



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 2021**

* *For identification purposes only*

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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.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Hung Yung Lai (*Chairman*)
Hung Ying (*Vice Chairman*)
Lin Xue Xin (*Chief Executive Officer*)
Cui Jian

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pao Ping Wing
Thomas Tam
Lo King Man

COMPANY SECRETARY

Tong Tsz Kwan,
CPA, FCCA, FCIS, FCS

COMPLIANCE OFFICER

Hung Yung Lai

AUTHORISED REPRESENTATIVES

Hung Yung Lai
Tong Tsz Kwan,
CPA, FCCA, FCIS, FCS

AUDIT AND RISK MANAGEMENT COMMITTEE

Pao Ping Wing (*Chairman*)
Thomas Tam
Lo King Man

REMUNERATION COMMITTEE

Pao Ping Wing (*Chairman*)
Hung Yung Lai
Thomas Tam
Lo King Man

NOMINATION COMMITTEE

Hung Yung Lai (*Chairman*)
Pao Ping Wing
Thomas Tam
Lo King Man

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity
Auditors
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88 Queensway
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PRINCIPAL BANKERS

Industrial and Commercial Bank of
China (Asia) Limited
Bank of China (Hong Kong) Limited
Bank of China, Hangzhou Branch
Industrial and Commercial Bank of
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REGISTERED OFFICE

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**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**

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REGISTRAR AND TRANSFER
OFFICE**

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GEM STOCK CODE

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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 2021, together with the unaudited comparative figures for the corresponding periods in 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
CONTINUING OPERATIONS					
REVENUE	2	19,444	21,172	31,038	23,310
Cost of sales and services		(20,270)	(12,516)	(37,485)	(25,425)
Gross profit/(loss)		(826)	8,656	(6,447)	(2,115)
Other income	3	146	640	466	571
Impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets		24	-	24	-
Other gains and losses		438	124	199	(540)
Distribution and selling expenses		(1,409)	(1,338)	(4,285)	(4,266)
Administrative expenses		(2,988)	(3,766)	(7,371)	(7,430)
Finance costs		(353)	(532)	(919)	(1,081)
Profit/(loss) before tax from continuing operations		(4,968)	3,784	(18,333)	(14,861)
Income tax credit	4	85	860	85	1,645

		Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
Notes		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)		(Restated)
	Profit/(loss) for the period from continuing operations	(4,883)	4,644	(18,248)	(13,216)
	DISCONTINUED OPERATIONS				
	Profit/(loss) for the period from discontinued operations	5 9,490	1,357	4,402	(4,002)
	Profit/(loss) and total comprehensive income/(expenses) for the period	4,607	6,001	(13,846)	(17,218)
	Earnings/(loss) per share				
	From continuing and discontinued operations				
	- Basic (RMB cents)	6 0.35	0.46	(1.05)	(1.31)
	- Diluted (RMB cents)	6 0.35	0.46	(1.05)	(1.31)
	From continuing operations				
	- Basic (RMB cents)	6 (0.37)	0.35	(1.39)	(1.00)
	- Diluted (RMB cents)	6 (0.37)	0.35	(1.39)	(1.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		11,411	11,880
Right-of-use assets		440	761
Intangible assets		3,567	4,166
		15,418	16,807
Current Assets			
Inventories – finished goods		484	283
Trade and other receivables	8	53,515	38,197
Contract assets	9	852	583
Financial assets at fair value through profit or loss		170	170
Bank balances and cash		41,388	58,358
		96,409	97,591
Assets classified as held for sale		-	36,798
		96,409	134,389
Current Liabilities			
Trade and other payables	10	14,193	16,184
Amounts due to directors		537	648
Borrowings	11	22,000	20,668
Lease liabilities		204	439
Amount due to immediate holding company		11	11
		36,945	37,950
Liabilities associated with assets classified as held for sale		-	2,193
		36,945	40,143
Net Current Assets		59,464	94,246
Total Assets Less Current Liabilities		74,882	111,053

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current Liabilities			
Deferred tax liabilities		361	2,169
Borrowings	<i>11</i>	22,596	43,121
Lease liabilities		23	15
		<hr/> 22,980 <hr/>	<hr/> 45,305 <hr/>
Net Assets		51,902	65,748
		<hr/> <hr/> 51,902 <hr/> <hr/>	<hr/> <hr/> 65,748 <hr/> <hr/>
Capital and Reserves			
Share capital		12,538	12,538
Reserves	<i>12</i>	39,364	53,210
		<hr/> 39,364 <hr/>	<hr/> 53,210 <hr/>
Total Equity		51,902	65,748
		<hr/> <hr/> 51,902 <hr/> <hr/>	<hr/> <hr/> 65,748 <hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 2021 (Audited)	12,538	179,132	3,613	786	5,217	30,991	(166,529)	65,748
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(13,846)	(13,846)
Lapse of share options	-	-	-	-	-	(23,774)	23,774	-
At 30 June 2021 (Unaudited)	<u>12,538</u>	<u>179,132</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>7,217</u>	<u>(156,601)</u>	<u>51,902</u>
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>

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 2021

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(35,393)	(36,782)
Net cash generated from/(used in)		
investing activities	37,047	(3,403)
Net cash used in financing activities	(18,624)	(4,544)
Net decrease in cash and cash equivalents	(16,970)	(44,729)
Cash and cash equivalents at		
beginning of the period	58,358	76,170
Cash and cash equivalents at the end of		
the period represented by:		
Bank balances and cash	41,388	31,441

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

1. GENERAL

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

The unaudited consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

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 2020 (the “2020 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 2020 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.

Restatement due to discontinued operations

The comparative information in respect of the consolidated statement of profit or loss and other comprehensive income, together with notes thereon for the six months ended 30 June 2020 has been restated, where appropriate, in order to conform with the current period’s presentation of the discontinued operations separately from continuing operations. As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2020.

2. REVENUE AND OPERATING SEGMENTS

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

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

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

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

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

For the six months ended 30 June 2021

	Continuing operations				Discontinued operations			
	Sale of software products RMB'000 (Unaudited)	Sale of related hardware products RMB'000 (Unaudited)	Provision of technical support services RMB'000 (Unaudited)	Subtotal RMB'000 (Unaudited)	Sale of software products - transaction of software RMB'000 (Unaudited)	Provision of technical support services for the development and installation of transaction of software RMB'000 (Unaudited)	Subtotal RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
External sales and total revenue - segment revenue	1,165	256	29,617	31,038	-	-	-	31,038
SEGMENT RESULTS	496	(9)	(17,703)	(17,216)	-	-	-	(17,216)
Unallocated other income				466			-	466
Unallocated other gains and losses				199			218	417
Unallocated corporate expenses				(863)			-	(863)
Finance costs				(919)			-	(919)
Gain on disposal of a subsidiary				-			2,461	2,461
Profit/(loss) before tax				(18,333)			2,679	(15,654)

2. REVENUE AND OPERATING SEGMENTS (Cont'd)

For the six months ended 30 June 2020

	Continuing operations				Discontinued operations			
	Sale of software products RMB'000 (Unaudited) (Restated)	Sale of related hardware products RMB'000 (Unaudited)	Provision of technical support services RMB'000 (Unaudited) (Restated)	Subtotal RMB'000 (Unaudited) (Restated)	Sale of software products - transaction RMB'000 (Unaudited) (Restated)	Provision of technical support services for the development and installation of transaction RMB'000 (Unaudited) (Restated)	Subtotal RMB'000 (Unaudited) (Restated)	Total RMB'000 (Unaudited)
External sales and total revenue - segment revenue	2,210	705	20,395	23,310	1,402	5,474	6,876	30,186
SEGMENT RESULTS	(177)	(188)	(12,126)	(12,491)	(937)	(3,658)	(4,595)	(17,086)
Unallocated other income				571			414	985
Unallocated other gains and losses				(540)			-	(540)
Unallocated corporate expenses				(1,320)			-	(1,320)
Finance costs				(1,081)			(10)	(1,091)
Loss before tax				(14,861)			(4,191)	(19,052)

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, other gains and losses and gain on disposal of a subsidiary. 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 2021

	Continuing operations			Discontinued operations		Total RMB'000 (Unaudited)
	Sale of software products RMB'000 (Unaudited)	Sale of related hardware products RMB'000 (Unaudited)	Provision of technical support services RMB'000 (Unaudited)	Provision of technical support Sale of software products - transaction software RMB'000 (Unaudited)	Provision of technical support services for the development and installation of transaction software RMB'000 (Unaudited)	
Amounts included in the measure of segment results:						
Depreciation of property, plant and equipment	20	4	512	-	-	536
Depreciation of right-of-use assets	10	2	261	-	-	273
Amortisation of intangible assets	<u>22</u>	<u>5</u>	<u>572</u>	<u>-</u>	<u>-</u>	<u>599</u>

For the six months ended 30 June 2020

	Continuing operations			Discontinued operations		Total RMB'000 (Unaudited)
	Sale of software products RMB'000 (Unaudited) (Restated)	Sale of related hardware products RMB'000 (Unaudited)	Provision of technical support services RMB'000 (Unaudited) (Restated)	Provision of technical support Sale of software products - transaction software RMB'000 (Unaudited) (Restated)	Provision of technical support services for the development and installation of transaction software RMB'000 (Unaudited) (Restated)	
Amounts included in the measure of segment results:						
Depreciation of property, plant and equipment	63	12	454	-	-	529
Depreciation of right-of-use assets	52	17	372	33	236	710
Amortisation of intangible assets	<u>152</u>	<u>48</u>	<u>1,087</u>	<u>96</u>	<u>690</u>	<u>2,073</u>

2. REVENUE AND OPERATING SEGMENTS (Cont'd)

Geographical information

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

All non-current assets of the Group from continuing and discontinued operations are located in the PRC by location of assets.

3. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Continuing operations				
Interest income	19	157	53	184
Others	127	483	413	387
	<u>146</u>	<u>640</u>	<u>466</u>	<u>571</u>

4. INCOME TAX CREDIT

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Continuing operations				
PRC enterprise income tax ("EIT")				
– Current year	-	-	-	-
– Underprovision in prior year	-	1,102	-	(72)
Deferred taxation				
– Current year	85	(242)	85	1,717
	<u>85</u>	<u>860</u>	<u>85</u>	<u>1,645</u>

4. INCOME TAX CREDIT (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 2021 and 2020.

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 2021 and 2020.

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 2021 and 2020.

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 2021 (six months ended 30 June 2020: Nil).

5. DISCONTINUED OPERATIONS

On 26 March 2021, the Transferor (Hangzhou Singlee Technology Company Limited, an indirect wholly-owned subsidiary of the Company), the Transferee and Hangzhou Hengxin Lirong Software Company Limited (“Hangzhou HL”, an indirect wholly-owned subsidiary of the Company established on 20 January 2021) entered into the equity transfer agreement (the “Agreement”), pursuant to which the Transferor has conditionally agreed to sell and the Transferee has conditionally agreed to purchase the entire equity interest in Hangzhou HL at the consideration of RMB40,000,000 in cash. The disposal was completed on 24 May 2021.

Upon the completion of the disposal of Hangzhou HL, the Group ceased to engage in the business of the provision of service for the development and installation of transaction software and sales of relevant software products (the “Relevant Business Line”). Accordingly, the operation of the “Relevant Business Line” was classified as discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

5. **DISCONTINUED OPERATIONS** (Cont'd)

(a) **Financial performance and cash flow information**

	Six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
REVENUE	-	6,876
Cost of sales and services	-	(8,726)
	<u> </u>	<u> </u>
Gross loss	-	(1,850)
Other income	-	414
Other gains and losses	218	-
Distribution and selling expenses	-	(2,472)
Administrative expenses	-	(273)
Finance costs	-	(10)
Gain on disposal of a subsidiary	2,461	-
	<u> </u>	<u> </u>
Profit/(loss) before tax	2,679	(4,191)
Income tax credit	1,723	189
	<u> </u>	<u> </u>
Profit/(loss) for the period from discontinued operations	<u>4,402</u>	<u>(4,002)</u>
Net cash outflow from operating activities	<u> </u>	<u> </u>
	-	(6,176)
Net decrease in cash generated by the discontinued operations	<u> </u>	<u> </u>
	-	(6,176)
	<u> </u>	<u> </u>

5. DISCONTINUED OPERATIONS (Cont'd)

(a) Financial performance and cash flow information (Cont'd)

Analysis of net cash flow in respect of the disposal of a subsidiary is as follows:

	2021 RMB'000 (Unaudited)
Cash consideration received	40,000
Cash and cash balances disposed of	<u>—</u>
Total cash inflow from disposal	<u><u>40,000</u></u>

(b) Details of the disposal of a subsidiary

	2021 RMB'000 (Unaudited)
Cash consideration received	40,000
Carrying amount of net assets sold	(34,605)
Less: related transaction expenses and taxes	<u>(2,934)</u>
Gain on disposal of a subsidiary	<u><u>2,461</u></u>

The carrying amounts of assets and liabilities in relation to the discontinued operations as at 24 May 2021, the date of disposal, were:

	2021 RMB'000 (Unaudited)
Non-current Assets	
Intangible assets	<u>11,490</u>
Current Assets	
Trade receivables	<u>25,308</u>
Current Liabilities	
Trade and other payables	<u>(2,193)</u>
Net assets	<u><u>34,605</u></u>

6. EARNINGS/(LOSS) PER SHARE (Cont'd)

From continuing operations

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

Three months ended		Six months ended	
30 June		30 June	
2021	2020	2021	2020
RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

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

<u>(4,883)</u>	<u>4,644</u>	<u>(18,248)</u>	<u>(13,216)</u>
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The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

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

Three months ended		Six months ended	
30 June		30 June	
2021	2020	2021	2020
RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

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

<u>9,490</u>	<u>1,357</u>	<u>4,402</u>	<u>(4,002)</u>
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The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

6. EARNINGS/(LOSS) PER SHARE (Cont'd)

From discontinued operations (Cont'd)

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings/(loss) per share				
– Basic (<i>RMB cents</i>)	<u>0.72</u>	<u>0.10</u>	<u>0.33</u>	<u>(0.30)</u>
– Diluted (<i>RMB cents</i>)	<u>0.72</u>	<u>0.10</u>	<u>0.33</u>	<u>(0.30)</u>

7. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

8. TRADE AND OTHER RECEIVABLES

	As at	As at
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables		
– contracts with customers	38,877	27,697
Less: allowance for credit losses	<u>(836)</u>	<u>(836)</u>
	<u>38,041</u>	<u>26,861</u>
Other receivables, prepayments and deposits		
Deposits paid to customers	5,370	4,429
Advances to staff	5,125	4,293
Other tax recoverable	–	120
Others	<u>4,979</u>	<u>2,494</u>
	<u>15,474</u>	<u>11,336</u>
Total trade and other receivables	<u>53,515</u>	<u>38,197</u>

8. TRADE AND OTHER RECEIVABLES (Cont'd)

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 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 – 120 days	23,404	17,803
121 – 180 days	81	151
181 – 365 days	6,719	1,596
Over 365 days	7,837	7,311
	38,041	26,861

As at 30 June 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB9,086,000 (31 December 2020: RMB7,508,000) which are past due 90 days or more as the reporting date and are not considered as in default as most of the debtors are banks with strong financial position and high credit ratings and the amounts are still considered fully recoverable.

9. CONTRACT ASSETS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Retention receivable	852	583

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

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

10. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables	1,317	2,355
Payroll payables	5,004	5,320
Other PRC tax payables	1,962	2,088
Employee reimbursement payable	2,780	5,287
Accruals	159	173
Others	2,971	961
	<hr/>	<hr/>
Total	14,193	16,184
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 90 days	413	1,296
91 – 180 days	21	12
181 – 365 days	128	68
Over 365 days	755	979
	<hr/>	<hr/>
	1,317	2,355
	<hr/> <hr/>	<hr/> <hr/>

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

Trade and other payables of approximately RMB2,675,000 (31 December 2020: approximately RMB1,059,000) were denominated in HK\$.

11. BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Unsecured loans from a director <i>(Note i)</i>	22,596	44,789
Secured bank borrowings <i>(Note ii)</i>	15,000	15,000
Unsecured bank borrowings <i>(Note ii)</i>	7,000	4,000
	<u>44,596</u>	<u>63,789</u>

Carrying amount of the above borrowings are repayable:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within one year	22,000	20,668
Within a period of more than one year but not exceeding two years	453	10,429
Within a period of more than two years but not exceeding five years	1,799	1,460
Within a period of more than five years	20,344	31,232
	<u>44,596</u>	<u>63,789</u>
Less: Amounts due within one year shown under current liabilities	<u>(22,000)</u>	<u>(20,668)</u>
Amounts shown under non-current liabilities	<u>22,596</u>	<u>43,121</u>

11. 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 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within one year	-	1,668
Between one to two years	453	10,429
Between two to five years	1,799	1,460
More than five years	20,344	31,232
	<u>22,596</u>	<u>44,789</u>

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

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (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 RMB22,098,000 (31 December 2020: approximately RMB43,854,000) are denominated in HK\$, other borrowings are denominated in the functional currency of the respective group entity.

11. BORROWINGS (Cont'd)

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Fixed-rate bank borrowings:		
Within one year	<u><u>22,000</u></u>	<u><u>19,000</u></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 2021 (Unaudited)	As at 31 December 2020 (Audited)
Effective interest rate:		
Fixed-rate borrowings	<u><u>4.35%</u></u>	<u><u>4.35%</u></u>

The owned properties with a carrying amount of approximately RMB9,175,000 (31 December 2020: approximately RMB9,448,000) have been pledged to secure bank borrowings of RMB15,000,000 (31 December 2020: RMB15,000,000).

12. SHARE CAPITAL

	Number of Shares '000	Amount HK\$'000	Amount RMB'000
Ordinary shares of HK\$0.01 each:			
<i>Authorized:</i>			
At 31 December 2020 and 30 June 2021	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>			
At 31 December 2020 and 30 June 2021	<u>1,317,240</u>	<u>13,173</u>	<u>12,538</u>

13. RELATED PARTY TRANSACTIONS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Lease rental expenses paid to Sing Lee Pharmaceutical Import & Export Co., Limited for lease of office premises	<u>262</u>	<u>559</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

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

For the six months ended 30 June 2021, the Group recorded a total revenue from continuing operations of approximately RMB31,038,000, increase of 33% as compared to the same period of last year (For the six months ended 30 June 2020: approximately RMB23,310,000). The increase in the turnover of the Group was mainly attributable to the increase in the revenue of the Group's provision of technical support services. Cost of sales from continuing operations for the six months ended 30 June 2021 increased by 47% to approximately RMB37,485,000 (For the six months ended 30 June 2020: approximately RMB25,425,000). Cost of sales increased was mainly due to the increased in research costs and staff costs.

Administrative expenses from continuing operations for the six months ended 30 June 2021 amounted to approximately RMB7,371,000 (For the six months ended 30 June 2020: approximately RMB7,430,000), which remains stable. Distribution and selling expenses from continuing operations for the six months ended 30 June 2021 amounted to approximately RMB4,285,000 (For the six months ended 30 June 2020: approximately RMB4,266,000), which remains stable. Other income from continuing operations included refund of value added tax and interest income; and other gains and losses from continuing operations included exchange differences and fair value changes in financial assets at fair value through profit or loss.

Finance costs from continuing operations for the six months ended 30 June 2021 decreased by 15% to approximately RMB919,000 (For the six months ended 30 June 2020: approximately RMB1,081,000). The decreased in finance costs was mainly attributable to decrease in borrowings.

The Group recorded a loss from continuing operations and discontinued operations amounted to approximately RMB13,846,000 for the six months ended 30 June 2021, decrease of 20% as compared to the same period of last year (For the six months ended 30 June 2020: approximately RMB17,218,000), and such decrease in loss was mainly attributable to (i) increased in revenue and (ii) the realised gain on disposal of a subsidiary during the six months ended 30 June 2021 of approximately RMB2,461,000 which was absent during the six months ended 30 June 2020.

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 2021

Despite ongoing vaccine rollout and China's relatively successful control of the COVID-19, the global financial crisis caused by the pandemic, which still threatens many countries, continues to worsen, leading to "the world's worst recession since WWII". While China's economy has been recovering gradually, all industries and sectors have been severely affected. Since banks were forced to suspend their operations last year, vendors serving banking related divisions were demanded to catch up on the progress this year, resulting in a significant business growth in the first half of 2021 when compared with last year.

As economic growth picks up its pace with increased activities, the Group recorded a growth of 33% in sales in the first six months as compared with the same period of last year, and the cost of sales were higher than last year as well. The results, though lower than expected, still showed significant improvement with the concerted effort of the team. The Group also made further progress in product development and in-depth research and development under the strategy that focuses on a core business and two complementary products as most of the products were highly recognised by the banking clients.

With the reaffirmed and strengthened development of such strategy, reopening merchants and online businesses, and the post-pandemic disruption of business models, the demand for online products has been growing amongst banks, driving new breakthroughs in Sing Lee's software and further development of new payment modes. The Group's relevant departments have also been shifting their research and development focus online with the digital currency upgrades, small cloud-based business project with Meituan and "CCB Living" online-to-offline platform jointly developed with the headquarters of China Construction Bank (CCB). Apart from launching the WeChat Pay and CCB payment channels, cloud-based MIS was also introduced to adapt to the increasingly diversified payment models. Meanwhile, the Group also moved the payment process from offline to online, such as working with banks and third parties to deepen the overall process development. In addition to cooperating with state-owned banks, the Group also adjusted its strategy to focus more on payment products for small and medium-sized banks and small businesses, laying a solid foundation for digital currency development.

Under the strategy that focuses on a core business and two complementary products, banking outsourcing service (merchant) products that “focus on expanding 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 18 banks in 12 provinces, including Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank and Postal Savings Bank of China in Zhejiang, Jiangsu, Guangdong, Sichuan and other economic powerhouses, as well as Northwest China, Xinjiang and Guizhou where favourable policies are in place. Besides, the Group has been shifting its business focus from hardware and devices to a new model based on the existing operation and with value-added services at its core. Such services include bank instalment loan provided to merchants, development of payment QR code and other marketing services. The bidding processes suspended last year was reactivated in the first quarter, and the Group won over 50% of the tenders in the first half of 2021, which will facilitate the overall goal of promoting its payment business to more small merchants and consumers. The pandemic has also accelerated the shift of the marketing focus online. The Group’s services will further reflect the operation project of “deepening value-added services and strengthening the cooperation with banks with a future focus on value-added services for merchants”, where previously divided businesses will be gradually combined to integrate banking outsourcing service (merchant) and payment products into the core of its development strategy.

Meanwhile, Sing Lee, as a leader in payment service in China for almost three decades, has witnessed the evolution of the nation’s financial payment sector. The digital currency pilot scheme led by the People’s Bank of China was introduced in 2020. Like the Greater Bay Area that marks the second wave of China’s economic reform, digital currency represents the second phase of the country’s financial currency reform, creating great opportunities for the Group in the payment market.

OUTLOOK

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 30 June 2021, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB41,388,000 (31 December 2020: approximately RMB58,358,000). The Group's current ratio, based on total current assets over total current liabilities, as at 30 June 2021 was approximately 3 times (31 December 2020: approximately 3 times).

At 30 June 2021, the Group had the following outstanding borrowings:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Fixed-rate borrowings:		
Unsecured loans from a director	22,596	44,789
Secured bank borrowings	15,000	15,000
Unsecured bank borrowings	7,000	4,000
	44,596	63,789

The borrowings' contractual maturity dates are as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Within one year	22,000	20,668
Between one to two years	453	10,429
Between two to five years	1,799	1,460
More than five years	20,344	31,232
	<u>44,596</u>	<u>63,789</u>

The loans from a director of approximately RMB22,098,000 (31 December 2020: RMB43,854,000) 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 2020: Nil).

The gearing ratio of the Group, based on total liabilities over total assets, as at 30 June 2021 was approximately 54% (31 December 2020: approximately 57%).

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Saved as disclosed elsewhere in this report, the Group has no significant investment, material acquisitions/disposals of subsidiaries and affiliated companies during the period.

EMPLOYEE INFORMATION

As at 30 June 2021, the Group had 1,045 employees (six months ended 30 June 2020: 804) from continuing operations, 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 from continuing operations for the reported period were approximately RMB37,065,000 (six months ended 30 June 2020: approximately RMB28,663,000).

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 2021, the owned properties of the Group located in Hangzhou with an aggregate net carrying amount of approximately RMB9,175,000 (31 December 2020: approximately RMB9,448,000) 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 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

PROSPECTS OF NEW PRODUCTS

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

OTHER INFORMATION

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

So far as is known to any directors or chief executives of the Company, as at 30 June 2021, shareholders (other than directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial owner	431,782,500 <i>(note 1)</i>	—	32.78%
Great Song Enterprises Limited	Beneficial owner	431,782,500 <i>(notes 1 and 2)</i>	—	32.78%
Mr. Hung Yung Lai	Corporate interest	431,782,500 <i>(notes 2 and 4)</i>	—	32.78%
	Beneficial owner	81,027,500	—	6.15%
Ms. Li Kei Ling	Corporate interest	431,782,500 <i>(notes 2 and 3)</i>	—	32.78%
Mdm. Iu Pun	Family interest	512,810,000 <i>(note 5)</i>	—	38.93%

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 81,027,500 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 2021, 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 2021, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required to be entered into the register required to be kept by the Company, pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Directors' interests in securities of the Company:

Name of Directors	Long/ Short Position	Capacity/Nature of interests	Interests in ordinary shares	Interest in underlying shares of share options	Aggregate interests	Percentage of aggregate interests to total issued share capital of the Company
Mr. Hung Yung Lai	Long Position	Corporate interest	431,782,500 (note 1)	-	431,782,500	32.78%
	Long Position	Beneficial owner	81,027,500	-	81,027,500	6.15%
Mr. Hung Ying	Long Position	Beneficial owner	14,547,500	3,862,822	18,410,322	1.40%
Mr. Lin Xue Xin	Long Position	Beneficial owner	9,470,000	4,992,682	14,462,682	1.10%
Mr. 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 <i>(note 2)</i>
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 2021 composed of 2 ordinary shares.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The summary details of options granted are as follows:

Name of directors, continuous contract employees and consultants	Exercise period	Adjusted exercise price HK\$	Number of share options outstanding as at 1 January 2021	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 2021
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
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	30,216,374	-	-	-	30,216,374
Consultants	7 April 2017 to 6 April 2027	0.1538	42,644,839	-	-	-	42,644,839
			<u>198,275,729</u>	<u>-</u>	<u>-</u>	<u>(91,441,799)</u>	<u>106,833,930</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 2021.

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 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the six months ended 30 June 2021 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 2021.

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 2021 have been reviewed by the audit and risk management committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

The Board comprises of:

Hung Yung Lai (*Executive Director*)

Hung Ying (*Executive Director*)

Lin Xue Xin (*Executive Director*)

Cui Jian (*Executive Director*)

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

Thomas Tam (*Independent Non-Executive Director*)

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

Hong Kong, 10 August 2021