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 2013

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 high investment risk may be attached than other 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 of the Stock Exchange 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 2013, together with the comparative figures for the corresponding periods in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013
(Expressed in Renminbi)

	NOTES	**2013** *RMB'000*	2012 *RMB'000*
Revenue	*5*	**33,364**	36,080
Cost of sales		**(23,554)**	(17,977)
Gross profit		**9,810**	18,103
Other (expenses) income		**(147)**	2,689
Other gains and losses	*6*	**1,191**	1,482
Distribution and selling expenses		**(8,608)**	(9,501)
Administrative expenses		**(17,881)**	(22,510)
(Impairment loss recognised) recovery on trade receivables		**(1,152)**	1,461
Research and development costs		**(11)**	(156)
Finance costs	*7*	**(970)**	(2,549)
Loss before tax		**(17,768)**	(10,981)
Income tax expense	*8*	**(435)**	(353)
Loss and total comprehensive expense for the year		**(18,203)**	(11,334)
Loss per share			
– basic *(RMB cents)*	*10*	**(2.2)**	(1.4)
– diluted *(RMB cents)*	*10*	**(2.2)**	(1.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013
(Expressed in Renminbi)

	NOTES	**2013** *RMB'000*	2012 *RMB'000*
Non-current Assets			
Property, plant and equipment		**3,031**	4,960
Intangible assets		**614**	–
		3,645	4,960
Current Assets			
Inventories		**459**	417
Trade and other receivables	*11*	**9,624**	17,947
Loan receivable		**–**	1,605
Held for trading investments		**769**	660
Bank balances and cash		**15,233**	19,147
		26,085	39,776
Current Liabilities			
Trade and other payables	*12*	**8,961**	8,936
Amounts due to directors		**903**	632
Amount due to a shareholder		**11**	11
Tax payable		**344**	–
Borrowings		**5,095**	2,405
		15,314	11,984
Net Current Assets		**10,771**	27,792
Total assets less current liabilities		**14,416**	32,752
Non-current Liabilities			
Borrowings		**27,157**	32,018
Net (Liabilities) Assets		**(12,741)**	734
Capital and reserves			
Share capital		**8,352**	8,132
Reserves		**(21,093)**	(7,398)
(Deficit on Shareholders' Equity) Total Equity		**(12,741)**	734

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	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 2012	8,132	151,770	3,613	5,217	37,110	(195,546)	10,296
Loss and total comprehensive expense for the year	–	–	–	–	–	(11,334)	(11,334)
Recognition of equity-settled share-based payments	–	–	–	–	1,772	–	1,772
At 31 December 2012	8,132	151,770	3,613	5,217	38,882	(206,880)	734
Loss and total comprehensive expense for the year	–	–	–	–	–	(18,203)	(18,203)
Exercise of share options	220	3,373	–	–	(1,117)	–	2,476
Lapse of share options	–	–	–	–	(9,915)	9,915	–
Recognition of equity-settled share-based payments	–	–	–	–	2,252	–	2,252
At 31 December 2013	8,352	155,143	3,613	5,217	30,102	(215,168)	(12,741)

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 2013

(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. Its immediate holding company is Goldcorp Industrial Limited, a company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Hung Yung Lai, who is also the Chairman and an executive director of the Company.

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. The principal activities of its subsidiaries are set out in note to the consolidated financial statements.

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 for the year ended 31 December 2013 of approximately RMB18,203,000 and a net liabilities of approximately RMB12,741,000 as at 31 December 2013. In preparing the consolidated financial statements, the directors of the Company have reviewed the Group's financial and liquidity position, and taken into consideration the following factors:

- ongoing financial support from a director, who is also the substantial shareholder of the Company for a period of twelve months from the date of approving the consolidated financial statements by the directors;

- cost control measures; and

- possible additional external funding.

The directors of the Company believe that, taking into account the above factors, the Group will be able to meet in full its financial obligations as and when 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

The Group has applied the following new and revised IFRSs for the first time in the current year:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". Other than the above mentioned presentation change, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the 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:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
IFRIC 21	Levies[1]

[1] *Effective for annual periods beginning on or after 1 January 2014*

[2] *Effective for annual periods beginning on or after 1 July 2014*

[3] *Available for application-the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised*

[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

[5] Effective for first annual IFRS financial statements beginning on or after 1 January 2016

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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 Group. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group 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 goods are delivered and titles are passed at which time 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 executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is also focused on types of goods or services delivered or provided.

Segment revenues and results

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

	Sales of software products	**Sales of related hardware products**	**Provision of software-related technical support services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
2013				
External sales and total revenue – segment revenue	**4,166**	**2,819**	**26,379**	**33,364**
SEGMENT RESULTS	**(2,038)**	**(1,379)**	**(12,904)**	**(16,321)**
Unallocated other expenses				**(147)**
Unallocated other gains and losses				**1,191**
Unallocated corporate expenses				**(1,521)**
Finance costs				**(970)**
Loss before tax				**(17,768)**

	Sales of software products	Sales of related hardware products	Provision of software-related technical support services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2012				
External sales and total revenue – segment revenue	2,224	1,380	32,476	36,080
SEGMENT RESULTS	(649)	(403)	(9,481)	(10,533)
Unallocated other income				2,689
Unallocated other gains and losses				1,482
Unallocated corporate expenses				(2,070)
Finance costs				(2,549)
Loss before tax				(10,981)

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, unallocated other (expenses) 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

	Sales of software products *RMB'000*	Sales of related hardware products *RMB'000*	Provision of software-related technical support services *RMB'000*	Total *RMB'000*
2013				
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	**134**	**90**	**846**	**1,070**
Impairment loss recognized on trade receivables	**505**	**341**	**3,194**	**4,040**
Loss on disposal of property, plant and equipment	**64**	**43**	**404**	**511**
Recovery of trade receivables previously impaired	**(360)**	**(244)**	**(2,284)**	**(2,888)**
Share-based payment expenses (excluding directors)	**241**	**163**	**1,528**	**1,932**
2012				
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	70	43	1,022	1,135
Impairment loss recognized on trade receivables	126	78	1,838	2,042
Recovery of trade receivables previously impaired	(216)	(134)	(3,153)	(3,503)
Share-based payment expenses (excluding directors)	83	51	1,212	1,346

Revenue from major products and services:

	2013	2012
	RMB'000	*RMB'000*
Software products		
POS-MIS V2.0	**3,922**	2,140
Sing Lee payment management system 1.0	**244**	84
	4,166	2,224
Hardware products		
Posiflex cashdrawer	**1,069**	–
SP30	**456**	–
Automatic Pay Machine	**293**	–
MIS system front-end equipment	**221**	–
Server	**184**	–
Computer	**133**	–
Vefifone5150+PP1000	**–**	1,195
Others	**463**	185
	2,819	1,380
Provision of software-related technical support services		
Development	**5,352**	14,377
Maintenance	**21,027**	18,099
	26,379	32,476
	33,364	36,080

Geographical information

The Group's revenue from external customers is all generated from customers located in the 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:

	2013	2012
	RMB'000	*RMB'000*
Customer A[1]	**N/A**	4,435
Customer B[1]	**N/A**	4,249

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

6. OTHER GAINS AND LOSSES

	2013	2012
	RMB'000	*RMB'000*
Gain from change in fair value on investments held for trading	**541**	363
Exchange gain	**650**	1,119
	1,191	1,482

7. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on bank borrowing wholly repayable within five years	**–**	1,681
Interest on loans from a director not wholly repayable within five years	**970**	868
	970	2,549

8. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
PRC enterprise income tax ("EIT")		
– Current year	**415**	353
– Underprovision in prior year	**20**	–
	435	353

Hangzhou Singlee Technology Company Limited ("Singlee Technology"), a subsidiary of the Company, was established in Hangzhou, PRC, with statutory tax rate of 25%. In 2010, Singlee Technology is regarded as 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 is therefore entitled to 15% preferential tax rate from PRC EIT for three years starting from 2010. In 2013, application of the 15% preferential PRC EIT tax rate for a new three years period starting from 2013 is approved by the above authorities. Accordingly, the tax rate for Singlee Technology is 15% for the year ended 31 December 2013 and 2012.

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") and Xin Yintong Technology Co., Ltd. ("Xin YinTong") is 25% for the years ended 31 December 2013 and 2012.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the year ended 31 December 2013 and 2012.

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

	2013	2012
	RMB'000	*RMB'000*
Loss before tax	**(17,768)**	(10,981)
Tax charge at enterprise income tax rate at 15% (2012: 15%) *(Note)*	**(2,665)**	(1,647)
Tax effect of income not taxable for tax purpose	**(1,102)**	(1,227)
Tax effect of expenses not deductible for tax purpose	**1,131**	875
Effect of different tax rates of group entities	**(1,836)**	(1,473)
Tax effect of deductible temporary difference not recognised	**–**	307
Underprovision of tax in prior year	**20**	–
Tax effect of tax losses not recognised	**4,887**	3,518
Tax charge for the year	**435**	353

Note: Applicable income tax rate of 15% (2012: 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 RMB64,674,000, available for offset against future profits and deductible temporary differences of approximately RMB4,092,000 in relation to the impairment loss on intangible assets, inventories written off, trade receivables written off and impairment recognised on trade receivables. The unused tax losses of approximately RMB20,509,000 would be expired in 2016, approximately RMB14,908,000 would be expired in 2017 and the remaining amount of approximately RMB17,517,000 would be expired in 2018. 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:

	2013	2012
	RMB'000	*RMB'000*
Salaries, wages and other staff benefits	**17,022**	20,978
Retirement benefits scheme contribution	**949**	1,350
Equity-settled share-based payment expenses	**2,252**	1,772
Total staff costs *(Note a)*	**20,223**	24,100
Depreciation of property, plant and equipment	**1,070**	1,135
Auditor's remuneration	**446**	426
Operating lease rentals in respect of rented premises	**3,442**	3,880
Impairment loss recognised on trade receivables	**4,040**	2,042
Recovery of trade receivables previously impaired	**(2,888)**	(3,503)
Reversal of impairment loss recognised on inventories (included in cost of sales) *(Note b)*	**(358)**	(2,765)
Cost of inventories recognised as an expense	**2,332**	2,102
Loss on disposal of property, plant and equipment	**511**	–
Impairment loss recognised on inventories	**53**	530
Interest income	**(15)**	(2,097)
Government grants		
– subsidy related to products	**(13)**	(7)
– value-added tax refunds	**(326)**	(573)

Notes:

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

b. During the year ended 31 December 2013, the Group had sold out the inventories at cost or above to customers which impairment loss had been recognised in 2010. As a result, a reversal of impairment loss recognised on inventories of approximately RMB358,000 (2012: RMB2,765,000) had been recognised and included in cost of sales for the year ended 31 December 2013.

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:

	2013	2012
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(18,203)**	(11,334)

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**816,501**	811,840

The computation of diluted loss per share for the year ended 31 December 2013 and 2012 did not assume the exercise of the Company's outstanding share options as they have an anti-dilutive effect on the loss per share calculation.

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**14,437**	19,990
Less: allowance for doubtful debts	**(7,428)**	(6,276)
	7,009	13,714
Other receivables	**2,615**	4,233
	9,624	17,947

Other receivables mainly include advance to staff for daily operation, rental and utility deposits and others.

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 investigation or 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:

	2013	2012
	RMB'000	*RMB'000*
0 – 120 days	**5,939**	8,114
121 – 180 days	**757**	4,685
181 – 360 days	**313**	915
	7,009	13,714

Included in the Group's trade receivables are debtors with the aggregate carrying amount of approximately RMB313,000 (2012: RMB915,000) which have been past due as at the end of the reporting period 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:

	2013	2012
	RMB'000	*RMB'000*
Overdue:		
Less than 1 year	**313**	915

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

	2013	2012
	RMB'000	*RMB'000*
1 January	**6,276**	7,737
Impairment losses recognised on receivables	**4,040**	2,042
Impairment losses reversed	**(2,888)**	(3,503)
31 December	**7,428**	6,276

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB7,428,000 (2012: RMB6,276,000) of which the debtors were in financial difficulties.

Certain of the Group's trade and other receivables of approximately RMB200,000 (2012: RMB504,000) were denominated in US$, foreign currencies of respective group entities.

12. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**3,002**	4,556
Deposits received from customers	**1,335**	41
Payroll payables	**1,237**	1,425
Other payables and accrual	**3,387**	2,914
Total	**8,961**	8,936

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

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**1,776**	1,172
91 – 180 days	**382**	854
181 – 365 days	**89**	489
366 – 730 days	**238**	538
Over 731 days	**517**	1,503
	3,002	4,556

Certain of the Group's trade and other payables of approximately RMB611,000 and RMB118,000 (2012: RMB100,000 were denominated in US$ and RMB396,000 were denominated in HK$) were denominated in US$ and HK$, respectively, the foreign currencies of respective group entities.

DIVIDENDS

No dividends have been paid or declared by the Company during the year (2012: 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 2013.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, and of the Group's financial performance and its 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 loss for the year ended 31 December 2013 of approximately RMB18,203,000 and a net liabilities of approximately RMB12,741,000 as at 31 December 2013. This condition, along with other matters as set forth in Note 2 to the consolidated financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

BUSINESS REVIEW AND ANALYSIS

RUNPOS (soft POS) Business

During the year, the Group achieved remarkable progress in the market for its second-generation products of RUNPOS (Soft POS), including "Bank-Business Express", "Bank-Hospital Express", and "Bank-School Express". In 2013, the Group's users of "Bank-Business Express" registered a growth rate over 50%. According to the statistics of China Unionpay, the Group ranks the forefront of the market share in POS MIS. The growth rates of "Bank-Hospital Express" and "Bank-School Express" were approximately 45% and 24%, respectively. For universities and colleges that use our services, the growth rate amounted to approximately 55%. In line with a significant increase in our market share, our costs incurred from the workforce, research and development, marketing, services, and operations during the year increased as well, thus recording a bigger loss during the year. However, the Board is confident that our "Bank-Business Express", "Bank-Hospital Express", and "Bank-School Express"as well as our treasury products are certain to generate considerable revenue for the Group in the next few years as a result of a significant increase in the number of our customers.

FUTURE DEVELOPMENT

Regarding its future mobile e-commerce business, the Group resolutely adheres to the approach of integrating its online business with its offline business, as a large number of offline customers will serve as the fundamental base for the future development of online customers. The Group has intellectual property rights for its self-developed treasury products, and 17 banks currently use the Group's treasury products. The Group's contractual amount for the year grows by approximately 1.6 times, ushering in the future landscape for our new product. The Group will stick to the management philosophy of broadening the revenue sources and minimizing the cash outflow, and try its best to turn losses into profits by its successful transformation as soon as possible.

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 2013 ("the financial year"), the Group recorded a total revenue of approximately RMB33,364,000, representing a decrease of 7.5% as compared to last year (2012: revenue were approximately RMB36,080,000).

Revenue of the Group comprises of:

	Revenue	
	2013	2012
	RMB'000	*RMB'000*
Sales of software products	**4,166**	2,224
Sales of related hardware products	**2,819**	1,380
Provision of software-related technical support services	**26,379**	32,476
	33,364	36,080

The decrease in the turnover of the Group was mainly attributable to the decrease of approximately 19% in the revenue of the Group's provision of software-related technical support services when compared to the same period of last year. Cost of sales for the year ended 31 December 2013 increased to approximately RMB23,554,000 (2012: approximately RMB17,977,000), which mainly due to reduction in selling prices of our products in the current year in order to strengthen our competitiveness in the industry.

Administrative expenses for the year ended 31 December 2013 was approximately RMB17,881,000 (2012: approximately RMB22,510,000). The decrease of 20% was due to our effective cost control to recover temporary losses made. For the distribution and selling expenses, it is decreased by 9% to RMB8,608,000 (2012: approximately RMB9,501,000), which is in line with the decrease in revenue. Other expenses mainly included losses on disposal of equipment and other gains and losses included fair value changes of the investment fund and exchange differences.

Finance costs for the year ended 31 December 2013 was decreased to approximately RMB970,000 (2012: approximately RMB2,549,000), resulting from the fully repayment of secured bank loan in the end of the year 2012.

The Group recorded a loss of approximately RMB18,203,000 for the year ended 31 December 2013, an increase of approximately 60.6% as compared to last year (2012: net loss approximately RMB11,334,000). Decrease in gross profit is the main factor leading to the increase in loss.

During the year ended 31 December 2013, the Company recorded equity-settled share-based payment of approximately RMB2,252,000 (2012: RMB1,772,000). The equity-settled share-based payment for the year ended 31 December 2013 was allocated among the cost of sales, distribution and selling expenses and administrative expenses amounting to RMB346,000, RMB182,000 and RMB1,724,000 respectively.

We will continue striving our best to increase sales and strengthen our cost control measures. With the products of our Group becoming more mature in the market and the effective cost control, we expect that financial results of the group would be improved in the coming year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2013, the Group's loans from a shareholder of approximately RMB 32,252,000, which bear interest at 3.3% per annum (2012: RMB34,423,000, which bear interest rate of 3.3% – 3.5% per annum).

No interest was capitalized by the Group during the year (2012: Nil).

As at 31 December 2013, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB15,233,000 (2012: RMB19,147,000).

The gearing ratio of the Group, based on total liabilities over total assets, as at 31 December 2013 was approximately 143% (2012: 98%).

CAPITAL STRUCTURE

During the year, our director and employees exercised 27,890,000 share options granted on June 2013. As at 31 December 2013, the total number of issued ordinary shares of the Company was 839,730,000 shares (2012: 811,840,000 shares).

ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The group did not have any material acquisitions or disposals of subsidiaries and affiliated companies 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 2013, the Group had 271 employees (2012: 243 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 RMB20,223,000 (2012: RMB24,100,000).

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 2013, the Group did not have any charges on group assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Details of the Group's future plans for material investments or capital assets and their expected source of funding have been stated in the Company's prospectus dated 30 August 2001 under the sections headed "Statement of Business Objectives" and "Reasons for the New Issue and Use of Proceeds" 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 2013, the Group did not have any material contingent liabilities (2012: 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 2013	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**33,364**	36,080	18,840	15,435	41,417
Loss attributable to shareholders	**(18,203)**	(11,334)	(37,483)	(63,664)	(1,547)
Total assets	**29,730**	44,736	90,135	62,760	36,432
Total liabilities	**(42,471)**	(44,002)	(79,839)	(40,675)	(34,282)
Net (liabilities)/assets	**(12,741)**	734	10,296	22,085	2,150

CLOSURE OF THE REGISTER OF MEMBERS

The 2014 AGM is scheduled to be held on Friday, 9 May 2014. For determining the entitlement to attend and vote at 2014 AGM, the register of members of the Company will be closed from Wednesday, 7 May 2014 to Friday, 9 May 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at 2014 AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Abacus Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong (which is to be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), for registration not later than 4:30 pm on Tuesday, 6 May 2014.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year ended 31 December 2013 attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	23% (2012: 20%)
– five largest suppliers combined	69% (2012: 30%)
Sales	
– the largest customer	9% (2012: 12%)
– five largest customers combined	21% (2012: 38%)

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.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors, management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group during year ended 31 December 2013.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

Saved as disclosed below, the Company complied with the code provisions in Corporate Governance Code (the "Code") and Corporate Governance Report, which set out in Appendix 15 in the GEM Listing Rules during the year ended 31 December 2013. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the twelve months ended 31 December 2013 as set out in GEM Listing Rules 5.48 to 5.67. The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the securities transactions by Directors.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the year ended 31 December 2013.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of change in equity and the related notes thereto for the year ended 31 December 2013 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2013 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, 21 March 2014

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

Hung Yung Lai *(Executive Director)*
Cui Jian *(Executive Director)*
Hung Ying *(Executive Director)*
Pao Ping Wing *(Independent Non-Executive Director)*
Tam Kwok Hing *(Independent Non-Executive Director)*
Lo King Man *(Independent Non-Executive Director)*

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).