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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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.

* *For identification purpose only*

RESULTS

The board of Directors ("Board") of Sing Lee Software (Group) Limited (the "Company") is pleased to announce the audited combined results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with the comparative figures for the corresponding periods in 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

(Expressed in Renminbi)

	Note	**2009** *RMB'000*	2008 *RMB'000*
Continuing operations			
Revenue	*5*	**41,417**	18,214
Cost of sales		**(31,049)**	(12,378)
Gross profit		**10,368**	5,836
Other operating income	*6*	**2,130**	1,182
Distribution costs		**(1,943)**	(2,948)
Administrative expenses		**(8,729)**	(7,495)
Finance costs	*7*	**(524)**	(815)
Profit/(loss) before taxation	*8*	**1,302**	(4,240)
Taxation	*9*	**–**	–
Profit/(loss) for the year from continuing operations		**1,302**	(4,240)
Discontinued operations		**–**	–
Profit/(loss) for the year		**1,302**	(4,240)
Other comprehensive income			
Exchange differences on translating foreign operations		**1,416**	657
Other comprehensive income for the year, net of tax		**1,416**	657
Total comprehensive income/(loss) for the year		**2,718**	(3,583)
		RMB	*RMB*
Earnings/(loss) per share	*10*		
From continuing operations			
Basic (cents per share)		**0.20**	(0.65)
Diluted (cents per share)		**N/A**	N/A

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

(Expressed in Renminbi)

		The Group		The Company	
		2009	2008	**2009**	2008
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Non-current assets					
Property, plant and equipment		**458**	750	**13**	2
Intangible assets		**4,886**	7,504	**–**	–
Investments in subsidiaries		**–**	–	**–**	–
		5,344	8,254	**13**	2
Current assets					
Inventories		**4,922**	5,314	**4,872**	5,123
Trade and other receivables	*11*	**21,103**	8,991	**8,398**	8,438
Cash and cash equivalents		**5,063**	2,821	**269**	181
		31,088	17,126	**13,539**	13,742
Current liabilities					
Loans and other borrowings		**18,551**	16,805	**18,551**	16,805
Trade and other payables	*12*	**15,490**	8,723	**1,051**	8,002
Deferred income		**241**	420	**–**	–
		(34,282)	(25,948)	**(19,602)**	(24,807)
Net current liabilities		**(3,194)**	(8,822)	**(6,063)**	(11,065)
Net assets/(liabilities)		**2,150**	(568)	**(6,050)**	(11,063)
Capital and reserves					
Share capital		**6,827**	6,827	**6,827**	6,827
Reserves	*13*	**(4,677)**	(7,395)	**(12,877)**	(17,890)
Capital surplus/(deficiency)		**2,150**	(568)	**(6,050)**	(11,063)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009
(Expressed in Renminbi)

	Attributable to equity holders of the Company					
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2008	6,271	58,148	3,613	3,144	(83,220)	(12,044)
Loss for the year	–	–	–	–	(4,240)	(4,240)
Other comprehensive income for the year, net of tax	–	–	–	657	–	657
Total comprehensive loss for the year	–	–	–	657	(4,240)	(3,583)
Issue of ordinary shares during the year	556	14,503	–	–	–	15,059
At 31 December 2008 and 1 January 2009	6,827	72,651	3,613	3,801	(87,460)	(568)
Profit for the year	–	–	–	–	1,302	1,302
Other comprehensive income for the year, net of tax	–	–	–	1,416	–	1,416
Total comprehensive income for the year	–	–	–	1,416	1,302	2,718
At 31 December 2009	6,827	72,651	3,613	5,217	(86,158)	2,150

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009
(Expressed in Renminbi)

1. GENERAL INFORMATION

Sing Lee Software (Group) Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 27 October 2000 under the Companies Act 1981 of Bermuda and its shares were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is principally engaged in the businesses of development, manufacture and sale of software products, sale of related hardware products and the provision of software-related technical support services.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The International Accounting Standards Board ("IASB") has issued a number of new and revised standards, amendments and interpretations that are first effective or available for early adoption for the current accounting period of the Group.

The Group has also adopted the following new and revised standards, amendments and interpretations during the year. The adoption of these standards, amendments and interpretations has not led to any changes in the Group's accounting policies. There are:

IFRIC 15, "Agreement for the Construction of Real Estate";

IFRIC 17, "Distributions of Non-cash Assets to Owners";

IFRIC 18, "Transfers of Assets from Customers";

IFRS 1 (Revised), "First-time Adoption of International Financial Reporting Standards" – Amendment relating to cost of an investment on first-time adoption;

IFRS 1 (Revised), "First-time Adoption of International Financial Reporting Standards" – Revised and restructured;

IFRS 2 (Revised), "Share-based Payment" – Amendment relating to vesting conditions and cancellations;

IFRS 2 (Revised), "Share-based Payment" – Amendments resulting from April 2009 Annual Improvements to IFRSs;

IFRS 3 (Revised), "Business Combinations" – Comprehensive revision on applying the acquisition method;

IFRS 5 (Revised), "Non-current Assets Held for Sale and Discontinued Operations" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IFRS 7 (Revised), "Financial Instruments: Disclosures" – Amendments enhancing disclosures about fair value and liquidity risk;

IFRS 8, "Operating Segments";

IAS 1 (Revised), "Presentation of Financial Statements" – Comprehensive revision including requiring a statement of comprehensive income;

IAS 1 (Revised), "Presentation of Financial Statements" – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation;

IAS 1 (Revised), "Presentation of Financial Statements" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 16, "Property, Plant and Equipment" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 19, "Employee Benefits" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 20, "Government Grants and Disclosure of Government Assistance" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 23, "Borrowing Costs" – Comprehensive revision to prohibit immediate expensing;

IAS 23, "Borrowing Costs" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 27 (Revised), "Consolidated and Separate Financial Statements" – Consequential amendments arising from amendments to IFRS 3;

IAS 27 (Revised), "Consolidated and Separate Financial Statements" – Amendment relating to cost of an investment on first-time adoption;

IAS 27 (Revised), "Consolidated and Separate Financial Statements" – Amendment resulting from May 2008 Annual Improvements to IFRSs;

IAS 28, "Investment in Associates" – Consequential amendments arising from amendments to IFRS 3;

IAS 28, "Investment in Associates" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 29, "Financial Reporting in Hyperinflationary Economies" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 31, "Interests in Joint Ventures" – Consequential amendments arising from amendments to IFRS 3;

IAS 31, "Interests in Joint Ventures" – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 32, “Financial Instruments: Presentation” – Amendments relating to puttable instruments and obligations arising on liquidation;

IAS 36, “Impairment of Assets” – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 38, “Intangible Assets” – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 38, “Intangible Assets” – Amendments resulting from April 2009 Annual Improvements to IFRSs;

IAS 39, “Financial Instruments: Recognition and Measurement” – Amendments resulting from May 2008 Annual Improvements to IFRSs;

IAS 39, “Financial Instruments: Recognition and Measurement” – Amendments for eligible hedged items;

IAS 39, “Financial Instruments: Recognition and Measurement” – Amendments for embedded derivatives when reclassifying financial instruments;

IAS 40, “Investment Property” – Amendments resulting from May 2008 Annual Improvements to IFRSs; and

IAS 41, “Agriculture” – Amendments resulting from May 2008 Annual Improvements to IFRSs.

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009 and which have not been adopted in these financial statements. The following standards, amendments and interpretations were issue but not effective:

IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after 1 July 2010);

IFRS 1 (Revised), “First-time Adoption of International Financial Reporting Standards” – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (effective for annual periods beginning on or after 1 January 2010);

IFRS 1 (Revised), “First-time Adoption of International Financial Reporting Standards” – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2010);

IFRS 2, “Share-based Payment” – Amendments relating to group cash-settled share-based payment transactions (effective from annual periods beginning on or after 1 January 2010);

IFRS 5 (Revised), “Non-current Assets Held for Sale and Discontinued Operations” – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010);

IFRS 8, “Operating Segments” – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010);

IFRS 9, "Financial Instruments" – Classification and Measurement (effective for annual periods beginning on or after 1 January 2013);

IAS 1 (Revised), "Presentation of Financial Statements" – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010);

IAS 7, "Statement of Cash Flows" – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010);

IAS 17, "Leases" – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010);

IAS 24, "Related Party Disclosures" – Revised definition of related parties (effective for annual periods beginning on or after 1 January 2011);

IAS 32, "Financial Instruments: Presentation" – Amendments relating to classification of rights issues (effective for annual periods beginning on or after 1 February 2010);

IAS 36, "Impairment of Assets" – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010); and

IAS 39, "Financial Instruments: Recognition and Measurement" – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010).

3. SIGNIFICANT ACCOUNTING POLICIES

a) Material uncertainties relating to the going concern basis

At 31 December 2009, the Group had consolidated net current liabilities of approximately RMB3,194,000. At 31 December 2009, the Company had net current liabilities of approximately RMB6,063,000 and net liabilities of approximately RMB6,050,000.

The directors are of the opinion that the Company and the Group are able to continue as a going concern and to meet their obligations in full as and when they fall due. In view of the liquidity problems faced by the Company and the Group, the directors have adopted the following measures with a view to improve the Company's and the Group's overall financial and cash flow position and to maintain the Company's and the Group's existence on a going concern basis:

(i) Attainment of profitable and positive cash flow operations

The directors continue to implement cost control measures over overheads and various general and administrative expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

(ii) Ongoing financial support by the controlling shareholder of the Company

Mr. Hung Yung Lai, a director and controlling shareholder of the Company, has undertaken to the Company to provide continuous financial support to the Company and the Group so as to enable the Company and the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company and the Group.

(iii) Additional external funding

The directors are considering various alternatives to strengthen the capital base of the Company and the Group through various fund raising exercises.

In the opinion of the directors, in light of the measures taken to date, together with expected results of other measures in progress, the Company and the Group will have sufficient cash resources to satisfy its future working capital and other financial requirements, and it is reasonable to expect the Company and the Group to return to a commercially viable going concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Company's and the Group's financial and liquidity position as at 31 December 2009.

Should the Company and the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

b) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM.

4. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

a) Business segment

Throughout the year, the Group has been operating in a single business segment, i.e. the development, manufacture and sale of software products, sale of related hardware products and provision of software-related technical services. Accordingly, no business segment information is presented.

b) Geographical segment

As the Group's revenue and results were substantially derived from the People's Republic of China ("PRC") and its operating assets and liabilities are also based in the PRC, no geographical segment information is presented.

5. REVENUE

The Group is principally engaged in the businesses of development, manufacture and sale of software products, sale of related hardware products and provision of software-related technical support services. Revenue, which is also the Group's turnover, represents the net invoiced value of sales and revenue from provision for maintenance and other services. Turnover excludes sales taxes and is stated after allowances for returns and trade discounts. An analysis of the Group's revenue is as follows:

	The Group	
	2009	2008
	RMB'000	*RMB'000*
Sale of computer software	**1,652**	980
Sale of computer hardware	**14,097**	2,995
Provision for maintenance and other services	**25,668**	14,239
	41,417	18,214

6. OTHER OPERATING INCOME

	The Group	
	2009	2008
	RMB'000	*RMB'000*
Sundry income	**720**	556
Written back of trade and other payables	**1,092**	–
Exchange gain	**–**	500
Value added tax refunds	**298**	89
Interest income on bank deposits	**20**	37
	2,130	1,182

7. FINANCE COSTS

	The Group	
	2009	2008
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings wholly repayable within five years	**493**	791
Others	**31**	24
Finance expenses	**524**	815

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging the following:

	The Group	
	2009	2008
	RMB'000	*RMB'000*
Staff costs (including directors' remuneration)		
– salaries, wages and other benefits	**7,182**	6,375
– contributions to defined contribution plans	**963**	660
	8,145	7,035
Auditors' remuneration	**282**	268
Depreciation of property, plant and equipment	**385**	462
Amortisation	**2,618**	–
(Profit)/Loss on disposal of property, plant and equipment	**(23)**	7
Operating lease charges: minimum lease payments – property rental	**1,041**	1,349
Cost of inventories sold and services rendered#	**31,049**	12,378

Cost of inventories sold and services rendered includes staff costs of approximately RMB4,532,505 (2008: RMB2,634,050) and depreciation expenses of approximately RMB68,318 (2008: RMB55,023) that are also included in the respective total amounts disclosed separately above for each of these types of expenses.

9. TAXATION

a) Overseas income tax

The Company is incorporated in Bermuda and is exempt from taxation in Bermuda until 28 March 2016. The Company's subsidiary established in the British Virgin Islands (the "BVI") is incorporated under the International Business Companies Acts of the BVI and, accordingly, is exempt from payment of BVI income taxes.

b) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the years ended 31 December 2009 and 2008.

c) **PRC enterprise income tax**

	2009	2008
	RMB'000	*RMB'000*
PRC enterprise income	**–**	–

Foreign investment enterprises that incorporated in the Advance Technology Industry Development Area in Hangzhou City and Zhuhai City are entitled to full exemption from income tax for two years with effect from its first profitable year after offsetting prior years' losses and a 50% reduction in income tax for the following three years thereafter. Foreign investment enterprises are also exempted from income tax in years with financial loss.

The reconciliation of statutory tax rate to effective tax rate is as follows:

	2009	2008
	RMB'000	*RMB'000*
Accounting profit/(loss) before taxation	**1,302**	(4,240)
Tax at the statutory tax rate (33%)	**430**	(1,399)
(Set-off against)/absorbed into tax losses	**(430)**	1,399
Tax expense	**–**	–

There was no significant unprovided deferred taxation for the year ended 31 December 2009 (2008: Nil).

10. EARNINGS/(LOSS) PER SHARE

a) **Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity holders of the Company of RMB1,302,000 profit (2008: RMB4,240,000 loss) and the weighted average of 663,200,000 (2008: 658,823,560) ordinary shares in issue during the year.

b) **Diluted earnings/(loss) per share**

No disclosure of diluted earnings/(loss) per share for the years ended 31 December 2009 and 31 December 2008 is shown as the Company's outstanding share options have antidilutive effect.

11. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts due from subsidiaries *(note a)*	**–**	–	**8,194**	8,215
Trade receivables *(note b)*	**20,590**	8,751	**–**	–
Prepayments and other receivables	**513**	240	**204**	223
	21,103	8,991	**8,398**	8,438

a) Amounts due from subsidiaries

	The Company	
	2009	2008
	RMB'000	*RMB'000*
Due from subsidiaries	**45,232**	45,253
Less: impairment loss	**(37,038)**	(37,038)
	8,194	8,215

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

b) Trade receivables

An aging analysis of trade receivables, net of impairment losses for bad and doubtful debts, is as follows:

	The Group	
	2009	2008
	RMB'000	*RMB'000*
Within 90 days	**9,759**	6,682
91 to 180 days	**3,633**	48
181 to 365 days	**3,003**	17
Over 365 days	**4,195**	2,004
	20,590	8,751

The general credit terms of the Group range from a half year to two years. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon customers' request.

Ageing of past due but not impaired:

	The Group	
	2009	2008
	RMB'000	*RMB'000*
Overdue within:		
2 Years	**700**	–
	700	–

Movements of impairment losses for bad and doubtful debts are listed below:

	The Group	
	2009	2008
	RMB'000	*RMB'000*
At 1st January	**650**	650
Charge for the year	**925**	–
Write-offs	**–**	–
At 31st December	**1,575**	650

12. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables (note a)	**11,831**	4,169	**–**	–
Deposits and receipts in advance from customers	**474**	538	**–**	–
Accruals and other payables	**2,872**	3,876	**911**	914
Due to ultimate holding company *(note b)*	**12**	12	**12**	12
Due to fellow subsidiaries *(note c)*	**–**	–	**–**	6,948
Due to directors *(note d)*	**301**	128	**128**	128
	15,490	8,723	**1,051**	8,002

a) An aging analysis of trade payables is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 90 days	**4,271**	3,375	**–**	–
91 to 180 days	**4,409**	185	**–**	–
181 to 365 days	**2,613**	205	**–**	–
Over 365 days	**538**	404	**–**	–
	11,831	4,169	**–**	–

b) The amount due to Goldcorp Industrial Limited ("Goldcorp") is unsecured, non-interest bearing and has no fixed terms of repayment. Goldcorp is owned by Mr. Hung Yung Lai, a director of the Company, and Great Song Enterprises Limited, a company owned by a controlling shareholder of the Company, Ms. Li Kei Ling.

c) The amount due to fellow subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

d) The amounts due to directors are unsecured, non-interest bearing and have no fixed terms of repayment.

e) All of the trade and other payables are expected to be settled within one year.

13. RESERVES

a) The Group

	Attributable to equity holders of the Company				
	Share premium *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2008	58,148	3,613	3,144	(83,220)	(18,315)
Issue of shares during the year	14,503	–	–	–	14,503
Loss for the year	–	–	–	(4,240)	(4,240)
Exchange difference on translation of financial statements of foreign entities	–	–	657	–	657
At 31 December 2008 and 1 January 2009	72,651	3,613	3,801	(87,460)	(7,395)
Profit for the year	–	–	–	1,302	1,302
Exchange difference on translation of financial statements of foreign entities	–	–	1,416	–	1,416
At 31 December 2009	**72,651**	**3,613**	**5,217**	**(86,158)**	**(4,677)**

b) **The Company**

	Share premium *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2008	58,148	4,718	(77)	(87,035)	(24,246)
Issue of shares during the year	14,503	–	–	–	14,503
Loss for the year	–	–	–	(8,961)	(8,961)
Exchange difference on translation of financial statements of foreign entities	–	–	814	–	814
At 31 December 2008 and 1 January 2009	72,651	4,718	737	(95,996)	(17,890)
Profit for the year	–	–	–	4,983	4,983
Exchange difference on translation of financial statements of foreign entities	–	–	30	–	30
At 31 December 2009	**72,651**	**4,718**	**767**	**(91,013)**	**(12,877)**

PRC accounting rules and regulations required the subsidiaries registered in the PRC to provide for staff and worker's bonus and welfare fund, which are appropriated from net profit after tax, after offsetting prior years' losses, as determined under PRC accounting rules and regulations, but before distribution of a dividend to shareholders. Appropriation to the staff and workers' bonus and welfare fund is at the discretion of the directors of such subsidiaries. The staff and worker's bonus and welfare fund can only be utilized on special bonuses or capital items for the collective benefits of the employees of the individual subsidiary such as the construction of dormitories, canteen and other staff welfare facilities. The fund is non-distributable other than in liquidation. When the relevant assets are disposed of or written off, the original transfers from the fund are reversed. Under IFRSs, appropriations to the fund have been included as expenses and the balance of the fund as a liability of the Group. The directors of such subsidiaries resolved not to make any appropriation to the fund for the years ended 31 December 2009 and 2008.

There are no other material differences between the Group's financial statements prepared in accordance with PRC accounting rules and regulations and IFRSs.

Under the Companies Act 1981 of Bermuda ("Companies Act"), share premium and capital reserve are 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 realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

As at 31 December 2009 and 2008, the Company had no reserve available for distribution to equity holders of the Company.

DIVIDENDS

No dividends have been paid or declared by the Company during the year (2008: Nil).

BUSINESS REVIEW AND ANALYSIS

During the year, the Group has focused all of its efforts on strengthening the cooperation with the two major strategic customers, reinforcing the all-rounded promotion of the first- and second-generation Runpos products and investing in the market research and product design for the third-generation products. With the best endeavours of all employees, the first- and second-generation Runpos products are now available for sales in 15 provinces and cities nationwide as compared with 7 last year with the amount of sales increased by 127%. As the coordination between the project teams of the two parties involved in the development of the third-generation products was basically completed, the technological research and development, the design of platform and the pilot operation at the provincial level have already commenced. The Group believes that the low-cost but highly-efficient products offered under the Runpos series will be welcomed by all customers in the next few years, and will secure a long-term and stable growth of the Group's operation and services income in the financial payment sector.

Banking Business

Under the influence of the financial tsunami, the whole banking sector has tightened up its control on the liquidity risks through and through, resulting in increasing demand for the Group’s products for liquidity risk management. The Group also conducted research and analysis into the development of the market for the last three years. The emergence of special joint-equity banks, the personalization of commercial bank services in cities and the diversification of innovative functions encouraged the in-house research and development of products, and helped the Group maintain the leading strategic position of its core banking business in the market in which it had the largest market share in the past few years. New business and products emerged in the payment industry achieved the expected result. In particular, our cooperation with the two major customers continues to develop in all aspects. Bank-college Express from the original education business has been incorporated into the third-generation Runpos products so as to enhance its competitiveness.

Future Outlook

As proved by our practical experience, the market prospects of our two principal businesses, capital and payment, are bright and promising. The key is to continuously strengthen our close cooperation with the two major strategic customers and various banks and step up our efforts in the promotion and application of our products in various industries. The Group will continue its strategy of “conducting the market research three years in advance, carrying out technological research and development two years in advance and entering the market six months in advance” with a view to maintaining a long-term, stable and effective development of the Group.

The Group will continue its endeavors to reinforce the measures to generate income and reduce expenditure, especially to increase its efforts in broadening sources of income and promoting the innovative and professional services. The Group will also strengthen the risk precautions and on-going monitoring mechanism to prevent risk in advance.

FINANCIAL REVIEW

The Group is principally engaged in the development and sales of information and network technologies and services to the financial industry in the People's Republic of China (the "PRC").

For the year ended 31 December 2009 ("the financial year"), the Group recorded a total turnover of approximately RMB41,417,000, representing an increase of 127% as compared to last year (last year turnover were approximately RMB18,214,000).

Turnover of the Group comprises of:

	Turnover	
	2009	2008
	RMB'000	*RMB'000*
Sales of software	**1,652**	980
Sales of hardware	**14,097**	2,995
Maintenance and other services income	**25,668**	14,239
	41,417	18,214

The Group recorded a profit attributable to shareholders of approximately RMB1,302,000 for the financial year, a significant change from net loss to net profit as compared to last year (net loss for last year was approximately RMB4,240,000). Increase in turnover is one of the factors leading to the change from net loss to net profit.

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 year.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 December 2009, the Group's bank loans amounted to approximately RMB18.6 million (2008: RMB16.8 million) which bear interest at rate of Hong Kong Dollar Inter Bank Offered Rate plus 2.75% per annum. (2008: Hong Kong Dollar Inter Bank Offered Rate plus 2.75% per annum)

No interest was capitalized by the Group during the year (2008: Nil).

As at 31 December 2009, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB5.1 million. (2008: RMB2.8 million)

The gearing ratio of the Group, based on total liabilities over total assets, as at 31 December 2009 was approximately 94% (2008: 102%).

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 year.

SEGMENTAL INFORMATION

No segmental information is presented for the Group as the Group conducts its business within one geographical and business segment.

EMPLOYEE INFORMATION

As at 31 December 2009, the Group had 119 employees (2008: 90 employees), including both the PRC and Hong Kong employees. Remuneration and bonus policy are basically determined by the performance of the individual employees and financial results of the Group. Total staff costs for the year amounted to approximately RMB8.1 million (2008: RMB7 million).

The Group adopted a share option scheme, details of which were set out in the Report of the Directors.

CHARGE ON GROUP ASSETS

As at 31 December 2009, 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" respectively.

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 31 December 2009, the Group did not have any material contingent liabilities (2008: Nil).

PROSPECTS OF NEW PRODUCTS

Please refer to the Chairman's Statement for a discussion on this.

FIVE YEARS FINANCIAL SUMMARY OF THE GROUP

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007	Year ended 31 December 2006	Year ended 31 December 2005
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	**41,417**	18,214	29,719	21,377	11,276
Profit/(loss) attributable to shareholders	**1,302**	(4,240)	1,195	(16,151)	(37,221)
Total assets	**36,432**	25,380	32,687	27,160	41,894
Total liabilities	**(34,282)**	(25,948)	(44,731)	(41,713)	(40,595)
Net assets/(liabilities)	**2,150**	(568)	(12,044)	(14,553)	1,299

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year ended 31 December 2009 attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	47% (2008: 32%)
– five largest suppliers combined	96% (2008: 84%)
Sales	
– the largest customer	27% (2008: 24%)
– five largest customers combined	60% (2008: 53%)

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers stated above.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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 twelve months ended 31 December 2009 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 audited financial statements of the Company for the year ended 31 December 2009 have been reviewed by the Audit Committee before recommending it to the Board for approval.

By Order of the Board
Hung Yung Lai
Chairman

Hong Kong, 26 March 2010

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)*

This announcement will remain on the GEM website at (http://www.hkgem.com) on the "Latest Company Announcements" page for seven days from the date of its posting and will be published on the website of the company (http://www.singlee.com.cn).