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## **Sling Group Holdings Limited**

### **森浩集團股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8285)**

## **CONTINUING CONNECTED TRANSACTION — SALES FRAMEWORK AGREEMENT**

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The Board announced that on 23 April 2024, Senxuan Shanghai entered into the Sales Framework Agreement with JV Partner in relation to the sales of the Group's products including luggage and accessories under "ELLE" brand to JV Partner and the sub-licensing of "ELLE" brand to the JV Partner, for a period from 23 April 2024 up to 31 December 2025.

### **GEM LISTING RULES IMPLICATION**

As at the date of this announcement, the JV is owned by Senxuan Shanghai and the JV Partner as to 51% and 49%, respectively. As JV Partner is a substantial shareholder of the JV, a subsidiary of the Company as at the date of this announcement, the JV Partner is a connected person of the Company at the subsidiary level under the GEM Listing Rules. Accordingly, the Sales Framework Agreement constituted a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

Given that the Board has approved the Sales Framework Agreement and the independent non-executive Directors have confirmed that the terms of the Sales Framework Agreement were fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Sales Framework Agreement was, pursuant to Rule 20.99 of the GEM Listing Rules, subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Due to inadvertent mistake, the Company failed to make timely disclosure of the Sales Framework Agreement. Such failure was unintentional and was due to inadvertent error by the management of the Company, who mistakenly thought such transaction at a subsidiary level was not in breach of the GEM Listing Rules.

The Company deeply regrets its non-compliance with the GEM Listing Rules as disclosed in this announcement. The Company would like to emphasise that the Company had no intention to withhold any information relating to the Sales Framework Agreement and the non-compliance with the GEM Listing Rules was inadvertent and unintentional. Please refer to the section headed “B. Remedial Actions” for further details of the remedial measures proposed to be taken by the Company.

#### **A. CONTINUING CONNECTED TRANSACTION — SALES FRAMEWORK AGREEMENT**

On 23 April 2024, Senxuan Shanghai entered into the Sales Framework Agreement with JV Partner in relation to the sales of the Group’s products including luggage and accessories under “ELLE” brand to JV Partner and the sub-licensing of “ELLE” brand to the JV Partner, for a period from 23 April 2024 up to 31 December 2025.

A summary of the principal terms of the Sales Framework Agreement is set out below:

##### **Date**

23 April 2024

##### **Parties**

- (1) Senxuan Shanghai, as the seller; and
- (2) the JV Partner, as the purchaser

##### **Term**

Fixed term from 23 April 2024 to 31 December 2025.

##### **Pricing**

- (i) Prices are determined by taking into account the quantity and quality of the comparable orders, and with reference to the market prices of the luggage and accessories provided by the Group to independent third party customers; and

- (ii) Agreed fee of sub-licensing of “ELLE” brand charged to JV Partner will be the same as the fee of sub-licensing of “ELLE” brand charged to other independent partners.

### **Annual Caps**

	<b>Annual cap from 23 April 2024 to 31 December 2024 <i>RMB'000</i></b>	<b>Annual cap for the year ending 31 December 2025 <i>RMB'000</i></b>
Amount received by the Group from JV Partner under the Sales Framework Agreement	9,500	9,000

### **Basis for determining the caps**

In order to broaden the sale channels, the Group intend to change the business strategy from distributing luggage and accessories through the subsidiary of the Company to sub-licensing “ELLE” brand to sale partners under their full control. As such, the Group intends to sell all remaining products of JV as priority and focus on the sub-licensing “ELLE” brand.

Based on the above business strategy, in determining the Annual Caps, the Board has considered, among others, the following main factors: (i) the maximum annual sales of the remaining products of JV with market price of approximately RMB6.4 million if JV Partner purchase all remaining products at market price during the two years ending 31 December 2025, (ii) the estimated sale of the luggage for the two years ending 31 December 2024 and 2025 for JV Partner will not be less than RMB50 million and RMB45 million respectively, and (iii) the license fee charged by the Group.

### **REASONS FOR AND BENEFITS FOR THE SALES FRAMEWORK AGREEMENT**

The Group has a long-term business relationship with JV Partner and JV Partner has intensive experience in sale of luggage from the brand “ELLE” since the establishment of JV in 2019. Entering into the Sales Framework Agreement allows the Group to utilise the remaining products of JV as it does not restrict JV Partner to purchase the remaining product if the offer price to JV Partner is not less favor than other independent third party and there is no material impact to the continuity and stability of the production and operation of the Group.

The Sales Framework Agreement also allows the Company to secure a reliable and stable license fee income from distributing luggage and accessories and avoid contributing additional capital to support the business development of JV. Furthermore, the Sales Framework Agreement does not restrict the Group to further explore licensing the brand to other merchandise if the management of the Company could seek suitable partners, as such, the Sales Framework Agreement is in the interest of the Group.

Based on the above, the Directors, including all the independent non-executive Directors, are of the view that (i) the Sales Framework Agreement and the transactions contemplated thereunder were on normal commercial terms; and (ii) the terms of the Sales Framework Agreement and the transactions contemplated thereunder, together with the Annual Caps, were fair and reasonable and in the interests of the Company and its shareholders as a whole; and (iii) the Sales Framework Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of the Company's business.

## **INFORMATION ON THE PARTIES**

The Company is an investment holding company and the Group are principally engaged in the design and sale of women's handbags, small leather goods, luggage and travel goods.

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

The JV Partner is a company established in Guangzhou, the PRC with limited liability and is ultimately owned by Mr. Li Shude and Mr. Zheng Ting as to 60% and 40%, respectively as at the date of this announcement. The JV Partner and its ultimate beneficial owners are mainly engaged in distributing luggage and accessories under ELLE brand, as well as distributing other luggage and travel accessories through online retail platforms in the PRC.

## **INTERNAL CONTROL**

In order to ensure the terms of the Sale Framework Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no less favourable to the Group than terms offered available to or from the independent third parties, the Company has formulated the following internal control policies and adopted the following internal control measures for sales of products and sub-licensing "ELLE" brand:

### **Sales of products**

- (1) finance department of the Group would base on purchase costs and transaction data of recent months as a benchmark.

- (2) e-commerce department of the Group considers consumers' acceptability, pricing of competitors, and other market conditions to come up with proposed selling prices to the management for endorsement.
- (3) the management might further make adjustment on each marketing programs to meet with their business target.
- (4) once confirmed by the management, the e-commerce department strictly follows the final decision in pricing.

**Sub-licensing “ELLE” brand business**

- (1) before entering into the sub-licensing business, e-commerce department of the Group will implement the fee charge.
- (2) once the partner accepts the offer, the final approval is made by the management of the Company.
- (3) after entering into the sub-licensing business, the partner submits monthly sale figures to the Company for licensing fee calculation.
- (4) finance department of the Group regularly monitors the sale figures via online platform accounts and check the sale figures provided by partner.
- (5) finance department and e-commerce department of the Group regularly monitor the inventories in the online platforms.

Furthermore, the Company's external auditor will conduct an annual review of the transactions entered into under the Sales Framework Agreement to ensure that the transactions amount is within the Annual Caps and the transactions are in accordance with the terms set out in the Sales Framework Agreement; and the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Sales Framework Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the GEM Listing Rules.

In view of the internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Sales Framework Agreement will be conducted on normal commercial terms and within the Annual Caps, and not prejudicial to the interest of the Company and the Shareholders.

## **GEM LISTING RULES IMPLICATION**

As at the date of this announcement, the JV is owned by Senxuan Shanghai and the JV Partner as to 51% and 49%, respectively. As JV Partner is a substantial shareholder of the JV, a subsidiary of the Company as at the date of this announcement, the JV Partner is a connected person of the Company at the subsidiary level under the GEM Listing Rules. Accordingly, the Sales Framework Agreement constituted a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

Given that the Board has approved the Sales Framework Agreement and the independent non-executive Directors have confirmed that the terms of the Sales Framework Agreement were fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Sales Framework Agreement was, pursuant to Rule 20.99 of the GEM Listing Rules, subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Due to inadvertent mistake, the Company failed to make timely disclosure of the Sales Framework Agreement. Such failure was unintentional and was due to inadvertent error by the management of the Company, who mistakenly thought such transaction at a subsidiary level was not in breach of the GEM Listing Rules.

The Company deeply regrets its non-compliance with the GEM Listing Rules as disclosed in this announcement. The Company would like to emphasise that the Company had no intention to withhold any information relating to the Sales Framework Agreement and the non-compliance with the GEM Listing Rules was inadvertent and unintentional. Please refer to the section headed "Remedial Actions" for further details of the remedial measures proposed to be taken by the Company.

None of the Directors has a material interest in the Sales Framework Agreement and hence none of the Directors has abstained from voting on the resolutions to approve the Sales Framework Agreement.

### **B. REMEDIAL ACTIONS**

The Company would like to express deep regret for its inadvertent and unintentional overlook of the requirements of the GEM Listing Rules in relation to the Sales Framework Agreement. To prevent similar incidence in the future, the Company has implemented the following remedial actions with immediate effect:

1. the Company will conduct internal training on regulatory compliance matters relating to connected transactions to the Directors and senior management;

2. the Company shall, as and when appropriate and necessary, consult external legal advisers and/or other professional adviser before entering into possible connected transaction or when connected transactions are being contemplated, including any future acquisition or disposal of current assets and licensing arrangement; and
3. the Company constantly discuss and review its internal control and compliance system in order to enhance the awareness of Chapter 20 of GEM Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Annual Caps”	the maximum aggregate annual amount payable by JV Partner to Senxuan Shanghai under the Sales Framework Agreement
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 and a 51%-owned subsidiary of the Company as at the date of this announcement
“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 which owns 49% equity interest in the JV as at the date of this announcement

“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Framework Agreement”	the sales framework agreement dated 23 April 2024 entered into between Senxuan Shanghai and the JV Partner in relation to the sales of the Group’s products including luggage and accessories under “ELLE” brand to JV Partner and the sub-licensing of “ELLE” brand to the JV Partner, for a period from 23 April 2024 up to 31 December 2025
“Senxuan Shanghai”	森渲商貿(上海)有限公司 (Senxuan Shangmao (Shanghai) Company Limited*), a company established in Shanghai, the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 24 October 2024

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

*This announcement, for which the directors of the Company 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 of the Company, 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.*



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*\* For identification purpose only*