



**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)**

**FIRST QUARTERLY REPORT  
FOR THE THREE MONTHS ENDED  
31 MARCH 2016**

\* *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 high investment risk may be attached other than companies listed on the 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 three months ended 31 March 2016, together with the unaudited comparative figures for the corresponding period in 2015, as follows:

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

		<b>(Unaudited)</b>	
		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2016</b>	2015
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue	2	<b>4,716</b>	3,340
Cost of sales		<b><u>(5,708)</u></b>	<u>(4,809)</u>
<b>Gross loss</b>		<b>(992)</b>	(1,469)
Other income	3	<b>936</b>	6
Other gains and losses		<b>644</b>	(53)
Distribution and selling expenses		<b>(1,792)</b>	(2,500)
Administrative expenses		<b>(4,405)</b>	(3,326)
Recovery on trade receivables		<b>2</b>	174
Research and development costs		<b>(2,097)</b>	(2,745)
Finance costs		<b><u>(226)</u></b>	<u>(201)</u>
<b>Loss before tax</b>		<b>(7,930)</b>	(10,114)
Income tax expense	4	<b><u>-</u></b>	<u>-</u>
<b>Loss and total comprehensive expense for the period</b>		<b><u><u>(7,930)</u></u></b>	<u><u>(10,114)</u></u>
<b>Loss per share</b>			
– Basic ( <i>RMB cents</i> )	5	<b><u><u>(0.92)</u></u></b>	<u><u>(1.20)</u></u>
– Diluted ( <i>RMB cents</i> )	5	<b><u><u>(0.92)</u></u></b>	<u><u>(1.20)</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the three months ended 31 March 2016*

	Share Capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Share options reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2016 (Audited)	8,551	158,608	3,613	5,217	31,953	(212,522)	(4,580)
Loss and total comprehensive expense for the period	-	-	-	-	-	(7,930)	(7,930)
Recognition of equity-settled share- based payments	-	-	-	-	533	-	533
At 31 March 2016 (Unaudited)	<u>8,551</u>	<u>158,608</u>	<u>3,613</u>	<u>5,217</u>	<u>32,486</u>	<u>(220,452)</u>	<u>(11,977)</u>
At 1 January 2015 (Audited)	8,360	155,185	3,613	5,217	30,324	(214,269)	(11,570)
Loss and total comprehensive expense for the period	-	-	-	-	-	(10,114)	(10,114)
Lapse of share options	-	-	-	-	(48)	48	-
At 31 March 2015 (Unaudited)	<u>8,360</u>	<u>155,185</u>	<u>3,613</u>	<u>5,217</u>	<u>30,276</u>	<u>(224,355)</u>	<u>(21,684)</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 financial statements 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 consistent with those adopted by the Group in its audited annual financial statements for the year ended 31 December 2015.

## 2. REVENUE

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Sales of software products	<b>664</b>	574
Sales of related hardware products	<b>253</b>	41
Provision of software-related technical support services	<b>3,799</b>	2,725
	<b>4,716</b>	3,340

### 3. OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Others	<b>928</b>	–
Interest income	<b>8</b>	6
	<b><u>936</u></b>	<u>6</u>

### 4. INCOME TAX EXPENSE

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Income tax expense	<b><u>–</u></b>	<u>–</u>

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the three months ended 31 March 2016 and 2015.

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits arising from PRC for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

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

## 5. LOSS PER SHARE

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

<b>(Unaudited)</b>	
<b>Three months ended</b>	
<b>31 March</b>	
<b>2016</b>	2015
<b>RMB'000</b>	<i>RMB'000</i>

Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share

<u><b>(7,930)</b></u>	<u>(10,114)</u>
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<b>(Unaudited)</b>	
<b>Three months ended</b>	
<b>31 March</b>	
<b>2016</b>	2015
<b>'000</b>	<i>'000</i>

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share

<u><b>864,430</b></u>	<u>840,730</u>
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## 6. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

For the three months ended 31 March 2016, the Group recorded a total revenue of approximately RMB4,716,000, and increase of 41% as compared to the same period of last year (For the three months ended 31 March 2015: approximately RMB3,340,000). The increase in the turnover of the Group was mainly attributable to the increase in the revenue of the Group's provision of software-related technical support service. Cost of sales for the three months ended 31 March 2016 increased by 19% to approximately RMB5,708,000 (For the three months ended 31 March 2015: approximately RMB4,809,000). Increase in cost of sales mainly due to more technical staff was hired under technical service department for higher quality products and services in the current period.

Administrative expenses for the three months ended 31 March 2016 is increased by 32% to approximately RMB4,405,000 (For the three months ended 31 March 2015: approximately RMB3,326,000). The increased in administrative expenses was mainly due to the increased in staff cost. For the distribution and selling expenses, it is decreased by 28% to RMB1,792,000 (For the three months ended 31 March 2015: approximately RMB2,500,000). Besides, research and development costs decreased by 24% to approximately RMB2,097,000 (For the three months ended 31 March 2015: approximately RMB2,745,000). The decrease in distribution and selling expenses and research and development costs were 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 and fair value changes in investment fund.

Finance costs for three months ended 31 March 2016 was approximately RMB226,000, not much movement when compared to the same period of last year. (For the three months ended 31 March 2015: approximately RMB201,000).

The Group recorded a loss of approximately RMB7,930,000 for the three months ended 31 March 2016, a decrease of 22% as compared to the same period of last year (For the three months ended 31 March 2015: net loss approximately RMB10,114,000). Increase in revenue is the main factors leading to the decrease in loss.



During the three months ended 31 March 2016, the Company recorded equity-settled share-based payment of RMB533,000 (For the three months ended 31 March 2015: RMBNil). The equity-settled share-based payment for the three months ended 31 March 2016 was allocated between the cost of sales, distribution and selling expenses and administrative expenses amounting to RMB99,000, RMB85,000 and RMB349,000 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 improved in the coming quarter.

## **BUSINESS REVIEW**

### **Overall Business of the Group in the First Quarter**

Though the growth of the financial sector was less than expected in the first quarter of 2016, driven by its more-than-doubled earnings in 2015, the Group continued to expand its market shares as boosted by its three mainstay products, i.e. “Bank-Business Express”, capital and risk control products and banking outsourcing service products. While the first quarter of each year is the slack season for the industry, the Group managed to reduce its loss for the quarter by 22% as compared with the same period of 2015 through continuous increases in investment, marking the first year-on-year decrease in first-quarter loss recorded by the Group in recent years.

As the PRC government continued to promote structural financial reforms, open up more markets and place increasing importance on private capital, the Group had devoted massive ongoing R&D efforts, huge manpower, material and financial resources on relevant products since 2013, and eventually created its three mainstay products, which subsequently have become the core of its traditional business and innovative mobile business arising from traditional business. In particular, “Bank-Business Express” integrated payment products allow both online and offline payment, and capital and risk control products focus on the risk control systems of small and medium-sized joint-stock banks. Banking outsourcing service products maintained a steady growth, securing cooperation with provincial branches of ICBC in the O2O (offline to online) area with new operation maintenance products.

With the reintegration of medical information products, “Bank-Hospital Express” and “Bank-School Express” products have gained an increasing number of users, enabling the Group’ big data to maintain its growth momentum in relevant sectors in the medium and long term. “Bank-Hospital Express” and “Bank-School Express” products will get further upgrades and take a role in the O2O (offline to online) business model in the industry, incorporating online and offline functions of both new and traditional products. Furthermore, smart finance hardware is expected to be the trend of market development.

## **OUTLOOK**

Banking outsourcing service products, “Bank-School Express” and “Bank-Hospital Express” remain the important sources of the Group’ big data. Based on the mobile payment business, the Group will take advantage of the operation maintenance products arising from continuous integration and extension of traditional businesses to consolidate its big data and online and offline businesses, so as to initiate its unique O2O (offline to online) model. This is best demonstrated by the Group’s cooperation with ICBC in the mobile field.

Despite effective improvement in cost control achieved in 2015, the Group will continue to implement stringent cost control during its continuous business expansion by strengthening risk control over overall and individual business operations, with a view to achieving better effect in identifying new revenue streams and lowering the costs.

## **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 31 March 2016, 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 shareholder	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>	–	33.30%
Great Song Enterprises Limited	Beneficial owner	287,855,000 <i>(note 1 and 2)</i>	–	33.30%
Mr. Hung Yung Lai	Corporate interest	287,855,000 <i>(notes 2 and 4)</i>	–	33.30%
	Beneficial owner	16,025,000	–	1.85%
Ms. Li Kei Ling	Corporate interest	287,855,000 <i>(notes 2 and 3)</i>	–	33.30%
Mdm. Iu Pun	Family interest	368,880,000 <i>(note 5)</i>	–	42.67%

### **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 as mentioned in Note 4 above for the purpose of SFO.

Save as disclosed above, as at 31 March 2016, the directors or chief executives of 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 31 March 2016, 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 <i>(note 1)</i>	-	33.30%
	Beneficial owner	16,025,000	-	1.85%
Mr. Hung Ying	Beneficial owner	8,040,000	-	0.93%

### Shares in associated corporation:

Name of director	Capacity/ Nature of interest	Number of ordinary shares held in Goldcorp Industrial Limited <i>(note 2)</i>		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 31 March 2016 composed of 2 ordinary shares.

Save as disclosed above, as at 31 March 2016, 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 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.

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.



The summary details of options granted are as follows:

Name of directors and employees	Exercise period	Number of share options outstanding as at 1 January 2016	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options outstanding as at 31 March 2016
Continuous contract employees (other than directors)	9 April 2008 to 8 October 2017	17,760,000	-	-	-	-	17,760,000
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	4,080,000	-	-	-	-	4,080,000
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	1,430,000	-	-	-	-	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	12,970,000	-	-	-	-	12,970,000
Hung Ying	24 June 2013 to 23 June 2023	40,000	-	-	-	-	40,000
Continuous contract employees (other than directors)	24 June 2013 to 23 June 2023	8,200,000	-	-	-	-	8,200,000
Hung Ying	15 May 2015 to 14 May 2025	1,900,000	-	-	-	-	1,900,000
Continuous contract employees (other than directors)	15 May 2015 to 14 May 2025	19,500,000	-	-	-	-	19,500,000
		<u>136,730,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,730,000</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 three months ended 31 March 2016.

## **CORPORATE GOVERNANCE PRACTICES**

The Corporate Governance Code ("the Code") in Appendix 15 to the GEM Listing Rules sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given. Throughout the Reporting Period, the Company had complied with the applicable code provisions of the Code with the exception of the deviation from code provision A.2.1 as explained below:

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 31 March 2016. 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 three months ended 31 March 2016 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 three months ended 31 March 2016.

## **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. 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 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 and internal control system of the Group. The chairman of the audit and risk management 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 written terms of reference of the audit and risk management committee which have been revised effective on 21 March 2016 to comply with the new requirement set out in the revised code provision are posted on the GEM website and the Company's website.

The Group's unaudited results for the three months ended 31 March 2016 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*)

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, 11 May 2016