



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 2011**

* *For identification purposes only*

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than companies listed on the 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 report, for which the directors of Sing Lee Software (Group) Limited (the “Company”) 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 the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report 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 report misleading.

RESULTS

The board of directors (“Board”) of Sing Lee Software (Group) Limited (the “Company”) is pleased to announce the unaudited combined results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2011, together with the unaudited comparative figures for the corresponding periods in 2010, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Renminbi)

		Three months ended	
		31 March	
	Notes	2011	2010
		RMB'000	RMB'000
			(Restated)
Revenue	3	2,669	3,567
Cost of sales		<u>(4,825)</u>	<u>(4,028)</u>
Gross loss		(2,156)	(461)
Other income	4	1,329	309
Other gain		10,553	–
Distribution and selling expenses		(1,732)	(649)
Administrative expenses		(19,987)	(2,793)
Research and development costs		(785)	–
Finance costs		<u>(1)</u>	<u>(121)</u>
Loss before taxation		(12,779)	(3,715)
Income tax expense	5	<u>–</u>	<u>(120)</u>
Loss for the period		<u>(12,779)</u>	<u>(3,835)</u>
Other comprehensive income			
Exchange differences arising on translation		<u>–</u>	<u>22</u>
Total comprehensive expense for the period		<u>(12,779)</u>	<u>(3,813)</u>
Loss per share			
– Basic (RMB cents)	6	<u>(1.57)</u>	<u>(0.58)</u>
– Diluted (RMB cents)	6	<u>(2.82)</u>	<u>(0.58)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2011

	Share Capital (Unaudited) <i>RMB'000</i>	Share premium (Unaudited) <i>RMB'000</i>	Statutory surplus reserve (Unaudited) <i>RMB'000</i>	Translation reserve (Unaudited) <i>RMB'000</i>	Share option reserve (Unaudited) <i>RMB'000</i>	Accumulated losses (Unaudited) <i>RMB'000</i>	Total (Unaudited) <i>RMB'000</i>
As at 1 January 2011	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>11,416</u>	<u>(158,063)</u>	<u>22,085</u>
Loss for the period and total comprehensive expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,779)</u>	<u>(12,779)</u>
Recognition of equity-settled share based payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,623</u>	<u>-</u>	<u>16,623</u>
At 31 March 2011	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>28,039</u>	<u>(170,842)</u>	<u>25,929</u>
As at 1 January 2010 as originally stated	6,827	72,651	3,613	5,217	-	(86,158)	2,150
Correction of accounting error of prior years (<i>note 2</i>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,241</u>	<u>(8,241)</u>	<u>-</u>
At 1 January 2010 (restated)	<u>6,827</u>	<u>72,651</u>	<u>3,613</u>	<u>5,217</u>	<u>8,241</u>	<u>(94,399)</u>	<u>2,150</u>
Loss for the period and total comprehensive expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,813)</u>	<u>(3,813)</u>
Recognition of equity-settled share based payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>738</u>	<u>-</u>	<u>738</u>
At 31 March 2010 (restated)	<u>6,827</u>	<u>72,651</u>	<u>3,613</u>	<u>5,217</u>	<u>8,979</u>	<u>(98,212)</u>	<u>(925)</u>

Under the Companies Act 1981 of Bermuda (“Companies Act”), share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and capital reserve if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the People’s Republic of China (the “PRC”), the Company’s PRC subsidiaries are required to maintain two statutory reserves, being an enterprise expansion fund and a statutory surplus reserve fund which are non-distributable. Appropriations to such reserves are made out of net profit after taxation reported in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by their respective boards of directors annually. The statutory surplus reserve fund can be used to make up their prior year losses, if any, and can be applied in conversion into capital by means of capitalization issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalization issue.

Notes:

1. GENERAL

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

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 2010.

2. CORRECTION FOR ACCOUNTING ERROR OF PRIOR YEARS

In prior years, the Group did not follow IFRS 2 Share-based Payment to account for share options granted to employees after 7 November 2002 and vested on or after 1 January 2005. The prior period errors are corrected by retrospective restatement to increase share options reserve and accumulated losses as at 1 January 2010 by RMB8,241,000 and to restate the result for the three months ended 31 March 2010 from loss for the period of RMB3,097,000 to loss for the period of RMB3,835,000 with the recognition of share-based payment expenses amounting to RMB738,000. The cost of sales, distribution and selling expenses, and administrative expenses for the three months ended 31 March 2010 are restated from RMB3,799,000, RMB595,000 and RMB2,338,000 to RMB4,028,000, RMB649,000 and RMB2,793,000 respectively. The basic and diluted loss per share for the three months ended 31 March 2010 of RMB0.47 cents are restated to the basic and diluted loss per share of RMB0.58 cents.

3. REVENUE

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

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	RMB'000	RMB'000
Sales of software	124	309
Sales of hardware	5	437
Maintenance income	2,540	2,821
	<u>2,669</u>	<u>3,567</u>

4. OTHER INCOME

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	RMB'000	RMB'000
Others	1,315	303
Interest income	14	6
	<u>1,329</u>	<u>309</u>

5. INCOME TAX EXPENSES

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	RMB'000	RMB'000
Business tax (Note a)	<u>-</u>	<u>120</u>

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the three months ended 31 March 2011 and 2010.

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits for the three months ended 31 March 2011 (three months ended 31 March 2010: 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. LOSS PER SHARE

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

	31 March 2011 RMB'000	31 March 2010 RMB'000
Loss		
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the Company)	(12,779)	(3,835)
Effect of dilutive warrant subscription rights:		
– Fair value gain on warrant subscription rights	<u>(10,568)</u>	<u>–</u>
Loss for the purpose of diluted loss per share	<u>(23,347)</u>	<u>(3,835)</u>
	31 March 2011 '000	31 March 2010 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	811,840	663,200
Effect of dilutive potential ordinary shares – Warrant subscription rights	<u>15,737</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>827,577</u>	<u>663,200</u>

7. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2011 (three months ended 31 March 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review and results of operations

For the three months ended 31 March 2011, the Group recorded a total revenue of approximately RMB2,669,000, representing a decrease of 25% as compared to the same period of last year (for the three months ended 31 March 2010: Revenue amounted to approximately RMB3,567,000).

The Group recorded a loss of approximately RMB12,779,000 for the first quarter of 2011, a significant loss as compared to the same period of last year (for the three months ended 31 March 2010: net loss was approximately RMB3,835,000). Decrease in turnover, increase in distribution and selling expenses, increase in administrative expenses and research and development costs are of the factors leading to the significant loss.

During the three months ended 31 March 2011, the Company recorded equity-settled share-based payment and fair value gain on derivative financial liability of approximately RMB16,623,000 (for the three months ended 31 March 2010: RMB738,000) and RMB10,568,000 (for the three months ended 31 March 2010: Nil) respectively.

We will continue trying our best to increase sales and strengthen our cost control. 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 will be further improved in the coming quarter.

BUSINESS REVIEW

“Mobile Payment” Business of Mobile E-commerce

Pursuant to a five-year strategic cooperation agreement entered into with China UnionPay Co., Ltd., the Group rapidly expanded the mobile payment market by founding the Yunnan, Hubei and Guizhou branches and commencing operation in the three provinces. The number of subscribers increased to nearly one hundred and twenty thousand and the turnover surged in the first quarter, showing that the business was well received by the market. Besides, the agreements for projects in Shanghai, Zhejiang, Jiangsu Shandong and Guangdong were almost finalized, and the Group expected the plan of setting up seven branches by the end of this year to be implemented earlier in the first half of this year.

Finance and Banking Business

The Group also entered into agreements with major clients including Gome Electrical Appliances Holdings Limited, Industrial and Commercial Bank of China Limited and ALL IN PAY during the quarter for our first and second generation RUNPOS products, particularly the POS-MIS V2.0 upgraded product and “Bank-Hospital Express”. These projects will not only generate considerable software-related revenue, but also attract nearly ten million VIP customers to become our mobile payment clients, accelerating the robust development of the Group’s third generation RUNPOS V3.0 product – mobile payment business. The consequential substantial growth in market share and sales volume will further expand the market base of our mobile payment business.

FUTURE OUTLOOK

In order to ensure the smooth implementation of the strategic “mobile payment” project, the Group continued to increase our investment in human resources, research and development, and market expansion, which resulted in a loss for the Group over the quarter. However, the Group believes that such intensive investment is necessary as it is of significant strategic meaning to our long-term development and formation of core competitiveness. Therefore, while strengthening the risk evaluation and control, the Group will continue to expand investment in human resources, research and development, and market expansion so as to realize the goals of this year.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 31 March 2011, 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:

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

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial interest	287,855,000 <i>(note 1)</i>	-	35.46%
Great Song Enterprises Limited	Corporate interest	287,855,000 <i>(notes 1 and 2)</i>	-	35.46%
Mr. Hung Yung Lai	Corporate interest	287,855,000 <i>(notes 2 and 4)</i>	-	35.46%
Ms. Li Kei Ling	Corporate interest	287,855,000 <i>(notes 2 and 3)</i>	-	35.46%
Mdm. Iu Pun	Family interest	287,855,000 <i>(note 5)</i>	-	35.46%
UBS AG	Interest of a controlled corporation	45,000,000 <i>(note 6)</i>	-	5.54%

(b) Share options

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

Notes:

- Goldcorp Industrial Limited is a limited liability company incorporated in the British Virgin Islands equally owned by Mr. Hung Yung Lai and Great Song Enterprises Limited which in turn is wholly owned by Ms. Li Kei Ling.
- The Shares were held by Goldcorp Industrial Limited.

3. Ms. Li Kei Ling controls more than one third of the voting power of Great Song Enterprises Limited which in turn holds more than one third of the voting power of Goldcorp Industrial Limited. Ms. Li Kei Ling is deemed, by virtue of the SFO, to be interested in the same 287,855,000 shares held by Goldcorp Industrial Limited.
4. Mr. Hung Yung Lai controls more than one third of the voting power of Goldcorp Industrial Limited. Mr. Hung Yung Lai is deemed, by virtue of the SFO, to be interested in the same 287,855,000 shares held by Goldcorp Industrial Limited.
5. These shares are beneficially owned by Goldcorp Industrial Limited as mentioned in Note 4 of above. Mr. Hung Yung Lai is deemed to be interested in the same 287,855,000 shares held by Goldcorp Industrial Limited. Mdm. Iu Pun is the wife of Mr. Hung Yung Lai and is deemed to be interested in these shares in which Mr. Hung Yung Lai is deemed or taken to be interested for the purpose of the SFO.
6. According to the disclosure of interests form submitted by UBS AG on 22 October 2010 (the date of relevant event being 20 October 2010), these shares were held through a subsidiary of UBS AG. The 45,000,000 shares (long position) were held in the capacity of having interest of a controlled corporation.

Save as disclosed above, as at 31 March 2011, 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 2011, 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	287,855,000 <i>(note 1)</i>	-	35.46%

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	-	35.46%

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 2011 composed of 2 ordinary shares. Goldcorp Industrial Limited held 287,855,000 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 and will soon come to its expiration. As a result, a new share option scheme which is approved on 28 February 2011, will take effect immediately after the expiry of the existing Scheme.

Pursuant to the ordinary resolution passed by the shareholders at the special general meeting of the Company held on 28 February 2011 (the “SGM”), the Scheme mandate limit was refreshed so that the Company was authorized to grant share options under the existing Scheme for subscription of up to a total of 81,184,000 shares, representing approximately 10% of the issued share capital of the Company as at the date of the SGM.

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 of 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 of 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.

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

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

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

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

The summary details of options granted are as follows:

Name of directors and employees	Exercise period	Number of share options outstanding as at	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
		1 January 2011					31 March 2011
Cui Jian	7 September 2002 to 7 April 2012	3,180,000	-	-	-	-	3,180,000
Continuous contract employees (other than directors)	9 April 2008 to 8 October 2017	27,320,000	-	-	-	-	27,320,000
Pao Ping Wing	19 July 2010 to 18 January 2020	600,000	-	-	-	-	600,000
Tam Kwok Hing	19 July 2010 to 18 January 2020	600,000	-	-	-	-	600,000
Lo King Man	19 July 2010 to 18 January 2020	600,000	-	-	-	-	600,000
Continuous contract employees (other than directors)	19 July 2010 to 18 January 2020	18,530,000	-	-	-	(150,000)	18,380,000
Continuous contract employees (other than directors)	16 February 2011 to 15 August 2020	8,990,000	-	-	-	-	8,990,000
Hung Yung Lai	28 February 2011 to 9 January 2021	-	65,000,000	-	-	-	65,000,000
Continuous contract employees (other than directors)	28 February 2011 to 12 January 2021	-	19,260,000	-	-	-	19,260,000
		<u>59,820,000</u>	<u>84,260,000</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>143,930,000</u>

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPETING INTERESTS

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

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. The Company has applied the principles and complied with the requirements set out in the Code on Corporate Governance Practices ("CG code") contained in Appendix 15 of the GEM listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the three months ended 31 March 2011 as set out in GEM Listing Rules 5.48 to 5.67. The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the securities transactions by Directors.

AUDIT COMMITTEE

The Company has established an audit committee on 27 August 2001 with terms of reference in compliance with the requirements as set out in 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 2011.

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

The Board comprises of:

Hung Yung Lai (*Executive Director*)

Cui Jian (*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 2011