



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 NINE MONTHS ENDED 30 SEPTEMBER 2018

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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 2018, together with the unaudited comparative figures for the corresponding periods in 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2018

		Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2	23,590	28,119	56,697	46,114
Cost of sales		(17,663)	(6,456)	(37,322)	(19,155)
Gross profit		5,927	21,663	19,375	26,959
Other income	3	298	848	1,025	1,357
Other gains and losses		(1,869)	913	(2,944)	2,053
Distribution and selling expenses		(2,435)	(1,650)	(8,734)	(7,620)
Administrative expenses		666	(2,958)	(9,034)	(13,905)
Recovery on trade receivables		9	1	12	1,699
Research and development costs		(4,341)	(2,712)	(12,619)	(7,713)
Finance costs		(604)	(532)	(1,734)	(1,475)
Profit (loss) before tax		(2,349)	15,573	(14,653)	1,355
Income tax expense	4	—	—	—	(345)
Profit (loss) and total comprehensive income (expenses) for the period		(2,349)	15,573	(14,653)	1,010
Earnings (loss) per share					
– Basic (RMB cents)	5	(0.27)	1.8	(1.68)	0.12
– Diluted (RMB cents)	5	(0.27)	1.8	(1.68)	0.12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Share Capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Shareholder's contribution RMB'000	Translation reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2018 (Audited)	8,551	158,608	3,613	786	5,217	33,804	(185,229)	25,350
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(14,653)	(14,653)
Exercised of share options	110	2,837	-	-	-	(937)	-	2,010
Recognition of equity-settled share-based payments	-	-	-	-	-	808	-	808
At 30 September 2018 (Unaudited)	<u>8,661</u>	<u>161,445</u>	<u>3,613</u>	<u>786</u>	<u>5,217</u>	<u>33,675</u>	<u>(199,882)</u>	<u>13,515</u>
At 1 January 2017 (Audited)	8,551	158,608	3,613	-	5,217	31,472	(204,203)	3,258
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,010	1,010
Recognition of equity-settled share-based payments	-	-	-	-	-	4,742	-	4,742
At 30 September 2017 (Unaudited)	<u>8,551</u>	<u>158,608</u>	<u>3,613</u>	<u>-</u>	<u>5,217</u>	<u>36,214</u>	<u>(203,193)</u>	<u>9,010</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.

Notes:

1. GENERAL

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

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

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

The principal accounting policies and methods of computation adopted for the preparation of the unaudited consolidated financial statements are consistent with those adopted by the Group in its audited annual financial statements for the year ended 31 December 2017.

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 2018		Nine months ended 30 September 2018	
	RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Sales of software products	1,689	3,041	4,638	6,732
Sales of related hardware products	1,610	131	2,850	288
Provision of technical support services	20,291	24,947	49,209	39,094
	<u>23,590</u>	<u>28,119</u>	<u>56,697</u>	<u>46,114</u>

3. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	3	4	29	13
Others	295	844	996	1,344
	<u>298</u>	<u>848</u>	<u>1,025</u>	<u>1,357</u>

4. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	<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	–	–	–	345
	<u>–</u>	<u>–</u>	<u>–</u>	<u>345</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 2018 and 2017.

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 2018 and 2017.

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 2018 and 2017.

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

5. EARNINGS (LOSS) PER SHARE

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

	Three months ended 30 September 2018 <i>RMB'000</i> (Unaudited)		Nine months ended 30 September 2018 <i>RMB'000</i> (Unaudited)	
	2017 <i>RMB'000</i> (Unaudited)		2017 <i>RMB'000</i> (Unaudited)	
Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	(2,349)	15,573	(14,653)	1,010
	Three months ended 30 September 2018 '000 (Unaudited)		Nine months ended 30 September 2018 '000 (Unaudited)	
	2017 '000 (Unaudited)		2017 '000 (Unaudited)	
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	873,634	864,430	873,634	864,430
Effect of dilutive potential ordinary shares – Share options	–	2,663	–	2,663
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	873,634	867,093	873,634	867,093

6. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review and results of operations

For the nine months ended 30 September 2018, the Group recorded a total revenue of approximately RMB56,697,000, an increase of 23% as compared to the same period of last year (For the nine months ended 30 September 2017: approximately RMB46,114,000). The increase in the turnover of the Group was mainly attributable to the increase of 26% in the revenue of the Group's provision of technical support services when compared to the same period of last year, partly offset by decrease in the revenue of the Group's sales of software products. Cost of sales for the nine months ended 30 September 2018 is increased by 95% to approximately RMB37,322,000 (For the nine months ended 30 September 2017: approximately RMB19,155,000). The increase in the cost of sales was mainly due to the increased in staff costs to cope with the needs for business expansion. The Group's gross profit ratio is 34% (For the nine months ended 30 September 2017: 58%).

Administrative expenses for the nine months ended 30 September 2018 is decreased by 35% to approximately RMB9,034,000 (For the nine months ended 30 September 2017: approximately RMB13,905,000). The decrease in administrative expenses was mainly due to the decrease in recognition of equity-settled share-based payment during the period when compared to the same period of last year. For the distribution and selling expenses, it is increased by 15% to RMB8,734,000 (For the nine months ended 30 September 2017: approximately RMB7,620,000). The increase in distribution and selling expenses was mainly due to the increase in staff costs. Besides, research and development costs increased by 64% to approximately RMB12,619,000 (For the nine months ended 30 September 2017: approximately RMB7,713,000). The increase in research and development costs was mainly due to the Group allocated more resources on researching the new technology aiming at increasing our market share. Other income mainly included refund of value added tax and interest income; and other gains and losses included exchange differences and fair value changes in investment fund.

Finance costs for the nine months ended 30 September 2018 was increased by 18% to approximately RMB1,734,000 (For the nine months ended 30 September 2017: approximately RMB1,475,000). The increase in finance costs was due to increase in borrowings and certain loans have been revised at higher interest rate in December 2017.

The Group recorded a loss of approximately RMB14,653,000 for the nine months ended 30 September 2018 (For the nine months ended 30 September 2017: net profit of approximately RMB1,010,000). Change from profit to loss was mainly attributable to significantly increase in staff costs to cope with the needs for business expansion.

During the nine months ended 30 September 2018, the Company recorded equity-settled share-based payment of approximately RMB808,000 (For the nine months ended 30 September 2017: RMB4,742,000). The equity-settled share-based payment for the nine months ended 30 September 2018 was allocated between the cost of sales, distribution and selling expenses and administrative expenses amounting to RMB77,000, RMB85,000 and RMB646,000 respectively.

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

BUSINESS REVIEW

Overall Business of the Group for the Third Quarter of 2018

In 2018, 2019 and 2020, the Group will continue to extend and broaden the implementation of the overall strategy that focuses on a core business and two complementary products. The proven results of the strategy over the past three quarters were highlighted by the 26% year-on-year increase in sales revenue and the total administrative costs decreased by 35%. The increase in cost of sales and research and development costs that led to a loss was inevitable due to the needs of overall strategy development in the next three years. When compared to the same period of last year, the Group changed from profit to loss, which reflected the impact of the strategy.

The discrepancy in economic growth among different cities in China is quite obvious due to its large population. Actively promoted by the banks and our partners, the increasingly diversified payment methods witnessed accelerated growth and the payment products have become mass products. Meanwhile, more online and offline payment methods have emerged. The non-inductive payment method jointly launched by the Group and the China Construction Bank has been adopted by the Home Inns Group. In light of the immense growth potential of the payment market, the Group launched an array of industry-specific payment products. With our in-depth industry knowledge, business transformation and innovative mindset, it is natural for the Group to seize the opportunity to pursue further growth and enter the vertical market.

Driven by the normalised structural reform and the ongoing market correction and improvement of the financial market, the Group continued to strategically expand the merchant service business and offline markets as one of our primary goals. Formerly serving only two provincial branches three years ago, the Group served 13 provincial branches in well-developed provinces like Zhejiang, Jiangsu and Guangdong in the first half of 2018. Therefore, we will further deepen our value added services and strengthen cooperation with banks in initiating projects targeting merchants and cardholders. Formerly independent businesses will be gradually consolidated, and banking outsourcing service products and payment products will be integrated to form a business portfolio.

Looking forward, the People's Bank will continue to strengthen the development and supervision of banking capital products, and to promote the development of this financial market, which had been highly recognised over the last two years. The trend will gradually change the banking sector's profit making model, and will become more obvious in the coming years. Therefore, the Group increased investment in the capital products to fully utilize the Group's resources and those available in the market. Our market share expanded quickly, and a sales model based on a more flexible business portfolio was formed.

In addition, due to our focus on the banking sector, the U.S.-China trade war led to an increase loss compared to last quarter.

OUTLOOK

Payment plus outsourcing service, and business platform evolved from traditional operations remain our main sources of big data. With the help of these products, the Group will consolidate the big data and the online and offline businesses to form a unique OFFLINE TO ONLINE (O2O) model. We also plan to extend the collaborative model with banks to other commercial banks. Meanwhile, the business portfolio will be better aligned to the overall development of the financial environment.

The Group will continue to implement stringent cost control, and strengthen the risk control over the overall operations and individual business in order to achieve a virtuous circle of identifying new revenue streams and lowering the costs.

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

So far as is known to any directors or chief executives of the Company, as at 30 September 2018, shareholders (other than directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

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

Name of shareholders	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial owner	287,855,000 (note 1)	–	32.78%
Great Song Enterprises Limited	Beneficial owner	287,855,000 (note 1)	–	32.78%
Mr. Hung Yung Lai	Corporate interest	287,855,000 (notes 2 and 4)	–	32.78%
	Beneficial owner	32,145,000	–	3.66%
Ms. Li Kei Ling	Corporate interest	287,855,000 (notes 2 and 3)	–	32.78%
Mdm. Iu Pun	Family interest	385,000,000 (note 5)	–	43.84%

b) Share options

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

Notes:

1. Goldcorp Industrial Limited is a limited liability company incorporated in the British Virgin Islands equally owned by Mr. Hung Yung Lai and Great Song Enterprises Limited which in turn is wholly owned by Ms. Li Kei Ling.
2. The shares were held by Goldcorp Industrial Limited.
3. Ms. Li Kei Ling controls more than one third of the voting power of Great Song Enterprises Limited which in turn holds more than one third of the voting power of Goldcorp Industrial Limited. Ms. Li Kei Ling is deemed, by virtue of the SFO, to be interested in the same 287,855,000 shares held by Goldcorp Industrial Limited.
4. Mr. Hung Yung Lai controls more than one third of the voting power of Goldcorp Industrial Limited. Mr. Hung Yung Lai is deemed, by virtue of the SFO, to be interested in the same 287,855,000 shares held by Goldcorp Industrial Limited.
5. These shares are beneficially owned by Goldcorp Industrial Limited as mentioned in Note 4 of above. Mr. Hung Yung Lai is deemed to be interested in the same 287,855,000 shares held by Goldcorp Industrial Limited. Mdm. Iu Pun is the wife of Mr. Hung Yung Lai and is deemed to be interested in these shares in which Mr. Hung Yung Lai is deemed or taken to be interested for the purpose of the SFO. She is also deemed to be interested in the 65,000,000 share options and the 32,145,000 shares beneficially owned by Mr. Hung Yung Lai for the purpose of SFO.

Save as disclosed above, as at 30 September 2018, 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 2018, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required to be entered into the register required to be kept by the Company, pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Shares in the Company:

Name of Directors	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Mr. Hung Yung Lai	Corporate interest	287,855,000 (note 1)	—	32.78%
	Beneficial owner	32,145,000	—	3.66%
Mr. Hung Ying	Beneficial owner	9,565,000	—	1.09%
Mr. Lin Xue Xin	Beneficial owner	6,720,000	—	0.77%

Shares in associated corporation:

Name of Directors	Capacity/ Nature of interest	Number of ordinary shares held in Goldcorp Industrial Limited (note 2)		Percentage of shareholding
		Long position	Short position	
Mr. Hung Yung Lai	Beneficial owner	1	—	50%

Notes:

1. The Shares were held by Goldcorp Industrial Limited. Mr. Hung Yung Lai has 50% interest in Goldcorp Industrial Limited.
2. The entire issued capital of Goldcorp Industrial Limited as of 30 September 2018 composed of 2 ordinary shares.

Save as disclosed above, as at 30 September 2018, 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.

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

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

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

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

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

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

The summary details of options granted are as follows:

Name of directors, continuous contract employees and consultants	Exercise period	Number of share options outstanding as at 1 January 2018	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options outstanding as at 30 September 2018
Pao Ping Wing	19 July 2010 to 18 January 2020	600,000	–	–	–	–	600,000
Thomas Tam	19 July 2010 to 18 January 2020	600,000	–	–	–	–	600,000
Lo King Man	19 July 2010 to 18 January 2020	600,000	–	–	–	–	600,000
Hung Ying	19 July 2010 to 18 January 2020	2,500,000	–	–	–	–	2,500,000
Lin Xue Xin	19 July 2010 to 18 January 2020	650,000	–	–	–	–	650,000
Continuous contract employees (other than directors)	19 July 2010 to 18 January 2020	2,730,000	–	–	–	–	2,730,000
Hung Ying	16 February 2011 to 15 August 2020	1,550,000	–	–	–	–	1,550,000
Lin Xue Xin	16 February 2011 to 15 August 2020	310,000	–	–	–	–	310,000
Continuous contract employees (other than directors)	16 February 2011 to 15 August 2020	500,000	–	–	–	–	500,000
Hung Yung Lai	28 February 2011 to 9 January 2021	65,000,000	–	–	–	–	65,000,000
Lin Xue Xin	28 February 2011 to 12 January 2021	690,000	–	–	–	–	690,000
Continuous contract employees (other than directors)	28 February 2011 to 12 January 2021	11,600,000	–	–	–	–	11,600,000
Hung Ying	24 June 2013 to 23 June 2023	40,000	–	–	–	–	40,000

Name of directors, continuous contract employees and consultants	Exercise period	Number of share options outstanding as at 1 January 2018	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options outstanding as at 30 September 2018
Continuous contract employees (other than directors)	24 June 2013 to 23 June 2023	6,200,000	–	–	–	–	6,200,000
Hung Ying	15 May 2015 to 14 May 2025	1,900,000	–	–	–	–	1,900,000
Lin Xue Xin	15 May 2015 to 14 May 2025	3,000,000	–	–	–	–	3,000,000
Continuous contract employees (other than directors)	15 May 2015 to 14 May 2025	14,850,000	–	–	–	–	14,850,000
Hung Ying	7 April 2017 to 6 April 2027	2,650,000	–	(1,325,000)	–	–	1,325,000
Lin Xue Xin	7 April 2017 to 6 April 2027	2,440,000	–	(1,220,000)	–	–	1,220,000
Pao Ping Wing	7 April 2017 to 6 April 2027	260,000	–	–	–	–	260,000
Thomas Tam	7 April 2017 to 6 April 2027	260,000	–	–	–	–	260,000
Lo King Man	7 April 2017 to 6 April 2027	260,000	–	–	–	–	260,000
Continuous contract employees (other than directors)	7 April 2017 to 6 April 2027	34,260,000	–	(1,420,000)	–	–	32,840,000
Consultants	7 April 2017 to 6 April 2027	45,810,000	–	(9,765,000)	–	–	36,045,000
		<u>199,260,000</u>	<u>–</u>	<u>(13,730,000)</u>	<u>–</u>	<u>–</u>	<u>185,530,000</u>

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict or interests with the Group during the nine months ended 30 September 2018.

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 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the nine months ended 30 September 2018 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 2018.

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 2018 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, 8 November 2018

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>).