



Press Release

【For immediate release】

EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2004

- For the six months ended 30 June 2004, turnover amounted to HK\$61,961,000, representing a decrease of 36% when compared with the same period of 2003 due to a conscious effort in the reduction of the systems integration business.
- Loss from operations was HK\$8,125,000 for the first half of 2004.
- Loss attributable to shareholders improved by 57% to HK\$6,097,000 for the six months ended 30 June 2004 when compared to the same period in 2003.
- Loss attributable to shareholders for the second quarter of 2004 was HK\$928,000, an improvement of 82% over the first quarter of 2004.
- Loss per share was 0.62 cents for the six months ended 30 June 2004.

Financial Summary

Unaudited Consolidated Results	30 June 2004 HK\$'000	30 June 2003 HK\$'000	Net Change FAV / (ADV)
Turnover	61,961	96,218	(36%)
Loss from operations	(8,125)	(14,223)	43%
Loss attributable to shareholders	(6,097)	(14,314)	57%
Loss per share - Basic	(0.62) cents	(1.45) cents	57%

(9 August 2004, 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 unaudited consolidated results for the six-month period ended 30 June 2004.

For the six-month period ended 30 June 2004, the Group recorded a turnover of HK\$61,961,000, representing a decrease of 36% compared with HK\$96,218,000 in the same period of last year. Loss attributable to shareholders in the first half of 2004 was HK\$6,097,000, 57% lower than the Group's attributable loss of HK\$14,314,000 for the same period in 2003, a significant improvement of HK\$8,217,000.

The major factor of the turnover drop was the reduction of the systems integration business, which dropped by 51% to HK\$26,613,000 (2003: HK\$54,608,000). This was due to a conscious effort in controlling the computer hardware inventory required to support this business in China.

Enterprise software product also decreased by 19% in turnover to HK\$28,486,000 (2003: HK\$35,213,000). The delays in getting contract signed with customers have pushed some income in this category into the next quarter.

Professional service grew by 13%, which was largely attributed to the growth of the IT outsourcing business, to HK\$4,388,000 (2003: HK\$3,860,000).

Total operating expenses for the first six months decreased by 22% from HK\$48,103,000 to HK\$37,693,000 when compared with the same period of last year due to conscious effort of cost savings and higher productivity.

The loss from operations for the period is HK\$8,125,000, down from HK\$14,223,000 or 43% in the same period of last year. Adding the effect of share of excellent results of associated companies, finance cost and minority interests in the joint venture companies, the loss attributable to shareholder for the six-month ended 30 June 2004 was significantly reduced by 57% to HK\$6,097,000 (period ended 30 June 2003: Loss of HK\$14,314,000).

The management team is cautiously optimistic for the second half of 2004. Restoring profitability while maintaining growth and investing in the future is still a strong target for us to achieve.

We expect the Hong Kong market to continue stable and with slight growth.

On the China front, our enterprise software has been gaining acceptance by the local banking community there and expect to grow in software revenue.

Southeast Asia begins to show its contribution with a major contract signed in Malaysia. We expect this geography would be significant for the years to come.

Overall, the management team is positive about the coming period. With careful and cautious execution of our plans and strategies, we believe the Group is on the right and steady track of restoring profitability.

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