



**SING LEE SOFTWARE (GROUP) LIMITED**

**新利軟件(集團)股份有限公司\***

*(Incorporated in the Bermuda with limited liability)*

**(Stock Code: 8076)**

**FIRST QUARTERLY REPORT  
FOR THE THREE MONTHS ENDED  
31 MARCH 2010**

\* *For identification purposes only*

## **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.**

**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 report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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 2010, together with the unaudited comparative figures for the corresponding periods in 2009, as follows:

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2010</b>	2009
	<i>Note</i>	<b>Rmb'000</b>	<i>Rmb'000</i>
<b>Continuing operations</b>			
Turnover	2	<b>3,567</b>	7,628
Cost of sales		<b>(3,799)</b>	(4,963)
		<b>(232)</b>	2,665
<b>Gross (loss)/profit</b>			
Other operating income	3	<b>309</b>	97
Distribution costs		<b>(595)</b>	(428)
Administrative expenses		<b>(2,338)</b>	(1,517)
Finance costs		<b>(121)</b>	(111)
		<b>(2,977)</b>	706
<b>(Loss)/Profit before taxation</b>			
Taxation	4	<b>(120)</b>	(320)
<b>(Loss)/Profit for the period from continuing operations</b>			
		<b>(3,097)</b>	386
<b>Discontinued operations</b>			
		-	-
<b>(Loss)/Profit for the period</b>			
		<b>(3,097)</b>	386
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations		<b>22</b>	18
Other comprehensive income for the period, net of tax		<b>22</b>	18
<b>Total comprehensive (loss)/income for the period</b>			
		<b>(3,075)</b>	404
<b>(Loss)/Earnings per share</b>			
From continuing operations			
- Basic	5	<b>Rmb(0.47) cents</b>	Rmb0.06 cents

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Total (unaudited) Rmb'000
	Share Capital (unaudited) Rmb'000	Share premium (unaudited) Rmb'000	Statutory		Accumulated losses (unaudited) Rmb'000	
			surplus reserve (unaudited) Rmb'000	Exchange reserve (unaudited) Rmb'000		
As at 1 January 2010	6,827	72,651	3,613	5,217	(86,158)	2,150
Loss for the period	-	-	-	-	(3,097)	(3,097)
Other comprehensive income for the period, net of tax	-	-	-	22	-	22
Total comprehensive income for the period	-	-	-	22	(3,097)	(3,075)
As at 31 March 2010	<u>6,827</u>	<u>72,651</u>	<u>3,613</u>	<u>5,239</u>	<u>(89,255)</u>	<u>(925)</u>
As at 1 January 2009	6,827	72,651	3,613	3,801	(87,460)	(568)
Profit for the period	-	-	-	-	386	386
Other comprehensive income for the period, net of tax	-	-	-	18	-	18
Total comprehensive income for the period	-	-	-	18	386	404
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>

## NOTES

### 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 2009.

### 2. Turnover

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2010</b>	2009
	<b>Rmb’000</b>	Rmb’000
Sales of software	<b>309</b>	902
Sales of hardware	<b>437</b>	474
Maintenance income	<b>2,821</b>	6,252
	<b>3,567</b>	7,628

### 3. Other operating income

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2010</b>	2009
	<b>Rmb’000</b>	Rmb’000
Others	<b>303</b>	95
Interest income	<b>6</b>	2
	<b>309</b>	97

#### 4. Taxation

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2010</b>	2009
	<b>Rmb'000</b>	Rmb'000
Business tax <i>(Note a)</i>	<b>120</b>	320

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 2010 (three months ended 31 March 2009: Nil).

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits for the three months ended 31 March 2010 (three months ended 31 March 2009: 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. (Loss)/Earnings per share

The calculation of the Group's basic (loss)/earnings per share for the three months ended 31 March 2010 is based on the Group's unaudited loss attributable to shareholders of approximately RMB3,097,000 (three months ended 31 March 2009: profit of approximately Rmb386,000) divided by the weighted average number of ordinary shares outstanding for three months ended 31 March 2010 of 663,200,000 shares (three months ended 31 March 2009: 663,200,000 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 2010 and three months ended 31 March 2009.

#### 6. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2010 (three months ended 31 March 2009: Nil).

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **Financial Review and Results of Operations**

For the three months ended 31 March 2010, the Group recorded a total turnover of approximately Rmb3,567,000, representing a decrease of 53% as compared to the same period of last year (for the three months ended 31 March 2009: Turnover amounted to approximately Rmb7,628,000). For the loss attributable to shareholders amounted to approximately Rmb3,097,000, representing a change from profit to loss as compared to the same period of last year (for the three months ended 31 March 2009: Profit attributable to shareholders amounted to approximately Rmb386,000).

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 improved accordingly.

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**

### **Financial and Banking Business**

The second-generation RUNPOS products of the Group and its upgraded system have been promoted and applied in a number of banks and financial institutions, thus further expanding its market share. The third-generation RUNPOS products have entered the stage of constructing technological and operational platform for pilot operation at the provincial and municipal level, and the overall progress was further reinforced by close cooperation with our major clients.

With regard to the “Capital Trading System”, the Group has signed a contract with a new client during the quarter while negotiation with another three bank clients are still in progress.

The Group intends to incorporate the upgraded product of Bank-college Express into the third-generation RUNPOS products system and relevant preparations are being organized.

## FUTURE OUTLOOK

More resources will be invested in the research and development of the RUNPOS product series in order to improve its functions in different aspects. In particular, the Group will work closely with our two major customers in respect of the third-generation new products to step up the intensity, extensiveness and progress of product application.

Regarding the “Capital Trading System” and its product series, the Group will accelerate the negotiation process with both established and new clients and speed up the implementation of the system, with focus on professional service improvement to further expand the market share and strengthen the brand effect.

The Group will endeavor to further develop our innovative RUNPOS product series, while reinforcing our partnership with key clients as well as boosting work efficiency. We will also strictly enforce risk control and all-round management over technology, research and development, marketing and product sales to ensure the achievement of the Group’s whole year objective.

## SUBSTANTIAL SHAREHOLDERS’ INTEREST IN SECURITIES

As at 31 March 2010, 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 <i>(note 1)</i>	-	50.94%
Great Song Enterprises Limited	Corporate interest	337,855,000 <i>(notes 1 and 2)</i>	-	50.94%
Mr. Hung Yung Lai	Corporate interest	337,855,000 <i>(notes 2 and 4)</i>	-	50.94%
Ms. Li Kei Ling	Corporate interest	337,855,000 <i>(notes 2 and 3)</i>	-	50.94%
Mdm. Iu Pun	Family interest	337,855,000 <i>(note 5)</i>	-	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 2010, 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 2010, 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 31 March 2010 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 79,584,000 shares which represents 10% of the issued share capital of the Company at the date of this report.

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 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.

On 19 January 2010 the Company granted 20,900,000 options to subscribe for shares in the Company under the Scheme at an exercise price of HK\$0.20 per share to its directors and employees of the Group. Shares of the Company were at closing price of HK\$0.20 immediately before the day on which options were granted.

The summary details of options granted are as follows:

Name of directors and employees	Exercise period	Number of	Number of	Number of	Number of	Number of	Number of
		share options outstanding as at 1 January 2010	share options granted during the period	share options exercised during the period	share options cancelled during the period	share options lapsed during the period	share options outstanding as at 31 March 2010
Cui Jian	7 September 2002 to 7 April 2012	3,180,000	-	-	-	-	3,180,000
Continuous contract employees (other than directors)	8 April 2008 to 8 October 2017	30,300,000	-	-	-	(1,000,000)	29,300,000
Pao Ping Wing	18 July 2010 to 18 January 2020	-	600,000	-	-	-	600,000
Tam Kwok Hing	18 July 2010 to 18 January 2020	-	600,000	-	-	-	600,000
Lo King Man	18 July 2010 to 18 January 2020	-	600,000	-	-	-	600,000
Continuous contract employees (other than directors)	18 July 2010 to 18 January 2020	-	19,100,000	-	-	-	19,100,000
		<u>33,480,000</u>	<u>20,900,000</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>53,380,000</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 2010, 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 2010.

## **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 2010 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 2010, 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:

<b>Name</b>	<b>Position in the audit committee</b>	<b>Position in the Board of Directors</b>
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 2010.

## POST BALANCE SHEET EVENT

As at the date of this report, the Company has completed a placement of 132,640,000 shares at HK\$0.61. The proceeds of approximately HK\$21 million will be used for repaying debts and approximately HK\$57 million for general working capital.

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, 11 May 2010