



SING LEE SOFTWARE (GROUP) LIMITED

新利軟件(集團)股份有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8076)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of Sing Lee Software (Group) Limited 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 and six months ended 30 June 2009, together with the unaudited comparative figures for the corresponding periods in 2008, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Three months ended		Six months ended	
		30 June		30 June	
		2009	2008	2009	2008
	<i>Note</i>	<i>Rmb’000</i>	<i>Rmb’000</i>	<i>Rmb’000</i>	<i>Rmb’000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	2	7,736	4,510	15,364	5,370
Cost of sales		(4,725)	(3,413)	(9,688)	(5,042)
Gross profit		3,011	1,097	5,676	328
Distribution costs		(511)	(721)	(939)	(1,481)
General and administrative expenses		(1,546)	(2,437)	(3,063)	(3,871)
Other operating income	3	86	210	183	694
Profit/(Loss) from operations		1,040	(1,851)	1,857	(4,330)
Finance costs		(138)	165	(249)	(53)
Profit/(Loss) before tax	4	902	(1,686)	1,608	(4,383)
Taxation	5	(309)	(157)	(629)	(183)
Profit/(Loss) after tax		593	(1,843)	979	(4,566)
Non-controlling interests		—	—	—	—
Total comprehensive income/(loss) for the period		593	(1,843)	979	(4,566)
Total comprehensive income/(loss) attributable to equity holders of the Company for the period		593	(1,843)	979	(4,566)
Earnings/(Loss) per share					
– Basic	6	Rmb0.09 cents	Rmb(0.28) cents	Rmb0.15 cents	Rmb(0.70) cents
– Diluted	6	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2009 <i>Rmb'000</i>	(Audited) As at 31 December 2008 <i>Rmb'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Intangible assets		6,985	7,504
Property, plant and equipment, net		<u>746</u>	<u>750</u>
		<u>7,731</u>	<u>8,254</u>
Current assets			
Inventories		5,026	5,314
Trade receivables	8	14,481	8,751
Prepayments and other receivables		1,350	240
Cash and cash equivalents		<u>1,208</u>	<u>2,821</u>
		<u>22,065</u>	<u>17,126</u>
LIABILITIES			
Current liabilities			
Trade payables	9	7,751	4,169
Accruals and other payables		3,434	3,876
Customers' deposits		538	538
Amount due to ultimate holding company	11	12	12
Deferred income		328	420
Amount due to directors		222	128
Interest bearing borrowings		300	–
Short term bank loans		<u>16,781</u>	<u>16,805</u>
		<u>29,366</u>	<u>25,948</u>
Net current liabilities		<u>(7,301)</u>	<u>(8,822)</u>
Total assets less current liabilities		<u>430</u>	<u>(568)</u>
Net assets/(liabilities)		<u>430</u>	<u>(568)</u>
CAPITAL AND RESERVES			
Share capital		6,827	6,827
Reserves		<u>(6,397)</u>	<u>(7,395)</u>
Total equity (deficiency)		<u>430</u>	<u>(568)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (Unaudited) <i>Rmb'000</i>	Share premium (Unaudited) <i>Rmb'000</i>	Revenue reserve (Unaudited) <i>Rmb'000</i>	Cumulative translation adjustment (Unaudited) <i>Rmb'000</i>	Retained earnings/ (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 difference on translation of financial statements of foreign entities	–	–	–	19	–	19
Profit for six months ended 30 June 2009	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>979</u>	<u>979</u>
As at 30 June 2009	<u><u>6,827</u></u>	<u><u>72,651</u></u>	<u><u>3,613</u></u>	<u><u>3,820</u></u>	<u><u>(86,481)</u></u>	<u><u>430</u></u>
As at 1 January 2008	6,271	58,148	3,613	3,144	(83,220)	(12,044)
Exchange difference on translation of financial statements of foreign entities	–	–	–	634	–	634
Shares issued	556	14,503	–	–	–	15,059
Loss for six months ended 30 June 2008	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,566)</u>	<u>(4,566)</u>
As at 30 June 2008	<u><u>6,827</u></u>	<u><u>72,651</u></u>	<u><u>3,613</u></u>	<u><u>3,778</u></u>	<u><u>(87,786)</u></u>	<u><u>(917)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Six months ended	
	30 June	
	2009	2008
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(1,736)	(5,141)
Net cash inflow/(outflow) from investing activities	5	(766)
Net cash inflow/(outflow) from financing activities	<u>118</u>	<u>(1,296)</u>
Net decrease in cash and cash equivalents	(1,613)	(7,203)
Cash and cash equivalents at beginning of period	<u>2,821</u>	<u>8,628</u>
Cash and cash equivalents at end of period	<u><u>1,208</u></u>	<u><u>1,425</u></u>
Analysis of balances of Cash and Cash equivalents:		
Cash and bank deposits	<u><u>1,208</u></u>	<u><u>1,425</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

The Group's unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed interim financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective or available for early adoption for the current accounting period of the Group and the Company. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group and the Company for current and previous accounting periods. The Group has not early adopted any new standard or interpretation that is not yet effective for the current accounting period.

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.

2. Turnover

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

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Sales of software	290	3,201	1,192	3,777
Sales of hardware	966	976	1,440	1,210
Maintenance and other services income	6,480	333	12,732	383
	<u>7,736</u>	<u>4,510</u>	<u>15,364</u>	<u>5,370</u>

3. Other operating income

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Others	14	186	49	651
Interest income	3	8	5	27
Value added tax refund	69	16	129	16
	<u>86</u>	<u>210</u>	<u>183</u>	<u>694</u>

Pursuant to document Caishui [2000] No. 25 issued by State Tax Bureau, effective from 24 June 2000, for companies engaged in the development and distribution of software, their revenues from sale of software are subject to value added tax with applicable tax rate of 17% and are entitled to refund of value added tax paid exceeding 3% of the revenues. The value added tax refund of the Group has been accounted for as other operating income.

4. Profit/(Loss) before tax

Profit/(Loss) before tax was determined after charging the following:

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Depreciation of property, plant & equipment	36	(530)	72	(453)
Bank interest	127	170	251	388

5. Taxation

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Business tax (<i>Note a</i>)	309	157	629	183

Hong Kong profits tax has not been provided as the Group had no income assessable for profits tax in Hong Kong for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits for the six months ended 30 June 2009 (six months ended 30 June 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.

6. Earnings/(Loss) per share

The calculation of the Group's basic earnings/(loss) per share for the three months and six months ended 30 June 2009 is based on the Group's unaudited combined profit attributable to shareholders of approximately Rmb593,000 and profit attributable to shareholders of approximately Rmb979,000 (three months and six months ended 30 June 2008: loss attributable to shareholders of approximately Rmb1,843,000 and loss attributable to shareholders of approximately Rmb4,566,000 respectively) divided by the weighted average number of ordinary shares outstanding for three months and six months ended 30 June 2009 of 663,200,000 shares (three and six months ended 30 June 2008: 663,200,000 shares and 653,902,751 shares) in issue.

Diluted earnings/(loss) per share has not been presented as the exercise of share options would have an anti-dilutive effect during the three and six months ended 30 June 2009, as well as 30 June 2008.

No diluted earnings per share has been presented for the three and six months ended 30 June 2009 because the computation of diluted earnings per share does not assume the exercise of share options as the exercise price of the Company's outstanding share options was higher than the average market price of the shares in the Company and the exercise of share options of the Company has an anti-dilutive effect.

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (for the six months ended 30 June 2008: Nil).

8. Trade receivables

An aging analysis of trade receivables, net of impairment losses for bad and doubtful debts, is as follows:

	As at 30 June 2009 <i>Rmb'000</i>	As at 31 December 2008 <i>Rmb'000</i>
Within 90 days	7,464	6,682
Over 90 days but within 180 days	1,356	48
Over 180 days but within 365 days	4,097	17
Above 365 days	<u>1,564</u>	<u>2,004</u>
	<u>14,481</u>	<u>8,751</u>

The normal credit period granted by the Group is on average 60 to 90 days from the date of invoice.

9. Trade payables

	As at 30 June 2009 <i>Rmb'000</i>	As at 31 December 2008 <i>Rmb'000</i>
Within 90 days	3,906	3,375
Over 90 days but within 180 days	3,561	185
Over 180 days but within 365 days	–	205
Above 365 days	<u>284</u>	<u>404</u>
	<u>7,751</u>	<u>4,169</u>

10. Commitments

As of 30 June 2009, the Group did not have any significant authorised or contracted capital commitments (31 December 2008: Nil).

11. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The Group had the following significant related party transactions during the periods under review:

		(Unaudited)	(Audited)
		As at	As at
		30 June	31 December
		2009	2008
	<i>Note</i>	Rmb'000	Rmb'000
Due to Goldcorp Industrial Limited	(i)	<u>(12)</u>	<u>(12)</u>

Notes:

- (i) Goldcorp Industrial Limited is the holding company of the Company. Mr. Hung Yung Lai, who has 50% interest in this Company, is also an executive director of the Group.
- (ii) The above related party transactions were carried out in the normal course of business.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review and results of operations

For the six months ended 30 June 2009, the Group recorded a total turnover of approximately Rmb15,364,000, representing an increase of 186% as compared to the same period of last year (for the six months ended 30 June 2008: Turnover amounted to approximately Rmb5,370,000).

The Group recorded comprehensive income attributable to equity holders of the Company of approximately Rmb979,000 for the two quarters, representing a change from loss to profit as compared to the same period of last year (for the six months ended 30 June 2008: comprehensive loss attributable to equity holders of the Company amounted to approximately Rmb4,566,000).

With our continuing strengthen efforts to cost control and the fact that peak season of software purchase normally takes place in the second half of the year, we are confident that the results for the coming quarters will be further improved.

BUSINESS REVIEW

Banking Business

RUNPOS terminal product of the Group has been selected in the second quarter, the contract will be signed in the third quarter. The number of the product will attain a substantial growth when compared with 2008.

We have signed a strategic cooperation agreement with a major customer in respect of the series of products under RUNPOS system and have already started promotion in various provinces and cities. The market shares of these products will grow significantly.

The negotiation between us and a new client in respect of “Capital Trading System” during this quarter has come to a close, while we are negotiating with another one client in China and one foreign client.

We have signed a contract with a large commercial bank during this quarter in respect of “Gold Trading System” researched and developed by the Group. Since this customer is highly reputable among commercial banks, it is estimated that there will be more commercial banks and financial units to use the Group’s products after the completion of this project in the second half of the year.

Education Business

Most of the projects which we cooperate with Zhejiang University have been inspected for acceptance successfully. We have started negotiations for new contracts during this quarter.

We are now cooperating with banks to promote the upgraded product of Bank-college Express to colleges and universities. We are also negotiating with various colleges and universities and we have conducted trials in some of the colleges.

FUTURE PROSPECT

RUNPOS product series will continue to involve more research and development. We have completed the first phase research and development for some of new products and have gained recognition from several customers. In particular, the market potential of our products attracts customers' high attention.

The "Capital Trading System" project has generated stable income for the Group, and its market share continues to rank the first place throughout the country. As this product requires a high degree of expertise and precision, the Group has been strengthening the training of new employees at the second-tier echelon. During the second quarter, practice has proven that the working standard of the second-tier echelon has improved significantly.

China National Petroleum Corporation has approved the project on RUNPOS swiping card used for CNPC Petrol Filler and we had started the negotiations with three provinces and trials in such provinces. The technical cooperation with petrol filter manufacturers is also making steady progress.

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.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING RATIO

As at 30 June 2009, the Group had bank borrowings of approximately RMB16,781,000 (31 December 2008: approximately RMB16,805,000), all represented short term-bank loans repayable within one year with interest bearing at 2.75% over the HIBOR rate.

No interest was capitalized by the Group during the period under review (31 December 2008: Nil).

As at 30 June 2009, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB1,208,000.

The gearing ratio of the Group, based on total liabilities over total assets, as at 30 June 2009, was approximately 99% (31 December 2008: 102%).

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The group did not have any material acquisitions or disposals of subsidiaries and affiliated companies, or significant investments during the period under review.

SEGMENTAL INFORMATION

No segmental information is presented for the Group as the Group conducts its business within one geographical and business segment.

EMPLOYEE INFORMATION

As at 30 June 2009, the Group had 103 employees, including both PRC and Hong Kong employees. Remuneration and bonus policy are primarily determined by the performance of the individual employees and financial results of the Group. Total staff costs for the reported period were approximately Rmb4.015 million (30 June 2008: approximately Rmb3.548 million).

The Group has adopted a share option scheme whereby certain employees of the Group granted options to acquire shares.

CHARGE ON GROUP ASSETS

As at 30 June 2009, the Group did not have any charges on Group assets.

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 Renminbi. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group did not have any material contingent liabilities (31 December 2008: nil).

PROSPECTS OF NEW PRODUCTS

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

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 30 June 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 30 June 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 30 June 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 (note 2)		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 30 June 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 say 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 as at 30 June 2009 is 66,320,000 shares.

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 2 chief executives of the Group. Shares of the Company were at closing price HK\$0.14 immediately before the day on which options were granted.

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 30 June 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	–	–	–	(3,590,000)	31,230,000
		<u>44,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(9,590,000)</u>	<u>34,410,000</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 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 Hang	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 Interim result announcement for the six months ended 30 June 2009.

By Order of the Board
Hung Yung Lai
Chairman

As at the date hereof, 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, 12 August 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>).