



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This announcement, for which the directors of Sing Lee Software (Group) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Sing Lee Software (Group) Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purposes only

The board of directors (“Board”) of Sing Lee Software (Group) Limited (the “Company”) announce the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2009, together with the unaudited comparative figures for the corresponding periods in 2008, as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

		Three months ended	
		31 March	
		2009	2008
	<i>Note</i>	<i>Rmb’000</i>	<i>Rmb’000</i>
Turnover	2	7,628	860
Cost of sales		<u>(4,963)</u>	<u>(1,629)</u>
Gross profit/(loss)		2,665	(769)
Distribution costs		(428)	(760)
General and administrative expenses		(1,517)	(1,434)
Other operating income	3	<u>97</u>	<u>484</u>
Profit/(Loss) from operations		817	(2,479)
Finance costs		<u>(111)</u>	<u>(218)</u>
Profit/(Loss) before taxation		706	(2,697)
Taxation	4	<u>(320)</u>	<u>(26)</u>
Profit/(Loss) after taxation		<u>386</u>	<u>(2,723)</u>
Profit/(Loss) for the period attributable to equity holders of the Company		<u><u>386</u></u>	<u><u>(2,723)</u></u>
Earnings/(Loss) per share			
– Basic	5	<u><u>Rmb0.06 cents</u></u>	<u><u>Rmb(0.42) cents</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share Capital (unaudited) <i>Rmb'000</i>	Share premium (unaudited) <i>Rmb'000</i>	Statutory surplus reserve (unaudited) <i>Rmb'000</i>	Exchange reserve (unaudited) <i>Rmb'000</i>	Accumulated losses (unaudited) <i>Rmb'000</i>	Total (unaudited) <i>Rmb'000</i>
As at 1 January 2009	6,827	72,651	3,613	3,801	(87,460)	(568)
Exchange realignment	–	–	–	18	–	18
Profit for the period	–	–	–	–	386	386
As at 31 March 2009	<u>6,827</u>	<u>72,651</u>	<u>3,613</u>	<u>3,819</u>	<u>(87,074)</u>	<u>(164)</u>
As at 1 January 2008	6,271	58,148	3,613	3,144	(83,220)	(12,044)
Exchange realignment	–	–	–	473	–	473
Shares issued	555	14,503	–	–	–	15,058
Loss for the period	–	–	–	–	(2,723)	(2,723)
As at 31 March 2008	<u>6,826</u>	<u>72,651</u>	<u>3,613</u>	<u>3,617</u>	<u>(85,943)</u>	<u>764</u>

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Basis of preparation and principal accounting policies

The results 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 Group principally operates in the People’s Republic of China (the “PRC”) and its business activities are principally transacted in Renminbi (“Rmb”), the results are prepared in Rmb.

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 financial statements are the same and consistent with those adopted by the Group in its audited annual financial statements for the year ended 31 December 2008.

2. Turnover

Turnover represents revenue from sale of computer software and hardware, and maintenance income. Turnover comprises the following:

	(Unaudited)	
	Three months ended	
	31 March	
	2009	2008
	Rmb’000	Rmb’000
Sales of software	902	576
Sales of hardware	474	234
Maintenance income	6,252	50
	7,628	860

3. Other operating income

	(Unaudited)	
	Three months ended	
	31 March	
	2009	2008
	Rmb’000	Rmb’000
Others	95	465
Interest income	2	19
	97	484

4. Taxation

	(Unaudited)	
	Three months ended	
	31 March	
	2009	2008
	Rmb'000	Rmb'000
Business tax (<i>Note a</i>)	320	26

Hong Kong profits tax has not been provided as the Group had no income assessable for profits tax in Hong Kong for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

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

Note:

(a) Tax paid in respect to business operation and interest income of PRC source.

5. Earnings/(Loss) per share

The calculation of the Group's basic earnings/(loss) per share for the three months ended 31 March 2009 is based on the Group's unaudited profit/(loss) attributable to shareholders of approximately RMB386,000 (three months ended 31 March 2008: loss of approximately Rmb2,723,000) divided by the weighted average number of ordinary shares outstanding for three months ended 31 March 2009 of 663,200,000 shares (three months ended 31 March 2008: 645,338,462 shares) in issue respectively.

Diluted loss per share has not been presented as the exercise of share options would have an anti-dilutive effect during the three months ended 31 March 2009 and three months ended 31 March 2008.

6. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review and results of operations

For the three months ended 31 March 2009, the Group recorded a total turnover of approximately Rmb7,628,000, representing an increase of 887% as compared to the same period of last year (for the three months ended 31 March 2008: Turnover amounted to approximately Rmb860,000). For the profit attributable to shareholders amounted to approximately Rmb386,000, representing a change from loss to profit as compared to the same period of last year (for the three months ended 31 March 2008: Loss attributable to shareholders amounted to approximately Rmb2,723,000).

There was a significant improvement for the turnover in the first quarter as compared to the same period of last year. According to past history of the Group, results for first quarter are always affected by the Chinese New Year holidays. Moreover, the peak season of software purchase normally takes place in the second half of the year, especially in the fourth quarter. Therefore, it is expected that the turnover for the whole year may improve sharply.

With the increase of awareness of our product in PRC and the fact that sales order will normally begin to increase from second quarter, it is expected that the results of next quarter will be much better than this quarter.

BUSINESS REVIEW

Banking Business

The procurement of banking terminals has already started. RUNPOS terminal product has been selected, but the contract will only be signed in the second quarter.

Upgraded version of RUNPOS-MIS system has been promoted in various provinces and cities, aiming to further expand its market share.

The first and second phase of the “Capital Trading System” signed in the previous year are still under progress during this quarter. We have signed a contract with a new client in this quarter, while we are negotiating with another two clients in China and one foreign client.

Education Business

The projects which we cooperate with Zhejiang University have successively been completed during this quarter and part of the projects will be inspected for acceptance in the next quarter.

We cooperate with banks to promote the upgraded product of Bank-college Express to colleges and universities, currently accounting for one-third of the market share in Zhejiang Province. We are negotiating with various colleges and universities, expecting some of them to sign contracts within the second quarter. The trials are being conducted in other provinces.

FUTURE OUTLOOK

RUNPOS product series will continue to involve more research and development and improve various functions, so as to provide better applications and services to different industries.

The “Capital Trading System” project has generated stable income for the Group. The Group, together with its established partners, will strengthen the upgrade work and accelerate the implementation with new partners, in order to further expand the market share.

Market sales of the upgraded project Bank-college Express will increase. We will expand our sales efforts within the province and explore markets outside the province through different channels.

With regard to the cooperation with Zhejiang University, besides the existing projects being carried out, the Group will actively participate in new projects which will be started soon.

The Group will endeavor to develop the RUNPOS product series invented by the Group, and reinforce the close cooperation with large clients and the implementation. It will also strictly enforce control and enhance management, to ensure the Group can achieve its objectives for the whole year.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 31 March 2009, 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 follows:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial interest	337,855,000 (note 1)	–	50.94%
Great Song Enterprises Limited	Corporate interest	337,855,000 (notes 1 and 2)	–	50.94%
Mr. Hung Yung Lai	Corporate interest	337,855,000 (notes 2 and 4)	–	50.94%
Ms. Li Kei Ling	Corporate interest	337,855,000 (notes 2 and 3)	–	50.94%
Mdm. Iu Pun	Family interest	337,855,000 (note 5)	–	50.94%

Notes:

1. Goldcorp Industrial Limited is a 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 337,855,000 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 337,855,000 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 337,855,000 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.

Save as disclosed above, as at 31 March 2009, the directors or chief executives of 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 IN SECURITIES

As at 31 March 2009, 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 5.46 to 5.66 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	337,855,000 (note 1)	—	50.94%

Shares in associated corporation:

Name of directors	Capacity/ Nature of interest	Number of ordinary shares held in Goldcorp Industrial Limited (<i>note 2</i>)			Percentage of shareholding
		Long position	Short position		
Mr. Hung Yung Lai	Personal interest	1	–		50.94%

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 31 March 2009 composed of 2 ordinary shares. Goldcorp Industrial Limited held 337,855,000 Shares in the Company.

SHARE OPTION SCHEME

Pursuant to the share option scheme (the “Scheme”) adopted on 27 August 2001, the Directors may at their discretion grant options to employees (including Directors of the Company) of the Group and other persons who, in the sole discretion of the board of the Directors, have contributed to the Group (“Participants”). The Scheme enables the Company to grant share options to Participants as incentives or rewards for their contribution to the Group. The Scheme would be valid and effective for a period of ten years commencing on the adoption date.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time. After the listing of the shares on GEM, the total number of shares which may be issued upon the exercise of all options to be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the shares in issue upon completion of placing, capitalisation issue and any other shares to be issued upon the exercise of the over-allotment option in connection with the listing of the shares on GEM. According to the Scheme, the total number of shares available for issue is 66,320,000 shares which represents 10% of the issued share capital of the Company at the date of this announcement.

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 of directors 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 8 April 2002 the Company granted 60,230,000 options to subscribe for shares in the Company under the Scheme at an exercise price of HK\$0.614 per share to 163 employees (including three executive directors) of the Group. Shares of the Company were at closing price HK\$0.58 immediately before the day on which options were granted.

On 1 June 2004 the Company granted 10,000,000 options to subscribe for shares in the Company under the scheme at an exercise price of HK\$0.14 per share to two chief executives of the Group. Shares of the Company were at closing price of HK\$0.14 immediately before the day on which options were granted. All share options granted on 1 June 2004 were forfeited during the year ended 31 December 2005.

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.

The summary details of options granted are as follows:

Name of directors and employees	Exercise period	Number of share options outstanding as at 1 January 2009	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 31 March 2009
Cui Jian	7 September 2002 to 7 April 2012	3,180,000	-	-	-	-	3,180,000
Chan Kam Fai (Chief Executive Officer)	8 April 2008 to 8 October 2017	6,000,000	-	-	-	(6,000,000)	-
Continuous contract employees (other than directors)	8 April 2008 to 8 October 2017	34,820,000	-	-	-	-	34,820,000
		<u>44,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>	<u>38,000,000</u>

The directors consider it inappropriate to value the options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the options based on various speculative assumptions would be meaningless and misleading. Therefore the directors believe that the cost for disclosing the value of options do not justify for the benefits it provides.

Save as disclosed above, as at 31 March 2009, none of the directors, chief executives, or their respective associates had any interest or short position in the shares of the Company or 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 required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.46 to 5.66 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the three months ended 31 March 2009.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined in GEM Listing Rules) has an interest in a business, which competes or may compete with the businesses of the Group.

CORPORATE GOVERNANCE PRACTICES

During the three months ended 31 March 2009 the Company has complied with requirements set out in the Code on Corporate Governance Practices ("CG code") contained in Appendix 15 of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2009, the Company has complied with the GEM Listing Rules 5.48 to 5.67 (where applicable) concerning the securities transactions by Director. 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.

AUDIT COMMITTEE

The Company has established an audit committee on 27 August 2001 with written terms of reference in compliance with the requirements of Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group and to provide advice and comments to the Board. The members of the Group's audit committee are as follows:

Name	Position in the audit committee	Position in the Board of Directors
Mr. Pao Ping Wing	Chairman	Independent Non-Executive Director
Mr. Tam Kwok Hing	Member	Independent Non-Executive Director
Mr. Lo King Man	Member	Independent Non-Executive Director

The audit committee has reviewed and commented in the Company's quarter report for the three months ended 31 March 2009.

By Order of the Board
Hung Yung Lai
Chairman

The Board comprises of:

Hung Yung Lai (*Executive Director*)
Cui Jian (*Executive Director*)
Xu Shu Yi (*Executive Director*)
Pao Ping Wing (*Independent Non-Executive Director*)
Tam Kwok Hing (*Independent Non-Executive Director*)
Lo King Man (*Independent Non-Executive Director*)

Hong Kong, 13 May 2009

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