



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)

**INTERIM REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2013**

* *For identification purposes only*

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 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”) (the “Directors”) 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 (the “Board”) of Sing Lee Software (Group) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013, together with the unaudited comparative figures for the corresponding periods in 2012, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Revenue	2	7,280	12,803	12,411	16,738
Cost of sales		(2,085)	(3,360)	(7,247)	(7,517)
Gross profit		5,195	9,443	5,164	9,221
Other (expenses) income	3	(112)	1,500	28	1,701
Other gains and losses		627	(114)	734	(11)
Distribution and selling expenses		(1,634)	(2,393)	(5,273)	(5,346)
Administrative expenses		(4,895)	(6,363)	(10,359)	(11,760)
Recovery of trade receivables previously impaired		758	472	1,947	1,592
Research and development costs		(3,034)	(879)	(3,697)	(1,798)
Finance costs		(237)	(609)	(459)	(1,170)
(Loss) profit before tax		(3,332)	1,057	(11,915)	(7,571)
Income tax expense	4	(20)	(21)	(20)	(21)
(Loss) profit and total comprehensive (expenses) income for the period		<u>(3,352)</u>	<u>1,036</u>	<u>(11,935)</u>	<u>(7,592)</u>
(Loss) earnings per share					
– Basic (RMB cents)	5	<u>(0.41)</u>	<u>0.13</u>	<u>(1.47)</u>	<u>(0.94)</u>
– Diluted (RMB cents)	5	<u>(0.41)</u>	<u>0.13</u>	<u>(1.47)</u>	<u>(0.94)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

		As at 30 June 2013 <i>RMB'000</i> (Unaudited)	As at 31 December 2012 <i>RMB'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		4,327	4,960
Intangible assets		—	—
		<u>4,327</u>	<u>4,960</u>
Current Assets			
Inventories		449	417
Trade and other receivables	7	22,048	17,947
Loan receivable		—	1,605
Held for trading investments		550	660
Bank balances and cash		7,009	19,147
		<u>30,056</u>	<u>39,776</u>
Current Liabilities			
Trade and other payables	8	13,137	8,936
Amounts due to directors		538	632
Amount due to a shareholder		11	11
Borrowings	9	2,281	2,405
		<u>15,967</u>	<u>11,984</u>
Net Current Assets		<u>14,089</u>	<u>27,792</u>
Total Assets less current liabilities		18,416	32,752
Non-current Liabilities			
Borrowings	9	28,057	32,018
Net (Liabilities) Assets		<u>(9,641)</u>	<u>734</u>
Capital and reserves			
Share capital		8,132	8,132
Reserves		<u>(17,773)</u>	<u>(7,398)</u>
Total equity		<u>(9,641)</u>	<u>734</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share Capital (Unaudited) <i>RMB'000</i>	Share premium (Unaudited) <i>RMB'000</i>	Statutory 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>
At 1 January 2013	8,132	151,770	3,613	5,217	38,882	(206,880)	734
Loss and total comprehensive expenses for the period	-	-	-	-	-	(11,935)	(11,935)
Recognition of equity-settled share based payments	-	-	-	-	1,560	-	1,560
	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>40,442</u>	<u>(218,815)</u>	<u>(9,641)</u>
At 30 June 2013	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>38,286</u>	<u>(203,138)</u>	<u>3,880</u>
At 1 January 2012	8,132	151,770	3,613	5,217	37,110	(195,546)	10,296
Loss and total comprehensive expenses for the period	-	-	-	-	-	(7,592)	(7,592)
Recognition of equity-settled share based payments	-	-	-	-	1,176	-	1,176
	<u>8,132</u>	<u>151,770</u>	<u>3,613</u>	<u>5,217</u>	<u>38,286</u>	<u>(203,138)</u>	<u>3,880</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 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2013

	Six months ended	
	30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(9,208)	(17,471)
Net cash generated from (used in)		
investing activities	1,708	(108)
Net cash used in financing activities	(4,638)	(1,368)
Net decrease in cash and cash equivalents	(12,138)	(18,947)
Cash and cash equivalents at beginning of the period	19,147	22,085
Cash and cash equivalents at the end of the period represented by:		
Bank balances and cash	7,009	3,138

Notes:

1. GENERAL

The unaudited consolidated 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 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 interim financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Group.

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 unaudited consolidated interim 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 2012.

2. REVENUE AND SEGMENT INFORMATION

The Group’s operations are organized based on the different types of products sold and service provided. Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is also focused on types of goods or services delivered or provided.

2. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

For the six months ended 30 June 2013

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of software- related technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External sales and total revenue – segment revenue	<u>1,057</u>	<u>239</u>	<u>11,115</u>	<u>12,411</u>
SEGMENT RESULTS	<u>(980)</u>	<u>(221)</u>	<u>(10,294)</u>	(11,495)
Unallocated other income				28
Unallocated other gains and losses				734
Unallocated corporate expenses				(723)
Finance costs				<u>(459)</u>
Loss before tax				<u>(11,915)</u>

2. REVENUE AND SEGMENT INFORMATION (Cont'd)

For the six months ended 30 June 2012

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of software- related technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
External sales and total revenue – segment revenue	<u>718</u>	<u>694</u>	<u>15,326</u>	<u>16,738</u>
SEGMENT RESULTS	<u>(297)</u>	<u>(288)</u>	<u>(6,351)</u>	(6,936)
Unallocated other income				1,701
Unallocated other gains and losses				(11)
Unallocated corporate expenses				(1,155)
Finance costs				<u>(1,170)</u>
Loss before tax				<u>(7,571)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of Directors' remuneration, finance costs, unallocated other income and other gains and losses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. No segment information on assets and liabilities is presented as such information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

2. REVENUE AND SEGMENT INFORMATION (Cont'd)

Other Segment information

For the six months ended 30 June 2013

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of software- related technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	55	12	572	639
Recovery of trade receivables previously impaired	(166)	(38)	(1,743)	(1,947)
Share-based payment expenses (excluding Directors)	116	26	1,217	1,359

For the six months ended 30 June 2012

	Sale of software products <i>RMB'000</i> (Unaudited)	Sale of related hardware products <i>RMB'000</i> (Unaudited)	Provision of software- related technical support services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	7	7	148	162
Recovery of trade receivables previously impaired	68	66	1,458	1,592
Share-based payment expenses (excluding Directors)	36	35	769	840

2. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue from major products and services:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Software products		
POS-MIS V2.0	954	671
Sing Lee payment management system 1.0	103	47
	<u>1,057</u>	<u>718</u>
Hardware products		
Vefifone5150 + PP1000	-	329
Nurit8010	19	-
SP30	29	-
Nurit8400	10	-
VX675	26	-
Others	155	365
	<u>239</u>	<u>694</u>
Provision of software-related technical support services		
Development	2,449	11,329
Maintenance	8,666	3,997
	<u>11,115</u>	<u>15,326</u>
	<u>12,411</u>	<u>16,738</u>

Geographical information

The Group's revenue from external customers is all from customers located in PRC.

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

3. OTHER (EXPENSES) INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reverse of impairment loss recognised on inventories	-	1,086	-	1,086
Interest income	2	2	6	15
Others	(114)	412	22	600
	<u>(112)</u>	<u>1,500</u>	<u>28</u>	<u>1,701</u>

4. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC enterprise income tax ("EIT")	<u>20</u>	<u>21</u>	<u>20</u>	<u>21</u>

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, PRC, with applicable tax rate of 25%. In 2010, Singlee Technology is a High and New Technology Enterprise defined by Zhejiang Finance Bureau, Administrator of Local Taxation of Zhejiang municipality and Zhejiang Municipal office of the State Administration of Taxation and therefore is entitled to 15% preferential tax rate from PRC EIT for three years starting from 2010 to 2012. Application of the 15% preferential tax rate from PRC EIT for a new three years period starting from 2013 is now under processing by the Group.

According to the New PRC EIT law, the applicable tax rate of Hangzhou Singlee Software Company Limited, Singlee Software (Zhuhai) Company Limited, Beijing Singlee Yin Tong Information Technology Co., Ltd and Xin Yintong Technology Co., Ltd is 25% for the six months ended 30 June 2013 and 2012.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the six months ended 30 June 2013 and 2012.

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

5. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company are based on the following data:

Three months ended		Six months ended	
30 June		30 June	
2013	2012	2013	2012
RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

(Loss) profit for the period attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share

<u>(3,352)</u>	<u>1,036</u>	<u>(11,935)</u>	<u>(7,592)</u>
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Three months ended		Six months ended	
30 June		30 June	
2013	2012	2013	2012
'000	'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share

<u>811,840</u>	<u>811,840</u>	<u>811,840</u>	<u>811,840</u>
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6. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

7. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Trade receivables	17,307	13,714
Other receivables	4,741	4,233
	<u>22,048</u>	<u>17,947</u>

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
0 – 120 days	8,277	8,114
121 – 180 days	50	4,685
181 – 365 days	8,930	915
Over 365 days	50	–
	<u>17,307</u>	<u>13,714</u>

Customers are generally granted with credit period ranging from 120 – 180 days. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon customer's request.

8. TRADE AND OTHER PAYABLES

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Trade payables	4,433	4,556
Deposits received from customers	41	41
Payroll payables	1,137	1,425
Other payables	7,526	2,914
	<u>13,137</u>	<u>8,936</u>

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Within 90 days	1,985	1,172
91 – 180 days	647	854
181 – 365 days	371	489
366 – 730 days	804	538
Over 731 days	626	1,503
	<u>4,433</u>	<u>4,556</u>

9. BORROWINGS

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Loan from a Director (<i>Note a</i>)	<u>30,338</u>	<u>34,423</u>

The secured borrowings are repayable as follows:

	As at 30 June 2013 '000 (Unaudited)	As at 31 December 2012 '000 (Audited)
Within one year	2,281	2,405
Between one and two years	1,243	1,353
Between two and five years	3,977	4,333
More than five years	<u>22,837</u>	<u>26,332</u>
	30,338	34,423
<i>Less:</i> Amount due within one year shown under current liabilities	<u>(2,281)</u>	<u>(2,405)</u>
Amount due after one year	<u>28,057</u>	<u>32,018</u>

Notes:

- (a) As at 30 June 2013, loans with the aggregate carrying amount of approximately RMB27,537,000 carried fixed interest at 3.25% per annum and repayable in equal month installments to July 2031, loan amount of approximately RMB1,724,000 carried fixed interest at 3.25% per annum and repayable in equal month installments to December 2032, loan amount of RMB963,000 is interest-free and repayable in July 2013, and loan amount of RMB114,000 is interest-free and repayable in January 2014.

As at 30 June 2013, all the borrowings were denominated in HK\$.

10. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the period:

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Rentals paid to Sing Lee Pharmaceutical Import & Export Co. Limited for lease of office premises	<u>251</u>	<u>511</u>

Sing Lee Pharmaceutical Import & Export Co. Limited is a limited company incorporated in Hong Kong, of which Mr. Hung Yung Lai has 50% equity interest with joint control in this entity.

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 2013, the Group recorded a total revenue of approximately RMB12,411,000, an decrease of 26% as compared to the same period of last year (For the six months ended 30 June 2012: approximately RMB16,738,000).

The Group recorded a loss of approximately RMB11,935,000 for the first two quarters of 2013, an increase in loss as compared to the same period of last year (for the six months ended 30 June 2012: net loss of approximately RMB7,592,000). Decrease in turnover and increase in equity-settled share-based payment are of the factors leading to the increase in loss.

During the six months ended 30 June 2013, the Company recorded equity-settled share-based payment of approximately RMB1,560,000 (For the six months ended 30 June 2012: RMB1,176,000).

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 would be further improved in the coming quarter.

BUSINESS REVIEW

The Group's "Bank-Hospital Express" business

Research and development (R&D) for the commercialization of the hospital- and bank-terminals of the Group's second-generation RUNPOS, "Bank-Hospital Express", has been substantially completed and it is expected that the new product would be ready to launch in the second half of this year, by which we may diversify into new market segments with new source of revenue, while our cost may also be significantly reduced in future. The Group adhered to the strategic development blueprint drawn up by the Board, applying business tactics that joining the forces of both off- and on-line operations. According to our projection, the "Bank-Hospital Express" would first build up an extensive offline customer base (personal information provided). When a certain target business scale and customer base are achieved, focus will then be switched to the Group's one-stop combined platform for both on- and off-line operations.

FUTURE PROSPECTS

During this quarter, the Group was able to start slashing our costs in aspects of human resources, R&D, technological innovation, and sales and marketing, while our market share had kept increasing, which speaks volume for the precision of the Group's strategy to seamlessly integrate the on-line and off-line payments. In this regard, we will continue to strengthen our performances in human resources, R&D and technological innovation on the basis of strict assessment and enhanced risk control, to ensure that the Group could meet its target for this year.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING RATIO

As at 30 June 2013, the Group's loan from a shareholder amounted to approximately RMB30,338,000 (31 December 2012: RMB34,423,000), which bear interest at 3.14% per annum in average.

No interest was capitalized by the Group during the period under review (31 December 2012: Nil).

As at 30 June 2013, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB7,009,000 (31 December 2012: RMB19,147,000).

The gearing ratio of the Group, based on total liabilities over total assets, as at 30 June 2013, was approximately 128% (31 December 2012: 98%).

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.

EMPLOYEE INFORMATION

As at 30 June 2013, the Group had 244 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 RMB11,780,000 (30 June 2012: approximately RMB12,078,000).

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 2013, 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".

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in RMB. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any material contingent liabilities (31 December 2012: 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to any directors or chief executives of the Company, as at 30 June 2013, 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, 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 follow:

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

Name of shareholders	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial owner	287,855,000 <i>(note 1)</i>	–	35.46%
Great Song Enterprises Limited	Beneficial owner	287,855,000 <i>(note 1)</i>	–	35.46%
Mr. Hung Yung Lai	Corporate interest	287,855,000 <i>(notes 2 and 4)</i>	–	35.46%
	Beneficial owner	16,025,000	–	1.97%
Ms. Li Kei Ling	Corporate interest	287,855,000 <i>(notes 2 and 3)</i>	–	35.46%
Mdm. Iu Pun	Family interest	368,880,000 <i>(note 5)</i>	–	45.44%
UBS AG	Interest of a controlled corporation	45,000,000 <i>(note 6)</i>	–	5.54%

(b) Share options

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

Notes:

1. 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.
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 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. She is also deemed to be interested in the 65,000,000 share options and the 16,025,000 shares beneficially owned by Mr. Hung Yung Lai for the purpose of 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 30 June 2013, 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 2013, 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 5.67 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%
	Beneficial owner	16,025,000	-	1.97%

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	Beneficial owner	1	-	50%

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 2013 composed of 2 ordinary shares.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted on 27 August 2001 for the primary purpose of providing incentives to directors and eligible employees, and has been expired on 27 August 2011. Under the Scheme, the Board may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme would be valid and effective for a period of ten years commencing on the adoption date and have come to its expiration. All other respects of the provisions of the Scheme shall remain in full force and holders of all options granted under the Scheme prior to such expiry shall be entitled to exercise the outstanding options pursuant to the terms of the Scheme until expiry of the said options. As a result, a new share option scheme which was approved on 28 February 2011 (the "New Scheme"), take effect immediately after the expiry of the existing Scheme. The principal terms of the New Scheme are similar with the 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 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 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.

On 24 June 2013, the Company granted 59,780,000 share options to subscribe for shares in the Company under the Share Option Scheme at an exercise price of HK\$0.1122 per share to a Director and its employees of the Group. Shares of the Company were at closing price of HK\$0.101 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 2013	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 2013
Qiu Lei (<i>Note 1</i>)	9 April 2008 to 8 October 2017	6,000,000	-	-	-	(6,000,000)	-
Continuous contract employees (other than directors)	9 April 2008 to 8 October 2017	20,720,000	-	-	-	-	20,720,000
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
Hung Ying	19 July 2010 to 18 January 2020	2,500,000	-	-	-	(2,500,000)	-
Qiu Lei (<i>Note 1</i>)	19 July 2010 to 18 January 2020	500,000	-	-	-	(500,000)	-
Continuous contract employees (other than directors)	19 July 2010 to 18 January 2020	12,980,000	-	-	-	-	12,980,000
Hung Ying	16 February 2011 to 15 August 2020	1,550,000	-	-	-	(1,550,000)	-
Qiu Lei (<i>Note 1</i>)	16 February 2011 to 15 August 2020	310,000	-	-	-	(310,000)	-
Continuous contract employees (other than directors)	16 February 2011 to 15 August 2020	6,140,000	-	-	-	(990,000)	5,150,000
Hung Yung Lai	28 February 2011 to 9 January 2021	65,000,000	-	-	-	-	65,000,000
Qiu Lei (<i>Note 1</i>)	28 February 2011 to 12 January 2021	590,000	-	-	-	(590,000)	-
Continuous contract employees (other than directors)	28 February 2011 to 12 January 2021	17,460,000	-	-	-	(2,560,000)	14,900,000
Hung Ying	24 June 2013 to 23 June 2023	-	8,080,000	-	-	-	8,080,000
Continuous contract employees (other than directors)	24 June 2013 to 23 June 2023	-	51,700,000	-	-	-	51,700,000
		<u>135,550,000</u>	<u>59,780,000</u>	<u>-</u>	<u>-</u>	<u>(15,000,000)</u>	<u>180,330,000</u>

Note:

1. Mr. Qiu Lei resigned as an Executive Director of the Company with effect from 31 December 2012.

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.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict or interests with the Group during the six months ended 30 June 2013.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the six months ended 30 June 2013 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.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the six months ended 30 June 2013.

REMUNERATION COMMITTEE

The Company established a remuneration committee in November 2005. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The chairman of the remuneration committee is Mr. Pao Ping Wing and other members include Mr. Hung Yung Lai, Mr. Tam Kwok Hing and Mr. Lo King Man.

NOMINATION COMMITTEE

The Company established a nomination committee in March 2012. The principal duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession. The chairman of the nomination committee is Mr. Hung Yung Lai and other members include Mr. Pao Ping Wing, Mr. Tam Kwok Hing and Mr. Lo King Man.

AUDIT COMMITTEE

The Company established an audit committee on 27 August 2001 with written terms of reference in compliance with 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 system of the Group. The chairman of the audit committee is Mr. Pao Ping Wing and other members include Mr. Tam Kwok Hing and Mr. Lo King Man, all of them are independent non-executive directors.

The Group's unaudited results for the six months ended 30 June 2013 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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*)

Hung Ying (*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 2013