



**SING LEE SOFTWARE (GROUP) LIMITED**

**新利軟件(集團)股份有限公司\***

*(Incorporated in the Bermuda with limited liability)*

**(Stock Code: 8076)**

**THIRD QUARTERLY REPORT  
FOR THE NINE MONTHS ENDED  
30 SEPTEMBER 2014**

\* *For identification purposes only*

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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 report, 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 the Growth Enterprise Market 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## 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 nine months ended 30 September 2014, together with the unaudited comparative figures for the corresponding periods in 2013, as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months ended 30 September 2014*

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Revenue	2	9,477	7,929	26,851	20,340
Cost of sales		(4,360)	(4,396)	(13,220)	(11,643)
<b>Gross profit</b>		<b>5,117</b>	3,533	<b>13,631</b>	8,697
Other income (expenses)	3	11	(498)	462	(470)
Other gains and losses		453	55	(403)	789
Distribution and selling expenses		(1,309)	(1,475)	(5,323)	(6,748)
Administrative expenses		(2,289)	(3,498)	(8,253)	(13,857)
Recovery of trade receivables previously impaired		267	591	521	2,538
Research and development costs		(1,725)	(1,564)	(5,007)	(5,261)
Finance costs		(261)	(214)	(802)	(673)
<b>Profit (loss) before tax</b>		<b>264</b>	(3,070)	<b>(5,174)</b>	(14,985)
Income tax expense	4	(65)	(71)	(360)	(91)
<b>Profit (loss) and total comprehensive income (expenses) for the period</b>		<b>199</b>	(3,141)	<b>(5,534)</b>	(15,076)
<b>Earnings (loss) per share</b>					
– Basic (RMB cents)	5	0.02	(0.39)	(0.66)	(1.86)
– Diluted (RMB cents)	5	0.02	(0.39)	(0.66)	(1.86)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 30 September 2014*

	Share Capital (Unaudited) <i>RMB'000</i>	Share premium (Unaudited) <i>RMB'000</i>	Statutory reserve (Unaudited) <i>RMB'000</i>	Translation reserve (Unaudited) <i>RMB'000</i>	Share option reserve (Unaudited) <i>RMB'000</i>	Accumulated losses (Unaudited) <i>RMB'000</i>	Total (Unaudited) <i>RMB'000</i>
At 1 January 2014	8,352	155,143	3,613	5,217	30,102	(215,168)	(12,741)
Loss and total comprehensive expenses for the period	-	-	-	-	-	(5,534)	(5,534)
Lapse of share options	-	-	-	-	(328)	328	-
Recognition of equity-settled share based payments	-	-	-	-	591	-	591
	<u>8,352</u>	<u>155,143</u>	<u>3,613</u>	<u>5,217</u>	<u>30,365</u>	<u>(220,374)</u>	<u>(17,684)</u>
At 30 September 2014	<u>8,352</u>	<u>155,143</u>	<u>3,613</u>	<u>5,217</u>	<u>30,365</u>	<u>(220,374)</u>	<u>(17,684)</u>
At 1 January 2013	8,132	151,770	3,613	5,217	38,882	(206,880)	734
Loss and total comprehensive expenses for the period	-	-	-	-	-	(15,076)	(15,076)
Recognition of equity-settled share based payments	-	-	-	-	1,945	-	1,945
	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>40,827</u>	<u>(221,956)</u>	<u>(12,397)</u>
At 30 September 2013	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>40,827</u>	<u>(221,956)</u>	<u>(12,397)</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 capital reserve if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable 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 capitalization issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalization issue.

Notes:

## 1. GENERAL

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

The unaudited consolidated 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 principal accounting policies and methods of computation adopted for the preparation of the unaudited consolidated financial statements are the same and consistent with those adopted by the Group in its audited annual financial statements for the year ended 31 December 2013.

## 2. REVENUE

Revenue represents income from sale of computer software and hardware, and maintenance income. Revenue comprises the followings:

	Three months ended		Nine months ended	
	30 September	2013	30 September	2013
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of software products	1,261	1,302	3,670	2,359
Sales of related hardware products	162	361	1,288	600
Provision of software related technical support services	8,054	6,266	21,893	17,381
	<u>9,477</u>	<u>7,929</u>	<u>26,851</u>	<u>20,340</u>

### 3. OTHER INCOME (EXPENSES)

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	10	(511)	10	(511)
Interest income	1	4	18	10
Others	-	9	434	31
	<u>11</u>	<u>(498)</u>	<u>462</u>	<u>(470)</u>

### 4. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC enterprise income tax ("EIT")	<u>65</u>	<u>71</u>	<u>360</u>	<u>91</u>

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, PRC, with applicable tax rate of 25%. In 2010, Singlee Technology is 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 therefore is entitled to 15% preferential tax rate from PRC EIT for three years starting from 2010 to 2012. Accordingly, the tax rate for Singlee Technology is 15% for the nine months ended 30 September 2014 and 2013.

According to the New PRC EIT Law, the applicable tax rate of Hangzhou Singlee Software Company Limited, Singlee Software (Zhuhai) Company Limited, Beijing Singlee Yin Tong Information Technology Co., Ltd and Xin Yintong Technology Co., Ltd is 25% for the nine months ended 30 September 2014 and 2013.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the nine months ended 30 September 2014 and 2013.

There was no significant unprovided deferred taxation for the reported periods.

## 5. EARNINGS (LOSS) PER SHARE

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

Three months ended		Nine months ended	
30 September		30 September	
2014	2013	2014	2013
RMB'000	RMB'000	RMB'000	RMB'000
(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>199</u>	<u>(3,141)</u>	<u>(5,534)</u>	<u>(15,076)</u>
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Three months ended		Nine months ended	
30 September		30 September	
2014	2013	2014	2013
'000	'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of ordinary shares  
for the purpose of earnings  
(loss) per share

<u>839,730</u>	<u>811,840</u>	<u>839,730</u>	<u>811,840</u>
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Effect of dilutive potential  
ordinary shares

<u>43,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Number of ordinary shares  
for the purpose of diluted  
earnings (loss) per share

<u>883,590</u>	<u>811,840</u>	<u>839,730</u>	<u>811,840</u>
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## 6. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2014 (nine months ended 30 September 2013: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial review and results of operations**

For the nine months ended 30 September 2014, the Group recorded a total revenue of approximately RMB26,851,000, an increase of 32% as compared to the same period of last year (For the nine months ended 30 September 2013: approximately RMB20,340,000). The increase in the turnover of the Group was mainly attributable to the increase of 26% in the revenue of the Group's provision of software-related technical support services when compared to the same period of last year. Cost of sales for the nine months ended 30 September 2014 increased to approximately RMB13,220,000 (For the nine months ended 30 September 2013: approximately RMB11,643,000). The Group's gross profit ratio increasing to 51% (For the nine months ended 30 September 2013: 43%) was mainly due to our effective cost control measures in the current period.

Administrative expenses for the nine months ended 30 September 2014 is decreased by 40% to approximately RMB8,253,000 (For the nine months ended 30 September 2013: approximately RMB13,857,000). For the distribution and selling expenses, it is decreased by 21% to RMB5,323,000 (For the nine months ended 30 September 2013: approximately RMB6,748,000). The decrease in administrative expenses and distribution and selling expenses were due to our effective cost control measures. Besides, research and development costs approximately RMB5,007,000, not much movement when compared to the same period of last year (For the nine months ended 30 September 2013: approximately RMB5,261,000). Other income included refund of value added tax and interest income; and other gains and losses included exchange differences and fair value changes in investment fund.

Finance costs for the nine months ended 30 September 2014 was approximately RMB802,000, not much movement when compare to the same period of last year (For the nine months ended 30 September 2013: approximately RMB673,000).

The Group recorded a loss of approximately RMB5,534,000 for the nine months ended 30 September 2014, a decrease of 63% as compared to the same period of last year (For the nine months ended 30 September 2013: net loss approximately RMB15,076,000). Increase in revenue and decrease in expenses are the main factor leading to the decrease in loss.



During the nine months ended 30 September 2014, the Company recorded equity-settled share-based payment of approximately RMB591,000 (For the nine months ended 30 September 2013: RMB1,945,000). The equity-settled share-based payment for the nine months ended 30 September 2014 was allocated between the cost of sales, distribution and selling expenses and administrative expenses amounting to RMB86,000, RMB50,000 and RMB455,000 respectively.

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 three quarters**

The Group's overall business for the first three quarters outperformed that scheduled early in the year. Sales of traditional products, such as RUNPOS, capital and risk control products and the Bank– School Express series, continued to increase and the overall business for the first three quarters increased by 32% over the corresponding period of last year.

While the capital risk control problems faced by small and medium banks are constantly emerging in the domestic market, the Group had largely invested human and financial resources to research and develop capital risk control products since the last year, so that the sales volume of relevant products of the Group increasing significantly as we had gained recognition from small and medium banks. Moreover, with the issuing and implementation of the relevant medical policies by the State Council, the Bank-Hospital Express products of the Group had made an encouraging progress, which recorded a double increase in the third quarter over the same period of last year. However, it is also urgent for the Group to solve such problem of the implementation progress at a relatively slow pace led to the profit delivery relatively lagged behind.

## **FUTURE OUTLOOK**

The banking outsourcing service products and the Bank-School Express remain the important foundation of the big data of the Group. The Group will continue to strive for developing relevant markets. The mobile payment business is still the online business of which the Group continues to attach importance. The Group will integrate big data with the online business to form a featured o2o (OFFLINE TO ONLINE) model of Singlee.

Although the Group's expenditure continue to decrease, the Group will continue to stringently control costs and intensify its supervision over the overall and various business risks in order to achieve a positive cycle of "broadening sources of income and reducing expenditures".

## **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 September 2014, 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:

### **a) Ordinary shares of HK\$0.01 each of the Company**

Name of shareholders	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial owner	287,855,000 <i>(note 1)</i>	-	34.28%
Great Song Enterprises Limited	Beneficial owner	287,855,000 <i>(note 1)</i>	-	34.28%
Mr. Hung Yung Lai	Corporate interest	287,855,000 <i>(notes 2 and 4)</i>	-	34.28%
	Beneficial owner	16,025,000	-	1.91%
Ms. Li Kei Ling	Corporate interest	287,855,000 <i>(notes 2 and 3)</i>	-	34.28%
Mdm. Iu Pun	Family interest	368,880,000 <i>(note 5)</i>	-	43.93%

## b) Share options

Name of shareholder	Capacity/ Nature of interest	Number of options held	Number of underlying shares
Mr. Hung Yung Lai	Beneficial owner	65,000,000	65,000,000

### *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 287,855,000 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 287,855,000 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 287,855,000 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 65,000,000 share options and the 16,025,000 shares beneficially owned by Mr. Hung Yung Lai for the purpose of SFO.

Save as disclosed above, as at 30 September 2014, 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 September 2014, 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:

### Shares in the Company:

Name of directors	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Mr. Hung Yung Lai	Corporate interest	287,855,000 (note 1)	-	34.28%
	Beneficial owner	16,025,000	-	1.91%
Mr. Hung Ying	Beneficial owner	4,040,000	-	0.48%

### Shares in associated corporation:

Name of director	Capacity/ Nature of interest	Number of ordinary shares held in Goldcorp Industrial Limited (note 2)		Percentage of shareholding
		Long position	Short position	
Mr. Hung Yung Lai	Beneficial owner	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 September 2014 composed of 2 ordinary shares.

Save as disclosed above, as at 30 September 2014, 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 provision 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 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 existing Scheme. The principal terms of the New Scheme are similar 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.

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.

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.

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.

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.

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.

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.

The summary details of options granted are as follows:

Name of directors and employees	Exercise period	Number of	Number of	Number of	Number of	Number of	Number of
		share options outstanding as at 1 January 2014	share options granted during the period	share options exercised during the period	share options cancelled during the period	share options lapsed during the period	share options outstanding as at 30 September 2014
Continuous contract employees (other than directors)	9 April 2008 to 8 October 2017	18,850,000	-	-	-	-	18,850,000
Pao Ping Wing	19 July 2010 to 18 January 2020	600,000	-	-	-	-	600,000
Tam Kwok Hing	19 July 2010 to 18 January 2020	600,000	-	-	-	-	600,000
Lo King Man	19 July 2010 to 18 January 2020	600,000	-	-	-	-	600,000
Hung Ying	19 July 2010 to 18 January 2020	2,500,000	-	-	-	-	2,500,000
Continuous contract employees (other than directors)	19 July 2010 to 18 January 2020	9,280,000	-	-	-	(610,000)	8,670,000
Hung Ying	16 February 2011 to 15 August 2020	1,550,000	-	-	-	-	1,550,000
Continuous contract employees (other than directors)	16 February 2011 to 15 August 2020	1,740,000	-	-	-	(310,000)	1,430,000
Hung Yung Lai	28 February 2011 to 9 January 2021	65,000,000	-	-	-	-	65,000,000
Continuous contract employees (other than directors)	28 February 2011 to 12 January 2021	13,760,000	-	-	-	(490,000)	13,270,000
Hung Ying	24 June 2013 to 23 June 2023	4,040,000	-	-	-	-	4,040,000
Continuous contract employees (other than directors)	24 June 2013 to 23 June 2023	26,850,000	-	-	-	-	26,850,000
		<u>145,370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,410,000)</u>	<u>143,960,000</u>

## **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 nine months ended 30 September 2014.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 15 of the GEM Listing Rules throughout the nine months ended 30 September 2014, except for the following deviation:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Subsequent to the resignation of Mr. Chan Kam Fai, no replacement of the post of the chief executive officer has been fixed as at 30 September 2014. The Board will keep reviewing the current structure from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post of chief executive officer as appropriate.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the code of conduct regarding directors’ securities transactions during the nine months ended 30 September 2014 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 nine months ended 30 September 2014.

## **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. Tam Kwok Hing 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; formulated 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. Tam Kwok Hing and Mr. Lo King Man.

## **AUDIT COMMITTEE**

The Company established an audit 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 committee are to review and supervise the financial reporting process and internal control system of the Group. The chairman of the audit committee is Mr. Pao Ping Wing and other members include Mr. Tam Kwok Hing and Mr. Lo King Man, all of them are independent non-executive directors.

The Group's unaudited results for the nine months ended 30 September 2014 have been reviewed by the audit 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*)

Cui Jian (*Executive Director*)

Hung Ying (*Executive Director*)

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

Tam Kwok Hing (*Independent Non-Executive Director*)

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

Hong Kong, 12 November 2014