

Press Release

【For immediate release】

**Excel Technology International Holdings Limited**

**Results announcement for the SIX-MONTH ended 30 JUNE 2003**

- Turnover increased by 27% over the same period of last year to approximately HK\$96.2 million.
- China originated business increased to HK\$54.6 million (2002 1H: about HK\$16.9 million), which is 56% (2002 1H: 22%) of the total turnover.
- Hong Kong recorded a drop of 31% in turnover to HK\$40.1 million (2002 1H: HK\$58.2 million) reflecting the territory's poor economic environment and weak demand for IT products.
- The Group incurred an operating loss of about HK\$14.2 million (2002 1H: a loss of HK\$13.7 million).
- Loss attributable to shareholders was narrowed by 9% to about HK\$14.3 million (2002 1H: a loss of HK\$15.7 million).
- Loss per share is 1.45 cents.

**Financial Summary**

Unaudited Consolidated Results	30 <sup>th</sup> June, 2003	30 <sup>th</sup> June, 2002	Net Change
	HK\$'000	HK\$'000	
Turnover	96,218	75,788	27%
Loss from operations	(14,223)	(13,747)	-3%
Loss attributable to shareholders	(14,314)	(15,761)	9%
Loss per share Basic and fully diluted	(1.45) cents	(1.60) cents	9%

(11<sup>th</sup> August, 2003, HONG KONG) - Excel Technology International Holdings Limited ('Excel' or the 'Company', together with its subsidiaries, the 'Group'; stock code: 8048) announces its unaudited consolidated results for the six-month period ended 30<sup>th</sup> June 2003.

During the reporting period, the Group achieved a growth of 27% in its turnover. Total turnover was HK\$96,218,000. Loss from operations amounted to HK\$14,223,000. The Group reduced its loss attributable to shareholders to HK\$14,314,000 or a slight improvement of 9% and the loss of the second quarter of 2003 was an improvement of 23% over that of the first quarter.

The growth in turnover was largely fueled by China expansion, with businesses originated from Mainland China substantially increased by 223% to HK\$54,631,000 (2002 1H: HK\$16,932,000), constituting more than 56% of the Group's total turnover (2002 1H: 22%).

The sluggish Hong Kong market had seen turnover dropped by 31% to HK\$40,110,000 (2002 1H: HK\$58,216,000). Singapore recorded a turnover increase of 130% comparing with the same period of last year and constituted 1.5% of the total turnover.

Recurring income such as maintenance service and ASP were maintained at a stable level.

The performance of Camelot (a 21.5% associate), which is operating mainly in Mainland China, was impaired by the SARS outbreak as certain projects were put on hold while the Government discouraged inland travel during the epidemic period. Camelot's turnover dropped by 24% but its net profit margin recorded an improvement over that of the same period of last year, which was the result of effective cost control.

During the period, the Group had successfully implemented the Retail Loans Processing & Management System (LOANS) and the Modular Banking – Treasury System (MBS) in China and Hong Kong respectively. The China Integrated Securities Trading & Settlement System (InterTrade) (centralized stock trading system) is expected to go live in the third quarter of 2003. In Shanghai, the Group is implementing a large ERP/Logistic system for a large Tobacco company. The Group is now ready to embrace the China market in a more aggressive pace as product localization for the Mainland China market is almost completed.

After much effort had been put in to cultivate the SE Asia market, the Group expect to reap several major projects from banking customers in the region.

Ms Peggy Chan, CEO of the Group said, "The China operation continues to move towards the planned direction. We are now recognized by Chinese banks as a leading financial technology partner who can introduce the best banking practices with technology transformation. The Group is exploring more business opportunities in a broader financial sector in China. We shall make use of our technology to serve a wider spectrum of Chinese customers including the deployment of ASP service. The SE Asia market is gaining momentum as banking customers are looking for innovative technology from the Group for their business problems. As for the second half of 2003, I believe there will be more interesting projects to go on and the Group will strengthen its brand building in China."

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Company Background:

Excel is a leading financial technology provider and is principally engaged in the development, sale and implementation of enterprise software and systems for the banking, financial, and logistic sectors in China and the SE Asia region. The Group is also a major player in the ASP (application service provider) business through i21 Limited and HR21 Limited.

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