

Excel

TECHNOLOGY

EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED

(志鴻科技國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of Excel Technology International Holdings 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 (“GEM Listing Rules”) 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 purpose only

THIRD QUARTERLY RESULTS ENDED 30 SEPTEMBER 2007

The Directors of the Company are pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2007, together with the comparative figures for the corresponding periods in 2006, as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover	2	<u>53,041</u>	<u>116,715</u>	<u>139,916</u>	<u>237,696</u>
Other net operating income		1,090	895	2,374	1,684
Change in inventories of hardware and software		2,337	(934)	4,853	5,048
Purchase of hardware and software		(20,074)	(85,702)	(50,223)	(156,849)
Professional fee		(1,390)	(1,498)	(5,557)	(8,743)
Staff costs		(24,801)	(21,027)	(69,992)	(60,182)
Depreciation and amortisation		(1,155)	(1,276)	(3,359)	(3,916)
Other expenses		<u>(4,334)</u>	<u>(5,021)</u>	<u>(13,474)</u>	<u>(13,474)</u>
Profit from operations		4,714	2,152	4,538	1,264
Finance costs	3	–	(36)	–	(189)
Share of results of associate		55	(75)	69	23
Loss on disposal of an associate		–	–	–	(3,237)
Profit (Loss) before taxation		4,769	2,041	4,607	(2,139)
Taxation	4	–	–	(51)	(13)
Profit (Loss) for the period		<u>4,769</u>	<u>2,041</u>	<u>4,556</u>	<u>(2,152)</u>
Attributable to:					
Equity holders of the Company		4,545	1,596	5,807	(2,941)
Minority interests		<u>224</u>	<u>445</u>	<u>(1,251)</u>	<u>789</u>
		<u>4,769</u>	<u>2,041</u>	<u>4,556</u>	<u>(2,152)</u>
Earnings (Loss) per share – Basic	5	<u>0.46 cents</u>	<u>0.16 cents</u>	<u>0.59 cents</u>	<u>(0.30) cents</u>

Notes:

1. Basis of presentation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In this year, the accounting policies adopted by the Group are consistent with financial statements for the year ended 31 December 2006.

This financial information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of these financial statements is historical cost, except for certain available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

All inter-company transactions and balances within the Group have been eliminated on consolidation.

2. Turnover

An analysis of the Group’s turnover and revenue is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Enterprise software products	25,484	20,438	68,773	56,962
Systems integration	20,349	89,111	48,581	159,834
Professional services	6,030	5,960	19,036	17,296
ASP services	1,178	1,206	3,526	3,604
	<u>53,041</u>	<u>116,715</u>	<u>139,916</u>	<u>237,696</u>

3. Finance costs

	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Interest on bank loans, overdraft & other borrowings repayable within five years	<u>-</u>	<u>36</u>	<u>-</u>	<u>189</u>

4. Taxation

	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Company and its Subsidiaries				
– Hong Kong Profits Tax	–	–	–	–
– Overseas Tax	–	–	51	13
	<u>–</u>	<u>–</u>	<u>51</u>	<u>13</u>
	<u>–</u>	<u>–</u>	<u>51</u>	<u>13</u>

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's entities had no assessable profit for the respective periods or their estimated assessable profits for the respective periods are wholly absorbed by unrelieved tax losses brought forward from previous year.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5. Earnings (Loss) per share

The calculation of the basic earnings per share for the nine months ended 30 September 2007 is based on the profit attributable to equity holders of the Company of HK\$5,807,000 (2006: loss of HK\$2,941,000) and the 985,050,000 (2006: 985,050,000) shares in issue during the period.

No diluted loss per share has been presented because all the share options granted as at 30 September 2006 were anti-dilutive.

RESERVES

Movements in reserves for the periods ended 30 September 2007 and 2006 were as follows:–

	Share premium <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Exchange Reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2006	179,650	(1,515)	–	(192,907)	(14,772)
Loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,941)</u>	<u>(2,941)</u>
At 30 September 2006	<u>179,650</u>	<u>(1,515)</u>	<u>–</u>	<u>(195,848)</u>	<u>(17,713)</u>
At 1 January 2007	179,650	(910)	345	(191,450)	(12,365)
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	838	–	838
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,807</u>	<u>5,807</u>
At 30 September 2007	<u>179,650</u>	<u>(910)</u>	<u>1,183</u>	<u>(185,643)</u>	<u>(5,720)</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: Nil).

BUSINESS REVIEW

The Directors of the Company are pleased to announce that there is significant improvement in profit attributable to equity holders for the nine-month period ended 30 September 2007 with HK\$5,807,000, as compared to the loss of HK\$2,941,000 in the same period of 2006.

The Company recorded a turnover of HK\$139,916,000 for the nine months ended 30th September 2007, compared with HK\$237,696,000 for the corresponding period of last year. The drop in turnover mainly comes from the drop in system integration business.

FUTURE PROSPECTS

The enterprise software business is going strong, especially in Hong Kong as the active stock market generated sizable business opportunities for the banks which needed to upgrade their stock trading systems. We expect China's QDII as well as the "Hong Kong Stock Thru-Train" policy in the making would further fuel our business in this area.

China's system integration business was still being affected by the tightening of the procurement process in large state-owned enterprises. While we are still optimistic about the result of this system integration business in the remaining period this year, we have made adjustment to slow down our activities and to further control our expense in this area.

The software outsourcing business we built in the last two years was now making a profit contribution to the Company. The Management expects there will be steady growth, but we have to manage this growth while keeping the manpower cost at a sustainable level as we are seeing salary costs of IT professionals rising rapidly across China.

While we have a drop in our overall revenue, the margin of our business had improved and that enable us to record a higher profit than in previous quarters. The Management has confidence that the year end result of 2007 will continue to ride this positive trend.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

At 30 September 2007, the interests and short positions of the directors and the chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of director	Number of ordinary shares held			Total	Percentage of the issued share capital of the Company
	Beneficial owner	Held by family	Held by controlled corporation		
Zee Chan Mei Chu, Peggy	2,944,000	–	563,679,197 <i>(Note 1)</i>	566,623,197	57.52%
Fung Din Chung, Rickie	24,691,498	–	–	24,691,498	2.51%
Leung Lucy, Michele	24,559,498	–	–	24,559,498	2.49%
Ng Wai King, Steve	12,650,998	–	–	12,650,998	1.28%
Wong Mee Chun	40,000	382,000 <i>(Note 2)</i>	–	422,000	0.04%

Notes:

- (1) These shares were held by Passion Investment (BVI) Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Zee Chan Mei Chu, Peggy.
- (2) These shares were held by the spouse of Wong Mee Chun.

Save as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2007.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Zee Chan Mei Chu, Peggy (<i>Note 1</i>)	566,623,197	57.52%
Passion Investment (BVI) Limited (<i>Note 1</i>)	563,679,197	57.22%
Cheung Kong (Holdings) Limited (<i>Note 2</i>)	143,233,151	14.54%
Li Ka-Shing Unity Trustee Company Limited (<i>Note 2</i>) (as trustee of The Li Ka-Shing Unity Trust)	143,233,151	14.54%
Li Ka-Shing Unity Trustcorp Limited (<i>Note 2</i>) (as trustee of another discretionary trust)	143,233,151	14.54%
Li Ka-Shing Unity Trustee Corporation Limited (<i>Note 2</i>) (as trustee of The Li Ka-Shing Unity Discretionary Trust)	143,233,151	14.54%
Li Ka-shing (<i>Note 2</i>)	143,233,151	14.54%
Alps Mountain Agent Limited (<i>Note 2</i>)	71,969,151	7.31%
iBusiness Corporation Limited (<i>Note 2</i>)	67,264,000	6.83%

Notes:

- (1) These shares have been disclosed as directors' interests held by controlled corporation in the paragraph headed "Directors' and chief executive's interests and short positions in securities".
- (2) Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). CKH is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Alps Mountain Agent Limited ("Alps") and iBusiness Corporation Limited ("iBusiness").

The entire issued share capital of each of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1, TDT2 and CKH is deemed to be interested in the 143,233,151 shares of the Company of which 71,969,151 shares are held by Alps and 67,264,000 shares are held by iBusiness.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 30 September 2007.

AUDIT COMMITTEE

The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee comprises three members – Mr. Cheong Ying Chew, Henry, Mr. Chang Ka Mun and Ms. Wong Mee Chun, all of whom are independent non-executive directors. Mr. Cheong Ying Chew, Henry is the chairman of the audit committee. Audit committee’s principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited consolidated results of the Group for the nine months ended 30 September 2007 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

COMPETING INTERESTS

Ip Tak Chuen, Edmond, a non-executive director of the Company, is an executive director and the deputy managing director of Cheung Kong (Holdings) Limited (“CKH”). Mr. Ip is also an executive director and the deputy chairman of Cheung Kong Infrastructure Holdings Limited (“CKI”), and a non-executive director of TOM Group Limited (“TOM Group”). Cheong Ying Chew, Henry, an independent non-executive director of the Company, is also an independent non-executive director of CKH, CKI and TOM Group. Both CKH and CKI are engaged in information technology, e-commerce and new technology. TOM Group is engaged in providing Internet services.

Save as disclosed above, at 30 September 2007, none of the directors, the management shareholders or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Zee Chan Mei Chu, Peggy
Chairman

The Board comprises of:

Zee Chan Mei Chu, Peggy (*Executive Director*)

Leung Lucy, Michele (*Executive Director*)

Fung Din Chung, Rickie (*Executive Director*)

Ng Wai King, Steve (*Executive Director*)

Ip Tak Chuen, Edmond (*Non-executive Director*)

Cheong Ying Chew, Henry (*Independent non-executive Director*)

Chang Ka Mun (*Independent non-executive Director*)

Wong Mee Chun (*Independent non-executive Director*)

Hong Kong, 12 November 2007

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the date of its posting and on the website of the Company at www.excel.com.hk.