



SING LEE SOFTWARE (GROUP) LIMITED

新利軟件(集團)股份有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8076)

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2007

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

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 2007, together with the unaudited comparative figures for the corresponding periods in 2006, as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Three months ended 31 March	
		2007 <i>Rmb'000</i>	2006 <i>Rmb'000</i>
Turnover	2	4,596	4,731
Cost of sales		(2,020)	(3,255)
Gross profit		<u>2,576</u>	<u>1,476</u>
Distribution costs		(1,057)	(780)
General and administrative expenses		(1,540)	(2,600)
Other operating income	3	9	276
Loss from operations		<u>(12)</u>	<u>(1,628)</u>
Finance costs		(384)	(247)
Loss before taxation		<u>(396)</u>	<u>(1,875)</u>
Taxation	4	(131)	(146)
Loss after taxation		<u>(527)</u>	<u>(2,021)</u>
Loss for the period attributable to equity holders of the Company		<u>(527)</u>	<u>(2,021)</u>
Loss per share			
- Basic	5	<u>Rmb(0.09) cents</u>	<u>Rmb(0.34) cents</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share Capital (unaudited)	Share premium (unaudited)	Statutory surplus reserve (unaudited)	Exchange reserve (unaudited)	Accumulated losses (unaudited)	Total (unaudited)
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
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>
As at 1 January 2006	6,271	58,148	3,613	1,531	(68,264)	1,299
Loss for the period	—	—	—	—	(2,021)	(2,021)
As at 31 March 2006	<u>6,271</u>	<u>58,148</u>	<u>3,613</u>	<u>1,531</u>	<u>(70,285)</u>	<u>(722)</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 2006.

2. Turnover

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

	(Unaudited)	
	Three months ended	
	31 March	
	2007	2006
	Rmb’000	Rmb’000
Sales of software	3,644	4,386
Sales of hardware	721	234
Maintenance income	231	111
	<u>4,596</u>	<u>4,731</u>

3. Other operating income

	(Unaudited)	
	Three months ended	
	31 March	
	2007	2006
	Rmb’000	Rmb’000
Others	—	273
Interest income	9	3
	<u>9</u>	<u>276</u>

4. Taxation

	(Unaudited)	
	Three months ended	
	31 March	
	2007	2006
	Rmb'000	Rmb'000
Business tax <i>(Note a)</i>	<u>131</u>	<u>146</u>

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 2007 (three months ended 31 March 2006: Nil).

PRC enterprise income tax has not been provided as the Group had no estimated assessable profits for the three months ended 31 March 2007 (three months ended 31 March 2006: 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 2007 is based on the Group's unaudited loss attributable to shareholders of approximately RMB527,000 (three months ended 31 March 2006: loss of approximately Rmb2,021,000) divided by the weighted average number of ordinary shares outstanding for three months ended 31 March 2007 of 603,000,000 shares (three months ended 31 March 2006: 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 2007 and three months ended 31 March 2006.

6. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2007 (three months ended 31 March 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

Financial performance of the Group has some improvement for the first quarter. For the three months ended 31 March 2007, the Group recorded a total turnover of approximately Rmb4,596,000, representing a decrease of 3% as compared to the same period of last year (for the three months ended 31 March 2006: Turnover amounted to approximately Rmb4,731,000).

Although the Group still recorded a loss of approximately Rmb527,000 for the first quarter, the loss has reduced significantly as compared to the same period of last year (for the three months ended 31 March 2006: loss attributable to shareholders amounted to approximately Rmb2,021,000). This loss decrease can be attributable to the successful cost control over the past months.

We will continue trying our best to increase sales and strengthen our cost control. Due to business seasonal fluctuation and the fact that peak season of software purchase normally takes place in the second half of the year, it is expected that the results for the coming months will be further improved.

BUSINESS REVIEW

Banking Business

The large-scale procurement of the POS terminal by banks will commence in the second quarter, which has not generated much sales revenue for the Group in the first quarter.

The sales of the upgraded versions of the POS-MIS system have been excellent since their launch. This has driven the sales of hardware as well as software revenue, with a considerable increase in the market share.

The implementation and maintenance of the “Asset Liability Management System” and the “Capital Trading System” projects and the extension of the software licences have generated stable incomes for the Group.

The Group is proceeding with comprehensive marketing of the EagleEye information platform protection system in various branches of banks and has joined hands with cooperation partners to negotiate with head offices of large commercial banks about solutions and participate in bidding.

Securities Business

A new maintenance contract was successfully entered into with Shenyin & Wanguo Securities, generating stable revenue for the group company.

Education Business

The Group has reached an intent with banks in respect of the Bank-college Express Charging Administration System and will start marketing the system to universities and colleges in Zhejiang.

FUTURE OUTLOOK

Banks will soon start bidding for the procurement of the POS terminal and the POS-MIS system. The Group will actively participate in the bidding. As for the EagleEye monitoring product, the Group will join hands with international cooperation partners to proceed with comprehensive marketing in the high-end, medium-end and low-end markets. For the “Asset Liability Management System” and the “Capital Trading System” projects, the Group will negotiate with customers about the commencement and upgrade of the second phase of the projects.

Following the development direction of the two major projects and the two major products, the Group has started planning and determining the overall objectives since the end of the last year. Meanwhile, it has revised its monitoring policy to further reduce costs and strengthen sales efforts. This has been implemented and executed in the first quarter with good results. It is anticipated that the Group will start to achieve results in the second quarter, thereby ensuring the achievement of its objectives for the whole year.

SUBSTANTIAL SHAREHOLDERS’ INTEREST IN SECURITIES

As at 31 March 2007, shareholders (other than directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly, or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding
		Long position	Short position	
Goldcorp Industrial Limited	Beneficial interest	306,000,000 <i>(note 1)</i>	—	50.7%
Great Song Enterprises Limited	Corporate interest	306,000,000 <i>(notes 1 and 2)</i>	—	50.7%
Mr. Hung Yung Lai	Corporate interest	306,000,000 <i>(notes 2 and 4)</i>	—	50.7%
Ms. Li Kei Ling	Corporate interest	306,000,000 <i>(notes 2 and 3)</i>	—	50.7%
Mdm. Iu Pun	Family interest	306,000,000 <i>(note 5)</i>	—	50.7%

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 306,000,000 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 306,000,000 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 306,000,000 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 2007, 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 2007, 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	306,000,000 <i>(note 1)</i>	—	50.7%

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	—	50.7%

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 2007 composed of 2 ordinary shares. Goldcorp Industrial Limited held 306,000,000 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 60,300,000 shares which represents 10% of the issued share capital of the Company at the date of this report.

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

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

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

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

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

On 1 June 2004 the Company granted 10,000,000 options to subscribe for shares in the Company under the scheme at an exercise price of HK\$0.14 per share to 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.

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 2007	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 2007
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	3,790,000	–	–	(120,000)	–	3,670,000
		<u>6,970,000</u>	<u>–</u>	<u>–</u>	<u>(120,000)</u>	<u>–</u>	<u>6,850,000</u>

The directors consider it inappropriate to value the options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the options based on various speculative assumptions would be meaningless and misleading. Therefore the directors believe that the cost for disclosing the value of options do not justify for the benefits it provides.

Save as disclosed above, as at 31 March 2007, 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 2007.

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 2007 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 2007, the Company has complied with the GEM Listing Rules 5.48 to 5.67 (where applicable) concerning the securities transactions by Director. The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the securities transactions by Directors.

AUDIT COMMITTEE

The Company has established an audit committee on 27 August 2001 with written terms of reference in compliance with the requirements of Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group and to provide advice and comments to the Board. The members of the Group's audit committee are as follows:

Name	Position in the audit committee	Position in the Board of Directors
Mr. Pao Ping Wing	Chairman	Independent Non-Executive Director
Mr. Tam Kwok 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 2007.

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, 18 May 2007

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*