and negative impact from the burst of property market in China, the demands for non-necessity items have been weak. The same has been witnessed in other similar merchandises in China. The sales of women's handbag have been affected. During the six months ended 30 June 2024, the total revenue for women's handbags amounted to RMB36.2 million, compared to RMB41.2 million in the corresponding period in 2023, an approximately 12.1% reduction.

The Group's revenue is principally derived from online retail sales representing 95.5% sales. Together with wholesales to online retailers, they account for 98.9% sales in total. The Group continues to maximize our business result within our reach and plan for the future.

In terms of revenue among the brands of ELLE and Jessie & Jane, the distribution mix is approximately 99.4% and 0.6% respectively in the first half of 2024, compared to 98.1% and 1.9% in the same period of 2023.

FUTURE PROSPECTS

Despite our business model for the luggage and accessories segment has changed, the Group will continue to benefit from rising travellers both travelling within China and abroad. Our service fee will rise accordingly with our business partner's revenue.

Also, the Chinese government has put forward various measures and incentive schemes to strength market confidence and boost consumption.

The Group will continue in driving online sales for women's handbags through close collaboration with our key online platform partners, particularly in social media platforms. The marketing strategy in the second half will continue to focus more on short videos and livestreaming, pay attention to customer feedback and response, and co-operates with key opinion leaders ("KOLs") of different backgrounds in promoting our products.

Despite the growth momentum was lower than our expectation in the second quarter, the management is cautious on the businesses in the second half of 2024.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB7.4 million, or 12.0%, from approximately RMB61.7 million for the six months ended 30 June 2023 to approximately RMB54.3 million for the six months ended 30 June 2024. For the first quarter, the Group's revenue maintained unchanged at RMB28.1 million for the three months ended 31 March 2024 compared to the same period in 2023. For the second quarter, the Group's revenue decreased by approximately RMB7.3 million, or 21.8%, from approximately RMB33.5 million for the three months ended 30 June 2023 to approximately RMB26.2 million for the same period in 2024.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RMB8.8 million, or 27.2%, from approximately RMB32.3 million for the six months ended 30 June 2023 to approximately RMB23.5 million for the six months ended 30 June 2024. The decrease was largely attributable to excluding the gross profit from the business section of luggages and other accessories during the second quarter of 2024 and reduced profit margin in the first half of 2024.

Our gross profit margin for the six months ended 30 June 2024 and 2023 were approximately 43.3% and 52.3% respectively. The gross profit margin decreased by 9 percentage point because lower selling prices and clearance sales conducted in the first quarter of 2024.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately RMB5.4 million, or 17.9%, from approximately RMB30.1 million for the six months ended 30 June 2023 to approximately RMB24.7 million for the six months ended 30 June 2024. The decrease was mainly attributable to lower costs (i) from the business section of luggages and other accessories after changing the business model in the second quarter, (ii) commission, and (iii) royalty for the period. These reduced expenses in commission and royalty were directly related to lower revenue in the period.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately RMB0.6 million, or 8.3%, from approximately RMB7.2 million for the six months ended 30 June 2023 to approximately RMB6.6 million for the six months ended 30 June 2024. During the period, the Group recorded an unrealized foreign exchange loss of RMB179,000 and provided write-down of inventories to net realisable value of RMB569,000.

Income Tax Expense

The Group's income tax expense was nil as it incurred operating loss.

Loss for the Period

The loss for the period increased by approximately RMB3.6 million, from approximately RMB3.3 million loss for the six months ended 30 June 2023 to approximately RMB6.9 million loss for the six months ended 30 June 2024. The increase was attributable to lower revenue from women's handbags, reduced profit margin and higher write-down of inventories to net realisable value.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2024,

- (a) the Group's total assets decreased to approximately RMB35.1 million (31 December 2023: approximately RMB49.1 million) while the total equity deficiency increased to approximately RMB8.2 million (31 December 2023: deficiency approximately RMB3.8 million);

- (b) the Group's current assets decreased to approximately RMB28.4 million (31 December 2023: approximately RMB41.9 million) while the current liabilities decreased to approximately RMB32.5 million (31 December 2023: approximately RMB40.2 million);
- (c) the Group had approximately RMB4.0 million in cash and cash equivalents (31 December 2023: approximately RMB7.4 million), and the current ratio of the Group was approximately 0.9 times (31 December 2023: approximately 1.0 times);
- (d) the Group had bank borrowings of approximately RMB16.1 million (31 December 2023: approximately RMB18.1 million), leaving RMB35.5 million uncommitted banking facilities available for future utilisation; and
- (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 negative 302.7% (31 December 2023: approximately negative 699.8%).

The Company's shares are listed on GEM of the Stock Exchange on 16 January 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. The Group actively and regularly reviews the capital structure and makes adjustments in light of changes in economic conditions. The Group monitors the capital structure on the basis of the net debt to equity ratio.

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

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group did not hold any significant investments.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 30 June 2024, the Group did not have any assets pledged to secure general banking facilities.

FOREIGN CURRENCY EXPOSURE

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

The Directors are of the view that the Group's operations are not subject to significant foreign exchange rate risk. Therefore, no hedging arrangements are made. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

HUMAN RESOURCES

As at 30 June 2024, the Group had 44 employees (30 June 2023: 53) in Hong Kong and the PRC. We believe that hiring, motivating and retaining qualified employees are crucial to our success as an online and offline distributor. Total staff costs (including Directors' emoluments) were RMB4.5 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB4.8 million). The remuneration policies of the Group are formulated based on the Group's operating results, employees' individual performance, experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly.

EVENTS AFTER THE REPORTING DATE

As from 30 June 2024 to the date of this report, save as disclosed in this report, the Board is not aware of any significant events requiring disclosure that have occurred.

OTHER INFORMATION

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the Company's shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred therein (the "Register"); or (iii) pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

(i) Long Position in the Shares of the Company

Name of Directors	Capacity/ Nature of Interest	Number of shares held/ interested in	Percentage of shareholding
Mr. Yau Tai Leung Sammy (Note)	Interests held jointly with other persons; Interest in a controlled corporation	291,838,960	52.1141%
Mr. Yau Sonny Tai Nin (Note)	Interests held jointly with other persons; Interest in a controlled corporation	291,838,960	52.1141%

Note: Yen Sheng Investment Limited ("Yen Sheng BVI") was beneficially owned by Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin as to approximately 49.3120% and 49.2321%, respectively. By virtue of the SFO, Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin are deemed to be interested in all the Shares held by Yen Sheng BVI.

(ii) Long Position in the Shares of the Associated Corporations

Name of Directors	Position in the associated corporations	Number of shares held	Percentage of interest in the associated corporation
Mr. Yau Tai Leung Sammy	Director of Yen Sheng BVI	493,120	49.31% in Yen Sheng BVI
Mr. Yau Sonny Tai Nin	Director of Yen Sheng BVI	492,321	49.23% in Yen Sheng BVI
Mr. Yau Frederick Heng Chung	Director of Yen Sheng BVI	6,863	0.69% in Yen Sheng BVI

Save as disclosed above, as at 30 June 2024, none of the Directors and the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the Register, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

B. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2024, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting Shares:

Name of Shareholders	Long/Short position	Nature of interest	Shares held	Percentage of shareholding
Yen Sheng BVI	Long position	Beneficial owner	291,838,960	52.1141%
Yau Tai Leung Sammy (Note 1)	Long position	Interests held jointly with other persons; interest in a controlled corporation	291,838,960	52.1141%
Chan Yee Ling Elaine (Note 2)	Long position	Interests of spouse	291,838,960	52.1141%
Yau Sonny Tai Nin (Note 1)	Long position	Interests held jointly with other persons; interest in a controlled corporation	291,838,960	52.1141%
Hiang Siu Wei Cecilia (Note 3)	Long position	Interests of spouse	291,838,960	52.1141%
Summit Time Resources Limited	Long position	Beneficial owner	128,161,040	22.8859%
Li Wing Chi Agnes (Note 4)	Long position	Interest in a controlled corporation	128,161,040	22.8859%
Lee Shui Kwai Victor (Note 5)	Long position	Interests of spouse	128,161,040	22.8859%

Notes:

1. Yen Sheng BVI was beneficially owned by Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin as to approximately 49.3120% and 49.2321%, respectively. By virtue of the SFO, Mr. Yau Tai Leung Sammy and Mr. Yau Sonny Tai Nin are deemed to be interested in all the Shares held by Yen Sheng BVI.
2. Ms. Chan Yee Ling Elaine is the spouse of Mr. Yau Tai Leung Sammy. By virtue of the SFO, Ms. Chan Yee Ling Elaine is deemed to be interested in all the Shares held by Mr. Yau Tai Leung Sammy.
3. Ms. Hiang Siu Wei Cecilia is the spouse of Mr. Yau Sonny Tai Nin. By virtue of the SFO, Ms. Hiang Siu Wei Cecilia is deemed to be interested in all the Shares held by Mr. Yau Sonny Tai Nin.
4. Summit Time Resources Limited was wholly owned by Ms. Li Wing Chi Agnes. By virtue of the SFO, Ms. Li Wing Chi Agnes is deemed to be interested in all the Shares held by Summit Time Resources Limited.
5. Mr. Lee Shui Kwai Victor is the spouse of Ms. Li Wing Chi Agnes. By virtue of the SFO, Mr. Lee Shui Kwai Victor is deemed to be interested in all the Shares held by Ms. Li Wing Chi Agnes.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

SHARE OPTION SCHEME

The Company has a share option scheme which was approved and adopted by the shareholders of the Company by way of the written resolution passed on 15 December 2017 (the “**Share Option Scheme**”). No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and there was no share option outstanding as at 30 June 2024.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

Each of the controlling Shareholders, namely Yen Sheng BVI, Mr. Yau Sonny Tai Nin, Mr. Yau Tai Leung Sammy, Mr. Yau Frederick Heng Chung, Mr. Yau Nicholas Heng Wah and Ms. Hiang Siu Wei Cecilia, entered into the Non-Competition Undertaking in favour of the Company on 15 December 2017, details of which have been set out in the prospectus of the Company dated 29 December 2017 (the “**Prospectus**”).

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2024, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

CORPORATE GOVERNANCE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the GEM Listing Rules. During the six months ended 30 June 2024, the Company has complied with the applicable code provisions of the CG Code.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or had any other conflict of interests with the Group during the six months ended 30 June 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (the "**Code of Conduct**") regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors that all the Directors have complied with the Code of Conduct for the six months ended 30 June 2024 and up to the date of this report.

AUDIT COMMITTEE

The Company had established the Audit Committee on 15 December 2017 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Company, make recommendations to the Board on the appointment, reappointment and removal of the independent auditor, and review the Company's financial information.

The Audit Committee comprises three members, all being Independent Non-executive Directors, namely Mr. Won Chik Kee (chairman of the Audit Committee), Mr. Feng Dai and Ms. Sit Ting Fong. It has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing and financial reporting matters, including review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

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

Hong Kong, 29 August 2024

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