



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 2008

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This announcement, for which the directors of Sing Lee Software (Group) Limited (the “Company”) 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:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purposes 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 2008, together with the comparative figures for the corresponding periods in 2007, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

(Expressed in Renminbi)

	<i>Note</i>	2008 <i>RMB’000</i>	2007 <i>RMB’000</i>
Revenue	5	18,214	29,719
Cost of sales		<u>(12,378)</u>	<u>(18,976)</u>
Gross profit		5,836	10,743
Other operating income	6	1,145	3,712
Distribution costs		(2,948)	(3,105)
Administrative expenses		<u>(7,495)</u>	<u>(8,609)</u>
(Loss)/profit from operations		(3,462)	2,741
Net finance costs	7	<u>(778)</u>	<u>(1,546)</u>
(Loss)/profit before taxation	8	(4,240)	1,195
Taxation	9	<u>–</u>	<u>–</u>
(Loss)/profit for the year attributable to equity holders of the Company		<u>(4,240)</u>	<u>1,195</u>
		<i>RMB (cents)</i>	<i>RMB (cents)</i>
(Loss)/earnings per share	10		
Basic		<u>(0.65)</u>	<u>0.20</u>
Diluted		<u>N/A</u>	<u>N/A</u>

BALANCE SHEETS

As at 31 December 2008

(Expressed in Renminbi)

	<i>Note</i>	The Group		The Company	
		2008	2007	2008	2007
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets					
Property, plant and equipment		750	828	2	1
Intangible assets		7,504	6,104	—	—
Investments in subsidiaries		—	—	—	—
		8,254	6,932	2	1
Current assets					
Inventories		5,314	6,091	5,123	5,750
Trade and other receivables		8,991	11,036	1,490	9,977
Cash and cash equivalents		2,821	8,628	181	730
		17,126	25,755	6,794	16,457
Current liabilities					
Loans and other borrowings		16,805	25,201	16,805	25,201
Trade and other payables		8,723	18,860	1,054	9,232
Deferred income		420	670	—	—
		(25,948)	(44,731)	(17,859)	(34,433)
Net current liabilities		(8,822)	(18,976)	(11,065)	(17,976)
Net liabilities		(568)	(12,044)	(11,063)	(17,975)
Capital and reserves					
Share capital		6,827	6,271	6,827	6,271
Reserves	11	(7,395)	(18,315)	(17,890)	(24,246)
Capital deficiency		(568)	(12,044)	(11,063)	(17,975)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

(Expressed in Renminbi)

	Attributable to equity holders of the Company					
	Share capital	Share premium	Statutory surplus reserve	Exchange reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2007	6,271	58,148	3,613	1,830	(84,415)	(14,553)
Exchange difference on translation of financial statements of foreign entities	–	–	–	1,314	–	1,314
Profit for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,195</u>	<u>1,195</u>
At 31 December 2007 and 1 January 2008	6,271	58,148	3,613	3,144	(83,220)	(12,044)
Exchange difference on translation of financial statements of foreign entities	–	–	–	657	–	657
Shares issued	556	14,503	–	–	–	15,059
Loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,240)</u>	<u>(4,240)</u>
At 31 December 2008	<u>6,827</u>	<u>72,651</u>	<u>3,613</u>	<u>3,801</u>	<u>(87,460)</u>	<u>(568)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

(Expressed in Renminbi)

1. Reporting entity

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is principally engaged in the businesses of development, manufacture and sale of software products, sale of related hardware products and the provision of software-related technical support services.

2. Basis of preparation

a) Material uncertainties relating to the going concern basis

At 31 December 2008, the Group had consolidated net current liabilities of approximately RMB8,822,000 and net liabilities of approximately RMB568,000. At 31 December 2008, the Company had net current liabilities of approximately RMB11,065,000 and net liabilities of approximately RMB11,063,000.

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

(i) Attainment of profitable and positive cash flow operations

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

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

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

(iii) Additional external funding

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

In the opinion of the directors, in light of the measures taken to date, together with expected results of other measures in progress, the Company and the Group will have sufficient cash resources to satisfy its future working capital and other financial requirements, and it is reasonable to expect the Company and the Group to return to a commercially viable going concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Company's and the Group's financial and liquidity position as at 31 December 2008.

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

b) Statement of compliance

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

3. New and revised IFRSs and IFRIC interpretations

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

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

IFRIC 11, "IFRS 2 – Group and treasury share transactions";

IFRIC 12, "Service concession arrangements";

IFRIC 14, "IAS 19 – The limit on a define benefit asset";

IAS 28 (Amendment), "Investments in associates" (and consequential amendments to IAS 32, "Financial instruments: Presentation" and IFRS 7, "Financial instruments: Disclosures");

IAS 31 (Amendment), “Interests in joint ventures” (and consequential amendments to IAS 32, “Financial Instruments: Presentation” and IFRS 7, “Financial instruments: Disclosures”);

IAS 32 (Amendment), “Financial instruments: Presentation”, and IAS 1 (Amendment), “Presentation of financial statements”, “Puttable financial instruments and obligations arising on liquidation”; and

IFRS 8, “Operating segments”.

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements. The following standards, amendments and interpretations were issue but not effective:

IFRS 1 (Amendment), “First-time adoption of IFRS”, and IAS 27, “Consolidated and separate financial statements” (effective from 1 January 2009);

IFRS 2 (Amendment), “Share-based payment” (effective from 1 January 2009);

IFRS 3 (Revised), “Business combinations” (effective from 1 July 2009);

IAS 23 (Amendment), “Borrowing costs” (effective from 1 January 2009);

IAS 27 (Revised), “Consolidated and separate financial statements” (effective from 1 July 2009);

IFRIC 13, “Customer loyalty programmes” (effective from 1 July 2008);

IFRIC 15, “Agreements for construction of real estates” (effective from 1 January 2009);

IFRIC 16, “Hedges of a net investment in a foreign operation” (effective from 1 October 2008);

there are a number of amendments to: IFRS 5, “Non-current assets held for sale and discontinued operations” (and consequential amendment to IFRS 1, “First-time adoption”); IFRS 7, “Financial instruments: Disclosures”; IAS 8, “Accounting policies, changes in accounting estimates and errors”; IAS 10, “Events after the reporting period”; IAS 16, “Property, plant and equipment” (and consequential amendments to IAS 7 “Statement of cash flows”); IAS 18, “Revenue”; IAS 19, “Employee benefits”; IAS 20, “Accounting for government grants and disclosure of government assistance”; IAS 23, “Borrowing costs”; IAS 27, “Consolidated and separate financial statements”; IAS 29, “Financial reporting in hyperinflationary economies”; IAS 34, “Interim financial reporting”; IAS 36, “Impairment of assets”; IAS 38, “Intangible assets”; IAS 39, “Financial instruments: Recognition and measurement”; IAS 40, “Investment properties” (and consequential amendments to IAS 16, “Property, plant and equipment”); and IAS 41, “Agriculture”; which are part of the IASB’s annual improvement project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Group’s financial statements and have therefore not been analysed in detail.

4. Segment reporting

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

a) Business segment

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

b) Geographical segment

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

5. Revenue

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

	The Group	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of computer software	980	3,577
Sale of computer hardware	2,995	10,015
Provision for maintenance and other services	14,239	16,127
	18,214	29,719

6. Other operating income

	The Group	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Sundry income	556	2,064
Exchange gain	500	1,180
Value added tax refunds	89	322
Government grants	–	80
Rental income from subletting properties under operating lease	–	66
	<u>1,145</u>	<u>3,712</u>

7. Net finance costs

	The Group	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank deposits	(37)	(12)
Interest on bank advances and other borrowings		
wholly repayable within five years	791	1,527
Others	24	31
Finance expenses	815	1,558
	<u>778</u>	<u>1,546</u>

8. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging the following:

	The Group	
	2008	2007
	RMB'000	RMB'000
Staff costs (including directors' remuneration)		
– salaries, wages and other benefits	6,375	5,913
– contributions to defined contribution plans	660	945
	7,035	6,858
Auditors' remuneration	268	293
Depreciation of property, plant and equipment	462	204
Operating lease charges: minimum lease payments		
– property rental	1,349	1,314
Cost of inventories sold and services rendered [#]	12,378	18,976

[#] *Cost of inventories sold and services rendered includes staff costs of approximately RMB2,634,050 (2007: RMB2,134,813) and depreciation expenses of approximately RMB55,023 (2007: RMB41,501) that are also included in the respective total amounts disclosed separately above for each of these types of expenses.*

9. Taxation

a) Overseas income tax

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

b) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the years ended 31 December 2008 and 2007.

c) PRC enterprise income tax

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
PRC enterprise income	—	—

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

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

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Accounting (loss)/profit before taxation	(4,240)	1,195
Tax at the statutory tax rate (33%)	(1,399)	394
Absorbed into/(set-off against) tax losses	1,399	(394)
Tax expense	—	—

There was no significant unprovided deferred taxation for the year ended 31 December 2008 (2007: Nil).

10. (Loss)/earnings per share

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity holders of the Company of RMB4,240,000 loss (2007: RMB1,195,000 profit) and the weighted average of 658,823,560 (2007: 603,000,000) ordinary shares in issue during the year.

b) Diluted (loss)/earnings per share

No disclosure of diluted (loss)/earnings per share for the years ended 31 December 2008 and 31 December 2007 is shown as the Company's outstanding share options have antidilutive effect.

11. Reserves

a) The Group

	Attributable to equity holders of the Company				
	Share premium RMB'000	Statutory surplus reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2007	58,148	3,613	1,830	(84,415)	(20,824)
Profit for the year	–	–	–	1,195	1,195
Exchange difference on translation of financial statements of foreign entities	–	–	1,314	–	1,314
At 31 December 2007 and 1 January 2008	58,148	3,613	3,144	(83,220)	(18,315)
Issue of shares during the year	14,503	–	–	–	14,503
Loss for the year	–	–	–	(4,240)	(4,240)
Exchange difference on translation of financial statements of foreign entities	–	–	657	–	657
At 31 December 2008	<u>72,651</u>	<u>3,613</u>	<u>3,801</u>	<u>(87,460)</u>	<u>(7,395)</u>

b) The Company

	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2007	58,148	4,718	–	(84,262)	(21,396)
Loss for the year	–	–	–	(4,351)	(4,351)
Exchange difference on translation of financial statements of foreign entities	–	–	1,501	–	1,501
At 31 December 2007 and 1 January 2008	58,148	4,718	1,501	(88,613)	(24,246)
Issue of shares during the year	14,503	–	–	–	14,503
Loss for the year	–	–	–	(8,962)	(8,962)
Exchange difference on translation of financial statements of foreign entities	–	–	815	–	815
At 31 December 2008	<u>72,651</u>	<u>4,718</u>	<u>2,316</u>	<u>(97,575)</u>	<u>(17,890)</u>

PRC accounting rules and regulations required the subsidiaries registered in the PRC to provide for staff and worker's bonus and welfare fund, which are appropriated from net profit after tax, after offsetting prior years' losses, as determined under PRC accounting rules and regulations, but before distribution of a dividend to shareholders. Appropriation to the staff and workers' bonus and welfare fund is at the discretion of the directors of such subsidiaries. The staff and worker's bonus and welfare fund can only be utilized on special bonuses or capital items for the collective benefits of the employees of the individual subsidiary such as the construction of dormitories, canteen and other staff welfare facilities. The fund is non-distributable other than in liquidation. When the relevant assets are disposed of or written off, the original transfers from the fund are reversed. Under IFRSs, appropriations to the fund have been included as expenses and the balance of the fund as a liability of the Group. The directors of such subsidiaries resolved not to make any appropriation to the fund for the years ended 31 December 2008 and 2007.

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

Under the Companies Act 1981 of Bermuda (“Companies Act”), share premium and capital reserve are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and capital reserve if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

As at 31 December 2008 and 2007, the Company had no reserve available for distribution to equity holders of the Company.

DIVIDENDS

No dividends have been paid or declared by the Company during the year (2007: Nil).

BUSINESS REVIEW AND ANALYSIS

The projects and products following the transition of the Group during the year have been launched in provinces and cities such as Shandong, Zhejiang, Yunnan, Shanghai, Hebei, Shanxi and Xinjiang. Both of our two strategic cooperation customers are working closely with the Group, one of which has entered into a 3-year strategic cooperation agreement; then entered a mutual intention that the Group and another key customer to establish bundle cooperation by the end of last year. The market share of the first generation of products after the Group’s transition has been continuously increasing, while the new products of the second generation are undergoing closed development as per client’s request. After the official launch of the products, it is expected that they will arouse relatively notable echo in the market. Due to the huge impact brought by the global financial tsunami to the financial industry of the PRC, the contemplated product promotion campaigns and system upgrade contract have been delayed accordingly or partly downsized, which led to a significant drop in the sales of the Group and caused the losses for the year. However, the Group considers the losses during the year are temporary and are not related to the Group’s products, market and customers. In particular, the two products which help banks to further enhance their risk management and reduce operation and management costs would be attractive to the customers and the market and the demand for this product has changed from gradual adoption to an urgent one.

Banking Business

The bank capital risk management product of the Group, a core business in banking industry, continued to top the market share amongst the domestic players. Deeply affected by the financial tsunami, the banks will, to a larger degree, enhance their capital risk management. Orders received by the Group for such product are expected to increase constantly in the coming years and the market share will surge rapidly. New business and products related to payment industry, especially our cooperation with the two major customers, are under comprehensive development, while the sales of integrated version of MIS-POS under RUNPOS also experienced relatively great growth.

Education Business

The Group has entered into a 3-year strategic cooperation agreement with China Construction Bank Zhejiang Branch with regard to One-stop Bank-college Express, which is a new product of the Group. The key target of the first year is to thoroughly promote the product in Zhejiang and to promote nationwide application in the following two years. The research and development of this product is coming close to an end, with qualitative changes in terms of concentration, stability and multi-functionality when compared to the original Bank-college Express, and it is expected to lead to further growth in the Group's efficiency.

Future outlook

The Group will further strengthen the research and development of various varieties of innovative functions of bank capital risk management products and continuously the application of RUNPOS series products in different fields. Industries that have commenced such application include: education, social security, highway, tourism, tobacco, electricity and telecommunication, while the application of the system on the project of China National Petroleum Corporation refuel card was added this year. Well-proven by practice, RUNPOS has enormous market potential and the key is to work closely with banks to speed up the pace of promotion and application in different fields. Each strategic cooperation partner of the Group is constantly enhancing the efforts and depth in our cooperation. The Group believes that our cooperation with the major customers will be stable and long-lasting. This will be an important factor that guarantees a steady growth of the Group's revenue, which will also lift up the value of the Group's brand.

The Group will continue to endeavor to implement measures to broaden sources of income and reduce expenditure, especially to put more efforts in broadening sources of income and innovation, and continue to strengthen the risk precautions and on-going monitoring mechanism to prevent risk in advance.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2008 ("the financial year"), the Group recorded a total turnover of approximately RMB18,214,000, representing a decrease of 39% as compared to last year (last year turnover were approximately RMB29,719,000).

Turnover of the Group comprises of:

	Turnover	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of software	980	3,577
Sales of hardware	2,995	10,015
Maintenance and other services income	14,239	16,127
	<u>18,214</u>	<u>29,719</u>

The Group recorded a loss attributable to shareholders of approximately RMB4,240,000 for the financial year, a significant change from net profit to net loss as compared to last year (net profit for last year was approximately RMB1,195,000). Decrease in turnover is one of the factors leading to the change from net profit to net loss.

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

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 December 2008, the Group's bank loans amounted to approximately RMB16.8 million (2007: RMB18 million) which bear interest at rate of Hong Kong Dollar Inter Bank Offered Rate plus 2.75% per annum.

No interest was capitalized by the Group during the year (2007: Nil).

As at 31 December 2008, the Group held cash and cash equivalents denominated in RMB, US dollars and HK dollars, amounted to approximately RMB2.8 million. (2007: RMB8.6 million)

The gearing ratio of the Group, based on total liabilities over total assets, as at 31 December 2008 was approximately 102% (2007: 137%).

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

Saved as disclosed on note 4 of the notes to the financial statements, no segmental information is presented for the Group as the Group conducts its business within one geographical and business segment.

EMPLOYEE INFORMATION

As at 31 December 2008, the Group had 90 employees (2007: 80 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 RMB7 million (2007: RMB6.9 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 2008, 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 2008, the Group did not have any material contingent liabilities (2007: Nil).

FIVE YEARS FINANCIAL SUMMARY OF THE GROUP

	Year ended 31 December 2008 <i>RMB'000</i>	Year ended 31 December 2007 <i>RMB'000</i>	Year ended 31 December 2006 <i>RMB'000</i>	Year ended 31 December 2005 <i>RMB'000</i>	Year ended 31 December 2004 <i>RMB'000</i>
Turnover	<u>18,214</u>	<u>29,719</u>	<u>21,377</u>	<u>11,276</u>	<u>40,303</u>
(Loss)/profit attributable to shareholders	<u>(4,240)</u>	<u>1,195</u>	<u>(16,151)</u>	<u>(37,221)</u>	<u>(2,346)</u>
Total assets	25,380	32,687	27,160	41,894	66,873
Total liabilities	<u>(25,948)</u>	<u>(44,731)</u>	<u>(41,713)</u>	<u>(40,595)</u>	<u>(28,631)</u>
Net (liabilities)/assets	<u>(568)</u>	<u>(12,044)</u>	<u>(14,553)</u>	<u>1,299</u>	<u>38,242</u>

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year ended 31 December 2008 attributable to the Group's major suppliers and customers are as follows:

Purchases

– the largest supplier	32%
– five largest suppliers combined	84%

Sales

– the largest customer	24%
– five largest customers combined	53%

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. The Company has applied the principles and complied with the requirements set out in the Code on Corporate Governance Practices ("CG code") contained in Appendix 15 of the GEM listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions during the twelve months ended 31 December 2008 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 2008 have been reviewed by the Audit Committee before recommending it to the Board for approval.

By Order of the Board

Hung Yung Lai

Chairman

Hong Kong, 27 March 2009

The Board Comprises of:

Hung Yung Lai (*Executive Director*)

Cui Jian (*Executive Director*)

Xu Shu Yi (*Executive Director*)

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

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

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

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