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 2011

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 Stock 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.

This announcement, 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 announcement 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 announcement misleading.

* *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 2011, together with the comparative figures for the corresponding periods in 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011
(Expressed in Renminbi)

		2011	2010
	NOTES	***RMB'000***	*RMB'000*
Revenue	*5*	**18,840**	15,435
Cost of sales		**(18,254)**	(19,360)
Gross profit (loss)		**586**	(3,925)
Other income		**866**	939
Other gains and losses	*6*	**20,854**	17,327
Distribution and selling expenses		**(9,250)**	(3,674)
Administrative expenses		**(47,585)**	(16,139)
Reversal of (allowance on) impairment of trade receivables		**148**	(6,310)
Research and development costs		**(1,946)**	(4,476)
Impairment loss on intangible assets		**–**	(2,950)
Loss on initial recognition of warrant subscription rights		**–**	(43,132)
Finance costs	*7*	**(1,082)**	(481)
Loss before tax		**(37,409)**	(62,821)
Income tax expense	*8*	**(74)**	(843)
Loss and total comprehensive expense for the year		**(37,483)**	(63,664)
Loss per share			
– basic *(RMB cents)*	*10*	**(4.62)**	(8.42)
– diluted *(RMB cents)*	*10*	**(4.62)**	(10.39)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011
(Expressed in Renminbi)

	NOTES	2011 RMB'000	2010 RMB'000
Non-current Assets			
Property, plant and equipment		**4,957**	2,312
Intangible assets		**–**	–
		4,957	2,312
Current Assets			
Inventories		**440**	857
Trade and other receivables	*11*	**8,371**	9,773
Loan receivable		**2,040**	4,269
Held for trading investments		**2,242**	9,623
Pledged bank deposit		**50,000**	–
Bank balances and cash		**22,085**	35,926
		85,178	60,448
Current Liabilities			
Trade and other payables	*12*	**10,157**	12,077
Amounts due to directors		**625**	297
Amount due to a shareholder		**11**	11
Tax liabilities		**–**	527
Borrowings		**44,317**	–
Derivative financial liability		**–**	27,763
		55,110	40,675
Net Current Assets		**30,068**	19,773
Total assets less current liabilities		**35,025**	22,085
Non-current Liabilities			
Borrowings		**24,729**	–
		24,729	–
Net Assets		**10,296**	22,085
Capital and reserves			
Share capital		**8,132**	8,132
Reserves		**2,164**	13,953
Total equity		**10,296**	22,085

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital RMB'000	Share premium RMB'000 (Note a)	Statutory reserves RMB'000 (Note b)	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2010	6,827	72,651	3,613	5,217	8,241	(94,399)	2,150
Loss and total comprehensive expenses for the year	–	–	–	–	–	(63,664)	(63,664)
Recognition of equity-settled share-based payments	–	–	–	–	3,175	–	3,175
Issue of ordinary shares	1,305	81,384	–	–	–	–	82,689
Transaction costs attributable to issue of shares	–	(2,265)	–	–	–	–	(2,265)
At 31 December 2010	8,132	151,770	3,613	5,217	11,416	(158,063)	22,085
Loss and total comprehensive expense for the year	–	–	–	–	–	(37,483)	(37,483)
Recognition of equity-settled share-based payments	–	–	–	–	25,694	–	25,694
At 31 December 2011	8,132	151,770	3,613	5,217	37,110	(195,546)	10,296

Notes:

(a) 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 realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

(Expressed in Renminbi)

1. GENERAL

Sing Lee Software (Group) Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The address of its registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

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

The principal activities of the Company and its subsidiaries (collectively the "Group") are development and sales of software products, sales of related hardware products and provision of software-related technical support services.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis. The Group incurred a loss of approximately RMB37,483,000 for the year ended 31 December 2011. In preparing the consolidated financial statements, the directors of the Company have reviewed the Group's financial and liquidity position, and taken into consideration of the following factors:

- ongoing financial support by a shareholder with significant influence over the Company;
- cost control measures; and
- possible additional external funding.

The directors of the Company believe that, taking into account of the above factors, the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future, and accordingly, have prepared the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standard, Amendments and Interpretation ("new and revised IFRSs") issued by the International Accounting Standards Board ("IASB").

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised Standards, Amendments and Interpretation issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
IFRS 1 (Amendments)	Government Loans[2]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011*
[2] *Effective for annual periods beginning on or after 1 January 2013*
[3] *Effective for annual periods beginning on or after 1 January 2015*
[4] *Effective for annual periods beginning on or after 1 January 2012*
[5] *Effective for annual periods beginning on or after 1 July 2012*
[6] *Effective for annual periods beginning on or after 1 January 2014*

IFRS 9 *Financial Instruments* (as issued in 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in 2010) adds requirements for financial liabilities and for derecognition.

Specifically, under IFRS 9, all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant changes relates to financial liabilities designated as at fair value through profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015. The directors are in the process of assessing the impact of the adoption of IFRS9.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (Revised 2011) and IAS 28 (Revised 2011) are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC12 *Consolidation – Special Purpose Entities*. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. Based on the existing group structure, the directors anticipate that the application of these five standards may not have significant impact on amounts reported in the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may not have material impact on the amounts reported in the consolidated financial statements but would result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of hardware and software products is recognised when the goods are delivered and title has passed upon customers' acceptance.

Service income for provision of software-related technical support is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

5. REVENUE AND SEGMENT INFORMATION

The Group's operations are organised based on the different types of products sold and service provided. Information reported to the Board of 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.

Segment revenues and results

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

	Sale of software products *RMB'000*	Sale of related hardware products *RMB'000*	Provision of Software-related technical support services *RMB'000*	Total *RMB'000*
2011				
External sales and total revenue – segment revenue	**1,612**	**1,250**	**15,978**	**18,840**
SEGMENT RESULTS	**(3,307)**	**(2,563)**	**(32,760)**	**(38,630)**
Unallocated other income				**866**
Unallocated other gains and losses				**20,854**
Unallocated corporate expenses				**(19,417)**
Finance costs				**(1,082)**
Loss before tax				**(37,409)**
2010				
External sales and total revenue – segment revenue	1,867	903	12,665	15,435
SEGMENT RESULTS	(3,643)	(5,702)	(27,655)	(37,000)
Unallocated other income				939
Unallocated other gains				17,327
Unallocated corporate expenses				(474)
Finance costs				(481)
Loss on initial recognition of warrant subscription rights				(43,132)
Loss before tax				(62,821)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 4. Segment loss represents the loss from each segment without allocation of directors' remuneration, finance costs, loss on initial recognition of warrant subscription rights, 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.

Other segment information

	Sale of software products *RMB'000*	Sale of related hardware products *RMB'000*	Provision of software-related technical support services *RMB'000*	Total *RMB'000*
2011				
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	**54**	**42**	**539**	**635**
Allowance on trade receivables	**141**	**110**	**1,398**	**1,649**
Share-based payment expenses (excluding directors)	**647**	**500**	**6,403**	**7,550**
2010				
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	26	13	180	219
Amortisation of intangible assets	234	113	1,589	1,936
Allowance on trade receivables	763	369	5,178	6,310
Impairment loss recognised on inventories	–	3,939	–	3,939
Impairment loss recognised on intangible assets	–	–	2,950	2,950
Share-based payment expenses (excluding directors)	376	180	2,532	3,088

Revenue from major products and services:

	2011	2010
	RMB'000	*RMB'000*
Software products		
POS-MIS V2.0	**1,539**	1,701
Sing Lee payment management system 1.0	**73**	166
	1,612	1,867
Hardware products		
NUTRIT293 Key board	**–**	225
Vefifone5150+PP1000	**1,132**	216
Others	**118**	462
	1,250	903
Provision of software-related technical support services		
Development	**6,798**	4,252
Maintenance	**9,180**	8,413
	15,978	12,665
	18,840	15,435

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.

Information about major customers

Revenue from customer of the corresponding years individually contributing over 10% of the total sales of the Group is as follows:

	2011	2010
	RMB'000	*RMB'000*
Customer A[1]	**3,300**	1,776

[1] Revenue from maintenance services in provision of software-related technical support services.

6. OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Fair value gain on derivative financial liability	**27,763**	15,325
Fair value (loss) gain on investments held for trading	**(4,869)**	1,713
Net foreign exchange gain	**–**	289
Allowance on loan receivables	**(2,040)**	–
	20,854	17,327

7. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**665**	204
Interest on other borrowings wholly repayable after five years	**417**	–
Expenses on issue of warrants	**–**	277
	1,082	481

8. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
PRC enterprise income tax ("EIT")		
– Current year	**74**	527
– Under provision in prior years	**–**	316
	74	843

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. Accordingly, the tax rate for Singlee Technology is 15% for the years ended 31 December 2011 and 2010.

According to the PRC Enterprise Income Tax Law, the applicable tax rate of Hangzhou Singlee Software Company Limited ("Singlee Software"), Singlee Software (Zhuhai) Company Limited ("Singlee Zhuhai"), Beijing Singlee Yin Tong Information Technology Co., Ltd. ("Beijing Singlee") (formerly known as "Beijing Century Financial Knowledge Company Limited") and Xin Yintong Technology Co., Ltd. ("Xin YinTong") is 25% for the years ended 31 December 2011 and 2010.

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 2011 and 2010.

The tax charge for the year is reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2011	2010
	RMB'000	*RMB'000*
Loss before tax	**(37,409)**	(62,821)
Tax charge at enterprise income tax rate at 15% (2010: 15%) *(note)*	**(5,611)**	(9,423)
Tax effect of income not taxable for tax purpose	**(4,751)**	(2,311)
Tax effect of expenses not deductible for tax purpose	**403**	8,288
Effect of different tax rates of group entities	**(2,583)**	(581)
Tax effect of deductible temporary difference not recognised	**6,242**	1,537
Tax effect of tax losses not recognised	**6,374**	3,017
Under provision in respect of prior years	**–**	316
Tax charge for the year	**74**	843

Note: Applicable income tax rate of 15% (2010: 15%) represents the relevant income tax rate of Singlee Technology, the subsidiary of the Company which generates majority of the Group's assessable profit.

At the end of the reporting period, the Group has unused tax losses of approximately RMB66,669,000 (2010: RMB24,176,000), available for offset against future profits and deductible temporary differences of approximately RMB18,363,000 (2010: RMB16,714,000) in relation to the impairment loss on intangible assets, inventories written off and trade receivables written off. The unused tax losses of approximately RMB24,176,000 would be expired in 2015 and approximately RMB42,493,000 would be expired in 2016. No deferred tax asset has been recognised in relation to the unused tax losses and the deductible temporary difference as it is not probable that taxable profits will be available against which the unused tax losses and the deductible temporary differences can be utilised.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging and crediting the following items:

	2011	2010
	RMB'000	*RMB'000*
Salaries, wages and other staff benefits	**17,702**	9,525
Retirement benefits scheme contribution	**1,073**	2,069
Equity-settled share-based payment expenses	**25,694**	3,175
Total staff costs *(Note a)*	**44,469**	14,769
Depreciation of property, plant and equipment	**635**	219
Amortisation of intangible assets (included in cost of sales)	**–**	1,936
Auditor's remuneration	**444**	384
Fair value on investment held for trading	**4,869**	(1,713)
Operating lease rentals in respect of rented premises	**3,258**	2,032
Allowance on trade receivables	**1,649**	6,310
Reversal of impairment recognised on trade receivables	**(1,797)**	–
(Reversal of) impairment loss recognised on inventories (included in cost of sales) *(Note b)*	**(1,577)**	3,939
Cost of inventories recognised as an expense	**3,953**	4,694
Interest income	**(90)**	(415)
Government grants		
– subsidy related to products	**(300)**	(300)
– value-added tax refunds	**(8)**	(224)

Notes:

a. Directors' emoluments are included in the above staff costs.

b. During the year ended 31 December 2011, the Group has sold out the inventories which impairment loss had been recognised in 2010. As a result, a reversal of write-down of inventories of approximatley RMB1,577,000 has been recognised and included in cost of sales in the current year.

10. LOSS PER SHARE

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

	2011 *RMB'000*	2010 *RMB'000*
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(37,483)**	(63,664)
Effect of dilutive warrant subscription rights:		
– Fair value gain on warrant subscription rights	**–**	(15,325)
Loss for the purpose of diluted loss per share	**(37,483)**	(78,989)

	2011 *'000*	2010 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**811,840**	756,482
Effect of dilutive potential ordinary shares		
– warrant subscription rights	**–**	3,529
Weighted average number of ordinary shares for the purpose of diluted loss per share	**811,840**	760,011

The computation of diluted loss per share for the year ended 31 December 2011 does not assume the exercise of the Company's outstanding warrant subscription rights, 2002 Option, 2007 Option, 2010 January Option, 2010 August Option and 2011 February Option as the exercise prices of those warrant subscription rights and options are higher than the average market price of shares for 2011.

The computation of diluted loss per share for the year ended 31 December 2010 does not assume the exercise of the Company's outstanding 2002 Option and 2010 August Option as the exercise prices of those options are higher than the average market price of shares for 2010. The computation of diluted loss per share for the year ended 31 December 2010 also does not assume the exercise of the Company's outstanding 2007 Option and 2010 January Option as the assumed exercise of 2007 Option and 2010 January Option would result in the decrease of loss per share.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**13,078**	16,339
Less: allowance for doubtful debts	**(7,737)**	(7,885)
	5,341	8,454
Other receivables	**3,030**	1,319
	8,371	9,773

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. Before accepting any new customer, the Group conducts research on the creditworthiness of the new customer and assesses the potential customer's credit quality and defines credit limits by customer.

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

	2011	2010
	RMB'000	*RMB'000*
0 – 120 days	**4,171**	6,124
121 – 180 days	**141**	577
181 – 360 days	**1,029**	1,753
	5,341	8,454

Included in the Group's trade receivables are debtors with the aggregate carrying amount of approximately RMB1,029,000 (2010: RMB1,753,000) which are past due as at the end of the reporting date for which the Group has not provided for impairment losses. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2011	2010
	RMB'000	*RMB'000*
Overdue:		
Less than 1 year	**1,029**	1,753

The remaining trade receivables which are neither past due nor impaired mainly comprise the receivables due from state-owned and local commercial banks with good reputation.

Movement in the allowance for doubtful debts

	2011	2010
	RMB'000	*RMB'000*
1 January	**7,885**	1,575
Impairment losses recognised on receivables	**1,649**	6,310
Impairment losses reversed	**(1,797)**	–
31 December	**7,737**	7,885

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB7,737,000 (2010: RMB7,885,000) of which the debtors were in financial difficulties.

Certain of the Group's trade and other receivables of approximately RMB383,000 (2010: RMB1,152,000) were denominated in US$, foreign currencies of respective group entities.

12. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**5,648**	7,927
Deposits received from customers	**806**	1,289
Payroll payables	**1,223**	828
Other payables	**2,480**	2,033
Total	**10,157**	12,077

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

	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**2,698**	915
91 – 180 days	**431**	424
181 – 365 days	**–**	3,973
366 – 730 days	**1,676**	2,066
Over 731 days	**843**	549
	5,648	7,927

Certain of the Group's trade and other payable of approximately RMB1,423,000 and RMB337,000 (2010: RMB400,000 were denominated in US$ and RMB945,000 were denominated in HK$) were denominated in US$ and HK$, respectively, foreign currencies of respective group entities.

DIVIDENDS

No dividends have been paid or declared by the Company during the year (2010: Nil).

EXTRACTED FROM INDEPENDENT AUDITOR'S REPORT

The following paragraphs extracted from the independent auditor's report on the Group's financial statements for the year ended 31 December 2011.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately RMB37,483,000 during the year ended 31 December 2011. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast doubt about the Company's and the Group's ability to continue as a going concern.

BUSINESS REVIEW AND ANALYSIS

"Mobile Payment" Business of Mobile E-Payment

During the year, the Group together with eight branches of China UnionPay including the Shanghai Branch, Shandong Branch and Tianjin Branch and the Yunnan Branch of China Telecom（中國電信）entered into a strategic cooperation agreement, whereby their cooperation will span over a period ranging from three years to five years. The number of users is about 145,000, whereas the transaction volume to about RMB1.6 billion. During the year, the Group adhered to a strategic direction to seamlessly integrate the online and offline operations of RUNPOS second and third generation "mobile payment". Focused efforts were made on the expansion of the number of real-name system users of two business lines, namely, the "Bank-School Express"（銀校通）and the "Bank-Hospital Express"（銀醫通）service platforms. Major breakthrough was achieved in the expansion of the existing user base of mobile payment services:

1. Existing user base of "Bank-School Express"

   Currently, the Company's "Bank-School Express" payment services are used by 55 out of 68 high schools in Zhejiang, aggregately amounting to 600,000 users. The Company's "Bank-School Express" payment services are used by three institutions in Guangdong Province, aggregately amounting to 100,000 users. The Company's "Bank-School Express" payment services are also used by 30 primary and secondary schools, aggregately amounting to 83,000 users. The amount of fee payments processed on an annual basis is over RMB5 billion, equivalent to payments per capita of about RMB6,400 per year. The fee payments are related to tuition fees, credit point tuition fees, escrow fees, accommodation charges, meals fees and book costs.

2. Existing user base of "Bank-Hospital Express"

   The Group has formed a partnership with ICBC, which is the bank with the biggest size around the world and the bank with the largest volume of IC card issuance across the country. The Group has made three examples of success in the introduction of this innovative product line throughout the country. The number of users grew by more than 300,000 on a quarterly basis. The number of users is expected to exceed 500,000 following the roll out of all of the projects.

   The number of offline real-name system users of the "Bank-School Express" and the "Bank-Hospital Express" have been expanded to about 1.3 million. By swiftly switching the existing base of users to online users in the next one to two years, the Group will lay an important foundation from which its mobile payment and cell phone payment can rapidly grow in the education industry and the medical industry in the future and secure a leading market position therein.

FUTURE OUTLOOK

Upon serious discussions and analyses, the Group considers that mobile payment business is not going to carve out a predominant niche in the international and domestic market in the short term. Taking advantage of the unique edges of Sing Lee Group, in particular, the Group's experience and breadth of vision in China's finance payment over the two decades, we will strive for industry innovation and industry leadership in each market segment in a pragmatic manner. Moreover, given the launches of non-card payment channels and the remarkable fall in card payments, there will be greater space for a gradual decline in the Group's overall costs. However, in light of the continued rise in costs for a number of areas including human resources, research and development of innovative technology and marketing efforts, the Group incurred loss during the year. The Group believes that all these efforts will be strategically crucial to the promotion of the long-term development and the strengthening of the core competitiveness of the Group. The Group's management at all levels will carefully evaluate all different-sized projects and will reinforce risk exposure control, thereby ensuring the effectiveness and success of each project.

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 2011 ("the financial year"), the Group recorded a total revenue of approximately RMB18,840,000, representing an increase of 22% as compared to last year (2010: revenue were approximately RMB15,435,000).

Revenue of the Group comprises of:

	Revenue	
	2011	2010
	RMB'000	*RMB'000*
Sale of software products	**1,612**	1,867
Sale of related hardware products	**1,250**	903
Provision of software-related technical support services	**15,978**	12,665
	18,840	15,435

Loss of the financial year was approximately RMB37,483,000 compared with loss of approximately RMB63,664,000 for the year ended 31 December 2010. The effect on the results of the Group for the financial year is mainly attributable to the loss on initial recognition of warrant subscription rights recorded only for the year ended 31 December 2010 amounting approximately RMB43,132,000, the increase in the fair value gain on derivative financial liability from approximately RMB15,325,000 for the year ended 31 December 2010 to approximately RMB27,763,000 for the year ended 31 December 2011 and the share-based payment expenses increased from approximately RMB3,175,000 for the year ended 31 December 2010 to approximately RMB25,694,000 for the year ended 31 December 2011.

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 improved in the coming year.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 December 2011, the Group's bank loans amounted to approximately RMB43,244,000 million (2010: Nil) which bear interest at rate of Hong Kong Dollar Inter Bank Offered Rate plus 3.3% per annum and loan from a shareholder of approximately RMB25,802,000 (2010: Nil), which bear interest at 3.3% per annum.

No interest was capitalized by the Group during the year (2010: Nil).

As at 31 December 2011, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB22,085,000 (2010: RMB35,926,000).

The gearing ratio of the Group, based on total liabilities over total assets, as at 31 December 2011 was approximately 89% (2010: 65%).

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

Segmental information is presented for the Group as disclosed on note 5 of the notes to the consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2011, the Group had 286 employees (2010: 199 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 ended 31 December 2011 amounted to approximately RMB44.5 million (2010: RMB14.8 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 2011, the Group has pledged the bank deposit of RMB50 million to secure for the bank borrowing.

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 2011, the Group did not have any material contingent liabilities (2010: 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 2011 *RMB'000*	Year ended 31 December 2010 *RMB'000*	Year ended 31 December 2009 *RMB'000* (Restated)	Year ended 31 December 2008 *RMB'000*	Year ended 31 December 2007 *RMB'000*
Revenue	**18,840**	15,435	41,417	18,214	29,719
Profit/(loss) attributable to shareholders	**(37,843)**	(63,664)	(1,547)	(8,454)	17
Total assets	**90,135**	62,760	36,432	25,380	32,687
Total liabilities	**(79,839)**	(40,675)	(34,282)	(25,948)	(44,731)
Net assets/(liabilities)	**10,296**	22,085	2,150	(568)	(12,044)

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year ended 31 December 2011 attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	47% (2010: 25%)
– five largest suppliers combined	96% (2010: 66%)
Sales	
– the largest customer	27% (2010: 12%)
– five largest customers combined	60% (2010: 44%)

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 2011 as set out in GEM Listing Rules 5.48 to 5.67. The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the securities transactions by Directors.

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2011 have been reviewed by the Audit Committee before recommending it to the Board for approval.

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

Hong Kong, 26 March 2012

As at the date of this announcement, the Board Comprises of:

Hung Yung Lai *(Executive Director)*
Cui Jian *(Executive Director)*
Qiu Lei *(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)*

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and will be published on the website of the Company (http://www.singlee.com.cn).