



## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **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 (“Board”) of Sing Lee Software (Group) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023, together with the comparative figures for the corresponding periods in 2022, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in Renminbi)

	NOTES	2023 RMB'000	2022 RMB'000
<b>Revenue</b>	3	70,377	84,949
Cost of sales and services		<u>(55,803)</u>	<u>(72,249)</u>
<b>Gross profit</b>		14,574	12,700
Other income		1,537	1,522
Impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets		(2,280)	(3,081)
Other gains and losses	5	(991)	(2,185)
Distribution and selling expenses		(4,412)	(4,825)
Administrative expenses		(15,568)	(21,399)
Finance costs	6	<u>(1,124)</u>	<u>(1,113)</u>
<b>Loss before tax</b>		(8,264)	(18,381)
Income tax expense		<u>—</u>	<u>—</u>
<b>Loss and total comprehensive expense for the year</b>	8	<u><u>(8,264)</u></u>	<u><u>(18,381)</u></u>
<b>Loss per share</b>	9		
Basic (RMB cents)		<u><u>(0.63)</u></u>	<u><u>(1.40)</u></u>
Diluted (RMB cents)		<u><u>(0.63)</u></u>	<u><u>(1.40)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

(Expressed in Renminbi)

		2023	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>8,503</b>	9,525
Right-of-use assets		<b>308</b>	238
		<u><b>8,811</b></u>	<u>9,763</u>
<b>Current Assets</b>			
Inventories – finished goods		<b>806</b>	227
Trade and other receivables	<i>10</i>	<b>24,204</b>	30,147
Contract assets		<b>544</b>	598
Financial assets at fair value through profit or loss ("FVTPL")		<b>183</b>	179
Bank balances and cash		<b>35,107</b>	54,896
Restricted bank deposits		<b>705</b>	–
		<u><b>61,549</b></u>	<u>86,047</u>
<b>Current Liabilities</b>			
Trade and other payables	<i>11</i>	<b>10,109</b>	12,625
Amounts due to related parties		<b>2,039</b>	899
Borrowings		<b>500</b>	18,000
Lease liabilities		<b>103</b>	47
		<u><b>12,751</b></u>	<u>31,571</u>
<b>Net Current Assets</b>		<u><b>48,798</b></u>	<u>54,476</u>
<b>Total Assets less Current Liabilities</b>		<u><b>57,609</b></u>	<u>64,239</u>

	<i>NOTES</i>	<b>2023</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Capital and Reserves</b>			
Share capital		<b>12,538</b>	12,538
Reserves		<b>18,652</b>	26,916
		<hr/>	<hr/>
<b>Total Equity</b>		<b>31,190</b>	39,454
		<hr/>	<hr/>
<b>Non-current Liability</b>			
Borrowings		<b>26,419</b>	24,785
		<hr/>	<hr/>
		<b>57,609</b>	64,239
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital	Share premium	Statutory reserves	Shareholder's contribution	Translation reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note a)	(Note b)	(Note c)				
At 1 January 2022	12,538	179,132	3,613	786	5,217	6,631	(155,937)	51,980
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(18,381)	(18,381)
Lapse of share options	-	-	-	-	-	(320)	320	-
Equity-settled share-based payment	-	-	-	5,855	-	-	-	5,855
At 31 December 2022	<b>12,538</b>	<b>179,132</b>	<b>3,613</b>	<b>6,641</b>	<b>5,217</b>	<b>6,311</b>	<b>(173,998)</b>	<b>39,454</b>
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(8,264)	(8,264)
Lapse of share options	-	-	-	-	-	(282)	282	-
At 31 December 2023	<b>12,538</b>	<b>179,132</b>	<b>3,613</b>	<b>6,641</b>	<b>5,217</b>	<b>6,029</b>	<b>(181,980)</b>	<b>31,190</b>

Notes:

- (a) 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.
- (b) 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 statutory surplus reserve 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 required to be 10% of the annual profit after tax, based on the subsidiary’s PRC statutory accounts, as a statutory reserve and decided by their respective boards of directors annually for other reserves. 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.
- (c) On 30 September 2017, Mr. Hung Yung Lai, being the chairman, executive director and controlling shareholder of the Company at that time, waived the balance due to him of approximately RMB786,000. The amount has been capitalised as shareholder’s contribution. On 6 July 2022, Goldcorp Industrial Limited, an immediate holding company, transferred certain Company’s shares to employees of the Group and such transfer was accounted for as a share-based payment transaction under IFRS 2 Share-based Payment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. GENERAL

Sing Lee Software (Group) Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in the annual report. Its immediate holding company was Goldcorp Industrial Limited (“Goldcorp Industrial”), a company incorporated in the British Virgin Islands. Its former ultimate controlling party was Mr. Hung Yung Lai (the “Mr. Hung”), who was also the former chairman and an executive director of the Company. During the year ended 31 December 2022, due to the transactions set out in Note c in the consolidated statement of changes in equity, Goldcorp Industrial ceased to be the immediate holding company and Mr. Hung Yung Lai ceased to be ultimate controlling party. Since then, there has been no controlling party of the Company. Besides, Mr. Hung Yung Lai resigned as the chairman and an executive director of the Company with effect from 1 November 2022 and no longer assumed any management roles of the Company.

The principal activities of the Company and its subsidiaries (collectively the “Group”) are development and sales of software products, sales of hardware products and provision of technical support services.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company and its subsidiaries.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) AND AGENDA DECISIONS OF THE IFRS INTERPRETATIONS COMMITTEE (THE “COMMITTEE”)

### **New and Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and Insurance Contracts

December 2021 Amendments to  
IFRS 17)

Amendments to IAS 8

Definition of Accounting Estimates

Amendments to IAS 12

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12

International Tax Reform-Pillar Two Model Rules

Amendments to IAS 1 and IFRS

Disclosure of Accounting Policies

Practice Statement 2

Except as described below, the application of the new and other amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### ***Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates***

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

### ***Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “Significant accounting policy information” with “material accounting policies”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the consolidated financial statements for the year ended 31 December 2023.

### **Amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE

#### (i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2023			
	Sales of software products <i>RMB'000</i>	Sales of hardware products <i>RMB'000</i>	Provision of technical support services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Sales of products</b>	<u>2,866</u>	<u>422</u>	<u>–</u>	<u>3,288</u>
Provision of services:				
– Outsourcing financial services for bank customers	–	–	54,769	54,769
– Development, installation and maintenance of payment software system	–	–	12,320	12,320
<b>Total</b>	<u><u>2,866</u></u>	<u><u>422</u></u>	<u><u>67,089</u></u>	<u><u>70,377</u></u>
<b>Geographical markets</b>				
The PRC	<u><u>2,866</u></u>	<u><u>422</u></u>	<u><u>67,089</u></u>	<u><u>70,377</u></u>
<b>Timing of revenue recognition</b>				
A point in time	2,462	422	67,089	69,973
Over time	<u>404</u>	<u>–</u>	<u>–</u>	<u>404</u>
<b>Total</b>	<u><u>2,866</u></u>	<u><u>422</u></u>	<u><u>67,089</u></u>	<u><u>70,377</u></u>



	For the year ended 31 December 2022			
	Sales of software products <i>RMB'000</i>	Sales of hardware products <i>RMB'000</i>	Provision of technical support services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Sales of products</b>	4,395	2,974	–	7,369
Provision of services:				
– Outsourcing financial services for bank customers	–	–	66,719	66,719
– Development, installation and maintenance of payment software system	–	–	10,861	10,861
<b>Total</b>	<b>4,395</b>	<b>2,974</b>	<b>77,580</b>	<b>84,949</b>
<b>Geographical markets</b>				
The PRC	4,395	2,974	77,580	84,949
<b>Timing of revenue recognition</b>				
A point in time	3,268	2,974	77,580	83,822
Over time	1,127	–	–	1,127
<b>Total</b>	<b>4,395</b>	<b>2,974</b>	<b>77,580</b>	<b>84,949</b>

(ii) **Performance obligations for contracts with customers**

*Provision of technical support services (revenue recognised at one point in time)*

The Group provides technical support service, e.g. financial outsourcing services, software system upgrades and interface development services mainly to banks. Such services are recognised as a performance obligation satisfied at one point in time because the contract specifies the unit price and quantitative unit of each type of performance obligation, and the consideration is based on the number of units completed when the Group completes a single performance obligation, i.e., the point at which the customer obtains control of a quantitative unit of service and has a present obligation to pay. Revenue is recognised for these technical support services based on the point at which the service is completed.

*Sales of hardware products (revenue recognised at one point in time)*

The Group sells hardware products, e.g. POS machines mainly to banks and high-tech companies directly.

For sales of hardware products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to customers' specific location. The normal credit term is 90 to 180 days upon delivery.

*Sales of software products with maintenance services (multiple performance obligations)*

The Group sells software products, e.g. POS-MIS mainly to banks and high-tech companies directly, and revenue is recognised at a point in time when control of software products has transferred, being when the software products have been delivered to customers' specific location and installed for use. In addition, the Group provided subsequent maintenance service after the installation, which is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price is allocated between sales of software products and the maintenance services on a relative stand-alone selling price basis. Revenue relating to the maintenance services is recognised over time and would be recognised as a separate performance obligation for provision of services and included as development, installation and maintenance of payment software system. The transaction price allocated to these services is recognised on a straight line basis over the period of service.

**(iii) Transaction price for sales of software products with maintenance services allocated to the remaining performance obligations for contracts with customers**

The transaction price for sales of software products with maintenance services allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 and the expected timing of recognising revenue are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within one year	<b>395</b>	809
More than one year but not more than two years	<b>204</b>	188
More than two years	<b>222</b>	110
	<b>821</b>	1,107

#### 4. 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 *Operating Segments* are as follows:

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

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

##### Segment revenue and results

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

	Sales of software products <i>RMB'000</i>	Sales of hardware products <i>RMB'000</i>	Provision of technical support services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 31 December 2023</b>				
External sales and total revenue				
– segment revenue	<u>2,866</u>	<u>422</u>	<u>67,089</u>	<u>70,377</u>
SEGMENT RESULTS	<u>(625)</u>	<u>(28)</u>	<u>(4,166)</u>	<u>(4,819)</u>
Other income				1,537
Other gains and losses				(991)
Unallocated corporate expenses				(2,867)
Finance costs				(1,124)
Group's loss before tax				<u>(8,264)</u>
<b>For the year ended 31 December 2022</b>				
External sales and total revenue				
– segment revenue	<u>4,395</u>	<u>2,974</u>	<u>77,580</u>	<u>84,949</u>
SEGMENT RESULTS	<u>(112)</u>	<u>(264)</u>	<u>(8,002)</u>	<u>(8,378)</u>
Other income				1,522
Other gains and losses				(2,185)
Unallocated corporate expenses				(8,227)
Finance costs				(1,113)
Group's loss before tax				<u>(18,381)</u>

Segment results represents the loss incurred 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

	Sales of software products <i>RMB'000</i>	Sales of hardware products <i>RMB'000</i>	Provision of technical support services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 31 December 2023</b>				
<b>Amounts included in the measure of segment results:</b>				
Depreciation of property, plant and equipment	33	5	792	830
Depreciation of right-of-use assets	37	5	863	905
Impairment losses on trade receivables and contract assets	<u>131</u>	<u>19</u>	<u>2,130</u>	<u>2,280</u>

<b>For the year ended 31 December 2022</b>				
<b>Amounts included in the measure of segment results:</b>				
Depreciation of property, plant and equipment	51	35	901	987
Depreciation of right-of-use assets	31	21	541	593
Impairment losses on trade receivables and contract assets	<u>159</u>	<u>108</u>	<u>2,814</u>	<u>3,081</u>

### Geographical information

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

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

### Information about major customers

Revenue from customers from sales of software products, hardware products, provision of technical support services of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	50,158	64,132
Customer B	<u>12,696</u>	<u>13,210</u>

**5. OTHER GAINS AND LOSSES**

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Net exchange loss	(729)	(1,659)
Loss on disposal of property, plant and equipment	(261)	(2)
Fair value changes of financial assets at FVTPL	(1)	2
Others	—	(526)
	<u>(991)</u>	<u>(2,185)</u>

**6. FINANCE COSTS**

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank borrowings	174	582
Interest on loans from a related party	939	524
Interest on lease liabilities	11	7
	<u>1,124</u>	<u>1,113</u>

**7. INCOME TAX EXPENSE**

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Income tax expense	<u>—</u>	<u>—</u>

## 8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting) the following items:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Salaries, wages and other staff benefits	<b>52,042</b>	62,916
Retirement benefit schemes contributions	<b>9,333</b>	11,508
Share-based payment expenses	–	5,855
	<hr/>	<hr/>
Total staff costs ( <i>Note</i> )	<b>61,375</b>	80,279
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>830</b>	987
Depreciation of right-of-use assets	<b>905</b>	593
Auditor's remuneration	<b>1,033</b>	1,495
Research costs recognised as an expense (included in cost of sales)	<b>6,631</b>	6,605
Cost of inventories recognised as an expense	<b>296</b>	2,824
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Directors' emoluments are included in the above staff costs.

## 9. LOSS PER SHARE

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

Loss figures are calculated as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(8,264)</u>	<u>(18,381)</u>
	2023 <i>'000</i>	2022 <i>'000</i>

## Number of shares

Number of ordinary shares for the purpose of basic/diluted loss per share

<u>1,317,240</u>	<u>1,317,240</u>
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The computation of diluted loss per share for the year ended 31 December 2023 and 2022 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares.

## 10. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables		
– contracts with customers	19,099	22,821
Less: allowance for credit losses	<u>(557)</u>	<u>(887)</u>
	<u>18,542</u>	<u>21,934</u>
Other receivables, prepayments and deposits		
Deposits paid to customers	2,881	3,831
Advances to staff	2,207	3,490
Other tax recoverable	24	100
Prepayments	459	309
Others	<u>91</u>	<u>483</u>
	<u>5,662</u>	<u>8,213</u>
Total trade and other receivables	<u>24,204</u>	<u>30,147</u>

The normal credit term is 90 to 180 days.

As at 1 January 2022, trade receivables from contracts with customers amounted to approximately RMB29,516,000.

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

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 – 120 days	<b>16,361</b>	17,226
121 – 180 days	<b>147</b>	506
181 – 365 days	<b>777</b>	110
Over 365 days	<b>1,257</b>	4,092
	<b><u>18,542</u></b>	<u>21,934</u>

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,845,000 (2022: RMB4,128,000) 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.

## 11. TRADE AND OTHER PAYABLES

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	<b>884</b>	1,823
Payroll payables	<b>4,919</b>	3,823
Other PRC tax payables	<b>1,144</b>	1,269
Employee reimbursement payable	<b>1,097</b>	1,838
Payables to former subsidiary	<b>–</b>	2,099
Accruals	<b>159</b>	197
Contract liabilities	<b>629</b>	444
Professional fee payable	<b>960</b>	629
Others	<b>317</b>	503
	<b><u>10,109</u></b>	<u>12,625</u>
Total	<b><u>10,109</u></b>	<u>12,625</u>



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

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 90 days	<b>30</b>	466
91 – 180 days	<b>21</b>	483
181 – 365 days	<b>27</b>	26
Over 365 days	<b>806</b>	848
	<hr/>	<hr/>
	<b>884</b>	1,823
	<hr/> <hr/>	<hr/> <hr/>

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

Trade and other payables of approximately RMB172,000 (2022: RMB814,000) were denominated in HK\$.

## **DIVIDEND**

No dividend was paid or proposed for ordinary shareholders of the Company during 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

## **BUSINESS REVIEW**

### **Overall Business of the Group in 2023**

During the three-year COVID-19 pandemic, the Group did not undergo any major restructuring, and was committed to its responsibilities towards the society, clients and employees, resulting in inevitable stress on the Group's overall operations. In 2023, the management conducted a comprehensive post-pandemic market research and optimised the operational structure to improve its efficiency and performance.

Firstly, the Group implemented various measures in underperforming districts where the profits of business outsourcing services failed to meet the targets, such as negotiating contract termination, ending partnerships upon contract expiry and laying off redundant employees. By optimising the overall structure, the Group was able to achieve the margin targets.

Secondly, the Group explored potential cooperation with clients with high profit margin. Leveraging its strong reputation as a trustworthy partner, the Group witnessed satisfactory results by actively expanding its financial services and continuously improving its service value.

Last but not least, the Group deepened its partnerships with major clients. It enhanced the competitiveness of its products through ongoing research, development and innovation, while maintaining its edge by delivering convenient, user-friendly, efficient and reliable services.

With the effective implementation of the abovementioned measures, the Group's operations improved with significantly reduced losses. For the year ended 31 December, 2023, the Group recorded a loss of approximately RMB8,264,000 (2022: approximately RMB18,381,000), representing a decrease of 55% compared to the same period last year.

## FUTURE OUTLOOK

The Group maintains a robust and healthy business model that ensures it can seize the market opportunities as they arise. The flourishing fintech sector, the promotion and continuous advancement of digital Renminbi, as well as the application of big data and large models have created diverse opportunities for the Group's products and services. Looking forward, the Group will further deepen the integration of its payment products in the user contexts, and continue to enrich its product features so as to strengthen its core payment+ capabilities. In terms of technology outsourcing and service outsourcing, the Group will continue to deepen its partnerships with the clients, explore innovative ideas and work closely with its financial clients to create value for the users. With the concerted efforts of the whole team, the Group believes that there will be promising developments and progress in 2024.

## FINANCIAL REVIEW

The Group is principally engaged in the development and sales of information and network technologies and services to the financial industry in the People's Republic of China (the "PRC").

Revenue of the Group comprises of:

For the year ended 31 December 2023, the Group recorded a total revenue of approximately RMB70,377,000, a decrease of 17.2% as compared to the same period of last year (2022: approximately RMB84,949,000).

	Revenue	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of software products	<b>2,866</b>	4,395
Sales of hardware products	<b>422</b>	2,974
Provision of technical support services	<b>67,089</b>	77,580
	<b>70,377</b>	84,949

The decrease in the turnover of the Group was mainly attributable to the Group change its business strategies and aimed to enhance its project margin rather than the project volume. As a results, the revenue of the Group's provision of technical support services decreased by approximately 13.5% when compared to the same period of last year. The total revenue for the year ended 31 December 2023 mainly came from the provision of technical support services. The source of total revenue for the year ended 31 December 2023 was the same as that for the year of 2022.

Cost of sales for the year ended 31 December 2023 is decreased by 22.8% to approximately RMB55,803,000 (2022: approximately RMB72,249,000). In addition to decrease in staff costs due to streamlining the workforce, cost of sales decreased in line with business activities. The Group's overall gross profit margin increased by approximately 5.7% to approximately 20.7% (2022: approximately 15%).

Administrative expenses for the year ended 31 December 2023 is decreased by 27.3% to approximately RMB15,568,000 (2022: approximately RMB21,399,000). The decrease in administrative expenses was mainly due to recognition of share-based payment expenses amounted to approximately RMB5,855,000 during the year ended 31 December 2022 which was absent during the year ended 31 December 2023. Distribution and selling expenses for the year ended 31 December 2023 is decreased by 8.6% to approximately RMB4,412,000 (2022: approximately RMB4,825,000). The decrease in distribution and selling expenses was mainly due to our effective cost control measures. Other income mainly included refund of value added tax, grants and interest income; and other gains and losses mainly included exchange differences and fair value changes in financial assets at fair value through profit or loss.

Research and development expenses for the year ended 31 December 2023 is stable to approximately RMB6,631,000 (2022: approximately RMB6,605,000).

Loss amounted to approximately RMB8,264,000 for the year ended 31 December 2023 (2022: approximately RMB18,381,000), decrease of 55.0% as compared to the same period of last year. The decrease in loss was mainly attributable to (i) improvement of the gross profit margin which was increase of approximately 5.7% and (ii) cutting the costs effectively.

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, PRC, is regarded as a High and New Technology Enterprise and is therefore entitled to 15% preferential tax rate for PRC enterprise income tax. 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 years ended 31 December 2023 and 2022.

Property, plant and equipment comprise mainly the Group's owned properties, leasehold improvements, computer and related equipment and motor vehicles. Decrease of approximately 10.7% is mainly attributable to usual depreciation.

Trade receivables and contract assets decreased in line with business activities during the year. During the year under review, the trade receivables and contract assets turnover (the average of the trade receivables balance and contract assets at the beginning and the end of the year divided by the total revenue of the year times 365 days) decreased by 6 days to 112 days (2022: 118 days). The Group's customers are generally granted with credit period ranging from 90-180 days. The Group will continue to exercise due care in managing the credit exposure.

Borrowings amounted to approximately RMB26,919,000 as at 31 December 2023 (2022: approximately RMB42,785,000), representing a decrease of 37.1%, which is mainly attributable to the decrease of bank borrowings. The borrowings would be used for general corporate purposes including working capital.

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 year.

## 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 31 December 2023, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB35,107,000 (2022: approximately RMB54,896,000), representing a decrease of approximately 36.0% as compared with the end of previous year. The decrease in bank balances and cash was mainly due to repayments of borrowings. The Group's current ratio, based on total current assets over total current liabilities, as at 31 December 2023 was approximately 4.8 times (2022: approximately 2.7 times).

The Group's net cash outflow for the year ended 31 December 2023 approximately amounted to RMB19,789,000 (2022: net cash inflow approximately RMB9,920,000).

At 31 December 2023, the Group had the following outstanding borrowings:

	<b>2023</b>	2022
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Fixed-rate borrowings:		
Unsecured loans from a related party	<b>26,419</b>	24,785
Secured bank borrowings	–	9,000
Unsecured bank borrowings	<b>500</b>	9,000
	<u><b>26,919</b></u>	<u>42,785</u>

The borrowings' contractual maturity dates are as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within one year	<b>500</b>	18,000
Between two to five years	<b>1,148</b>	1,103
More than five years	<b>25,271</b>	23,682
	<b>26,919</b>	42,785

The Group's loans from a related party are all owing to Mr. Hung Yung Lai. The Group's loans from Mr. Hung Yung Lai of approximately RMB25,271,000 (2022: RMB23,682,000) are denominated in HK dollars, other borrowings are denominated in the functional currency of the respective group entity.

During the year 2020, the Group entered into two revolving loan facility agreements with a bank with a total credit amounts of RMB15,000,000. The maturity date of the two revolving loan facilities is on 6 July 2025 and 22 July 2025 respectively. These two revolving loan facilities were utilised amounted to RMB500,000 as at 31 December 2023. The unutilised facility would be utilised as the working capital.

No interest was capitalised by the Group during the year (2022: Nil).

The gearing ratio of the Group, based on total liabilities over total assets, as at 31 December 2023 was approximately 55.7% (2022: approximately 58.8%). The Group has confident that gearing ratio can improve in the coming year.

## **CAPITAL STRUCTURE**

During the year ended 31 December 2023, 6,507,000 share options were lapsed. During the year ended 31 December 2022, 4,259,000 share options were lapsed.

Save as disclosed above, the Company had no other changes in capital structure during the year ended 31 December 2023.

## **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 year.

## **RISK MANAGEMENT**

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures in the best interest of the Group and its shareholders.

## **EMPLOYEE INFORMATION**

As at 31 December 2023, the Group had 622 employees (2022: 767 employees), including both the PRC and Hong Kong employees. Remuneration and bonus policy are basically determined by the performance of the individual employees and financial results of the Group. Total staff costs for the year amounted to approximately RMB61,375,000 (2022: approximately RMB80,279,000).

The Group adopted a share option scheme.

## **CHARGE ON GROUP ASSETS**

As at 31 December 2023, certain properties of the Group located in Hangzhou with an aggregate net carrying amount of approximately RMB7,808,000 (2022: approximately RMB8,354,000) 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 31 December 2023, the Group did not have any material contingent liabilities (2022: Nil).

## **PROSPECTS OF NEW PRODUCTS**

Please refer to the "Chairman's Statement" for a discussion on this.

## FIVE YEARS FINANCIAL SUMMARY OF THE GROUP

	<b>Year ended</b>	Year ended	Year ended	Year ended	Year ended
	<b>31 December</b>	31 December	31 December	31 December	31 December
	<b>2023</b>	2022	2021	2020	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>70,377</b>	84,949	94,408	85,535	129,675
(Loss)/profit attributable to shareholders	<b><u>(8,264)</u></b>	<u>(18,381)</u>	<u>(13,768)</u>	<u>(31,204)</u>	<u>25,004</u>
Total assets	<b>70,360</b>	95,810	100,082	151,196	192,474
Total liabilities	<b><u>(39,170)</u></b>	<u>(56,356)</u>	<u>(48,102)</u>	<u>(85,448)</u>	<u>(95,522)</u>
Net assets	<b><u>31,190</u></b>	<u>39,454</u>	<u>51,980</u>	<u>65,748</u>	<u>96,952</u>

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 May 2024 to Monday, 3 June 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming annual general meeting to be held on Monday, 3 June 2024 (the “AGM”). In order to be eligible to attend and vote at the forthcoming AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 27 May 2024.



## **MAJOR SUPPLIERS AND CUSTOMERS**

The percentage of purchases and sales for the year ended 31 December 2023 attributable to the Group's major suppliers and customers are as follows:

### **Purchases**

– the largest supplier	12% (2022: 11%)
– five largest suppliers combined	42% (2022: 32%)

### **Sales**

– the largest customer	71% (2022: 76%)
– five largest customers combined	94% (2022: 96%)

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the company's share capital) had an interest in the major suppliers or customers stated above.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, 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 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 has any other conflict of interests with the Group during year ended 31 December 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has complied with all applicable code provisions of the Corporate Governance Code (“CG Code”) set out in Appendix C1 of the GEM Listing Rules in the year ended 31 December 2023 except for the deviation from the code provision C.2.1 of the CG Code and the minimum on number requirements independent non-executive directors as set out in Rule 5.05(1), 5.05A and 5.28 of the Gem Listing Rules, which is explained in the relevant paragraph of this Corporate Governance Report.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the code of conduct regarding directors’ securities transactions during the twelve months ended 31 December 2023 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 noncompliance 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 year ended 31 December 2023.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2023 have been reviewed by the Audit and Risk Management Committee therefore recommending it to the Board for approval.

By Order of the Board  
**Sing Lee Software (Group) Limited**  
**Lin Xue Xin**  
*Chairman*

Hong Kong, 26 March 2024

As at the date of this announcement, the Board Comprises of:

Lin Xue Xin (*Executive Director*)

Hung Ying (*Executive Director*)

Zang Jingjing (*Executive Director*)

Li Dong (*Executive Director*)

Cai Jin (*Executive Director*)

Chan Tsang Mo (*Independent Non-Executive Director*)

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

*The announcement will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> on the “Latest Listed Company Information” 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>).*