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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)**

### CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Sling Group Holdings Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) dated 29 December 2017 (the “**Prospectus**”) and annual report for the year ended 31 December 2019 of the Company dated 24 March 2020 (the “**Annual Report 2019**”). Unless otherwise defined herein, capitalized terms used below shall have the same meanings as those defined in the Prospectus.

The net proceeds from the Share Offer is approximately RMB30,986,000 after deducting the underwriting commissions and all related expenses (the “**Net Proceeds**”). As at 11 May 2020, the group has utilised approximately RMB21.0 million of the Net Proceeds, representing approximately 67.9% of the Net Proceeds. The amount of Net Proceeds which remain unutilised up to 11 May 2020 amounted to approximately RMB10.0 million. (the “**Unutilised Proceeds**”).

The board of directors (the “**Board**”) of the Group has resolved to reallocate the Unutilised Proceeds from Design and new product category, Physical shop opening and refurbishment and IT system purchase and upgrade (the “**Change in UOP**”). An analysis of the utilisation of the Net Proceeds up to 11 May 2020 and Change in UOP of the Unutilised Proceeds are summarized as follows:

	Net Proceeds <i>RMB'000</i>	Utilised Net Proceeds up to 11 May 2020 <i>RMB'000</i>	Unutilised Net Proceeds <i>RMB'000</i>	Proposed application of the Unutilised Net Proceeds <i>RMB'000</i>
(1) Marketing investments in social media events	13,610	13,610	—	4,000
(2) Design and new product category	4,185	1,211	2,974	—
(3) Physical shop opening and refurbishment	6,250	4,267	1,983	—
(4) IT system purchase and upgrade	6,862	1,867	4,995	—
(5) Working capital	79	79	—	5,952
	<u>30,986</u>	<u>21,034</u>	<u>9,952</u>	<u>9,952</u>

## **Reasons for the Change in UOP**

The Group has carried out business expansion and strengthened design and product development capability after initial public offering. However, the development process took longer than expected in our initial planning including recruiting qualified product development manager and procurement head, as well as engaging suitable overseas design consultant firm. As market conditions has been adversely affected by the intensification of US-China trade war, the Group considered that it was inappropriate timing to launch the new product and our diversification strategy to new products is then deferred.

The business plan to subsidize third party retailers to open new offline retail points or refurbish existing one were executed in progress until the first half of 2019. Due to softening demands for our women's handbags and together with latest business disruption by the outbreak of coronavirus (“**COVID-19**”), our third party retailers have been cautious in the implementation of new store opening and refurbishment. Their investment in offline retail stores have been withheld since then and thus the utilisation of Net Proceeds is less than original plan. The target number of retail points is by in large achieved.

Further, the Group has applied the Net Proceeds in IT system purchase and update in 2018. The management managed to spend less to achieve similar operating efficiency. Since the negative impact of US-China trade war on consumer spending spilled over to 2019, the Group has gradually scaled down the investment in response to reducing business volume. The investment was originally intended to support the Group business expansion. In view of this, the urgency and importance to upgrade certain IT system and software for such business intelligence purpose is much reduced.

As such, the Board do not anticipate to fully apply the use of net proceeds before 30 June 2020 as in the original plan set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Given the COVID-19 outbreak in China is currently under control and anticipated resumption of economic activities starting in second quarter, the management considers the reinforcement of marketing investments in social media events would be a more sensible move to boost our business performance and it exposes our products and reach out to our target consumers in upcoming period. At the same time with the ongoing COVID-19 pandemic situation still unsettled in other parts of the world and the anticipation that the US-China trade war will not be resolved shortly, the management believes that the business environment will continue to be oscillated. Therefore, the management deliberates that it is prudent for the Group to strengthen its cash position to withstand any further economic predicament. The Group considers reallocating the unutilised portion among the Future Plans would enable us to apply the resources in more effective manner for better business result and liquidity enhancement.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus. The Board considers the above Change in UOP will allow the Group to deploy its financial resources more effectively and is therefore in the best interests of the Group and Shareholders as a whole.

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

Hong Kong, 11 May 2020

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

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

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