



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of Sing Lee Software (Group) Limited (the “Company”) (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

RESULTS

The board of Directors (the “Board”) of Sing Lee Software (Group) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 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 nine months ended 30 September 2021

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
– Contracts with customers	2	17,330	19,584	48,368	49,770
Cost of sales and services		(22,039)	(15,333)	(59,524)	(49,484)
Gross profit/(loss)		(4,709)	4,251	(11,156)	286
Other income	3	347	968	813	1,953
Impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets		–	–	24	–
Other gains and losses	4	1,841	983	4,719	443
Distribution and selling expenses		(1,985)	(2,271)	(6,270)	(9,009)
Administrative expenses		(2,315)	(3,478)	(9,686)	(11,181)
Finance costs		(315)	(568)	(1,234)	(1,659)
Loss before tax		(7,136)	(115)	(22,790)	(19,167)
Income tax credit/(expense)	5	61	(28)	1,869	1,806
Loss and total comprehensive expenses for the period		(7,075)	(143)	(20,921)	(17,361)
Loss per share					
– Basic (<i>RMB cents</i>)	6	(0.54)	(0.01)	(1.59)	(1.32)
– Diluted (<i>RMB cents</i>)	6	(0.54)	(0.01)	(1.59)	(1.32)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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	-	-	-	-	-	-	(20,921)	(20,921)
Lapse of share options	-	-	-	-	-	(23,774)	23,774	-
At 30 September 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>(163,676)</u>	<u>44,827</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	-	-	-	-	-	-	(17,361)	(17,361)
Lapse of share options	-	-	-	-	-	(2,403)	2,403	-
At 30 September 2020 (Unaudited)	<u>12,538</u>	<u>179,132</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>30,991</u>	<u>(152,686)</u>	<u>79,591</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.

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

1. GENERAL

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

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

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

The 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.

2. REVENUE

Revenue represents income from sale of software products and related hardware products, and provision of technical support services. Revenue comprises the following:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of software products	575	412	1,740	4,024
Sales of related hardware products	1,752	15	2,008	720
Provision of technical support services	15,003	19,157	44,620	45,026
	<u>17,330</u>	<u>19,584</u>	<u>48,368</u>	<u>49,770</u>

3. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	39	114	92	510
Others	308	854	721	1,443
	<u>347</u>	<u>968</u>	<u>813</u>	<u>1,953</u>

4. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	(5)	–	(11)	–
Gain on disposal of a subsidiary (<i>Note</i>)	–	–	2,461	–
Others	1,846	983	2,269	443
	<u>1,841</u>	<u>983</u>	<u>4,719</u>	<u>443</u>

Note:

Gain on disposal of a subsidiary

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, 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. The disposal was completed on 24 May 2021.

2021
RMB'000
(Unaudited)

Consideration	40,000
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Gain on disposal of a subsidiary:

2021
RMB'000
(Unaudited)

Consideration received and receivables	40,000
Carrying amount of net assets sold	(34,605)
Less: related transaction expenses	(2,934)
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Gain on disposal	2,461
	<hr style="border-top: 3px double black;"/>

Net cash inflow arising on disposal:

2021
RMB'000
(Unaudited)

Consideration received	40,000
Less: Bank balance and cash disposed of	–
	<hr/>

40,000

5. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	<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	–	–	–	(72)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(72)</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(72)</u>
Deferred taxation				
– Current year	<u>61</u>	<u>(28)</u>	<u>1,869</u>	<u>1,878</u>
	<u>61</u>	<u>(28)</u>	<u>1,869</u>	<u>1,806</u>

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, PRC, with applicable tax rate of 25%. Singlee Technology is a High and New Technology Enterprise defined by Zhejiang Finance Bureau, Administrator of Local Taxation of Zhejiang Municipality and Zhejiang Municipal Office of the State Administration of Taxation and therefore is entitled to 15% preferential tax rate for PRC EIT starting from 2010. Accordingly, the tax rate for Singlee Technology is 15% for the nine months ended 30 September 2021 and 2020.

According to the PRC EIT law, the applicable tax rate of Hangzhou Singlee Software Company Limited and Xin Yintong Technology Co., Ltd is 25% for the nine months ended 30 September 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 nine months ended 30 September 2021 and 2020.

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits arising from PRC for the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

6. LOSS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(7,075)</u>	<u>(143)</u>	<u>(20,921)</u>	<u>(17,361)</u>
	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	1,317,240	1,317,240	1,317,240	1,317,240
Effect of dilutive potential ordinary shares – Share options	–	–	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>1,317,240</u>	<u>1,317,240</u>	<u>1,317,240</u>	<u>1,317,240</u>

The computation of diluted loss per share for the nine months ended 30 September 2021 and 2020 does not assume the exercise of certain options because the exercise prices of those options were higher than the average market prices.

7. DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review and results of operations

For the nine months ended 30 September 2021, the Group recorded a total revenue of approximately RMB48,368,000, a decrease of 3% as compared to the same period of last year (For the nine months ended 30 September 2020: approximately RMB49,770,000). The decrease in the turnover of the Group was mainly attributable to the disposal of a subsidiary during the period of 2021. Cost of sales for the nine months ended 30 September 2021 is increased by 20% to approximately RMB59,524,000 (For the nine months ended 30 September 2020: approximately RMB49,484,000). Cost of sales increased was mainly due to the increased in research costs and staff costs.

Administrative expenses for the nine months ended 30 September 2021 is decreased by 13% to approximately RMB9,686,000 (For the nine months ended 30 September 2020: approximately RMB11,181,000). The decrease in administrative expenses was mainly due to the disposal of a subsidiary during the period of 2021. For the distribution and selling expenses for the nine months ended 30 September 2021 is decreased by 30% to approximately RMB6,270,000 (For the nine months ended 30 September 2020: approximately RMB9,009,000). The decrease in distribution and selling expenses was mainly due to our effective cost control measures and disposal of a subsidiary during the period of 2021. Other income mainly included refund of value added tax and interest income; and other gains and losses included exchange differences, fair value changes in financial assets at fair value through profit or loss and gain on disposal of a subsidiary.

Finance costs for the nine months ended 30 September 2021 was decreased by 26% to approximately RMB1,234,000 (For the nine months ended 30 September 2020: approximately RMB1,659,000). The decreased in finance costs was mainly attributable to decrease in borrowings.

The Group recorded net loss amounted to approximately RMB20,921,000 for the nine months ended 30 September 2021 (For the nine months ended 30 September 2020: approximately RMB17,361,000), increased 21% as compared to the same period of last year. Net loss increased was mainly due to the increased in research costs and staff costs.

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

Business of the Group for the Third Quarter 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. 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. Given the recent small-scale outbreaks in some provinces and cities, our operations have been disrupted and suspended occasionally in the second half of the year.

While economic growth picks up its pace with increased activities, the Group recorded slightly decrease of 3% in sales in the third quarter as compared with the same period of last year, the cost of sales and total business costs were higher than those of last year. The results, though lower than expected, still showed significant improvement with the concerted effort of the team. Meanwhile, the Group 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 recognized 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 the further development of Sing Lee's software and new payment modes. Particularly, the Group's relevant departments have been shifting their research and development focus to online-offline integration to align with the development of digital currencies in the coming years. Apart from the existing payment products, cloud-based MIS that covers dynamic all-in-one payment, GovPay, smart hospitals and payment was also introduced to adapt to the increasingly diversified payment models. Major projects included small cloud-based business project jointly launched with Meituan, the "CCB Living" online-to-offline platform jointly developed with the China Construction Bank (CCB) and the Upay system adopted by the Home Inns Group. Besides, 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's strategy to focus more on payment products for small and medium-sized banks and small businesses also witnessed encouraging initial results, laying a solid foundation for all-round 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 19 banks in 13 provinces in the third quarter of 2021, including Industrial and Commercial Bank of China, Agricultural Bank of China, CCB 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. 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, which will form the core of future merchant services. The bidding processes suspended last year was reactivated this year, and the Group won about 50% of the tenders in the first three quarters of 2021, which will help the Group achieve 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 to online-offline integration. The Group’s services will further reflect the direction 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 services and new payment models targeting small and medium-sized merchants evolved from traditional operations will be our main sources of big data. Based on these products, the Group has developed a unique OFFLINE TO ONLINE (O2O) model. The business portfolio will also 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 establish a virtuous cycle of identifying new sources of income and lowering the costs.

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 September 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 shareholders	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial owner	431,782,500 (note 1)	—	32.78%
Great Song Enterprises Limited	Beneficial owner	431,782,500 (notes 1 and 2)	—	32.78%
Mr. Hung Yung Lai	Corporate interest	431,782,500 (notes 2 and 4)	—	32.78%
	Beneficial owner	82,027,500	—	6.23%
Ms. Li Kei Ling	Corporate interest	431,782,500 (notes 2 and 3)	—	32.78%
Mdm. Iu Pun	Family interest	513,810,000 (note 5)	—	39.01%

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 82,027,500 shares beneficially owned by Mr. Hung Yung Lai for the purpose of SFO.

Save as disclosed above, as at 30 September 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 September 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	82,027,500	–	82,027,500	6.23%
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 (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 September 2021 composed of 2 ordinary shares.

Save as disclosed above, as at 30 September 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 provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted on 27 August 2001 for the primary purpose of providing incentives to directors and eligible employees, and has been expired on 27 August 2011. Under the Scheme, the board 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 September 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

Name of directors, continuous contract employees and consultants	Exercise period	Adjusted exercise price HK\$	Number of share options outstanding as at	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
			1 January 2021				30 September 2021
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.

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.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict or interests with the Group during the nine months ended 30 September 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 nine months ended 30 September 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 November 2021

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the website of the Company (<http://www.singlee.com.cn>).