



SING LEE SOFTWARE (GROUP) LIMITED

新利軟件(集團)股份有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8076)

**INTERIM REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2020**

* *For identification purposes only*

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 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 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 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 six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding periods in 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
– Contracts with customers	2	26,839	30,247	30,186	44,040
Cost of sales and services		(16,075)	(15,612)	(34,151)	(32,746)
Gross profit (loss)		10,764	14,635	(3,965)	11,294
Other income	3	752	(391)	985	294
Impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets		-	61	-	19
Other gains and losses		124	1,704	(540)	1,666
Distribution and selling expenses		(2,188)	(3,023)	(6,738)	(7,429)
Administrative expenses		(3,964)	(3,188)	(7,703)	(6,626)
Finance costs		(536)	(646)	(1,091)	(1,321)
Profit (loss) before tax		4,952	9,152	(19,052)	(2,103)
Income tax credit (expense)	4	1,049	(638)	1,834	(972)
Profit (loss) and total comprehensive income (expenses) for the period		6,001	8,514	(17,218)	(3,075)
Earnings (loss) per share					
– Basic (RMB cents)	5	0.46	0.80	(0.31)	(0.29)
– Diluted (RMB cents)	5	0.45	0.80	(0.31)	(0.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		12,294	12,220
Right-of-use assets		1,002	879
Intangible assets		21,867	20,956
		35,163	34,055
Current Assets			
Inventories		368	246
Trade and other receivables	7	97,497	79,561
Contract assets	8	1,937	2,261
Financial assets at fair value through profit or loss		191	181
Tax recoverable		1,110	–
Bank balances and cash		31,441	76,170
		132,544	158,419
Current Liabilities			
Trade and other payables	9	16,996	20,714
Amounts due to directors		600	783
Tax liabilities		–	139
Lease liabilities		476	459
Borrowings	10	11,043	12,243
Amount due to immediate holding company		12	12
		29,127	34,350
Net Current Assets		103,417	124,069
Total Assets Less Current Liabilities		138,580	158,124
Non-current Liabilities			
Deferred tax liabilities		3,038	4,944
Borrowings	10	55,808	56,228
		58,846	61,172
Net Assets		79,734	96,952
Capital and Reserves			
Share capital	11	12,538	12,538
Reserves		67,196	84,414
Total Equity		79,734	96,952

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Shareholder's contribution RMB'000	Translation reserve RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020 (Audited)	12,538	179,132	3,613	786	5,217	33,394	(137,728)	96,952
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(17,218)	(17,218)
Lapse of share options	-	-	-	-	-	(1,299)	1,299	-
At 30 June 2020 (Unaudited)	<u>12,538</u>	<u>179,132</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>32,095</u>	<u>(153,647)</u>	<u>79,734</u>
At 1 January 2019 (Audited)	8,661	161,445	3,613	786	5,217	33,688	(163,026)	50,384
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(3,075)	(3,075)
Shares issued	3,877	19,387	-	-	-	-	-	23,264
Transaction costs attributable to shares issued	-	(1,700)	-	-	-	-	-	(1,700)
At 30 June 2019 (Unaudited)	<u>12,538</u>	<u>179,132</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>33,688</u>	<u>(166,101)</u>	<u>68,873</u>

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(36,782)	(29,374)
Net cash used in investing activities	(3,403)	(4,377)
Net cash generated from (used in) financing activities	(4,544)	12,645
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(44,729)	(21,106)
Cash and cash equivalents at beginning of the period	76,170	45,648
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period represented by: Bank balances and cash	31,441	24,542
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Notes:

1. GENERAL

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

The unaudited consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

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

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

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019 (the “2019 Consolidated Financial Statements”), except for the amendments and interpretations of IFRSs (the “New IFRSs”) issued by IASB which have become effective in this period as detailed in the notes of the 2019 Consolidated Financial Statements. The adoption of the New IFRSs has no material impact on the accounting policies in the Group’s condensed consolidated financial statements for the period.

2. REVENUE AND OPERATING SEGMENTS

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

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

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

2. REVENUE AND OPERATING SEGMENTS (Cont'd)

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

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

For the six months ended 30 June 2020

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External sales and total revenue – segment revenue	<u>3,612</u>	<u>705</u>	<u>25,869</u>	<u>30,186</u>
SEGMENT RESULTS	<u>(1,114)</u>	<u>(188)</u>	<u>(15,784)</u>	(17,086)
Unallocated other income				985
Unallocated other gains and losses				(540)
Unallocated corporate expenses				(1,320)
Finance costs				<u>(1,091)</u>
Loss before tax				<u><u>(19,052)</u></u>

2. REVENUE AND OPERATING SEGMENTS (Cont'd)

For the six months ended 30 June 2019

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External sales and total revenue – segment revenue	<u>2,773</u>	<u>624</u>	<u>40,643</u>	<u>44,040</u>
SEGMENT RESULTS	<u>(237)</u>	<u>(20)</u>	<u>(1,259)</u>	(1,516)
Unallocated other income				294
Unallocated other gains and losses				1,666
Unallocated corporate expenses				(1,226)
Finance costs				<u>(1,321)</u>
Loss before tax				<u>(2,103)</u>

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

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

2. REVENUE AND OPERATING SEGMENTS (Cont'd)

Other Segment information

For the six months ended 30 June 2020

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	63	12	454	529
Depreciation of right-of-use assets	85	17	608	710
Amortisation of intangible assets	<u>248</u>	<u>48</u>	<u>1,777</u>	<u>2,073</u>

For the six months ended 30 June 2019

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	35	8	519	562
Depreciation of right-of-use assets	72	17	1,057	1,146
Amortisation of intangible assets	110	25	1,618	1,753
Impairment losses on trade receivables and contract assets reversed in profit or loss	<u>(1)</u>	<u>-</u>	<u>(18)</u>	<u>(19)</u>

2. REVENUE AND OPERATING SEGMENTS (Cont'd)

Geographical information

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

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

3. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	263	100	396	254
Others	489	(491)	589	40
	<u>752</u>	<u>(391)</u>	<u>985</u>	<u>294</u>

4. INCOME TAX CREDIT (EXPENSE)

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC enterprise income tax ("EIT")				
- Current year	-	-	-	-
- Underprovision in prior year	1,102	-	(72)	-
Deferred taxation				
- Current year	(53)	(638)	1,906	(972)
	<u>1,049</u>	<u>(638)</u>	<u>1,834</u>	<u>(972)</u>

4. INCOME TAX CREDIT (EXPENSE) (Cont'd)

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, the PRC, with statutory tax rate of 25%. Singlee Technology is regarded as a High and New Technology Enterprise defined by Zhejiang Finance Bureau, Administrator of Local Taxation of Zhejiang Municipality and Zhejiang Municipal office of the State Administration of Taxation and is therefore entitled to 15% preferential tax rate for the PRC EIT since 2010. Accordingly, the tax rate for Singlee Technology is 15% for the six months ended 30 June 2020 and 2019.

According to the PRC Enterprise Income Tax Law, the applicable tax rate of Hangzhou Singlee Software Company Limited ("Singlee Software") and Xin Yintong Technology Co., Ltd. ("Xin YinTong") is 25% for the six months ended 30 June 2020 and 2019.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the six months ended 30 June 2020 and 2019.

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits arising from PRC for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

5. EARNINGS (LOSS) PER SHARE

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

Three months ended		Six months ended	
30 June		30 June	
2020	2019	2020	2019
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share

<u>6,001</u>	<u>8,514</u>	<u>(17,218)</u>	<u>(3,075)</u>
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5. EARNINGS (LOSS) PER SHARE (Cont'd)

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,317,240	1,063,227	1,317,240	1,063,227
Effect of dilutive potential ordinary shares – Share options	<u>2,812</u>	<u>340</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>1,320,052</u>	<u>1,063,567</u>	<u>1,317,240</u>	<u>1,063,227</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings(loss) per share for the six months ended 30 June 2019 has been adjusted to reflect the effect of rights issue during the year ended 31 December 2019 but there is no impact on the respective calculation before the date of rights issue as there is no bonus element in such rights issue.

The computation of diluted earnings (loss) per share for the six months ended 30 June 2020 and 2019 does not assume the exercise of certain options because the exercise prices of those options were higher than the average market prices.

6. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

7. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables		
– contracts with customers	86,074	72,665
Less: allowance for credit losses	(472)	(472)
	85,602	72,193
Other receivables, prepayments and deposits		
Deposits paid to customers	3,399	3,459
Advances to staff	3,337	1,947
Other tax recoverable	–	702
Others	5,159	1,260
	11,895	7,368
Total trade and other receivables	97,497	79,561

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
0 – 120 days	28,143	42,486
121 – 180 days	159	3,304
181 – 365 days	38,921	10,645
Over 365 days	18,379	15,758
	85,602	72,193

As at 30 June 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB24,861,000 (31 December 2019: RMB21,081,000) 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.

8. CONTRACT ASSETS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Retention receivable	<u>1,937</u>	<u>2,261</u>

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

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

9. TRADE AND OTHER PAYABLES

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade payables	3,447	3,305
Payroll payables	4,962	5,056
Other PRC tax payables	1,404	3,407
Employee reimbursement payable	2,729	4,963
Accruals	242	169
Others	<u>4,212</u>	<u>3,814</u>
Total	<u>16,996</u>	<u>20,714</u>

9. TRADE AND OTHER PAYABLES (Cont'd)

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within 90 days	757	2,180
91 – 180 days	6	–
181 – 365 days	1,602	44
Over 365 days	<u>1,082</u>	<u>1,081</u>
	<u>3,447</u>	<u>3,305</u>

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

Trade and other payables of approximately RMB1,152,000 (31 December 2019: approximately RMB1,022,000) were denominated in HK\$.

10. BORROWINGS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Unsecured loans from a director (<i>Note i</i>)	55,851	57,471
Secured bank borrowings (<i>Note ii</i>)	11,000	11,000
	<u>66,851</u>	<u>68,471</u>

Carrying amount of the above borrowings are repayable:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within one year	11,043	12,243
Within a period of more than one year but not exceeding two years	6,230	8,200
Within a period of more than two years but not exceeding five years	16,061	15,586
Within a period of more than five years	33,517	32,442
	66,851	68,471
Less: Amounts due within one year shown under current liabilities	(11,043)	(12,243)
Amounts shown under non-current liabilities	<u>55,808</u>	<u>56,228</u>

10. BORROWINGS (Cont'd)

Notes:

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within one year	43	1,243
Between one to two years	6,230	8,200
Between two to five years	16,061	15,586
More than five years	33,517	32,442
	<u>55,851</u>	<u>57,471</u>

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

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Effective interest rate:		
Fixed-rate borrowings	<u>2.68% - 3.38%</u>	<u>2.68% - 3.38%</u>

The loans from a director of approximately RMB51,522,000 (31 December 2019: approximately RMB52,158,000) are denominated in HK\$, other borrowings are denominated in the functional currency of the respective group entity.

10. BORROWINGS (Cont'd)

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Fixed-rate bank borrowings:		
Within one year	<u>11,000</u>	<u>11,000</u>

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

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Effective interest rate:		
Fixed-rate borrowings	<u>4.80%</u>	<u>4.80%</u>

The owned properties with a carrying amount of approximately RMB9,718,000 (31 December 2019: approximately RMB9,992,000) have been pledged to secure bank borrowings of the Group.

11. SHARE CAPITAL

	Number of Shares '000	Amount HK\$'000	Amount RMB'000
Ordinary shares of HK\$0.01 each:			
<i>Authorized:</i>			
At 31 December 2019 and 30 June 2020	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>			
At 31 December 2019 and 30 June 2020	<u>1,317,240</u>	<u>13,173</u>	<u>12,538</u>

12. RELATED PARTY TRANSACTIONS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Lease rental expenses paid to Sing Lee Pharmaceutical Import & Export Co., Limited for lease of office premises	<u>286</u>	<u>555</u>

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds from rights issue

The Company completed a rights issue on 21 May 2019, pursuant to which the Company has issued 439,080,000 ordinary shares of the Company of HK\$0.01 each as rights shares at HK\$0.06 per rights share on the basis of two rights shares for every one existing share held on 24 April 2019. The net proceeds from the rights issue (after deducting the expenses) were approximately HK\$24,420,000 (equivalent to approximately RMB21,564,000) (the "Net Proceeds"). The Company intended to apply Net Proceeds for general working capital of the Group.

As at 30 June 2020, a total of approximately HK\$19,800,000 (equivalent to approximately RMB17,484,000) was paid for general working capital, which was applied consistently with the intended uses previously disclosed in the circular of the Company dated 25 April 2019. The remaining of approximately HK\$4,620,000 (equivalent to approximately RMB4,080,000) will be utilized as intended.

Summary of use of Net Proceeds

	Planned use of Net Proceeds (as stated in the Prospectus) <i>HK\$ million</i>	Actual amount utilised up to 30 June 2020 <i>HK\$ million</i>	Unutilised balance as at 30 June 2020 <i>HK\$ million</i>	Expected timeline for utilising the remaining Net Proceeds
General working capital	<u>24.42</u>	<u>19.80</u>	<u>4.62</u>	<u>31 Dec 2020</u>

Financial review and results of operations

For the six months ended 30 June 2020, the Group recorded a total revenue of approximately RMB30,186,000, decrease of 31% as compared to the same period of last year (For the six months ended 30 June 2019: approximately RMB44,040,000). The decrease in the turnover of the Group was mainly attributable to the decrease in the revenue of the Group's provision of technical support services. Cost of sales for the six months ended 30 June 2020 increased by 4% to approximately RMB34,151,000 (For the six months ended 30 June 2019: approximately RMB32,746,000). Cost of sales increased was mainly due to the increased in research costs.

Administrative expenses for the six months ended 30 June 2020 increased by 16% to approximately RMB7,703,000 (For the six months ended 30 June 2019: approximately RMB6,626,000). The increase in administrative expenses was mainly due to the increase in staff costs. For the distribution and selling expenses, it is decreased by 9% to RMB6,738,000 (For the six months ended 30 June 2019: approximately RMB7,429,000), The decrease in distribution and selling expenses was mainly due to our effective cost control measures. Other income included refund of value added tax and interest income; and other gains and losses included exchange differences and fair value changes in financial assets at fair value through profit or loss.

Finance costs for the six months ended 30 June 2020 decreased by 17% to approximately RMB1,091,000 (For the six months ended 30 June 2019: approximately RMB1,321,000). The decreased in finance costs was mainly attributable to decrease in the recognition of interest expenses of lease liabilities due to adoption of IFRS16 and decrease in borrowings.

The Group recorded a loss of approximately RMB17,218,000 for the six months ended 30 June 2020, increase of 460% as compared to the same period of last year (For the six months ended 30 June 2019: approximately RMB3,075,000). Decrease in revenue is the main factor leading to the increase in loss.

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

BUSINESS REVIEW

Overall Business of the Group for the first half of 2020

The Group had continued to expand the scope of its strategy that focused on a core business and two complementary products between 2017 and 2019, and recorded a net profit of RMB25,004,000, a year-on-year growth of 13%, in 2019. However, the global economy experienced an unprecedented challenge in 2020 as a result of the COVID-19 outbreak that has caused more serious and widespread damage than the 2003 crisis. In China, one of the first countries suffering from the outbreak, all industries and sectors were severely affected. Since banks with a more extensive business scope were forced to suspend their operations or postpone their plans for three to even six months except for the essential services, the Group's growth over the past five years was entirely wiped out. Besides, as the banking industry made significant investments without a high level of income during the first quarter, the Group recorded a loss of RMB17,218,000 during the first half of 2020 as the revenue dropped by 31% compared with the same period last year while cost of sales and services and total expenses rose by 7%. Despite the disappointing performance, the Group was able to maintain its operations through the challenging times by leveraging the strong record of payment collection in 2019, and making further progress in the development of the strategy that focuses on a core business and two complementary products in line with the overall strategy.

“Payment plus service” 1. Payment: As the demand plunged drastically due to the suspension or closing down of branches, shopping malls and stores during the pandemic, and most of the banking services were delivered via mobile app, the Group's “Payment plus Service” department shifted its development focus online. Meanwhile, with the active promotion by banks and business partners, diversified payment methods emerged and matured at a faster pace, establishing payment as a popular product. The Group also moved the payment process from offline to online, such as working with banks to deepen the overall process development. In the second quarter, the Group also started collaborating with the banks to develop products like “Merchandise GO” specialising in community e-commerce products and mobile instalment payment, forming a solid foundation for the new payment structure.

“Payment plus service” 2. Service: Development of offline markets and targeted development of merchant service businesses have become one of the main objectives of the Group. The Group increased the number of banks served from only two provincial branch banks six years ago to a number of banks in 15 provinces including Zhejiang, Jiangsu, Guangdong and other economic powerhouses, as well as Northwest China and Xinjiang where favourable policies are in place in the first half of the year. Nonetheless, the outbreak has shifted the marketing focus online and conventional marketing channels have been replaced by online videos. Therefore, the Group’s services will further reflect the operation project of “deepening value-added services and strengthening of the cooperation with banks with a focus on merchants and cardholders”, where businesses which were divided will be gradually combined to integrate banking outsourcing service products (merchant) and payment products, and business portfolio will become the future development orientation.

Driven by the normalization of structural reforms in the financial environment and the continuous adjustment of relevant markets, the continuous growth of capital products not only reflects customers’ recognition of the Group’s relevant products, but also highlights the clear path of product research, development and marketing. In particular, as all banks postponed their capital projects by three to six months due to the pandemic, the Group seize the opportunity to consolidate its products, develop a medium-level risk management system and re-consolidate its foreign currency products so as to get prepared for the reopening of markets.

Cooperation with leading urban commercial banks in China, such as Bank of Beijing, Bank of Shanghai, Bank of Jiangsu and Bank of Nanjing, resulted in a greater use of the Group’s existing customers, existing resources in the market and market share for rapid development of capital products with the cooperation with branded banks, such that a sales model of “flexible business portfolio” of the products on the whole was formed.

Although the Group managed to stay resilient to the US-China trade war, it has been severely affect by the pandemic. However, the steady recovery of the Group’s performance in the second quarter has proven the effectiveness of the Board’s clear strategy and the management’s strong execution, underlining Sing Lee’s position as a leading group with commitment, vision and history.

OUTLOOK

The “Payment plus service”, business platform evolved from traditional operations and “Bank-School Express” remain our main sources of big data. Based on these products, the Group will develop a unique OFFLINE TO ONLINE (O2O) model, and will extend the collaborative model with banks to other commercial banks. Meanwhile, the business portfolio will be better aligned to the overall development of the financial environment.

The Group will continue to implement stringent cost control, and strengthen the risk control over the overall operations and individual business in order to identify new sources of income and lower the costs.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The operating expenditures of the Group are funded by cash flow from operations, the net proceeds from the Rights Issue on 21 May 2019 and borrowings. The Group has adequate sources of funds to meet its future working capital requirements.

As at 30 June 2020, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB31,441,000 (31 December 2019: approximately RMB76,170,000). The Group’s current ratio, based on total current assets over total current liabilities, as at 30 June 2020 was approximately 5 times (31 December 2019: approximately 5 times).

At 30 June 2020, the Group had the following outstanding borrowings:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Fixed-rate borrowings:		
Unsecured loans from a director	55,851	57,471
Secured bank borrowings	11,000	11,000
	<u>66,851</u>	<u>68,471</u>

The borrowings' contractual maturity dates are as follows:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Within one year	11,043	12,243
Between one to two years	6,230	8,200
Between two to five years	16,061	15,586
More than five years	33,517	32,442
	<u>66,851</u>	<u>68,471</u>

The loans from a director of approximately RMB51,522,000 (31 December 2019: RMB52,158,000) are denominated in HK dollars, other borrowings are denominated in the functional currency of the respective group entity.

No interest was capitalized by the Group during the period under review (31 December 2019: Nil).

The gearing ratio of the Group, based on total liabilities over total assets, as at 30 June 2020 was approximately 52% (31 December 2019: approximately 50%).

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

EMPLOYEE INFORMATION

As at 30 June 2020, the Group had 919 employees (six months ended 30 June 2019: 864), including both PRC and Hong Kong employees. Remuneration and bonus policy are primarily determined by the performance of the individual employees and financial results of the Group. Total staff costs for the reported period were approximately RMB36,950,000 (six months ended 30 June 2019: approximately RMB34,389,000).

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

CHARGE ON GROUP ASSETS

As at 30 June 2020, the owned properties of the Group located in Hangzhou with an aggregate net carrying amount of approximately RMB9,718,000 (31 December 2019: approximately RMB9,992,000) were used to secure the banking facilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

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

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: Nil).

PROSPECTS OF NEW PRODUCTS

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

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

So far as is known to any directors or chief executives of the Company, as at 30 June 2020, 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	431,782,500 <i>(note 1)</i>	—	32.78%
Great Song Enterprises Limited	Beneficial owner	431,782,500 <i>(notes 1 and 2)</i>	—	32.78%
Mr. Hung Yung Lai	Corporate interest	431,782,500 <i>(notes 2 and 4)</i>	—	32.78%
	Beneficial owner	72,782,500	—	5.53%
Ms. Li Kei Ling	Corporate interest	431,782,500 <i>(notes 2 and 3)</i>	—	32.78%
Mdm. Iu Pun	Family interest	581,466,500 <i>(note 5)</i>	—	44.14%

b) Share options

Name of shareholder	Capacity/ Nature of interest	Number of options held	Number of underlying shares
Mr. Hung Yung Lai	Beneficial owner	76,901,500	76,901,500

Notes:

1. Goldcorp Industrial Limited is a limited liability company incorporated in the British Virgin Islands equally owned by Mr. Hung Yung Lai and Great Song Enterprises Limited which in turn is wholly owned by Ms. Li Kei Ling.
2. The Shares were held by Goldcorp Industrial Limited.
3. Ms. Li Kei Ling controls more than one third of the voting power of Great Song Enterprises Limited which in turn holds more than one third of the voting power of Goldcorp Industrial Limited. Ms Li Kei Ling is deemed, by virtue of the SFO, to be interested in the same 431,782,500 shares held by Goldcorp Industrial Limited.
4. Mr. Hung Yung Lai controls more than one third of the voting power of Goldcorp Industrial Limited. Mr. Hung Yung Lai is deemed, by virtue of the SFO, to be interested in the same 431,782,500 shares held by Goldcorp Industrial Limited.
5. These shares are beneficially owned by Goldcorp Industrial Limited as mentioned in Note 4 of above. Mr. Hung Yung Lai is deemed to be interested in the same 431,782,500 shares held by Goldcorp Industrial Limited. Mdm Iu Pun is the wife of Mr. Hung Yung Lai and is deemed to be interested in these shares in which Mr. Hung Yung Lai is deemed or taken to be interested for the purpose of the SFO. She is also deemed to be interested in the 76,901,500 share options and the 72,782,500 shares beneficially owned by Mr. Hung Yung Lai as mentioned in Note 4 above for the purpose of SFO.

Save as disclosed above, as at 30 June 2020, the Company were not aware of any other person (other than directors or chief executives of the Company) who had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or any other substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 30 June 2020, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required to be entered into the register required to be kept by the Company, pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Directors' interests in securities of the Company:

Name of Directors	Long/ Short Position	Capacity/Nature of interests	Interests in ordinary shares	Interest in underlying shares of share options	Aggregate interests	Percentage of aggregate interests to total issued share capital of the Company
Mr. Hung Yung Lai	Long Position	Corporate interest	431,782,500 <i>(note 1)</i>	-	431,782,500	32.78%
	Long Position	Beneficial owner	72,782,500	76,901,500	149,684,000	11.36%
Mr. Hung Ying	Long Position	Beneficial owner	14,547,500	5,696,627	20,244,127	1.54%
Mr. Lin Xue Xin	Long Position	Beneficial owner	9,470,000	6,175,782	15,645,782	1.19%
Mr. Pao Ping Wing	Long Position	Beneficial owner	-	307,606	307,606	0.02%
Mr. Thomas Tam	Long Position	Beneficial owner	-	307,606	307,606	0.02%
Mr. Lo King Man	Long Position	Beneficial owner	-	307,606	307,606	0.02%

Directors' interests in the associated corporation:

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

Notes:

1. The Shares were held by Goldcorp Industrial Limited. Mr. Hung Yung Lai has 50% interest in Goldcorp Industrial Limited.
2. The entire issued capital of Goldcorp Industrial Limited as of 30 June 2020 composed of 2 ordinary shares.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

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

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.

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

The summary details of options granted are as follows:

Name of directors, continuous contract employees and consultants	Exercise period	Adjusted exercise price HK\$	Number of share options outstanding as at 1 January 2020	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Number of share options outstanding as at 30 June 2020
Pao Ping Wing	19 July 2010 to 18 January 2020	0.1690	709,860	-	-	(709,860)	-
Thomas Tam	19 July 2010 to 18 January 2020	0.1690	709,860	-	-	(709,860)	-
Lo King Man	19 July 2010 to 18 January 2020	0.1690	709,860	-	-	(709,860)	-
Hung Ying	19 July 2010 to 18 January 2020	0.1690	2,957,750	-	-	(2,957,750)	-
Lin Xue Xin	19 July 2010 to 18 January 2020	0.1690	769,015	-	-	(769,015)	-
Continuous contract employees (other than directors)	19 July 2010 to 18 January 2020	0.1690	3,229,863	-	-	(3,229,863)	-
Hung Ying	16 February 2011 to 15 August 2020	0.7100	1,833,805	-	-	-	1,833,805
Lin Xue Xin	16 February 2011 to 15 August 2020	0.7100	366,761	-	-	-	366,761
Continuous contract employees (other than directors)	16 February 2011 to 15 August 2020	0.7100	591,550	-	-	-	591,550
Hung Yung Lai	28 February 2011 to 9 January 2021	0.6170	76,901,500	-	-	-	76,901,500
Lin Xue Xin	28 February 2011 to 12 January 2021	0.6035	816,339	-	-	-	816,339
Continuous contract employees (other than directors)	28 February 2011 to 12 January 2021	0.6035	13,723,960	-	-	-	13,723,960
Hung Ying	24 June 2013 to 23 June 2023	0.0948	47,324	-	-	-	47,324
Continuous contract employees (other than directors)	24 June 2013 to 23 June 2023	0.0948	7,335,220	-	-	-	7,335,220
Hung Ying	15 May 2015 to 14 May 2025	0.3635	2,247,890	-	-	-	2,247,890
Lin Xue Xin	15 May 2015 to 14 May 2025	0.3635	3,549,300	-	-	-	3,549,300

Name of directors, continuous contract employees and consultants	Exercise period	Adjusted exercise price HK\$	Number of share options outstanding as at 1 January 2020	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Number of share options outstanding as at 30 June 2020
Continuous contract employees (other than directors)	15 May 2015 to 14 May 2025	0.3635	16,859,175	-	-	-	16,859,175
Hung Ying	7 April 2017 to 6 April 2027	0.1538	1,567,608	-	-	-	1,567,608
Lin Xue Xin	7 April 2017 to 6 April 2027	0.1538	1,443,382	-	-	-	1,443,382
Pao Ping Wing	7 April 2017 to 6 April 2027	0.1538	307,606	-	-	-	307,606
Thomas Tam	7 April 2017 to 6 April 2027	0.1538	307,606	-	-	-	307,606
Lo King Man	7 April 2017 to 6 April 2027	0.1538	307,606	-	-	-	307,606
Continuous contract employees (other than directors)	7 April 2017 to 6 April 2027	0.1538	36,131,874	-	-	(5,915,500)	30,216,374
Consultants	7 April 2017 to 6 April 2027	0.1538	42,644,839	-	-	-	42,644,839
			<u>216,069,553</u>	<u>-</u>	<u>-</u>	<u>(15,001,708)</u>	<u>201,067,845</u>

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict or interests with the Group during the six months ended 30 June 2020.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the six months ended 30 June 2020 as set out in GEM Listing Rules 5.48 to 5.67. The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the securities transactions by Directors.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the six months ended 30 June 2020.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

The Group's unaudited results for the six months ended 30 June 2020 have been reviewed by the audit and risk management committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

The Board comprises of:

Hung Yung Lai (*Executive Director*)

Hung Ying (*Executive Director*)

Lin Xue Xin (*Executive Director*)

Cui Jian (*Executive Director*)

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

Thomas Tam (*Independent Non-Executive Director*)

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

Hong Kong, 11 August 2020