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

2019

FIRST QUARTERLY REPORT

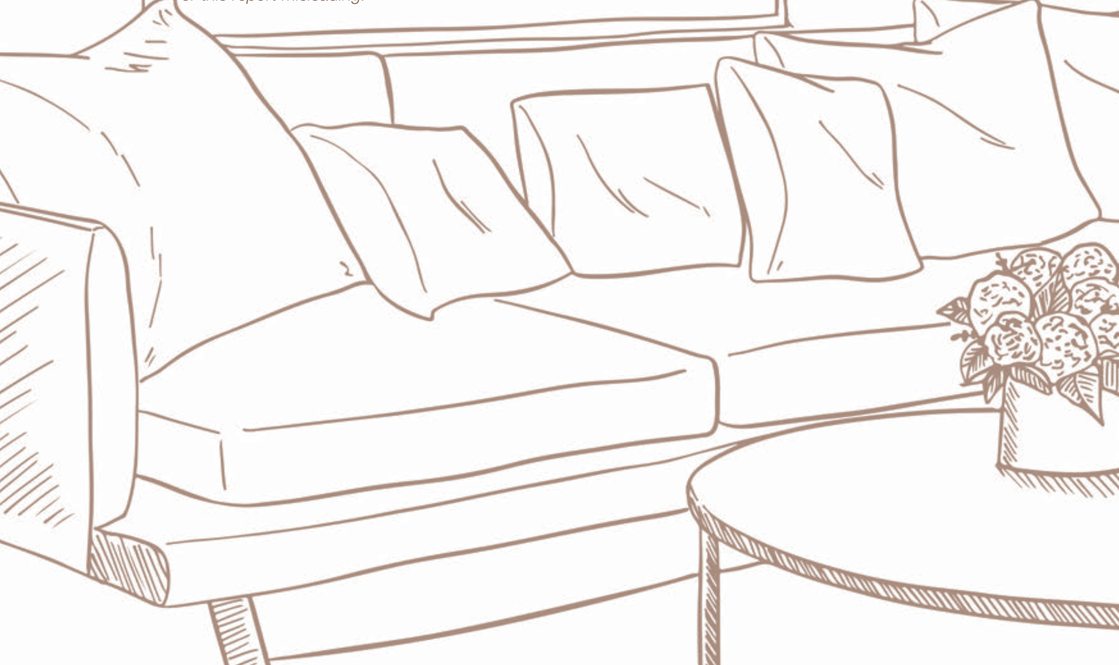
CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Exchange take no responsibility for the contents of this report, 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 report.

*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 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 three months ended 31 March 2019

	Note	Three months ended 31 March 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	3	**29,373**	39,144
Cost of sales		**(14,225)**	(17,256)
Gross profit		**15,148**	21,888
Other revenue and income		**2,808**	1,254
Selling and distribution costs		**(14,135)**	(14,685)
Administrative and other operating expenses		**(5,830)**	(5,999)
Listing expenses		**—**	(102)
Finance costs		**(105)**	(81)
(Loss)/Profit before income tax	**6**	**(2,114)**	2,275
Income tax expense	**5**	**(122)**	(636)
(Loss)/Profit for the period		**(2,236)**	1,639
Other comprehensive (expense)/income			
Item that may be reclassified subsequently to the profit or loss:			
Exchange differences on translation of foreign operations		**(434)**	798
Total comprehensive (expense)/income for the period attributable to equity holders of the Company		**(2,670)**	2,437
		RMB cents	RMB cents
(Loss)/Earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic and diluted	**8**	**(0.4)**	0.30

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the three months ended 31 March 2019

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2018	9	–	10,520	220	(656)	19,879	29,972
Profit for the period	–	–	–	–	–	1,639	1,639
Other comprehensive income:							
Exchange differences on translation of foreign operations	–	–	–	–	798	–	798
Total comprehensive income for the period	–	–	–	–	798	1,639	2,437
Issuance of ordinary shares pursuant to the Share Offer	1,117	46,935	–	–	–	–	48,052
Issuance of ordinary shares pursuant to the Capitalisation Issue	3,344	(3,344)	–	–	–	–	–
Expenses incurred in connection with the issuance of ordinary shares	–	(8,565)	–	–	–	–	(8,565)
Transactions with equity holders	4,461	35,026	–	–	–	–	39,487
As at 31 March 2018 (unaudited)	4,470	35,026	10,520	220	142	21,518	71,896

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2019	4,470	35,026	10,520	788	2,194	12,987	65,985
Adjustment from the adoption of HKFRS 16	–	–	–	–	–	(53)	(53)
Adjusted as at 1 January 2019	4,470	35,026	10,520	788	2,194	12,934	65,932
Loss for the period	–	–	–	–	–	(2,236)	(2,236)
Other comprehensive expense:							
Exchange differences on translation of foreign operations	–	–	–	–	(434)	–	(434)
Total comprehensive expense for the period	–	–	–	–	(434)	(2,236)	(2,670)
As at 31 March 2019 (unaudited)	4,470	35,026	10,520	788	1,760	10,698	63,262

Notes to the Unaudited Condensed Consolidated Financial Statements

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. Yau Sonny Tai Nin, Mr. Yau Frederick Heng Chung, Mr. Yau Nicholas Heng Wah and Ms. Hiang Siu Wei Cecilia.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2018. The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2018, except for the accounting policies as disclosed below:

(i) Right-of-use assets (included in property, plant and equipment)

Right-of-use assets included the rights to use certain properties under leases are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated over the shorter of the assets' useful lives and the lease term using the straight-line method. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

(ii) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or obtains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset, this may be specified explicitly and implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(c) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:

(i) the Group has the right to operate the assets; or

(ii) the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The accounting policy for right-of-use asset is set out above. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee;

— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and

— penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right-of-use assets and the lease liabilities for short-term leases of property, plant and equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense in the profit or loss on a straight-line method over the lease term.

As at the date of authorisation of the unaudited condensed consolidated financial statements, HKICPA has issued a number of new and amended HKFRSs. For those which are effective for accounting period beginning on 1 January 2019, the impact of the adoption of HKFRS 16 is disclosed in note 3.2 to the annual consolidated financial statements of the Group for the year ended 31 December 2018. Other than HKFRS 16, 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.

The Group has not adopted early any new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

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

The unaudited condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company and its major subsidiaries, and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

The preparation of the unaudited condensed consolidated 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 financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2018.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, 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:

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Online retail sales	**17,505**	24,015
Offline retail sales	**1,011**	2,023
Wholesale to offline retailers	**5,780**	7,618
Wholesale to online retailers	**5,077**	5,488
	29,373	39,144

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 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, and the location of the operations to which they are allocated, in the case of intangible assets.

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from external customers		
The People's Republic of China (the "**PRC**") (excluding Hong Kong)	**29,373**	39,143
Hong Kong	**–**	1
	29,373	39,144

	As at 31 March 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Specified non-current assets		
The PRC (excluding Hong Kong)	8,939	5,271
Hong Kong	939	287
	9,878	5,558

Information about major customers

During the three months ended 31 March 2019 and 2018, none of the Group's customers contributed more than 10% of the Group's revenue.

5. INCOME TAX EXPENSE

PRC Enterprise Income Tax (the "**PRC EIT**") in respect of the Group's operations in the PRC has been calculated at the rate of 25% on the estimated assessable profit for the three months ended 31 March 2019 and 2018 arising from the PRC.

	Three months ended 31 March	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax		
The PRC EIT		
— Current period	122	636

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	**5**	—
Cost of inventories recognised as an expense	**14,034**	17,137
Amortisation of intangible assets	**71**	35
Depreciation of property, plant and equipment	**876**	200
Staff costs (including directors' emoluments)		
— Salaries, allowances and other benefits	**3,601**	3,658
— Contributions to retirement benefit schemes	**526**	486
Lease charges on premises		
— Short-term lease payments	**489**	1,161
— Variable lease payments (note)	**286**	623
Exchange gain, net	**(533)**	(331)

Note: The variable lease payments refer to the rentals based on pre-determined percentages to realised sales less the basic rentals of the respective leases.

7. DIVIDENDS

The board of directors (the "**Board**") does not recommend the payment of an interim dividend for the three months ended 31 March 2019 and 2018.

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/Earnings		
(Loss)/Profit for the period attributable to equity holders of the Company	**(2,236)**	1,639
Number of shares		
Weighted average number of ordinary shares (in thousands)	**560,000**	538,222

The weighted average number of ordinary shares used to calculate the basic loss per share for the three months ended 31 March 2019 represents 560,000,000 shares in issue throughout the period.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the three months ended 31 March 2018 includes (i) 1,000,000 ordinary shares in issue throughout the period; (ii) the 419,000,000 new ordinary shares issued pursuant to the Capitalisation Issue (note), as if all these shares had been in issue throughout the period; and (iii) 118,222,000 shares, representing the weighted average of 140,000,000 new ordinary shares issued pursuant to the Share Offer (note).

There were no dilutive potential ordinary shares during the three months ended 31 March 2019 and 2018 and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

Note: On 15 January 2018, 140,000,000 shares of HK$0.01 each of the Company were allotted and issued at a price of HK$0.43 per share by way of public offer and placing (the "**Share Offer**").

Subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 419,000,000 shares credited as fully paid at par to Yen Sheng BVI and Summit Time Resources Limited by way of capitalisation of the sum of HK$4,190,000 (equivalent to approximately RMB3,344,000) standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue was completed on 16 January 2018.

Management Discussion and Analysis

BUSINESS REVIEW

During the three months ended 31 March 2019, the Group recorded a revenue of RMB29.4 million which represents sale decrease by 24.8% as compared to the same period of last year. The revenue in each of the four sale channels continue to witness decline. The drop of online retails sales, wholesale to online retailers, offline retail sales and wholesale to offline retailers were 27.1%, 7.5%, 50.0%, and 24.1% respectively compared to the corresponding period in 2018.

To reduce our reliance on the No.1 B2C e-commerce platform in China, the Group has been diversifying into other B2C e-commerce platforms with increasing collaboration and arranging more merchandise display. It is expected revenue contribution will gradually be reflected in the forthcoming quarterly results. Besides, the Group has carefully selected different multi-media to increase our brand exposures. The appropriate media would be critical to reach our target customers to market our new products. Also, the Group has opened a new ELLE brand store in Shanghai in the first quarter as part of the marketing program to expose our brand directly to consumers.

Further, the Group has entered into a joint venture arrangement with a business partner on 26 March 2019 to enhance our luggage business in China. The share capital injection in the joint venture was completed on 27 March 2019. The business will start in the second quarter of 2019. With the partner's expertise in design, marketing and sourcing of luggages, the Group will advance greatly into the luggage business segment, which is a huge market in China. The business plan is one of our initiatives to diversify from women's handbag business and to leverage on our strength in online marketing to achieve business growth.

FUTURE PROSPECTS

The Group will continue to pursue omni-channel strategies, consolidate inventory from various channels and integrate its database, which helps to improve data transparency and the cost-effectiveness of supply chain. To cope with the fast-pace changes of consumer tastes and behavior, the Group has spent more resources and efforts to study local market trends, enabling the trend-setting products to be quickly supplied to the market to meet the demand of the millennial generation. The Group's marketing team has also expanded its social media coverage from conventional medium to upcoming popular APPs, which will enable us to communicate and reach out to the millennial generation more effectively.

Despite the first quarter of 2019 was disappointing, we expect business improvement will be made in the second quarter. The business focus will be in the second half of 2019 as refinement in marketing plans are executed, new handbag products are launched, and the positive effect from the joint venture would be contributed to the Group.

In view of the fast changing consumer behavior, competition from other brands, and various rising multi-media channels, our Group will continue to be responsive to the consumer market and work with different business partners to advance our businesses.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB9.7 million, or 24.8%, from approximately RMB39.1 million for the three months ended 31 March 2018 to approximately RMB29.4 million for the three months ended 31 March 2019.

For the online retail channel, the soft demands from local consumers for middle-end women handbag, together with competition from other brands, were the cause of sale drop. For offline retail channel, one self-operated outlet was closed in 2018 and this partly led to lower retail sales. A new store in Shanghai has just been opened in March to make up the same number of stores. Due to soft market demands, offline retailers have deferred to place purchase orders so as to wait for market rebound. As such, wholesale to offline retailers dropped in the period. Similarly, online wholesalers have waited for our new products or promotional offer to formulate their marketing programs. Wholesale to online retailers were slightly drop.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RMB6.8 million, or 31.1%, from approximately RMB21.9 million for the three months ended 31 March 2018 to approximately RMB15.1 million for the three months ended 31 March 2019. The Group's gross profit margins for the three months ended 31 March 2018 and 31 March 2019 were approximately 55.9% and 51.6% respectively.

The decline in gross profit was largely attributable to the reduced sales and gross margin reduction in the three months ended 31 March 2019. As a result of soft market demand and competitive pricing from other brands within the middle-end handbag market segment, both gross profit and gross profit margin have been under pressure.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately RMB0.6 million, or 4.1%, from approximately RMB14.7 million for the three months ended 31 March 2018 to approximately RMB14.1 million for the three months ended 31 March 2019. Despite our control in advertising expenses, additional retail operating costs, including rental and staffs, from new store opening and higher depreciation cost arising from renovation and subsidy start to kick in. These limited the reduction in selling expenses.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately RMB0.2 million, or 3.3%, from approximately RMB6.0 million for the three months ended 31 March 2018 to approximately RMB5.8 million for the three months ended 31 March 2019. The drop was mainly attributable to the tighter cost control measures in every aspects of business operation.

Income Tax Expense

The Group's income tax expense decreased by approximately RMB0.5 million, or 83.3%, from approximately RMB0.6 million for the three months ended 31 March 2018 to approximately RMB0.1 million for the three months ended 31 March 2019. The decrease was primarily attributable to incurring operating loss during the period.

(Loss)/Profit for the Period

The Group incurred loss of RMB2.2 million for the three months ended 31 March 2019, compared to approximately RMB1.6 million profit for the three months ended 31 March 2018. The loss was primarily attributable to the decline in revenue and lower gross profit margin.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities (corresponding period in 2018: Nil).

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Group was listed on the GEM on 16 January 2018. As at the date of this report, the Group has applied RMB18.2 million proceeds in the designated areas. In order to boost sales, higher portion of the proceeds was used in marketing through social media up to 31 March 2019 to expose our brands and products in the consumer market. The investment in design and new product category, as well as offline store opening and refurbishment, have been proceeded cautiously so as to match with market development. Faced with weak consumer sentiment on our products, our offline retail partners have delayed their new store opening. Similarly, the Group has slow down the plan to recruit one designer, one procurement executive and an overseas design consultant firm. Directors do not anticipate any significant change to the use of net proceeds. The Group will apply the proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The use of IPO proceeds for the three months ended 31 March 2019 are shown as below:

		Net proceeds RMB'000	Utilised amount from the listing date up to 31 March 2019 RMB'000	Unutilised amount as at 31 March 2019 RMB'000
(1)	Marketing investment in social media events	13,610	12,736	874
(2)	Design and new product category	4,185	758	3,427
(3)	Physical shop opening and refurbishment	6,250	3,417	2,833
(4)	It system purchase and upgrade	6,862	1,465	5,397
	Total use of net proceeds	30,907	18,376	12,531

EVENTS AFTER THE BALANCE SHEET DATE

As from 31 March 2019 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 31 March 2019, 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 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 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	Percentage of interest in the associated corporation
Mr. Yau Tai Leung Sammy	Director of Yen Sheng BVI	49.31% in Yen Sheng BVI
Mr. Yau Sonny Tai Nin	Director of Yen Sheng BVI	49.23% in Yen Sheng BVI
Mr. Yau Frederick Heng Hang	Director of Yen Sheng BVI	0.69% in Yen Sheng BVI

Save as disclosed above, as at 31 March 2019, 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 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 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 31 March 2019, 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 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.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019.

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 ("**Share Option Scheme**"). No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme for the three months ended 31 March 2019 and there was no share option outstanding as at 31 March 2019.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

The independent Non-executive Directors have reviewed the confirmation given by Mr. Yau Sonny Tai Nin, Mr. Yau Frederick Heng Chung, Mr. Yau Tai Leung Sammy, Mr. Yau Nicholas Heng Wah, Ms. Hiang Siu Wei Cecilia and Yen Sheng Investment Limited, the controlling shareholders of the Company, pursuant to which each of Mr. Yau Sonny Tai Nin, Mr. Yau Frederick Heng Chung, Mr. Yau Tai Leung Sammy, Mr. Yau Nicholas Heng Wah, Ms. Hiang Siu Wei Cecilia and Yen Sheng Investment Limited has confirmed that, for the year ended 31 December 2018, they and their respective associates have not breached any of the terms of undertaking contained in the non-competition undertaking dated 15 December 2017 as disclosed in the prospectus of the Company dated 29 December 2017.

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 throughout three months ended 31 March 2019.

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 15 of the GEM Listing Rules. For the three months ended 31 March 2019, 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 throughout the three months ended 31 March 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct ("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 three months ended 31 March 2019.

INTERESTS OF COMPLIANCE ADVISER

Save for the compliance adviser agreement between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company had established the audit committee ("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 auditors, 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 financial statements of the Group for the three months ended 31 March 2019.

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

Hong Kong, 14 May 2019

As at the date of this report, the executive Directors 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.