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SING LEE SOFTWARE (GROUP) LIMITED

新利軟件(集團)股份有限公司*

(Incorporated in Bermuda with limited liability)

SPECIFIC PROVISION OF DOUBTFUL RECEIVABLES AND CHANGE OF BAD DEBTS PROVISIONING POLICY

The board of directors (the “Board”) of Sing Lee Software (Group) Limited (the “Company”) announces that after reviewing latest outstanding accounts receivable, the Company intends to write off approximately RMB8.5 million accounts receivable (approximately 16% of the net asset value of the Group as at 30 September 2003) which were outstanding over 1 year with doubtful collectibility. Most of these accounts receivable were related to the bank order placing system products of the Group and resulted from sales to 125 customers in the PRC made from 2000 to 2002. The aforesaid 8.5 million accounts receivable were based on genuine sales by the Group to its customers.

In recent years, there were many competitors continuously arising in the markets in respect of bank order placing system and security trading system products. Such competitors seized part of the Group’s market share. In certain cases, some of the Group’s customers stopped using the Group’s products and substituted with competitors’ products even though the Group’s products and services were partly installed and provided so that they refused to settle their outstanding debts.

The Group has tried to negotiate with the aforesaid customers to collect the outstanding receivables and to maintain the business relationship by extending the credit period and swapping other services instead of taking legal action. However, for prudence sake, the Board decides to make specific provision of approximately RMB8.5 million outstanding receivables aged over 1 year for the year ended 31 December 2003 and considers that no further action will be taken in the future against such customers in order to maintain the business relationship with such customers for future business potential.

The Group may be short in cash in the coming first quarter of 2004 owing to the irrecoverability of the aforesaid accounts receivables. Furthermore, the Group's net loss for the year ended 31 December 2003 is expected to enlarge as a result of the proposed write-off of the aforesaid accounts receivables. In this connection, the Group has approached certain banks for arranging some short term bank facilities to enhance the Group's cashflow position.

Separately, the Group also proposes to change the bad debt provisioning policy of the Group with effect from 31st December 2003 to write off those accounts receivable outstanding over 1.5 years but not more than 2 years by 50% (as opposed to that of 5% as disclosed in the annual report of the Company for 2002). The Group believes that this policy can reflect the Group's actual business situation based on recent practical experience. On the other hand, those over 24 months by 100% still remained.

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

Hong Kong, 9th January 2004

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, 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.

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