



SING LEE SOFTWARE (GROUP) LIMITED

新利軟件(集團)股份有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8076)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a high investment risk may be attached than other companies listed on the Stock 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.

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This announcement, for which the directors of Sing Lee Software (Group) Limited (the “Company”) (the “Directors”) 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 of Hong Kong Limited 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.

* For identification purposes only

RESULTS

The board of Directors (the “Board”) of Sing Lee Software (Group) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding periods in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	2	14,094	17,423	19,458	31,038
Cost of sales and services		(18,665)	(13,617)	(39,087)	(37,485)
Gross profit/(loss)		(4,571)	3,806	(19,629)	(6,447)
Other income	3	425	146	594	466
Impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets		4	(711)	4	24
Other gains and losses	4	(816)	3,117	(372)	2,878
Distribution and selling expenses		(878)	(423)	(2,879)	(4,285)
Administrative expenses		(2,940)	(2,787)	(7,316)	(7,371)
Finance costs		(295)	(349)	(580)	(919)
Profit/(loss) before tax		(9,071)	2,799	(30,178)	(15,654)
Income tax credit	5	-	1,808	-	1,808
Profit/(loss) and total comprehensive income/(expenses) for the period		(9,071)	4,607	(30,178)	(13,846)
Earnings/(loss) per share					
– Basic (RMB cents)	6	(0.69)	0.35	(2.29)	(1.05)
– Diluted (RMB cents)	6	(0.69)	0.35	(2.29)	(1.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		9,993	10,491
Right-of-use assets		261	444
		<u>10,254</u>	<u>10,935</u>
Current Assets			
Inventories – finished goods		1,123	531
Trade and other receivables	8	32,858	42,881
Contract assets	9	731	596
Financial assets at fair value through profit or loss		172	163
Bank balances and cash		21,013	44,976
		<u>55,897</u>	<u>89,147</u>
Current Liabilities			
Trade and other payables	10	10,014	16,833
Amounts due to directors		659	733
Borrowings	11	12,469	12,461
Lease liabilities		97	157
Amount due to immediate holding company		11	11
		<u>23,250</u>	<u>30,195</u>
Net Current Assets		<u>32,647</u>	<u>58,952</u>
Total Assets Less Current Liabilities		<u>42,901</u>	<u>69,887</u>
Non-current Liabilities			
Borrowings	11	21,099	17,907
Net Assets		<u>21,802</u>	<u>51,980</u>
Capital and Reserves			
Share capital	12	12,538	12,538
Reserves		9,264	39,442
Total Equity		<u>21,802</u>	<u>51,980</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Shareholder's contribution RMB'000	Translation reserve RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022 (Audited)	12,538	179,132	3,613	786	5,217	6,631	(155,937)	51,980
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(30,178)	(30,178)
At 30 June 2022 (Unaudited)	<u>12,538</u>	<u>179,132</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>6,631</u>	<u>(186,115)</u>	<u>21,802</u>
At 1 January 2021 (Audited)	12,538	179,132	3,613	786	5,217	30,991	(166,529)	65,748
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(13,846)	(13,846)
Lapse of share options	-	-	-	-	-	(23,774)	23,774	-
At 30 June 2021 (Unaudited)	<u>12,538</u>	<u>179,132</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>7,217</u>	<u>(156,601)</u>	<u>51,902</u>

Under the Companies Act 1981 of Bermuda (“Companies Act”), share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and other reserves if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the People’s Republic of China (the “PRC”), the Company’s PRC subsidiaries are required to maintain two statutory reserves, being an enterprise expansion fund and a statutory surplus reserve fund which are non-distributable. Appropriations to such reserves are made out of net profit after taxation reported in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by their respective boards of directors annually. The statutory surplus reserve fund can be used to make up their prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund can be used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

On 30 September 2017, Mr. Hung Yung Lai, being the Chairman, executive director and controlling shareholder of the Company, waived the balance due to him of approximately RMB786,000. The amount has been capitalised as shareholder’s contribution.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(25,567)	(35,393)
Net cash generated from investing activities	137	37,047
Net cash generated from/(used in) financing activities	<u>1,467</u>	<u>(18,624)</u>
Net decrease in cash and cash equivalents	(23,963)	(16,970)
Cash and cash equivalents at beginning of the period	<u>44,976</u>	<u>58,358</u>
Cash and cash equivalents at the end of the period represented by: Bank balances and cash	<u><u>21,013</u></u>	<u><u>41,388</u></u>

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

1. GENERAL

The unaudited consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

The unaudited consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM.

The unaudited consolidated interim financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Group.

All significant intra-group transactions and balances have been eliminated on consolidation.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021 (the “2021 Consolidated Financial Statements”), except for the amendments and interpretations of IFRSs (the “New IFRSs”) issued by IASB which have become effective in this period as detailed in the notes of the 2021 Consolidated Financial Statements. The adoption of the New IFRSs has no material impact on the accounting policies in the Group’s condensed consolidated financial statements for the period.

2. REVENUE AND OPERATING SEGMENTS

Information reported to the Company's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

1. Sales of software products
2. Sales of related hardware products
3. Provision of technical support services

No operating segments have been aggregated in arising at the reportable segments of the Group.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 June 2022

	Sale of software products RMB'000 (Unaudited)	Sale of related hardware products RMB'000 (Unaudited)	Provision of technical support services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
External sales and total revenue – segment revenue	<u>1,568</u>	<u>307</u>	<u>17,583</u>	<u>19,458</u>
SEGMENT RESULTS	<u>(130)</u>	<u>(224)</u>	<u>(28,228)</u>	<u>(28,582)</u>
Unallocated other income				594
Unallocated other gains and losses				(372)
Unallocated corporate expenses				(1,238)
Finance costs				<u>(580)</u>
Loss before tax				<u>(30,178)</u>

For the six months ended 30 June 2021

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External sales and total revenue – segment revenue	<u>1,165</u>	<u>256</u>	<u>29,617</u>	<u>31,038</u>
SEGMENT RESULTS	<u>496</u>	<u>(9)</u>	<u>(17,703)</u>	(17,216)
Unallocated other income				466
Unallocated other gains and losses				2,878
Unallocated corporate expenses				(863)
Finance costs				<u>(919)</u>
Loss before tax				<u>(15,654)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the loss suffered by each segment without allocation of finance costs, unallocated corporate expenses, other income and other gains and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other Segment information

For the six months ended 30 June 2022

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	40	8	450	498
Depreciation of right-of-use assets	28	5	312	345
Amortisation of intangible assets	117	–	480	597
Impairment losses on trade receivables and contract assets reversed in profit or loss	–	–	(4)	(4)
Reversal of previously recognised impairment losses for intangible assets	(117)	–	(480)	(597)

For the six months ended 30 June 2021

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	20	4	512	536
Depreciation of right-of-use assets	10	2	261	273
Amortisation of intangible assets	22	5	572	599
Impairment losses on trade receivables and contract assets reversed in profit or loss	–	–	(24)	(24)

Geographical information

The Group's revenue from external customers is all generated from customers located in the Mainland China.

All non-current assets of the Group are located in the PRC by location of assets.

3. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	78	19	137	53
Others	347	127	457	413
	<u>425</u>	<u>146</u>	<u>594</u>	<u>466</u>

4. OTHER GAINS AND LOSSES

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net exchange gain/(loss)	(1,115)	75	(971)	203
Loss on disposal of property, plant and equipment	–	(6)	–	(6)
Gain on disposal of a subsidiary	–	2,461	–	2,461
Fair value changes of financial assets at FVTPL	–	(6)	2	2
Others	299	593	597	218
	<u>(816)</u>	<u>3,117</u>	<u>(372)</u>	<u>2,878</u>

5. INCOME TAX CREDIT

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC enterprise income tax (“EIT”)				
– Current year	–	–	–	–
Deferred taxation				
– Current year	–	1,808	–	1,808
	<u>–</u>	<u>1,808</u>	<u>–</u>	<u>1,808</u>
	<u>–</u>	<u>1,808</u>	<u>–</u>	<u>1,808</u>

Hangzhou Singlee Technology Company Limited (“Singlee Technology”), a subsidiary of the Company, was established in Hangzhou, the PRC, with statutory tax rate of 25%. Singlee Technology is regarded as a High and New Technology Enterprise defined by Zhejiang Finance Bureau, Administrator of Local Taxation of Zhejiang Municipality and Zhejiang Municipal office of the State Administration of Taxation and is therefore entitled to 15% preferential tax rate for the PRC EIT since 2010. Accordingly, the tax rate for Singlee Technology is 15% for the six months ended 30 June 2022 and 2021.

According to the PRC Enterprise Income Tax Law, the applicable tax rate of Hangzhou Singlee Software Company Limited (“Singlee Software”) and Xin Yintong Technology Co., Ltd. (“Xin YinTong”) is 25% for the six months ended 30 June 2022 and 2021.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the six months ended 30 June 2022 and 2021.

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits arising from PRC for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

6. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per share	<u>(9,071)</u>	<u>4,607</u>	<u>(30,178)</u>	<u>(13,846)</u>
	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,317,240	1,317,240	1,317,240	1,317,240
Effect of dilutive potential ordinary shares – Share options	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>1,317,240</u>	<u>1,317,240</u>	<u>1,317,240</u>	<u>1,317,240</u>

The computation of diluted earnings/(loss) per share for the six months ended 30 June 2022 and 2021 does not assume the exercise of certain options because the exercise prices of those options were higher than the average market prices.

7. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables		
– contracts with customers	16,690	30,802
<i>Less: allowance for credit losses</i>	(1,286)	(1,286)
	15,404	29,516
Other receivables, prepayments and deposits		
Deposits paid to customers	4,519	5,350
Advances to staff	9,938	5,106
Other tax recoverable	–	120
Others	2,997	2,789
	17,454	13,365
Total trade and other receivables	32,858	42,881

The normal credit term is 120 to 180 days upon delivery or service provided.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
0 – 120 days	5,124	21,928
121 – 180 days	27	326
181 – 365 days	4,557	605
Over 365 days	5,696	6,657
	15,404	29,516

As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,989,000 (31 December 2021: RMB6,710,000) which are past due 90 days or more as the reporting date and are not considered as in default as most of the debtors are banks with strong financial position and high credit ratings and the amounts are still considered fully recoverable.

9. CONTRACT ASSETS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Retention receivable	<u>731</u>	<u>596</u>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group typically agrees to a retention period ranging from one to two years for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional during retention period. The Group typically transfer contract assets into trade receivables at the end of retention period. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	1,080	3,803
Payroll payables	4,510	5,268
Other PRC tax payables	–	1,986
Employee reimbursement payable	750	2,805
Accruals	2,607	1,946
Others	<u>1,067</u>	<u>1,025</u>
Total	<u>10,014</u>	<u>16,833</u>

The following is an aged analysis based on invoice date of trade payables at the end of the reporting period:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 90 days	68	2,790
91 – 180 days	54	169
181 – 365 days	149	63
Over 365 days	<u>809</u>	<u>781</u>
	<u>1,080</u>	<u>3,803</u>

The range of credit period on purchases of goods is around 120 to 180 days.

Trade and other payables of approximately RMB2,651,000 (31 December 2021: approximately RMB2,537,000) were denominated in HK\$.

11. BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Unsecured loans from a director (<i>Note i</i>)	21,568	18,368
Secured bank borrowings (<i>Note ii</i>)	9,000	9,000
Unsecured bank borrowings (<i>Note ii</i>)	3,000	3,000
	<u>33,568</u>	<u>30,368</u>
Carrying amount of the above borrowings are repayable:		
	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within one year	12,469	12,461
Within a period of more than one year but not exceeding two years	46	–
Within a period of more than two years but not exceeding five years	2,131	45
Within a period of more than five years	18,922	17,862
	<u>33,568</u>	<u>30,368</u>
<i>Less:</i> Amounts due within one year shown under current liabilities	<u>(12,469)</u>	<u>(12,461)</u>
Amounts shown under non-current liabilities	<u>21,099</u>	<u>17,907</u>

Notes:

- (i) The exposure of the Group's loans from a director and the contractual maturity dates are as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within one year	469	461
Between one to two years	46	–
Between two to five years	2,131	45
More than five years	18,922	17,862
	<u>21,568</u>	<u>18,368</u>

The ranges of effective interest rates on the Group's loans from a director are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Effective interest rate:		
Fixed-rate borrowings	<u>2.68% – 3.38%</u>	<u>2.68% – 3.38%</u>

The loans from a director of approximately RMB21,053,000 (31 December 2021: approximately RMB17,862,000) are denominated in HK\$, other borrowings are denominated in the functional currency of the respective group entity.

- (ii) The exposure of the Group's bank borrowings and the contractual maturity dates are as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Fixed-rate bank borrowings:		
Within one year	<u>12,000</u>	<u>12,000</u>

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Effective interest rate:		
Fixed-rate borrowings	<u>4.8%</u>	<u>4.8%</u>

The owned properties with a carrying amount of approximately RMB8,628,000 (31 December 2021: approximately RMB8,901,000) have been pledged to secure bank borrowings of RMB9,000,000 (31 December 2021: RMB9,000,000).

12. SHARE CAPITAL

	Number of Shares '000	Amount HK\$'000	Amount RMB'000
Ordinary shares of HK\$0.01 each:			
<i>Authorized:</i>			
At 31 December 2021 and 30 June 2022	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>			
At 31 December 2021 and 30 June 2022	<u>1,317,240</u>	<u>13,173</u>	<u>12,538</u>

13. RELATED PARTY TRANSACTIONS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Lease rental expenses paid to Sing Lee Pharmaceutical Import & Export Co., Limited for lease of office premises	<u>261</u>	<u>521</u>

Sing Lee Pharmaceutical Import & Export Co., Limited is a limited company incorporated in Hong Kong, of which Mr. Hung Yung Lai has 50% equity interest with joint control in this entity.

The above related party transactions were carried out in the normal course of business.

14. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Transfer of shares by a controlling shareholder

On 6 July 2022, Goldcorp Industrial Limited, a controlling shareholder of the Company (which is incorporated in the British Virgin Islands, and is owned as to 50% by Mr. Hung Yung Lai, the chairman of the board of directors and an executive Director, and as to 50% by Great Song Enterprises Limited which is in turn wholly-owned by Ms. Li Kei Ling), after an arm's length negotiation, has transferred 110,310,000, 65,110,000, 65,860,000 and 54,195,000 shares of the Company (the "Transfer Share(s)") at the consideration of HK\$0.025 per Transfer Share to (i) Mr. Lin Xue Xin, an executive Director and the Chief Executive Officer of the Company, (ii) Mr. Li Dong, deputy general manager of the Company, (iii) Mr. Zang Jingjing, deputy general manager of the Company and (iv) Mr. Yin Ming, Sales Director of the Company respectively. Immediately after completion of the Share Transfers, the Goldcorp Industrial Limited will cease to be a controlling shareholder but continue to be a substantial shareholder of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

For the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB19,458,000, decrease of 37% as compared to the same period of last year (For the six months ended 30 June 2021: approximately RMB31,038,000). The decrease in the turnover of the Group was mainly attributable to the decrease in the revenue of the Group's provision of technical support services. Cost of sales for the six months ended 30 June 2022 increased by 4% to approximately RMB39,087,000 (For the six months ended 30 June 2021: approximately RMB37,485,000). Cost of sales increased was mainly due to the increased in staff costs.

Administrative expenses for the six months ended 30 June 2022 amounted to approximately RMB7,316,000 (For the six months ended 30 June 2021: approximately RMB7,371,000), which remains stable. Distribution and selling expenses for the six months ended 30 June 2022 decreased by 33% to approximately RMB2,879,000 (For the six months ended 30 June 2021: approximately RMB4,285,000), decreased in distribution and selling expenses was mainly due to our effective cost control measures. Other income included refund of value added tax and interest income; and other gains and losses included exchange differences, fair value changes in financial assets at fair value through profit or loss and gain on disposal of a subsidiary.

Finance costs for the six months ended 30 June 2022 decreased by 37% to approximately RMB580,000 (For the six months ended 30 June 2021: approximately RMB919,000). The decreased in finance costs was mainly attributable to decrease in borrowings.

The Group recorded a loss amounted to approximately RMB30,178,000 for the six months ended 30 June 2022, increase of 118% as compared to the same period of last year (For the six months ended 30 June 2021: approximately RMB13,846,000). The significant increase in loss was mainly attributable to (i) decreased in revenue, (ii) increase in staff costs and (iii) the gain on disposal of a subsidiary during the six months ended 30 June 2021 which was absent during the six months ended 30 June 2022.

We will continue striving our best to increase sales and strengthen our cost control measures. With the products of our Group becoming more mature in the market and the effective cost control, we expect that financial results of the group would be further improved in the coming quarter.

BUSINESS REVIEW

Overall Business of the Group for the first half of 2022

While many countries have chosen to live with COVID-19, the global pandemic that started three years ago has not been effectively contained, and the resulting global financial crisis also enters its third year. During the first half of this year, China had experienced COVID-19 resurgences that were more severe than last year, especially in first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen. As a result, China's economy was hit hard with all industries and sectors being affected. With the plunging revenues, the banking industry had to cut down spending, which in turn affected the Group's development significantly. Meanwhile, due to the outbreaks in some provinces and cities in the first half of 2022, our operations had been disrupted and suspended occasionally after the Chinese New Year, leading to higher operating costs.

As the business activities slowed down due to lockdowns, the Group recorded a decrease of 37% in annual sales this year compared with the same period of last year. Total costs have remained stable, and the loss for the first half of this year increased 118% compared with the same period of last year. Our operations have been dragged down by the pandemic and had recorded a loss for the past two years, but the Group has been able to maintain business continuity with the concerted effort of the team. Meanwhile, the Group made further progress in product development and in-depth research and development under the strategy that focuses on a core business and two complementary products as most of the products were highly recognized by the banking clients.

In light of the future development of the mainland market, especially the financial reform and holistic localization of financial products in Mainland China, the Group fine-tuned its product mix in 2021 to align it with the goals of increasing capital, focusing input, overcoming challenges and making new breakthroughs.

The Group has seen a decline in business volume with the shrinking input from the banking industry. However, it will adhere to and continue to adjust and develop the strategy that focuses on a core business and two complementary products. The new business models emerged in the post-pandemic era have led to a growing demand for online products amongst banks, driving the further development of Sing Lee's software and new payment modes. Particularly, the Group has been shifting its research and development focus to online-offline integration to align with the development and advancement of digital currencies in the coming years. Apart from the existing payment products, cloud-based MIS that covers all-in-one payment, GovPay, smart hospitals and payment was also introduced to adapt to the increasingly diversified payment models. Major projects included small cloud-based business project jointly launched with Meituan, the "CCB Living" online-to-offline platform jointly developed with the China Construction Bank (CCB) and the Upay system adopted by various hotel groups. Besides, the Group also moved the payment process from offline to online, such as working with banks and third parties to deepen the overall process development. In addition, in view of the slower development of state-owned banks in this regard, the Group's strategy to focus more on payment products for small and medium-sized banks and small businesses has become increasingly important and witnessed encouraging initial results, laying a solid foundation for all-round digital currency development. The team also continues to strengthen the Group's existing markets and software to get through these difficult times smoothly.

Under the strategy that focuses on a core business and two complementary products, banking outsourcing service (merchant) products mainly involves the Industrial and Commercial Bank of China, Agricultural Bank of China, CCB and Postal Savings Bank of China in Zhejiang, Jiangsu, Guangdong, Sichuan and other economic powerhouses, as well as Northwest China, Xinjiang and Guizhou where favourable policies are in place. The Group has been shifting its business focus from hardware and devices to a new model based on the existing operation and with value-added services at its core. Such services include bank instalment loan provided to merchants, development of payment QR code and other marketing services, which will form the core of future merchant services. In line with its strategy of withdrawing from unprofitable provinces implemented in 2021, the Group now serves 13 banks in 11 provinces, compared with 19 banks in 13 provinces previously. The main reason behind this decision is that the Group suffered a growing loss when serving these banks, and would be unable to maintain its service in the current environment. On the other hand, the development and efficiency of the banking outsourcing service (merchant) will help the Group achieve the overall goal of promoting its payment business to more small merchants and consumers. The Group will be committed to “continuously expanding the offline market, deepening value-added services, strengthening cooperation with banks, and precisely developing merchant service business”. Previously divided businesses will be gradually combined to integrate banking outsourcing service (merchant) and payment products into the core of its development strategy.

Having witnessed the evolution of the nation’s financial payment sector, the Group celebrates its 30th anniversary in the payment service industry in China this year. The digital currency pilot scheme led by the People’s Bank of China was introduced in 2020. Like the development of the Greater Bay Area that marks the second wave of China’s economic reform, digital currency represents the second phase of the country’s financial currency reform as well as a key strategic focus of the Group in the future, allowing it to capture the opportunities presented by the new momentum of the payment market.

OUTLOOK

The “Payment plus service” remains the core of the Group. The services and new payment models targeting small and medium-sized merchants evolved from traditional operations will be our main sources of big data. Based on these products, the Group has developed a unique OFFLINE TO ONLINE (O2O) model. The business portfolio will also be better aligned to the overall development of the financial environment.

The Group will continue to implement stringent cost control, and strengthen the risk control over the overall operations and individual businesses in order to establish a virtuous cycle of identifying new sources of income and lowering the costs.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The operating expenditures of the Group are funded by cash flow from operations and borrowings. The Group has adequate sources of funds to meet its future working capital requirements.

As at 30 June 2022, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB21,013,000 (31 December 2021: approximately RMB44,976,000). The Group’s current ratio, based on total current assets over total current liabilities, as at 30 June 2022 was approximately 2.4 times (31 December 2021: approximately 3.0 times).

At 30 June 2022, the Group had the following outstanding borrowings:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Fixed-rate borrowings:		
Unsecured loans from a director	21,568	18,368
Secured bank borrowings	9,000	9,000
Unsecured bank borrowings	3,000	3,000
	33,568	30,368

The borrowings' contractual maturity dates are as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Within one year	12,469	12,461
Between one to two years	46	–
Between two to five years	2,131	45
More than five years	18,922	17,862
	33,568	30,368

The loans from a director of approximately RMB21,053,000 (31 December 2021: RMB17,862,000) are denominated in HK dollars, other borrowings are denominated in the functional currency of the respective group entity.

No interest was capitalized by the Group during the period under review (31 December 2021: Nil).

The gearing ratio of the Group, based on total liabilities over total assets, as at 30 June 2022 was approximately 67% (31 December 2021: approximately 48%).

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the period under review.

EMPLOYEE INFORMATION

As at 30 June 2022, the Group had 1,020 employees (six months ended 30 June 2021: 997), including both PRC and Hong Kong employees. Remuneration and bonus policy are primarily determined by the performance of the individual employees and financial results of the Group. Total staff costs for the reported period were approximately RMB42,336,000 (six months ended 30 June 2021: approximately RMB37,065,000).

The Group has adopted a share option scheme whereby certain employees of the Group granted options to acquire shares.

CHARGE ON GROUP ASSETS

As at 30 June 2022, the owned properties of the Group located in Hangzhou with an aggregate net carrying amount of approximately RMB8,628,000 (31 December 2021: approximately RMB8,901,000) were used to secure the banking facilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Details of the Group's future plans for material investments or capital assets and their expected source of funding have been stated in the Company's prospectus dated 30 August 2001 under the sections headed "Statement of Business Objectives" and "Reasons for the New Issue and Use of Proceeds" respectively.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in RMB. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

PROSPECTS OF NEW PRODUCTS

Please refer to the Business Review in the section of Management Discussion and Analysis for a discussion on this.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to any directors or chief executives of the Company, as at 30 June 2022, shareholders (other than directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares and debentures 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 directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial owner	431,782,500 <i>(note 1)</i>	—	32.78%
Great Song Enterprises Limited	Beneficial owner	431,782,500 <i>(notes 1 and 2)</i>	—	32.78%
Mr. Hung Yung Lai	Corporate interest	431,782,500 <i>(notes 2 and 4)</i>	—	32.78%
	Beneficial owner	38,532,500	—	2.92%
Ms. Li Kei Ling	Corporate interest	431,782,500 <i>(notes 2 and 3)</i>	—	32.78%
Mdm. Iu Pun	Family interest	470,315,000 <i>(note 5)</i>	—	35.70%

Notes:

1. Goldcorp Industrial Limited is a limited liability company incorporated in the British Virgin Islands equally owned by Mr. Hung Yung Lai and Great Song Enterprises Limited which in turn is wholly owned by Ms. Li Kei Ling.
2. The Shares were held by Goldcorp Industrial Limited.
3. Ms. Li Kei Ling controls more than one third of the voting power of Great Song Enterprises Limited which in turn holds more than one third of the voting power of Goldcorp Industrial Limited. Ms Li Kei Ling is deemed, by virtue of the SFO, to be interested in the same 431,782,500 shares held by Goldcorp Industrial Limited.
4. Mr. Hung Yung Lai controls more than one third of the voting power of Goldcorp Industrial Limited. Mr. Hung Yung Lai is deemed, by virtue of the SFO, to be interested in the same 431,782,500 shares held by Goldcorp Industrial Limited.
5. These shares are beneficially owned by Goldcorp Industrial Limited as mentioned in Note 4 of above. Mr. Hung Yung Lai is deemed to be interested in the same 431,782,500 shares held by Goldcorp Industrial Limited. Mdm Iu Pun is the wife of Mr. Hung Yung Lai and is deemed to be interested in these shares in which Mr. Hung Yung Lai is deemed or taken to be interested for the purpose of the SFO. She is also deemed to be interested in the 38,532,500 shares beneficially owned by Mr. Hung Yung Lai as mentioned in Note 4 above for the purpose of SFO.

Save as disclosed above, as at 30 June 2022, the Company were not aware of any other person (other than directors or chief executives of the Company) who had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or any other substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests or short positions of the directors and chief executives of the Company in 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 Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required to be entered into the register required to be kept by the Company, pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Directors' interests in securities of the Company:

Name of Directors	Long/ Short Position	Capacity/Nature of interests	Interests in ordinary shares	Interest in underlying shares of share options	Aggregate interests	Percentage of aggregate interests to total issued share capital of the Company
Mr. Hung Yung Lai	Long Position	Corporate interest	431,782,500 (note 1)	–	431,782,500	32.78%
	Long Position	Beneficial owner	38,532,500	–	38,532,500	2.92%
Mr. Hung Ying	Long Position	Beneficial owner	14,547,500	3,862,822	18,410,322	1.40%
Mr. Lin Xue Xin	Long Position	Beneficial owner	9,470,000	4,992,682	14,462,682	1.10%
Mr. Cui Jian	Long Position	Beneficial owner	32,755,000	–	32,755,000	2.49%
Mr. Pao Ping Wing	Long Position	Beneficial owner	–	307,606	307,606	0.02%
Mr. Thomas Tam	Long Position	Beneficial owner	–	307,606	307,606	0.02%
Mr. Lo King Man	Long Position	Beneficial owner	–	307,606	307,606	0.02%

Directors' interests in the associated corporation:

Name of Director	Long/Short Position	Capacity/Nature of interests	Name of the associated corporation	Number of ordinary shares held	Percentage of total number of shares of the associated corporations (note 2)
Mr. Hung Yung Lai	Long Position	Beneficial owner	Goldcorp Industrial Limited	1	50%

Notes:

1. The Shares were held by Goldcorp Industrial Limited. Mr. Hung Yung Lai has 50% interest in Goldcorp Industrial Limited.
2. The entire issued capital of Goldcorp Industrial Limited as of 30 June 2022 composed of 2 ordinary shares.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted on 27 August 2001 for the primary purpose of providing incentives to directors and eligible employees, and has been expired on 27 August 2011. Under the Scheme, the board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme would be valid and effective for a period of ten years commencing on the adoption date and have come to its expiration. All other respects of the provisions of the Scheme shall remain in full force and holders of all options granted under the Scheme prior to such expiry shall be entitled to exercise the outstanding options pursuant to the terms of the Scheme until expiry of the said options. As a result, a new share option scheme which was approved on 28 February 2011 (the "New Scheme"), take effect immediately after the expiry of the Scheme. The principal terms of the New Scheme are same with the Scheme.

Pursuant to the ordinary resolution passed by the shareholders at the special general meeting of the Company held on 28 February 2011 (the “SGM”), the Scheme mandate limit was refreshed so that the Company was authorized to grant share options under the existing Scheme for subscription of up to a total of 81,184,000 shares, representing approximately 10% of the issued share capital of the Company as at the date of the SGM.

Pursuant to the ordinary resolution passed by the shareholders at the annual general meeting of the Company held on 11 May 2016 (the “AGM”), the scheme mandate limit under the share option scheme of the Company was refreshed again so that the Company was authorized to grant additional share options for subscription for a total of 86,443,000 shares under the refreshed mandate limit, representing approximately 10% of the issued share capital of the Company as at the date of the AGM.

Pursuant to the ordinary resolution passed by the shareholders at the annual general meeting of the Company held on 11 May 2018 (the “AGM”), the scheme mandate limit under the share option scheme of the Company was refreshed again so that the Company was authorised to grant additional share options for subscription for a total of 61,032,000 shares under the refreshed mandate limit, representing approximately 6.95% of the issued share capital of the Company as at the date of the AGM.

The total number of shares issued and to be issued upon the exercise of options granted and to be granted to each Participant (including both exercised and outstanding options) in any 12 months period up to the date of grant must not exceed 1% of the shares in issue at the date of grant.

The subscription shall be a price determined by the Board at its absolute discretion and shall not be less than the higher of the closing price of the share on the date of grant of the option and the average closing price of the shares for the five business days immediately preceding the date of grant of the option.

Options granted shall be deemed to be accepted upon receipt of the acceptance of offer letter from the grantee within 28 days from the offer date, together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant.

An option may be exercised in accordance with the terms of the Scheme at any time during a period notified by the Board to each grantee but may not be exercised after the expiry of 10 years from the date of grant.

On 9 October 2007 the Company granted 47,550,000 options to subscribe for shares in the Company under the Scheme at an exercise price of HK\$0.368 per share to its employees of the Group. Shares of the Company were at closing price of HK\$0.36 immediately before the day on which options were granted. Options granted on 9 October 2007 were expired during year 2017.

On 19 January 2010 the Company granted 20,900,000 options to subscribe for shares in the Company under the Scheme at an exercise price of HK\$0.20 per share to its directors and employees of the Group. Shares of the Company were at closing price of HK\$0.20 immediately before the day on which options were granted. Options granted on 19 January 2010 were expired during year 2020.

On 16 August 2010 the Company granted 8,990,000 options to subscribe for shares in the Company under the Scheme at an exercise price of HK\$0.84 per share to its employees of the Group. Shares of the Company were at closing price of HK\$0.84 immediately before the day on which options were granted. Options granted on 16 August 2010 were expired during year 2020.

On 10 January 2011, the Company granted 65,000,000 share options to subscribe for shares in the Company under the Share Option Scheme at an exercise price of HK\$0.730 per share to Mr. Hung Yung Lai, Chairman of the Group. Shares of the Company were at closing price of HK\$0.730 immediately before the day on which options were granted. The grant of share options to Mr. Hung Yung Lai and the specific mandate to allot, issue and deal with the shares of the Company upon conversion of the foregoing share options were approved by the SGM held on 28 February 2011. Options granted on 10 January 2011 were expired during year 2021.

On 13 January 2011, the Company granted 19,260,000 share options to subscribe for shares in the Company under the Share Option Scheme at an exercise price of HK\$0.714 per share to its employees of the Group. Shares of the Company were at closing price of HK\$0.690 immediately before the day on which options were granted. The grant of share options to its employees of the Company and the specific mandate to allot, issue and deal with the shares of the Company upon conversion of the foregoing share options were approved by the SGM held on 28 February 2011. Options granted on 13 January 2011 were expired during year 2021.

On 24 June 2013, the Company granted 59,780,000 share options to subscribe for shares in the Company under the Share Option Scheme at an exercise price of HK\$0.1122 per share to a Director and its employees of the Group. Shares of the Company were at closing price of HK\$0.101 immediately before the day on which options were granted.

On 15 May 2015, the Company granted 21,400,000 share options to subscribe for shares in the Company under the Share Option Scheme at an exercise price of HK\$0.43 per share to a Director and its employees of the Group. Shares of the Company were at closing price of HK\$0.43 immediately before the day on which options were granted.

On 7 April 2017, the Company granted 86,440,000 share options to subscribe for shares in the Company under the Share Option Scheme at an exercise price of HK\$0.182 per share to its directors, employees and consultants of the Group. Shares of the Company were at closing price of HK\$0.182 immediately before the day on which options were granted.

The summary details of options granted are as follows:

Name of directors, continuous contract employees and consultants	Exercise period	Adjusted exercise price HK\$	Number of	Number of	Number of	Number of	Number of
			share options outstanding as at 1 January 2022	share options granted during the period	share options exercised during the period	share options lapsed during the period	share options outstanding as at 30 June 2022
Hung Ying	24 June 2013 to 23 June 2023	0.0948	47,324	–	–	–	47,324
Continuous contract employees (other than directors)	24 June 2013 to 23 June 2023	0.0948	6,743,670	–	–	–	6,743,670
Hung Ying	15 May 2015 to 14 May 2025	0.3635	2,247,890	–	–	–	2,247,890
Lin Xue Xin	15 May 2015 to 14 May 2025	0.3635	3,549,300	–	–	–	3,549,300
Continuous contract employees (other than directors)	15 May 2015 to 14 May 2025	0.3635	9,346,490	–	–	–	9,346,490
Hung Ying	7 April 2017 to 6 April 2027	0.1538	1,567,608	–	–	–	1,567,608
Lin Xue Xin	7 April 2017 to 6 April 2027	0.1538	1,443,382	–	–	–	1,443,382
Pao Ping Wing	7 April 2017 to 6 April 2027	0.1538	307,606	–	–	–	307,606
Thomas Tam	7 April 2017 to 6 April 2027	0.1538	307,606	–	–	–	307,606
Lo King Man	7 April 2017 to 6 April 2027	0.1538	307,606	–	–	–	307,606
Continuous contract employees (other than directors)	7 April 2017 to 6 April 2027	0.1538	17,296,922	–	–	–	17,296,922
Consultants	7 April 2017 to 6 April 2027	0.1538	32,422,855	–	–	–	32,422,855
			<u>75,588,259</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>75,588,259</u>

The exercise price for the options granted and number of shares in respect of options granted were adjusted to reflect the impact of the rights issue during the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict or interests with the Group during the six months ended 30 June 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the six months ended 30 June 2022 as set out in GEM Listing Rules 5.48 to 5.67. The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the securities transactions by Directors.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the six months ended 30 June 2022.

REMUNERATION COMMITTEE

The Company established a remuneration committee in November 2005. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The chairman of the remuneration committee is Mr. Pao Ping Wing and other members include Mr. Hung Yung Lai, Mr. Thomas Tam and Mr. Lo King Man.

NOMINATION COMMITTEE

The Company established a nomination committee in March 2012. The principal duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession; formulate and review the Board Diversity Policy. The chairman of the nomination committee is Mr. Hung Yung Lai and other members include Mr. Pao Ping Wing, Mr. Thomas Tam and Mr. Lo King Man.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company established an audit and risk management committee on 27 August 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit and risk management committee are to review and supervise the financial reporting process, internal control procedures and risk management system of the Group. The chairman of the audit and risk management committee is Mr. Pao Ping Wing and other members include Mr. Thomas Tam and Mr. Lo King Man, all of them are independent non-executive directors.

The Group's unaudited results for the six months ended 30 June 2022 have been reviewed by the audit and risk management committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By Order of the Board
Sing Lee Software (Group) Limited
Hung Yung Lai
Chairman

The Board comprises of:

Hung Yung Lai (*Executive Director*)

Hung Ying (*Executive Director*)

Lin Xue Xin (*Executive Director*)

Cui Jian (*Executive Director*)

Pao Ping Wing (*Independent Non-Executive Director*)

Thomas Tam (*Independent Non-Executive Director*)

Lo King Man (*Independent Non-Executive Director*)

Hong Kong, 10 August 2022

The announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Company Announcements" page for at least 7 days from the date of its posting and will be published on the website of the Company (<http://www.singlee.com.cn>)