



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

21 March 2005

Press Release

【For immediate release】

EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

- For the year ended 31 December 2004, the Group recorded total turnover of HK\$162,888,000. Loss attributable to shareholders for the year ended 31 December 2004 was HK\$20,962,000, an improvement of 21% over the previous year.
- Loss per share is 2.13 cents for the year ended 31 December 2004.
- Revenue from Enterprise Software Products amounted to HK\$50,748,000 for the year, which was 31% of the total turnover.
- Revenue from Systems Integration amounted to HK\$94,824,000 for the year, which was 58% of the total turnover.
- Revenue from Professional Services amounted to HK\$12,450,000 for the year, which was 8% of the total turnover.

(21 March 2005, 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 2004.

During the year ended 31 December 2004, the Group's loss attributable to shareholders improved by 21% to HK\$20,962,000 (2003:HK\$26,529,000) with a turnover of HK\$162,888,000 (2003: HK\$ HK\$184,713,000).

The loss largely represents heavy investments for new initiatives, new software and new service developments in our growing China and Southeast Asia operations. This is necessary to continue and refresh our technology and market penetration to pave for the future. We expect payback of these investments would start as soon as 2005.

Turnover decreased slight from last year, largely a result of the Group's conscious decision to decrease hardware systems integration business and some large software contracts were unexpectedly delayed due to client's business direction.

Staff counts remained relatively stable in 2004 with moderate decrease of salary cost, constituting 77% of the total operating expenses. Total operating expenses was further reduced to HK\$87,040,000 (2003: HK\$97,244,000).

In year 2004, the Group invested and completed the development of three new software products. REAPS (Reserve and Treasury Portfolio System), targets the treasury functions for commercial banks, had landed its first client with the China Hua Xia Bank. WMS (Wealth Management System), after its debut with Industrial and Commercial Bank of China and Bank of Communication in China, makes a new face to meet the regional requirements for Singapore and Malaysia with Maybank being a key client. As part of our on-going research and development, our infrastructure components and work flow engine were further enhanced with newer server technology to provide scalability and high availability support for our banking clients. As major software development is largely completed, the same development staff will be re-deployed to project implementation.

The Group also invested in providing new ASP services and support to China Ministry of Science and Technology.

The Group started with a much stronger pipeline in 2005 with several sizable contracts. This is partly due to delayed contract negotiations in 2004 as well as new opportunities. Excel Technology has now been recognized as a regional firm, which can provide software products and services to multinational clients with offices in Greater China as well as Southeast Asia. This will be even more obvious when we conclude a number of contracts under negotiation, which ask for our enterprise software to be implemented in other offices of our clients in the region.

The Group had invested into a number of companies focusing on providing ASP services to Chinese enterprises via joint ventures with private and government entities. Year 2005 will see the addition of Excel China Technology Investment in targeted provinces, which will be set up to provide ASP services to the enterprises in the provinces.

All these joint venture companies will be providing their products or ASP services using the core software technology developed by the Group in the past years and will help bring recurring income through usage and services.

Preparatory work is underway to set up our application development outsourcing business in China. We have started this business successfully, in a small way, in 2004 with some of our reputable banking and other clients. We expect this outsourcing business will be one of our fastest growing business areas in the years to come.

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Company Background:

Excel is a leading information technology (IT) and enterprise software and solution provider specializing in the banking, finance, insurance, ERP and logistics sectors in Asia. Excel Technology's major business includes development and implementation of enterprise software products, providing e-solutions, IT strategy and planning, outsourcing and systems integration. Headquartered in Hong Kong, the company has a strong team of over 400 IT professionals serving in Beijing, Shanghai, Guangzhou, Shenzhen and Singapore.

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