

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE

BACKGROUND

On 29 January 2019, Senxuan Shanghai, an indirect wholly-owned subsidiary of the Company and the JV partner established the JV for the purpose of engaging in, among other things, the design and sale of luggage and travel accessories through online retail platforms in the PRC. The registered capital of the JV is RMB1 million (owned as to 51% by Senxuan Shanghai and as to 49% by the JV Partner).

CAPITAL INJECTION TO JOINT VENTURE

On 26 March 2019, Senxuan Shanghai and the JV partner further entered into the JV Agreement. Pursuant to the JV Agreement, the parties thereto agreed to contribute the registered capital of RMB1 million in accordance with their respective shareholding (owned as to 51% by Senxuan Shanghai and as to 49% by the JV Partner) for the purpose of engaging in, among other things, the design and sale of luggage and travel accessories through online retail platforms in the PRC. Senxuan Shanghai and the JV partner also set out the understandings in respect of the JV management affairs including Senxuan Shanghai agreed to further provide the Loan of RMB6 million to the JV for working capital purpose.

GEM LISTING RULES IMPLICATIONS

Following the entering into of the JV Agreement, the Group's total capital commitment to the JV (including its share of registered capital contribution and the Loan aforesaid) in aggregate amounts to RMB6,510,000. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the JV Agreement and the supplemental agreement thereto are more than 5% but all below 25%, the entering into of the JV Agreement and the supplemental agreement thereto constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

BACKGROUND

On 29 January 2019, Senxuan Shanghai, an indirect wholly-owned subsidiary of the Company and the JV partner established the JV for the purpose of engaging in, among other things, the design and sale of luggage and travel accessories through online retail platforms in the PRC. The registered capital of the JV is RMB1 million (owned as to 51% by Senxuan Shanghai and as to 49% by the JV Partner).

CAPITAL INJECTION TO JOINT VENTURE

The Board is pleased to announce that on 26 March 2019, Senxuan Shanghai and the JV partner further entered into the JV Agreement. Pursuant to the JV Agreement, the parties thereto agreed to contribute the registered capital of RMB1 million in accordance with their respective shareholding (owned as to 51% by Senxuan Shanghai and as to 49% by the JV Partner) for the purpose of engaging in, among other things, the design and sale of luggage and travel accessories through online retail platforms in the PRC. Senxuan Shanghai and the JV partner also set out the understandings in respect of the JV management affairs including Senxuan Shanghai agreed to further provide the Loan of RMB6 million to the JV for working capital purpose. Principal terms of the JV Agreement are set out below:

THE JV AGREEMENT

Date

26 March 2019

Parties

- (i) Senxuan Shanghai; and
- (ii) the JV Partner.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the JV Partner and its ultimate beneficial owner(s) are Independent Third Parties.

Purpose of the JV

The JV will be engaged in the design and sale of luggage and travel accessories through online retail platforms in the PRC. The JV will be located at Shanghai, the PRC.

The registered capital of the JV is RMB1 million which shall be contributed by the Parties in cash as follows:

Party	Capital contribution (RMB)	% of equity interest in the Joint Venture
Senxuan Shanghai	510,000	51%
The JV Partner	<u>490,000</u>	<u>49%</u>
Total	<u><u>1,000,000</u></u>	<u><u>100%</u></u>

The JV will be an indirect non wholly-owned subsidiary of the Company.

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiations between the Parties having taken into account the expected capital requirements of the JV. It is contemplated that the capital contribution payable by Senxuan Shanghai will be funded by internal resources of the Group.

Board composition

The board of directors of the JV will consist of three directors, two of whom will be appointed by Senxuan Shanghai and the remaining one director will be appointed by the JV Partner.

Distribution of profit

Any available cash of the JV after allowance for payment of all obligations of the JV then due and payable, including debt and operating expenses and such reasonable reserves as the board of directors of the JV may determine, shall be distributed to Senxuan Shanghai and the JV Partner pro rata in accordance with their respective shareholding percentage in the JV.

The Loan

Senxuan Shanghai shall advance the Loan of RMB6 million to the JV for a term of 3 years at 1% interest rate per annum for working capital purpose. The Loan will be funded with internal resources of the Group.

The Group's total capital commitment to the JV (including its share of registered capital contribution and the Loan aforesaid) in aggregate amounts to RMB6,510,000.

Exit right of the JV partner

Upon the JV is in operations for 36 months, the JV Partner has the right to transfer its shareholding to Senxuan Shanghai at a value of 4.5 times of the net profit of the latest one and a half financial year of the JV times its shareholding ratio.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV AND PROVISION OF LOAN

The Group is principally engaged in provision of design and sale of women's handbags, small leather goods, luggage and travel goods in the PRC. It has been the strategy of the Group to expand luggage business in order to broaden income source, diversify business risk, and enhance shareholders' value. The JV Partner, based in Guangzhou, has been experienced in marketing luggage through online retail platforms. Through the formation of the JV, the Group and the JV Partner will be able to complement each other's strength and share resources, which create synergy between the two companies as the JV will reach a broader demographic of viewers and potential customers.

In order to fund the new business venture into operational status, the Group agreed to provide the Loan of RMB6 million for working capital in addition to the JV's registered capital of RMB1 million contributed by Senxuan Shanghai and the JV partner.

The Directors are of the view that the terms of the JV Agreement are normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company was incorporated in the Cayman Islands with limited liability and the shares of the Company have been listed on the GEM of the Stock Exchange since 16 January 2018. The Group is principally engaged in provision of design and sale of women's handbags, small leather goods, luggage and travel goods in the PRC.

Senxuan Shanghai

Senxuan Shanghai is a company established in Shanghai, the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the sale and distribution of handbags and luggage.

The JV Partner

The JV Partner is a company established in Guangzhou, the PRC with limited liability. It is principally engaged in sale and distribution of consumer items.

GEM LISTING RULES IMPLICATIONS

Following the entering into of the JV Agreement, the Group's total capital commitment to the JV (including its share of registered capital contribution and the Loan aforesaid) in aggregate amounts to RMB6,510,000. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the JV Agreement and the supplemental agreement thereto are more than 5% but all below 25%, the entering into of the JV Agreement and the supplemental agreement thereto constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Sling Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the GEM of the Stock Exchange (stock code: 8285)
“Directors”	the directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“JV Agreement”	the joint venture agreement dated 26 March 2019 and its supplemental agreement dated 26 March 2019 entered into between Senxuan Shanghai and the JV Partner in relation to the operations of the JV
“JV Partner”	廣州彩格國際貿易有限公司 (Guangzhou Cai Ge International Trading Company Limited*), a company established in Guangzhou, the PRC with limited liability
“JV”	森彩貿易(上海)有限公司 (Sencai Trading (Shanghai) Company Limited*), a company established in Shanghai, the PRC with limited liability on 29 January 2019

“Loan”	a loan with principal amount of RMB6 million advanced by Senxuan Shanghai as lender to the JV as borrower pursuant to the JV Agreement
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Senxuan Shanghai”	森渲商貿(上海)有限公司 (Senxuan Shangmao (Shanghai) Company Limited*), an indirect wholly-owned subsidiary of the Company which is established in Shanghai, the PRC with limited liability
“%”	per cent

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

Hong Kong, 26 March 2019

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange’s website at www.hkgem.com on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company at www.sling-inc.com.hk.

* For identification purpose only