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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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 ("Board") of Sing Lee Software (Group) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019, together with the comparative figures for the corresponding periods in 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019
(Expressed in Renminbi)

	NOTES	**2019** *RMB'000*	2018 *RMB'000*
Revenue			
— Contracts with customers	*4*	**129,675**	114,088
Cost of sales and services		**(74,622)**	(60,066)
Gross profit		**55,053**	54,022
Other income		**3,425**	2,063
Impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets		**720**	(616)
Other gains and losses	*6*	**(973)**	(3,063)
Distribution and selling expenses		**(12,488)**	(11,505)
Administrative expenses		**(14,483)**	(13,730)
Finance costs	*7*	**(2,360)**	(1,832)
Profit before tax		**28,894**	25,339
Income tax expense	*8*	**(3,890)**	(3,136)
Profit and total comprehensive income for the year	*9*	**25,004**	22,203
			(Restated)
Earnings per share	*10*		
— Basic *(RMB cents)*		**2.10**	2.25
— Diluted *(RMB cents)*		**2.09**	2.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019
(Expressed in Renminbi)

	NOTES	2019 RMB'000	2018 RMB'000
Non-current Assets			
Property, plant and equipment		**12,220**	13,092
Right-of-use assets		**879**	–
Intangible assets		**20,956**	14,538
Deferred tax assets		**–**	1,696
		34,055	29,326
Current Assets			
Inventories		**246**	336
Trade and other receivables	*11*	**79,561**	75,882
Contract assets		**2,261**	1,129
Financial assets at fair value through profit or loss		**181**	237
Bank balances and cash		**76,170**	45,648
		158,419	123,232
Current Liabilities			
Trade and other payables	*12*	**20,714**	21,302
Amounts due to directors		**783**	536
Tax liabilities		**139**	–
Lease liabilities		**459**	–
Borrowings		**12,243**	28,131
Amount due to immediate holding company		**12**	12
		34,350	49,981
Net Current Assets		**124,069**	73,251
Total assets less current liabilities		**158,124**	102,577

	NOTES	2019 RMB'000	2018 RMB'000
Capital and reserves			
Share capital		**12,538**	8,661
Reserves		**84,414**	41,723
Total Equity		**96,952**	50,384
Non-current Liabilities			
Deferred tax liabilities		**4,944**	2,889
Borrowings		**56,228**	49,304
		61,172	52,193
		158,124	102,577

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital *RMB'000*	Share premium *RMB'000* *(Note a)*	Statutory reserves *RMB'000* *(Note b)*	Shareholder's contribution *RMB'000* *(Note c)*	Translation reserve *RMB'000*	Share-based payments reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2018	8,551	158,608	3,613	786	5,217	33,804	(185,229)	25,350
Profit and total comprehensive income for the year	–	–	–	–	–	–	22,203	22,203
Exercise of share options	110	2,837	–	–	–	(936)	–	2,011
Recognition of equity-settled share-based payments	–	–	–	–	–	820	–	820
At 31 December 2018	**8,661**	**161,445**	**3,613**	**786**	**5,217**	**33,688**	**(163,026)**	**50,384**
Profit and total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**25,004**	**25,004**
Shares issued *(Note d)*	**3,877**	**19,387**	**-**	**-**	**-**	**-**	**-**	**23,264**
Transaction costs attributable to shares issued *(Note d)*	**-**	**(1,700)**	**-**	**-**	**-**	**-**	**-**	**(1,700)**
Lapse of share options	**-**	**-**	**-**	**-**	**-**	**(294)**	**294**	**-**
At 31 December 2019	**12,538**	**179,132**	**3,613**	**786**	**5,217**	**33,394**	**(137,728)**	**96,952**

Notes:

(a) 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.

(b) 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.

(c) 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.

(d) On 21 May 2019, the Company issued shares approximately HK$26.3 million (equivalent to approximately RMB23.3 million) before expenses by way of a rights issue of 439,080,000 shares ("Rights Share") at the subscription price of HK$0.06 each and on the basis of one Rights Share for every two shares held by the qualifying shareholders. The net proceeds of the rights issue, is approximately HK$24.4 million (equivalent to approximately RMB21.6 million). The Company use the net proceeds from the rights issue for the Company's general working capital purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019
(Expressed in Renminbi)

1. GENERAL

Sing Lee Software (Group) Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report. Its immediate holding company is Goldcorp Industrial Limited, a company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Hung Yung Lai, who is also the chairman and an executive director of the Company.

The principal activities of the Company and its subsidiaries (collectively the "Group") are development and sales of software products, sales of related hardware products and provision of technical support services.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendment to IFRS 9	Prepayment Features with Negative Compensation
Amendment to IAS 19	Plan Amendment, Curtailment or Settlement
Amendment to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendment to IFRSs	Annual Improvements to IFRSs Standards 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC - Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 5.5% to 6.5%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	1,669
Lease liabilities discounted at relevant incremental borrowing rates	1,645
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	1,301
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 January 2019	344
Analysed as	
Current	344

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Note	**Right-of-use Assets** *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		344
Reclassified from rental prepayment	*(a)*	23
		367

(a) Upfront payments for leased properties in the PRC for own used properties were classified as rental prepayment as at 31 December 2018. Upon application of IFRS 16, the current portion of rental prepayment amounting to RMB23,000 was reclassified to right-of-use assets.

There is no impact of transition to IFRS 16 on accumulated losses at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *RMB'000*	**Reclassification** *RMB'000*	**Carrying amounts under IFRS 16 at 1 January 2019*** *RMB'000*
Non-current Assets			
Right-of-use assets	–	367	367
Current Assets			
Rental prepayment	23	(23)	–
Current Liabilities			
Lease liabilities	–	344	344

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and revised to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRSs have been updated to the New Framework, whilst some IFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on or after 1 January 2020. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a licence that is distinct from other promised goods or services, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;

- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and

- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (i.e. sales of software products with maintenance services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2019		
	Sales of software products	Sales of related hardware products	Provision of technical support services
	RMB'000	*RMB'000*	*RMB'000*
Sales of products	**15,484**	**8,723**	**–**
Provision of services:			
— Development and installation of bank transaction software	**–**	**–**	**27,721**
— Outsourcing financial services for bank customers	**–**	**–**	**50,759**
— Development, installation and maintenance of payment software system	**–**	**–**	**26,988**
Total	**15,484**	**8,723**	**105,468**
Geographical markets			
Mainland China	**15,484**	**8,723**	**105,468**
Timing of revenue recognition			
A point in time	**15,484**	**8,723**	**–**
Over time	**–**	**–**	**105,468**
Total	**15,484**	**8,723**	**105,468**

	For the year ended 31 December 2018		
	Sales of software products *RMB'000*	Sales of related hardware products *RMB'000*	Provision of technical support services *RMB'000*
Sales of products	10,936	6,831	–
Provision of services:			
— Development and installation of bank transaction software	–	–	39,330
— Outsourcing financial services for bank customers	–	–	36,372
— Development, installation and maintenance of payment software system	–	–	20,619
Total	10,936	6,831	96,321
Geographical markets			
Mainland China	6,604	6,831	96,321
Taiwan	4,332	–	–
Total	10,936	6,831	96,321
Timing of revenue recognition			
A point in time	10,936	6,831	–
Over time	–	–	96,321
Total	10,936	6,831	96,321

(ii) Performance obligations for contracts with customers

Sales of software products with maintenance services (multiple performance obligations)

The Group mainly sells software products, e.g. POS-MIS to banks and high-tech companies directly, and revenue is recognised at a point in time when control of software products has transferred, being when the software products have been delivered to customers' specific location and installed for use. In addition, the Group provided subsequent maintenance service after the installation, which is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price is allocated between sales of software products and the maintenance services on a relative stand-alone selling price basis. Revenue relating to the maintenance services is recognised over time and would be recognised as a separate performance obligation for provision of services and included as development, installation and maintenance of payment software system. The transaction price allocated to these services is recognised on a straight line basis over the period of service.

Sales of related hardware products (revenue recognised at one point in time)

The Group mainly sells related hardware products, e.g. POS machines to banks and high-tech companies directly.

For sales of related hardware products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to customers' specific location. The normal credit term is 120 to 180 days upon delivery.

Provision of technical support services (revenue recognised over time)

The Group provides technical support services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these technical support services based on the stage of completion of the contract using input method. A contract asset, net of contract liability, is recognised over the period in which the technical support services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. Retention receivables, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the support services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the technical support services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

In some circumstances, the Group received the advance payment which considered containing significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group.

(iii) Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and 2018 and the expected timing of recognising revenue are as follows:

	Provision of technical support services	
	2019	2018
	RMB'000	*RMB'000*
Within one year	**1,724**	6,941
More than one year but not more than two years	**441**	456
More than two years	**899**	1,007
	3,064	8,404

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

5. 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.

Segment revenue and results

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

For the year ended 31 December 2019

	Sales of software products *RMB'000*	Sales of related hardware products *RMB'000*	Provision of technical support services *RMB'000*	Total *RMB'000*
External sales and total revenue — segment revenue	**15,484**	**8,723**	**105,468**	**129,675**
SEGMENT RESULTS	**6,994**	**1,362**	**22,535**	**30,891**
Unallocated other income				**3,425**
Unallocated other gains and losses				**(973)**
Unallocated corporate expenses				**(2,089)**
Finance costs				**(2,360)**
Group's profit before tax				**28,894**

For the year ended 31 December 2018

	Sales of software products *RMB'000*	Sales of related hardware products *RMB'000*	Provision of technical support services *RMB'000*	Total *RMB'000*
External sales and total revenue — segment revenue	10,936	6,831	96,321	114,088
SEGMENT RESULTS	3,410	2,423	24,959	30,792
Unallocated other income				2,063
Unallocated other gains and losses				(3,063)
Unallocated corporate expenses				(2,621)
Finance costs				(1,832)
Group's profit before tax				25,339

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

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

Other segment information

	Sales of software products ***RMB'000***	**Sales of related hardware products** ***RMB'000***	**Provision of technical support services** ***RMB'000***	**Total** ***RMB'000***
For the year ended 31 December 2019				
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	**138**	**78**	**941**	**1,157**
Depreciation of right-of-use assets	**102**	**58**	**697**	**857**
Amortisation of intangible assets	**416**	**234**	**2,835**	**3,485**
Impairment losses on trade receivables and contract assets recognised in profit or loss	**24**	**14**	**165**	**203**
Impairment losses on trade receivables and contract assets reversed in profit of loss	**(110)**	**(62)**	**(751)**	**(923)**

Other segment information

	Sales of software products *RMB'000*	Sales of related hardware products *RMB'000*	Provision of technical support services *RMB'000*	Total *RMB'000*
For the year ended 31 December 2018				
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	101	63	887	1,051
Amortisation of intangible assets	131	81	1,153	1,365
Impairment losses on trade receivables and contract assets recognised in profit or loss	67	42	593	702
Impairment losses on trade receivables and contract assets reversed in profit of loss	(8)	(5)	(73)	(86)
Share-based payment expenses (excluding expenses recognised in corporate expenses)	29	18	256	303

Geographical information

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

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

Information about major customers
Revenue from customers from sales of software products, related hardware products, provision of technical support services of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2019 *RMB'000*	2018 *RMB'000*
Customer A	**68,058**	39,609

6. OTHER GAINS AND LOSSES

	2019 *RMB'000*	2018 *RMB'000*
Loss on fair value changes of financial assets at FVTPL	**(59)**	(82)
Exchange loss	**(895)**	(2,977)
Loss on disposal of property, plant and equipment	**(5)**	–
Others	**(14)**	(4)
	(973)	(3,063)

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on bank borrowings	**563**	566
Interest on loans from a director	**1,772**	1,266
Interest on lease liabilities	**25**	–
	2,360	1,832

8. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
PRC enterprise income tax ("EIT")		
— Current year	**139**	–
Deferred taxation		
— Current year	**3,751**	3,136
	3,890	3,136

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 for three years each starting from 2013. By the year ended 31 December 2019, it has been approved by Zhejiang Finance Bureau, Administrator of Local Taxation of Zhejiang Municipality and Zhejiang Municipal office of the State Administration of Taxation for extending three more years to 2022. Accordingly, the tax rate for Singlee Technology is 15% for the years ended 31 December 2019 and 2018.

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 years ended 31 December 2019 and 2018.

Except for the provision for PRC EIT amounting to RMB139,000 from XinYinTong, no other provision for PRC EIT from the other two entities during the years ended 31 December 2019 and 2018 as the assessable profits has been wholly absorbed by tax losses brought forward from previous years or some subsidiaries had no assessable profits.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the years ended 31 December 2019 and 2018.

The tax charge for the year is reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**28,894**	25,339
Tax charge at enterprise income tax rate at 15% (2018: 15%) *(Note)*	**4,334**	3,801
Tax effect of income not taxable for tax purpose	**(1,313)**	(1,762)
Tax effect of expenses not deductible for tax purpose	**1,019**	1,067
Tax effect of tax losses not recognised	**250**	731
Utilisation of tax losses previously not recognised	**(297)**	(588)
Others	**(103)**	(113)
Tax charge for the year	**3,890**	3,136

Note: Applicable income tax rate of 15% (2018: 15%) represents the relevant income tax rate of Singlee Technology, the subsidiary of the Company which generates majority of the Group's assessable profit.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting) the following items:

	2019	2018
	RMB'000	*RMB'000*
Salaries, wages and other staff benefits	**54,174**	44,524
Retirement benefit schemes contributions	**11,265**	10,021
Equity-settled share-based payment expenses	**–**	385
Total staff costs *(Note)*	**65,439**	54,930
Depreciation of property, plant and equipment	**1,157**	1,051
Depreciation of right-of-use assets	**857**	–
Amortisation of intangible assets	**3,485**	1,365
Auditor's remuneration	**1,443**	1,125
Research costs recognised as an expense (included in cost of sales)	**1,742**	6,881
Impairment losses recognised on trade receivables and contract assets	**203**	702
Impairment losses reversal on trade receivables and contract assets	**(923)**	(86)
Cost of inventories recognised as an expense	**6,219**	2,423
Interest income	**(494)**	(33)
Government grants	**(2,614)**	(1,552)

Note: Directors' emoluments are included in the above staff costs.

10. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	2019	2018
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**25,004**	22,203

	2019	2018
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,191,973**	986,832
Effect of dilutive potential ordinary shares — Share options	**1,491**	3,010
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,193,464**	989,842

The computation of diluted earnings per share for the years ended 31 December 2019 and 2018 does not assume the exercise of certain options because the exercise prices of those options were higher than the average market prices for both 2019 and 2018.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the issue of shares on 21 May 2019 and the exercise of share options on 4 April 2018.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
— contracts with customers	**72,665**	67,319
Less: allowance for credit losses	**(472)**	(1,192)
	72,193	66,127
Other receivables, prepayments and deposits		
Deposits paid to customers	**3,459**	3,130
Advances to staff	**1,947**	4,529
Other tax recoverable	**702**	529
Others	**1,260**	1,567
	7,368	9,755
Total trade and other receivables	**79,561**	75,882

As at 1 January 2018, trade receivables from contracts with customers amounted to RMB43,983,000.

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

	2019	2018
	RMB'000	*RMB'000*
0–120 days	**42,486**	43,261
121–180 days	**3,304**	271
181–365 days	**10,645**	4,886
Over 365 days	**15,758**	17,709
	72,193	66,127

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMBB21,081,000 (2018: RMB20,152,000) 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.

12. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**3,305**	1,575
Payroll payables	**5,056**	4,558
Other PRC tax payables	**3,407**	2,179
Employee reimbursement payable	**4,963**	7,274
Accruals	**169**	178
Others	**3,814**	5,538
Total	**20,714**	21,302

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

	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**2,180**	380
91–180 days	**–**	3
181–365 days	**44**	57
Over 365 days	**1,081**	1,135
	3,305	1,575

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

Trade and other payables of approximately RMB1,022,000 (2018: RMB807,000) were denominated in HK$.

13. EVENTS AFTER THE REPORTING PERIOD

The outbreak of coronavirus disease ("COVID-19")

(i) the nature of the events

The outbreak of COVID-19 in various countries has affected many businesses to different extent. As the Group's business are all in various locations in the mainland where different precautious measures were imposed by local governments, all at once or implemented at different stages depending on the latest development, the Group's ability to serve its customers may be largely depending on various government measures and continuous supply from its suppliers and the availability of workforce, which may be affected by the temporary suspension of supplier's hardware and/or travel restrictions and home quarantine requirements. Due to the inherent unpredictable nature and rapid development relating to the novel coronavirus and its pervasive impact, the Group has taken action to negotiate with its major suppliers and employees to confirm continuous and adequate supply of goods and manpower.

(ii) an estimate of its financial effect, or a statement that such an estimate cannot be made

Given the dynamic nature of these circumstances and unpredictability of future development, the directors of the Company consider that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue, but will be reflected in the Group's future financial statements.

DIVIDENDS

No dividends have been paid or declared by the Company during the year (2018: Nil).

BUSINESS REVIEW

Overall Business of the Group in 2019

Driven by the normalised structural reform and the ongoing market correction of the financial market, the Group has still recorded an increase of 13% in respect of its net profit in 2019 as a result of its overall strategy that focuses on a core business and two complementary products after the commencement of the trade war between the USA and China, especially under the gradually deteriorating situation in the surrounding markets. It is the 5th successive year that the Group has recorded an increase in its results. Based on this, the Group has seen an obvious efficiency of business transformation for the past three years. Due to the specific environment that the banks require investment only for the first half of the year and continuous gains for the second half of the year against the suppliers, the Group still achieved an excellent performance with sales rising by 14% as compared to the same period of last year and distribution and selling expenses and administrative expenses rising only by 9% and 5%, respectively.

The State Council and the People's Bank will strengthen the refined development and regulation of bank capital products. Meanwhile, this will also facilitate the further development of the financial market highly recognised in recent years, which will also gradually replace the existing profit model of banks. Such development trend will become more and more obvious in future years. As such, the Group will further integrate its internal capital products with agent products. At the same time, larger percentage of investment will be made to the capital products in the market so as to rapidly expand the market share of the capital products through more utilization of existing resource of the Group and the market. With the scope of services mainly focusing on the large-scale city commercial banks gradually spreading to the commercial banks in small and medium cities, the Group established a sales model based on "flexible mixed business portfolio" with respect of its products as a whole. China Mercantile Bank, Zhongbang Bank, Zaozhuang Bank and China Resources Bank were the great cases.

"Payment + Service" 1: Against the background of the large population in China and the wide gap of economic development among provinces and cities, there are diversified payment methods. Promoted vigorously by banks and the third party companies, the payment methods vary in different provinces and cities. Meanwhile, online and offline payment methods have emerged, making payment a popular product. Although the non-inductive payment method under cooperation between the Group and China Construction Bank has been adopted by Home Inns Group, the size of China and the difference of economic development of each province provide broad market for the relevant business of the Group. In addition to development of new business, the collection and payment platform collaborated with China CITIC Bank is more likely to have change to create collaboration operations by changing the business model. As the medical reform have continued to deepen policies, especially after the launch of relevant smart system collaborated with hospitals, the payment service department of the Group marketed the smart hospital system and signed contracts with some first-class hospitals at grade three. Because the payment market still has immense growth potential, accompanied by our in-depth industrial knowledge and business transformation and innovation mindset, it is natural for us to propel the overall development and expand the market.

"Payment + Service" 2: The development of merchant service business and constant expansion of offline market has become one of the main specific targets of the Group. Previously only serving 3 provincial bank branches three years ago, the Group served 14 banks in provinces such as Zhejiang, Jiangsu, and the three provinces of Northeast China in 2019, especially entering Xinjiang Autonomous Region with special policies, taking the preemptive opportunities for the Group to occupy the regions which the Group intends to make efforts to develop. The Group will further conduct the operating project targeting merchants on a basis of "deepening the value added services and strengthening cooperation with banks", and gradually consolidate its originally separated businesses, so that banking outsourcing service and payment products are integrated to form a business portfolio.

FUTURE OUTLOOK

Although this year the "Epidemic" has heavily blown the economy of China and the world, as an enterprise with responsibility, mission and history, the Group is bound to further implement its strategy that focuses on a core business and two complementary products. The operational and maintenance platform (Merchants + Bank-Hospital + Bank-School) evolved from traditional operations remain our main sources of big data. With the help of these products, the Group will consolidate the industry, behavioral big data, and the online and offline businesses to form a new OFFLINE TO ONLINE (O2O) model. We also plan to extend the collaborative model with banks to commercial banks at all levels. Meanwhile, the development of mixed business portfolio will be better aligned to the overall requirements of the financial environment.

The Group will continue to implement stringent cost control and strengthen the risk control in the overall and various businesses so as to achieve a sound cycle of "broadening sources of income and reducing expenses".

FINANCIAL REVIEW

The Group is principally engaged in the development and sales of information and network technologies and services to the financial industry in the People's Republic of China (the "PRC").

Revenue of the Group comprises of:

For the year ended 31 December 2019 ("the financial year"), the Group recorded a total revenue of approximately RMB129,675,000, an increase of 14% as compared to the year ended 31 December 2019 (2018: approximately RMB114,088,000).

	Revenue	
	2019	2018
	RMB'000	*RMB'000*
Sales of software products	**15,484**	10,936
Sales of related hardware products	**8,723**	6,831
Provision of technical support services	**105,468**	96,321
	129,675	114,088

The increase in the turnover of the Group was mainly attributable to the increase of 9% in the revenue of the Group's provision of technical support services when compared to the same period of last year. The total revenue for the year 2019 mainly came from the provision of technical support services. The source of total revenue for the year 2019 was the same as that for the year of 2018.

Cost of sales for the year ended 31 December 2019 is increased by 24% to approximately RMB74,622,000 (2018: approximately RMB60,066,000). Cost of sales increased in line with business activities. Gross profit margin was 42% (2018: 47%). The decrease of gross profit margin was mainly due to an increase in revenue from outsourcing financial services for bank customers during the year, which recorded a lower gross profit margin than the Group's other provision of technical support services.

Administrative expenses for the year ended 31 December 2019 is increased by 5% to approximately RMB14,483,000 (2018: approximately RMB13,730,000). The increase in administrative expenses was mainly attributable to increase in staff cost. Distribution and selling expenses for the year ended 31 December 2019 is increased by 9% to approximately RMB12,488,000 (2018: approximately RMB11,505,000). The increase in distribution and selling expenses was mainly attributable to increase in staff cost Other income mainly included Government grants and interest income; and other gains and losses mainly included exchange differences and fair value changes in financial assets at fair value through profit or loss.

Research and development expenses for the year ended 31 December 2019 is decreased by 75% to approximately RMB1,742,000 (2018: approximately RMB6,881,000). The decrease in research and development costs was mainly due to the Group allocated less resources on researching the new technology.

Profit for the year ended 31 December 2019 is increased by 13% to approximately RMB25,004,000 (2018: approximately RMB22,203,000). Increase in revenue is the main factor leading to the profit increased.

No equity-settled share-based payment was recognised for the year ended 31 December 2019 (2018: approximately RMB820,000).

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, PRC, is regarded as a High and New Technology Enterprise and is therefore entitled to 15% preferential tax rate for PRC enterprise income tax. 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 years ended 31 December 2019 and 2018.

For the year ended 31 December 2019, reversal of impairment on trade receivables amounted to approximately RMB923,000 (2018: approximately RMB86,000). The Group adopted legal and appropriate measures to collect debts and reduce loss through, amongst others, phone calls, facsimile, letters, visits, interviews, as well as legal actions as the final resort. The Group will also actively improve its receivables collection policy to enhance cash flows.

Property, plant and equipment comprise mainly the Group's owned properties, leasehold improvements, computer and related equipment and motor vehicles. Not much movement when compared to the same period of last year.

Intangible assets comprise mainly the Group's capitalised development costs. Increase of 44% is mainly attributable to the Group's further investments in the intangible assets.

Trade receivables and contract assets increased in line with business activities during the fourth quarter of current year. During the year under review, the trade receivables and contract assets turnover (the average of the trade receivables balance and contract assets at the beginning and the end of the year divided by the total revenue of the year times 365 days) increased by 18 days to 202 days (2018: 184 days). The Group's customers are generally granted with credit period ranging from 120–180 days. The Group is comfortable with the quality of the trade receivables and contract assets and will continue to exercise due care in managing the credit exposure.

Borrowings amounted to approximately RMB68,471,000 as at 31 December 2019 (2018: approximately RMB77,435,000), representing a decrease of 12%, which is mainly attributable to the repayment of unsecured director's loans, partly offset by increase in unsecured director's loans during the year. The borrowings would be used for general corporate purposes including working capital.

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 year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 31 December 2019, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB76,170,000 (2018: approximately RMB45,648,000). The increase on bank balances and cash was mainly due to proceeds from the rights issue in May 2019, and collection of receivables. The Group’s current ratio, based on total current assets over total current liabilities, as at 31 December 2019 was approximately 5 times (2018: approximately 2 times).

The Group’s net cash inflow for the year ended 31 December 2019 approximately amounted to RMB30,522,000 (2018: approximately RMB10,614,000).

At 31 December 2019, the Group had the following outstanding borrowings:

	2019	2018
	RMB’000	*RMB’000*
Fixed-rate borrowings:		
Unsecured loans from a director	**57,471**	66,435
Secured bank borrowings	**11,000**	11,000
	68,471	77,435

The borrowings’ contractual maturity dates are as follows:

	2019	2018
	RMB’000	*RMB’000*
Within one year	**12,243**	28,131
Between one to two years	**8,200**	5,157
Between two to five years	**15,586**	13,137
More than five years	**32,442**	31,010
	68,471	77,435

The loans from a director of approximately RMB52,158,000 (2018: RMB51,995,000) are denominated in HK dollars, other borrowings are denominated in the functional currency of the respective group entity.

During the year 2017, the Group entered into two revolving loan facility agreements with a bank with a total credit amounts of RMB11,000,000. The maturity date of the two revolving loan facilities is on 25 June 2020 and 31 July 2020 respectively. These two revolving loan facilities were fully utilised as at 31 December 2019.

No interest was capitalised by the Group during the year (2018: Nil).

The gearing ratio of the Group, based on total liabilities over total assets, as at 31 December 2019 was approximately 50% (2018: approximately 67%). The gearing ratio improvement is the result of very disciplined and focused management over working capital. The Group remains confident that gearing ratio can further improve going forward.

CAPITAL STRUCTURE

During the year ended 31 December 2019, 439,080,000 rights shares were allotted and issued. During the year 2018, our directors and option holders other than the directors of the Company exercised 2,545,000 and 11,185,000 share options respectively granted in April 2017.

Pursuant to the terms of the share option schemes, adjustments may be required to be made to the exercise prices of and/or the number of the Shares falling to be issued upon exercise of the outstanding Share Options granted by the Company under the share option schemes respectively as a result of the Rights Issue.

Date of grant	**Immediately prior to the adjustment as a result of completion of the Rights Issue**		**Immediately after the adjustments as a result of completion of the Rights Issue**	
	Number of Shares falling to be issued upon exercise of the Outstanding Share Options	**Exercise price per Share** *(HK$)*	**Adjusted number of Shares falling to be issued upon exercise of the Outstanding Share Options**	**Adjusted exercise price per Share** *(HK$)*
19 January 2010	7,680,000	0.2000	9,086,208	0.1690
16 August 2010	2,360,000	0.8400	2,792,116	0.7100
28 February 2011	65,000,000	0.7300	76,901,500	0.6170
28 February 2011	12,290,000	0.7140	14,540,299	0.6035
24 June 2013	6,240,000	0.1122	7,382,544	0.0948
15 May 2015	19,750,000	0.4300	23,366,225	0.3635
07 April 2017	72,210,000	0.1820	85,431,651	0.1538
	185,530,000		219,500,543	

Save as disclosed above, the Company had no other changes in capital structure during the year ended 31 December 2019.

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures in the best interest of the Group and its shareholders.

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had 850 employees (2018: 735 employees), including both the PRC and Hong Kong employees. Remuneration and bonus policy are basically determined by the performance of the individual employees and financial results of the Group. Total staff costs for the year amounted to approximately RMB65,439,000 (2018: approximately RMB54,930,000).

The Group adopted a share option scheme, details of which were set out in the "Report of the Directors".

CHARGE ON GROUP ASSETS

As at 31 December 2019, certain properties of the Group located in Hangzhou with an aggregate net carrying amount of approximately RMB9,992,000 (2018: approximately RMB10,539,000) 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 31 December 2019, the Group did not have any material contingent liabilities (2018: Nil).

PROSPECTS OF NEW PRODUCTS

Please refer to the "Chairman's Statement" for a discussion on this.

FIVE YEARS FINANCIAL SUMMARY OF THE GROUP

	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2018 *RMB'000*	Year ended 31 December 2017 *RMB'000*	Year ended 31 December 2016 *RMB'000*	Year ended 31 December 2015 *RMB'000*
Revenue	**129,675**	114,088	79,168	64,557	55,819
Profit attributable to shareholders	**25,004**	22,203	15,798	7,028	1,294
Total assets	**192,474**	152,558	107,905	75,030	56,131
Total liabilities	**(95,522)**	(102,174)	(82,555)	(71,772)	(60,711)
Net assets (liabilities)	**96,952**	50,384	25,350	3,258	(4,580)

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2020 to 28 May 2020, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming annual general meeting to be held on 28 May 2020 (the "AGM"). In order to be eligible to attend and vote at the forthcoming AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 21 May 2020.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year ended 31 December 2019 attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	23% (2018: 59%)
— five largest suppliers combined	38% (2018: 73%)
Sales	
— the largest customer	52% (2018: 35%)
— five largest customers combined	74% (2018: 62%)

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the company's share capital) had an interest in the major suppliers or customers stated above.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, 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 the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group during year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company complied with the code provisions in Corporate Governance Code (the "Code") and Corporate Governance Report which set out in Appendix 15 in the GEM Listing Rules during the year ended 31 December 2019. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the twelve months ended 31 December 2019 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 noncompliance 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 year ended 31 December 2019.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2019 have been reviewed by the Audit and Risk Management Committee therefore recommending it to the Board for approval.

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

Hong Kong, 26 March 2020

As at the date of this announcement, 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)*

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).