

Excel Technology
International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8048

The logo features the word "Excel" in a large, red, cursive script font. Below it, the word "TECHNOLOGY" is written in a smaller, black, sans-serif, all-caps font. The text is centered on a horizontal green band that has several thin white lines running through it.

TECHNOLOGY

FIRST QUARTERLY REPORT

2009

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

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This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTERLY RESULTS ENDED 31 MARCH 2009

The Directors of the Company present herewith the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2009, together with the comparative figures for the corresponding period in 2008, as follows:

		For the three months ended 31 March	
	Notes	2009 HK\$'000	2008 HK\$'000
Revenue	2	44,062	49,712
Other revenue		151	216
Change in inventories of hardware and software		2,641	1,214
Purchase of hardware and software		(22,190)	(25,383)
Professional fee		(669)	(2,939)
Employee benefits expense		(20,965)	(22,184)
Depreciation		(209)	(709)
Other expenses		<u>(3,336)</u>	<u>(4,368)</u>
Operating loss		(515)	(4,441)
Finance costs	3	(10)	(13)
Share of result of an associate		<u>—</u>	<u>(5)</u>
Loss before income tax		(525)	(4,459)
Income tax expenses	4	<u>(26)</u>	<u>(7)</u>
Loss for the period		<u>(551)</u>	<u>(4,466)</u>
Attributable to:			
Equity holders of the Company		(360)	(3,417)
Minority interest		<u>(191)</u>	<u>(1,049)</u>
Loss for the period		<u>(551)</u>	<u>(4,466)</u>
Losses per share for the loss attributable to the equity holders of the Company during the period	5		
– Basic (in HK cents)		<u>(0.04) cents</u>	<u>(0.35) cents</u>

Notes:

1. Basis of presentation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), 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") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). In this year, the accounting policies adopted by the Group are consistent with financial statements for the year ended 31 December 2008.

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at fair values.

2. Revenue and turnover

Revenue, which is also the Group's turnover, represented total income from provision of services. Revenue recognised during the period is as follows:

	For the three months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Enterprise software products	18,001	16,110
Systems integration	21,243	26,326
Professional services	3,730	6,139
ASP services	1,088	1,137
	<u>44,062</u>	<u>49,712</u>

3. Finance costs

	For the three months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Interest charges on:		
Finance charges on finance leases	<u>10</u>	<u>13</u>

4. Income tax expenses

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

Taxation on overseas profits has been calculated on the estimated assessable profits for the respective periods at the rates prevailing in the countries in which the Group operates.

	For the three months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Current tax		
- Hong Kong		
Tax for the period	—	—
- Overseas		
Tax for the period	<u>26</u>	<u>7</u>
Total income tax expenses	<u>26</u>	<u>7</u>

5. Losses per share

The calculation of the basic losses per share for the three months ended 31 March 2009 is based on the loss attributable to equity holders of the Company of HK\$360,000 (2008: HK\$3,417,000) and the 985,050,000 (2008: 985,050,000) shares in issue during the period.

Diluted losses per share for the three months ended 31 March 2009 was not presented because there is no potential ordinary share in existence during the period.

RESERVES

Movements in reserves for the periods ended 31 March 2009 and 2008 were as follows:—

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2008	179,650	(893)	3,202	(187,382)	(5,423)
Loss for the period	—	—	—	(3,417)	(3,417)
At 31 March 2008	<u>179,650</u>	<u>(893)</u>	<u>3,202</u>	<u>(190,799)</u>	<u>(8,840)</u>
At 1 January 2009	179,650	—	4,652	(190,563)	(6,261)
Loss for the period	—	—	—	(360)	(360)
At 31 March 2009	<u>179,650</u>	<u>—</u>	<u>4,652</u>	<u>(190,923)</u>	<u>(6,621)</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2009 (2008: Nil).

BUSINESS REVIEW

The Group's loss attributable to equity holders for the three months ended 31 March 2009 was HK\$360,000, as compared to a loss of HK\$3,417,000 in the same period of 2008.

The Group recorded a turnover of HK\$44,062,000 for the three months ended 31 March 2009, a decrease of 11% from HK\$49,712,000 for the corresponding period of last year. The decrease of turnover mainly comes from the drop in systems integration business and professional services, while the enterprise software business has a small increase.

FUTURE PROSPECTS

Banking and finance is the sector hardest hit by the financial tsunami, the effect was quite obvious as we stepped into 2009. Many of our clients were holding their IT investments and delaying their projects, and some of them even had to resort to redundancy, no-pay leave and other cost reduction measures. All these translate into greater difficulties in closing new deals, as well as very high pressure from existing clients to reduce our software maintenance and professional service charges.

Despite the tough situation, we still have a strong quarter on our enterprise software business, which was mainly attributed to the good progress of existing projects, as well as the steady income brought in by software maintenance work. We had also concluded a 5-year leasing and maintenance contract with a Japanese manufacturer, and successfully launched the Excel Loans System in a commercial bank in Dalian, China.

As discussed in our 2008 Annual Report, China will be the main growth area for the Group in 2009. We are seeing local banks in China, large and small, promoting their retail and commercial loans aggressively to be in line with the government's economic recovery plan. We are looking for ways to maximize our opportunities in this area without increasing our resources, including the option of working with partners who have access and connections to potential clients.

The preparation work of the Excel School of Banking and Technology has been progressing well. Details of the pilot programme are being worked out, and we target to launch in the coming months.

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

At 31 March 2009, 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	4,350,000	–	559,679,197 (Note 1)	564,029,197	57.26%
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 (Note 2)	–	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 31 March 2009.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, 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>)	564,029,197	57.26%
Passion Investment (BVI) Limited (<i>Note 1</i>)	559,679,197	56.82%
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 31 March 2009.

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 three months ended 31 March 2009 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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 31 March 2009, 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 three 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

Hong Kong, 11 May 2009

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*)