

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



Third Quarterly
Report **2021**



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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 three months and nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3	36,459	22,330	102,358	60,423
Cost of sales		(16,933)	(12,510)	(47,656)	(33,411)
Gross profit		19,526	9,820	54,702	27,012
Other revenue and income		1,104	2,228	3,849	3,499
Government grants		—	220	538	1,203
Impairment losses on trade and other receivables, net		—	—	(1,634)	(2,242)
Selling and distribution costs		(19,354)	(10,723)	(53,039)	(32,257)
Administrative and other operating expenses		(3,469)	(3,044)	(10,585)	(12,991)
Finance costs		(112)	(90)	(308)	(514)
Loss before income tax	6	(2,305)	(1,589)	(6,477)	(16,290)
Income tax expense	5	—	—	(8)	—
Loss for the period		(2,305)	(1,589)	(6,485)	(16,290)
Other comprehensive (expense)/ income					
<i>Item that may be reclassified subsequently to the profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations		20	(754)	(208)	(377)
Total comprehensive loss for the period		(2,285)	(2,343)	(6,693)	(16,667)



	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loss for the period attributable to:					
Equity holders of the Company		(2,104)	(1,312)	(5,411)	(15,632)
Non-controlling interests		(201)	(277)	(1,074)	(658)
		(2,305)	(1,589)	(6,485)	(16,290)
Total comprehensive loss for the period attributable to:					
Equity holders of the Company		(2,084)	(2,066)	(5,619)	(16,009)
Non-controlling interests		(201)	(277)	(1,074)	(658)
		(2,285)	(2,343)	(6,693)	(16,667)
Loss per share attributable to equity holders of the Company					
Basic and diluted	8	RMB cents (0.38)	RMB cents (0.23)	RMB cents (0.97)	RMB cents (2.79)



Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 30 September 2021

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Put option reserve	Translation reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2020	4,470	35,026	10,520	1,195	(3,658)	2,642	(4,271)	45,924	1,186	47,110
Loss for the period	—	—	—	—	—	—	(15,632)	(15,632)	(658)	(16,290)
<i>Other comprehensive income:</i>										
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	—	(377)	—	(377)	—	(377)
Total comprehensive loss for the period	—	—	—	—	—	(377)	(15,632)	(16,009)	(658)	(16,667)
As at 30 September 2020										
(Unaudited)	4,470	35,026	10,520	1,195	(3,658)	2,265	(19,903)	29,915	528	30,443



	Attributable to equity holders of the Company									Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Put option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	
	As at 1 January 2021	4,470	35,026	10,520	1,195	(3,658)	1,232	(20,281)	28,504	
Loss for the period	-	-	-	-	-	-	(5,411)	(5,411)	(1,074)	(6,485)
<i>Other comprehensive loss:</i>										
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(208)	-	(208)	-	(208)
Total comprehensive loss for the period	-	-	-	-	-	(208)	(5,411)	(5,619)	(1,074)	(6,693)
As at 30 September 2021 (Unaudited)	4,470	35,026	10,520	1,195	(3,658)	1,024	(25,692)	22,885	(784)	22,101



Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

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 financial statements of the Group for the three months and nine months ended 30 September 2021 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 2020. 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 2020, except for the adoption of the following amended HKFRSs which are effective as of 1 January 2021.



Amended HKFRSs that are effective for annual periods beginning or after 1 January 2021

Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions as stated in paragraph 46B of HKFRS 16 for applying the practical expedient are met.

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying this amendment or Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”. Additional disclosures are required if this practical expedient is used.

The Group has elected to early adopt the amendment. Consequently, rent concessions received have been recognised in “Other revenue and income” in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity as at 1 January 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform — Phase 2” (“Phase 2 Amendments”)

The Phase 2 Amendments provide practical relief from certain requirements in HKFRSs. These reliefs relate to modifications of financial assets and financial liabilities (measured at amortised costs) and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark risk-free rate.



The Group initially applied Phase 2 Amendments on 1 January 2021 and applied the amendments retrospectively. However, in accordance with the exceptions permitted in Phase 2 Amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

Issued but not yet effective HKFRSs

At the date of authorisation of these unaudited condensed consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁴

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective date not yet determined

4 Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022



The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The adoption of these new and amended HKFRSs are not expected to have a material impact on the Group's unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for financial asset at fair value through profit or loss ("**FVTPL**") which is stated at fair value.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is Hong Kong dollars ("**HK\$**"). The Company's primary subsidiaries were incorporated in the People's Republic of China (the "**PRC**") and these subsidiaries considered Renminbi ("**RMB**") as their functional currency. As the development and operation of the Group during the years are within the PRC, the Group determined to present the unaudited condensed consolidated financial statements in RMB, unless otherwise stated.

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 2020.

The unaudited condensed consolidated financial statements have not been audited 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:

	Three months ended 30 September		Nine months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Online retail sales	33,705	19,091	94,950	49,014
Wholesale to online retailers	2,345	1,773	5,176	6,919
Wholesale to offline retailers	237	1,066	1,527	3,427
Offline retail sales	172	400	705	1,063
	36,459	22,330	102,358	60,423

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.

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers				
The PRC (excluding Hong Kong)	36,459	22,330	102,358	60,423

	As at	As at
	30 September	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Specified non-current assets		
The PRC (excluding Hong Kong)	4,005	3,815
Hong Kong	47	102
	4,052	3,917



Information about major customers

During the nine months ended 30 September 2021, none of the Group's customers contributed more than 10% of the Group's revenue (2020: Nil).

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% (2020: 25%) on the estimated assessable profit for the period arising from the PRC.

	Three months ended 30 September		Nine months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax				
The PRC EIT				
— Over-provision in respect of prior periods	—	—	8	—
	—	—	8	—



6. LOSS BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Auditor's remuneration	—	3	—	40
Cost of inventories recognised as an expense	16,749	12,417	47,266	33,132
Amortisation of intangible assets	50	52	152	417
Depreciation of property, plant and equipment				
— Owned assets	105	138	346	633
— Right-of-use assets	106	396	447	1,387
Losses on modification of lease term, net	—	175	—	155
Loss on disposal of property, plant and equipment	—	—	2	—
Staff costs (including directors' emoluments)				
— Salaries, allowances and other benefits	2,261	2,316	6,513	8,500
— Contributions to retirement benefit schemes (note (a))	403	235	1,049	879
Operating lease charges on premises:				
— Short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	750	617	2,131	1,717
— Variable lease payments (note (b))	—	4	1	75
Exchange (gains)/losses, net	34	(1,252)	(318)	(674)



Notes:

- (a) During the nine months ended 30 September 2021 and 2020 and previous years, there are no forfeited contribution be used to reduce the level of employer's contributions. As at 30 September 2021, 31 December 2020 and previous years, there was no forfeited contribution available to reduce the contributions payable in the future years.
- (b) 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 nine months ended 30 September 2021 (2020: Nil).

8. LOSS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loss				
Loss for the period attributable to equity holders of the Company	(2,104)	(1,312)	(5,411)	(15,632)
Number of shares				
Weighted average number of ordinary shares (in thousands)	560,000	560,000	560,000	560,000

The weighted average number of ordinary shares used to calculate the basic loss per share of the nine months ended 30 September 2021 and 2020 represents 560,000,000 ordinary shares in issue throughout the periods.

There were no dilutive potential ordinary shares during the nine months ended 30 September 2021 and 2020 and therefore, diluted loss per share equals to basic loss per share.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the nine months ended 30 September 2021, the Group achieved a revenue of RMB102.4 million, which represents an increase of 69.5% or RMB42.0 million as compared to the same period of 2020. For the third quarter, the revenue increase of RMB14.2 million is less than that of the second quarter but higher than that of the first quarter. The revenue increase among the first quarter, the second quarter and third quarter compared to corresponding periods in 2020 were approximately 37.4%, 111.5% and 63.7% respectively.

The main reason for such increases was attributable to satisfactory economic recovery after the outbreak of coronavirus (“COVID-19”) in China and the return of consumer confidence. While the business in luggage and travel accessories has not yet fully recovered, the revenue in distributing women’s handbag jumped significantly. Limited overseas travelling withheld the demands for luggage and travel items. The business in distributing women’s handbag on the other hand benefited from increased local consumption. Also, the Group focused on online sales and marketing by pooling resources and management effort together. The Group has steadily increased its livestream shopping sales through key opinion leaders “KOLs”. Further, the Group has developed in-house presenters for livestream shopping which has been taking place on a daily basis. All these marketing programs have contributed to revenue growth during the period. The Group has reacted quickly to follow this market trend and refine its marketing strategy accordingly.

As a result of the Group’s focused strategy, online retail sales jumped by RMB46.0 million from RMB49.0 million to RMB95.0 million for the nine months ended 30 September 2021. All other sale platforms witnessed revenue decline. The revenue in wholesale to online retailers, offline retailers, and wholesale to offline retailers dropped by 25.2%, 33.7% and 55.4% respectively.

In terms of revenue among the brands of ELLE and Jessie & Jane, the distribution mix was approximately 83.3% and 16.7% respectively for the nine months ended 30 September 2021, compared to 81.6% and 18.4% in the same period of 2020. Both ELLE and Jessie & Jane recorded higher revenue by RMB35.9 million and RMB6.0 million respectively during the period.



Similar to the luggage business, the Group's earning from offering marketing services to other retailers in online market continue to drop. It recorded RMB1.3 million only for the period.

FUTURE PROSPECTS

Given the current economic environment, the worst of business downturn appears to be over. The business of sale and marketing of women's handbag has been picking up noticeably this year. The management believe the trend will continue despite unstable business conditions are anticipated.

Besides allocating more time and resources to enhance online marketing, the Group strives for better results by adopting different approach. The Group has provided extensive training for in-house presenters, improved the quality of the sound and lighting systems, and fine-tuned techniques so as to drive more targeted traffic and audience. The management believes livestreaming by both high-end KOLs or in-house presenters will be critical. The Group will adapt internal operations to ensure our competitiveness in this new mode of e-tailing.

With our well-known brands in the consumer market, focused online marketing strategy, and flexible cost structure, the growing consumers' appetite poses business opportunities to our Group.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB42.0 million, or 69.5%, from approximately RMB60.4 million for the nine months ended 30 September 2020 to approximately RMB102.4 million for the nine months ended 30 September 2021. For the third quarter, the Group's revenue increased by approximately RMB14.2 million, or 63.7%, from approximately RMB22.3 million for the three months ended 30 September 2020 to approximately RMB36.5 million for the same period in 2021.



Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately RMB27.7 million, or 102.6%, from approximately RMB27.0 million for the nine months ended 30 September 2020 to approximately RMB54.7 million for the nine months ended 30 September 2021. The rise was largely attributable to increased revenue by 69.5% and the improved gross profit margin by 8.7 percentage point in the period. Under the improved market environment, the Group was able to raise selling prices.

Our gross profit margin for the nine months ended 30 September 2021 and 2020 were approximately 53.4% and 44.7% respectively.

Selling and Distribution Costs

The Group's selling and distribution costs rose by approximately RMB20.7 million, or 64.1%, from approximately RMB32.3 million for the nine months ended 30 September 2020 to approximately RMB53.0 million for the nine months ended 30 September 2021. The increase was mainly attributable to increased (i) commission; (ii) online shop expenses; (iii) advertising expenses; and (iv) royalty. The rising commission and royalty expenses were linked to higher revenue. In order to support live streaming marketing events, the Group boosted advertising and shop expenses so as to stimulate sales.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately RMB2.4 million, or 18.5%, from approximately RMB13.0 million for the nine months ended 30 September 2020 to approximately RMB10.6 million for the nine months ended 30 September 2021. The reduction was mainly attributable to the decreases in (i) salaries after headcount reduction; and (ii) lower professional fees. The Group has been attentive in controlling costs in all aspects.



Income Tax Expense

The Group's income tax expense increased slightly by approximately RMB8,000 from nil for the nine months ended 30 September 2020 to RMB8,000 for the nine months ended 30 September 2021.

Loss for the period

Loss of approximately RMB6.5 million for the nine months ended 30 September 2021 was incurred compared to loss of approximately RMB16.3 million for the nine months ended 30 September 2020. Higher revenue and enhanced profit margin contributed to higher gross profit, which was partly offset by increased selling and distribution costs. After incurring administrative and other operating expenses and finance costs, the loss was at a much reduced level than 2020.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

As at 30 September 2021, the Group did not hold any significant investments.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 30 September 2021, 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 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 September 2021, the Group had 62 employees (30 September 2020: 61) 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 RMB7.6 million for the nine months ended 30 September 2021 (nine months ended 30 September 2020: RMB9.4 million). The remuneration policies of the Group are formulated based on the Group's operating results, employees' individual performance, working 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 BALANCE SHEET DATE

As from 30 September 2021 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 September 2021, the interests and short positions of the Directors and the chief executive of the Company in the 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 September 2021, 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 September 2021, 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 September 2021, 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 nine months ended 30 September 2021 (2020: 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 September 2021.

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 nine months ended 30 September 2021.

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 September 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the nine months ended 30 September 2021, 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 15 of the GEM Listing Rules. During the nine months ended 30 September 2021, 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 nine months ended 30 September 2021.

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 nine months ended 30 September 2021 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 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 nine months ended 30 September 2021.

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

Hong Kong, 11 November 2021

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.

