



志鴻科技國際控股有限公司
EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED

29 March 2006

Press Release 【For immediate release】

EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED
RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

- For the year ended 31 December 2005, the Group recorded total turnover of HK\$224,242,000, representing a satisfactory increase of 38% when compared with year 2004.
- Revenue from sales of enterprise software products increased by 34% to HK\$68,166,000 (2004: HK\$50,748,000).
- Revenue from systems integration rose by 29% to HK\$121,922,000 (2004: HK\$94,824,000).
- Revenue from professional services surged more than double to HK\$29,044,000, with 133% increase compared with HK\$12,450,000 in 2004.
- Loss attributable to equity holders of the parent for the year ended 31 December 2005 was HK\$16,566,000, an improvement of 21% over the previous year.
- Loss per share is 1.68 cents for the year ended 31 December 2005.

(29 March 2006, HONG KONG) - Excel Technology International Holdings Limited ('Excel' or the 'Company', together with its subsidiaries, the 'Group'; stock code: 8048) is pleased to announce its audited consolidated results for the year ended 31 December 2005.

During the year ended 31 December 2005, the Group recorded a satisfactory increase of 38% in turnover of HK\$224,242,000, compared with a turnover of HK\$162,888,000 for 2004.

The overall sales of enterprise software products increased by 34% to HK\$68,166,000 (2004: HK\$50,748,000). The growth from sales of enterprise software products is largely attributed to the contribution from Hong Kong and Southeast Asia.

Systems Integration rose by 29% to HK\$121,922,000 (2004: HK\$94,824,000). This is mainly due to the contribution from Mainland China's transaction in software services.

Revenue on professional services surged more than double to HK\$29,044,000, with 133% increase compared with HK\$12,450,000 in 2004 as a result of the rapid growth of the IT development outsourcing business.

The Group's ASP operation is stable with revenue slightly increased to HK\$5,110,000 (2004: HK\$4,866,000).

The Group's loss attributable to equity holders in 2005 was reduced by 21% to HK\$16,566,000 (2004: HK\$20,962,000). The loss from operation of HK\$19,768,000 (2004: HK\$26,845,000) included the impairment loss on goodwill of HK\$4,162,000. The loss before interest, taxation, depreciation, amortization, impairment, provision for obsolete inventories and share of results of associates (EBITDA loss) in 2005 was HK\$7,539,000, a 58% reduction from 2004 loss of HK\$18,099,000.

This loss is attributed largely to the efforts spent in 2005 to set up the development outsourcing business by recruiting the right talents and setting up development centers in Dalian and Hangzhou, with a third one in Taipei coming onboard soon. These development centers are staffed with Japanese, English and Chinese speaking software engineers who will help us to develop the outsourcing opportunities in Japan, Hong Kong as well as the western world. A number of pilot projects, awarded by multinational companies, are already underway to test out the delivery capacity of these development centers.

Our China business saw a 62% increase in turnover in 2005, comparing to 2004. We brought in important clients like China Life Insurance, China Petro Chemical, and Bohai Bank with various products and services.

Our South East Asia business added a number of prestigious customers in the South East region with our enterprise software. The turnover from the region increased by 190% as compared to that of 2004.

On the product front, the REAPS successfully completed its first implementation with a China regional bank. It not only has state-of-the-art risk management engine and straight-through-processing for sophisticated financial instruments, but also processes RMB bonds, making it a unique treasury system for the China financial market. The Unit Trust System from our Wealth Management Platform was successfully localized and launched in Singapore and Malaysia with a multinational bank, thus proving another success of our geographic expansion for regional support. The Wealth Management System (also from our Wealth Management Platform) was implemented in China and Malaysia with major statewide banks.

Past years efforts had been on building geographic presence and expanding product and service offerings at the expense of profitability. Management is confident that these investments will pay off in starting from 2006 and onwards.

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Company Background:

Excel Technology International Holdings Limited [stock code: 8048] is a leading enterprise software solutions provider with a primary focus in the banking, finance, and logistics sectors in Asia. Excel's major business includes enterprise software development and deployment, IT strategy planning and consulting, development outsourcing, ERP system implementation, and Application Service Provider (ASP) services. Excel has over 450 employees with offices in Hong Kong, Beijing, Shanghai, Shenzhen, Hangzhou, Dalian, Taiwan, Tokyo, Singapore and Malaysia. Excel's clients include various monetary authorities and central banks, major international and Chinese banks, multinational financial institutions and companies with cross border operations that require regional support. Website: www.excel.com.hk.

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