



## **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 RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2008**

#### **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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.*

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

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 2008, together with the unaudited comparative figures for the corresponding periods in 2007, as follows:

## UNAUDITED CONSOLIDATED INCOME STATEMENT

		<b>Three months ended</b>	
		<b>31 March</b>	
	<i>Note</i>	<b>2008</b>	2007
		<b>Rmb’000</b>	<i>Rmb’000</i>
Turnover	2	<b>860</b>	4,596
Cost of sales		<b>(1,629)</b>	(2,020)
Gross (loss)/profit		<b>(769)</b>	2,576
Distribution costs		<b>(760)</b>	(1,057)
General and administrative expenses		<b>(1,434)</b>	(1,540)
Other operating income	3	<b>484</b>	9
Loss from operations		<b>(2,479)</b>	(12)
Finance costs		<b>(218)</b>	(384)
Loss before taxation		<b>(2,697)</b>	(396)
Taxation	4	<b>(26)</b>	(131)
Loss after taxation		<b>(2,723)</b>	(527)
Loss for the period attributable to equity holders of the Company		<b>(2,723)</b>	(527)
Loss per share			
– Basic	5	<b>Rmb(0.42) cents</b>	Rmb(0.09) cents

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital (unaudited) <i>Rmb'000</i>	Share premium (unaudited) <i>Rmb'000</i>	Statutory surplus reserve (unaudited) <i>Rmb'000</i>	Exchange reserve (unaudited) <i>Rmb'000</i>	Accumulated losses (unaudited) <i>Rmb'000</i>	Total (unaudited) <i>Rmb'000</i>
As at 1 January 2008	6,271	58,148	3,613	3,144	(83,220)	(12,044)
Exchange realignment	–	–	–	473	–	473
Shares issued	555	14,503	–	–	–	15,058
Loss for the period	–	–	–	–	(2,723)	(2,723)
As at 31 March 2008	<u>6,826</u>	<u>72,651</u>	<u>3,613</u>	<u>3,617</u>	<u>(85,943)</u>	<u>764</u>
As at 1 January 2007	6,271	58,148	3,613	1,830	(84,415)	(14,553)
Loss for the period	–	–	–	–	(527)	(527)
As at 31 March 2007	<u>6,271</u>	<u>58,148</u>	<u>3,613</u>	<u>1,830</u>	<u>(84,942)</u>	<u>(15,080)</u>

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 1. Basis of preparation and principal accounting policies

The results have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM.

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

All significant intra-group transactions and balances have been eliminated on consolidation.

The principal accounting policies and methods of computation adopted for the preparation of the financial statements are the same and consistent with those adopted by the Group in its audited annual financial statements for the year ended 31 December 2007.

## 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>2008</b>	<b>2007</b>
	<b>Rmb’000</b>	<b>Rmb’000</b>
Sales of software	<b>576</b>	3,644
Sales of hardware	<b>234</b>	721
Maintenance income	<b>50</b>	231
	<hr/>	<hr/>
	<b>860</b>	4,596
	<hr/> <hr/>	<hr/> <hr/>

### 3. Other operating income

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
Others	<b>465</b>	–
Interest income	<b>19</b>	9
	<hr/>	<hr/>
	<b>484</b>	<b>9</b>
	<hr/> <hr/>	<hr/> <hr/>

### 4. Taxation

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
Business tax ( <i>Note a</i> )	<b>26</b>	131
	<hr/>	<hr/>

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 2008 (three months ended 31 March 2007: Nil).

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits for the three months ended 31 March 2008 (three months ended 31 March 2007: 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 per share**

The calculation of the Group's basic loss per share for the three months ended 31 March 2008 is based on the Group's unaudited loss attributable to shareholders of approximately RMB2,723,000 (three months ended 31 March 2007: loss of approximately Rmb527,000) divided by the weighted average number of ordinary shares outstanding for three months ended 31 March 2008 of 645,338,462 shares (three months ended 31 March 2007: 603,000,000 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 2008 and three months ended 31 March 2007.

## **6. Dividend**

The Board does not recommend the payment of dividend for the three months ended 31 March 2008 (three months ended 31 March 2007: Nil).

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **FINANCIAL REVIEW AND RESULTS OF OPERATIONS**

For the three months ended 31 March 2008, the Group recorded a total turnover of approximately Rmb860,000, representing a decrease of 81% as compared to the same period of last year (for the three months ended 31 March 2007: Turnover amounted to approximately Rmb4,596,000). For the loss attributable to shareholders amounted to approximately Rmb2,723,000, representing an increase of 417% as compared to the same period of last year (for the three months ended 31 March 2007: Loss attributable to shareholders amounted to approximately Rmb527,000).

Business seasonal fluctuation is the main reasons for the low turnover in first quarter. 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. As a result, this year's first quarter turnover is worse than that of the same period of last year. The dramatic drop of turnover also lead to relatively huge loss for the first quarter.

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

## **BUSINESS REVIEW**

### **Banking Business**

Given the banks will commence a large-scale procurement of POS terminals during the second quarter, the sales of POS terminals was not able to generate more revenue to the Group in this quarter.

The promotion of the upgraded versions of the POS-MIS system has begun in several provinces and cities, so as to further increase the market share.

The first and second phase of the projects of the OPICS, which was signed into contract last year, is still being processed this quarter. The Group has also started to contact other potential customers.

### **Education Business**

The projects involving the collaboration between Zhejiang University and the Group were completed in phase during the quarter. Acceptance check can be conducted on some of the projects in the coming quarter.

The Group has joined hands with the banks to market the Bank-College Express products, which currently accounts for one-third of the total market share in Zhejiang Province, to universities and colleges. The Group is negotiating with several universities and colleges. It is expected that some of the universities and colleges will sign the contracts within the second quarter, which will generate revenue to the Group.

## **FUTURE OUTLOOK**

The Group will continue to enhance the research and development efforts put on the POS-MIS System, so as to keep optimizing the various functions of the system, and to provide application for different industries.

The OPICS project brought stable income for the Group. The Group will strengthen the cooperation with our partners in order to further expand the market share.

The Group will strengthen the sales of the Bank-College Express products in the market and will enhance the sales and marketing efforts in the market within Zhejiang province, while explore the market outside the province via various channels.

Apart from the existing projects which are still in progress in collaboration with Zhejiang University, the Group will actively participate in the soon-to-be launched new projects of the university.

The Group is devoted to the development of its existing projects and products. To ensure the achievement of our annual target, the Group is determined to strictly implement the control policy and strength the sales and marketing efforts.

## **SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES**

As at 31 March 2008, 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:

<b>Name of shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares held</b>		<b>Percentage of shareholding</b>
		<b>Long position</b>	<b>Short position</b>	
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 2008, 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 2008, 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:**

<b>Name of directors</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares held</b>		<b>Percentage of shareholding</b>
		<b>Long position</b>	<b>Short position</b>	
Mr. Hung Yung Lai	Corporate interest	337,855,000 <i>(note 1)</i>	–	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 2008 composed of 2 ordinary shares. Goldcorp Industrial Limited held 337,855,000 Shares in the Company.

## SHARE OPTION SCHEME

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

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

The total number of shares issued and to be issued upon the exercise of options granted and to be granted to each Participant (including both exercised and outstanding options) in any 12 months period up to the date of grant must not exceed 1% of the shares in issue at the date of grant.

The subscription shall be a price determined by the board of directors at its absolute discretion and shall not be less than the higher of the closing price of the share on the date of grant of the option and the average closing price of the shares for the five business days immediately preceding the date of grant of the option.

Options granted shall be deemed to be accepted upon receipt of the acceptance of offer letter from the grantee within 28 days from the offer date, together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant.

An option may be exercised in accordance with the terms of the Scheme at any time during a period notified by the board to each grantee but may not be exercised after the expiry of 10 years from the date of grant.

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

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

On 9 October 2007 the Company granted 47,550,000 options to subscribe for shares in the Company under the Scheme at an exercise price of HK\$0.368 per share to its employees of the Group. Shares of the Company were at closing price of HK\$0.36 immediately before the day on which options were granted.

The summary details of options granted are as follows:

Name of directors and employees	Exercise period	Number of share options outstanding as at 1 January 2008	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options outstanding as at 31 March 2008
Cui Jian	7 September 2002 to 7 April 2012	3,180,000	-	-	-	-	3,180,000
Continuous contract employees (other than directors)	7 September 2002 to 7 April 2012	1,020,000	-	-	-	(360,000)	660,000
Chan Kam Fai (Chief Executive Officer)	8 April 2008 to 8 October 2017	6,000,000	-	-	-	-	6,000,000
Continuous contract employees (other than directors)	8 April 2008 to 8 October 2017	41,550,000	-	-	-	-	41,550,000
		51,750,000	-	-	-	(360,000)	51,390,000

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 2008, 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 2008.

## 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 2008 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 2008, 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 2008.

By Order of the Board

**Hung Yung Lai**

*Chairman*

The Board comprises of:

Hung Yung Lai (*Executive Director*)

Cui Jian (*Executive Director*)

Xu Shu Yi (*Executive Director*)

Pao Ping Wing (*Independent Non-Executive Director*)

Tam Kwok Hing (*Independent Non-Executive Director*)

Lo King Man (*Independent Non-Executive Director*)

Hong Kong, 13 May 2008

*This announcement will remain on the “Latest Company Announcements” page on the GEM website for at least 7 days from the date of its publication.*

\* *For identification purposes only*