

**EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LTD :
LI KA SHING STANDS BEHIND THIS COMPANY -- ENOUGH SAID**

It is rare that a company would consider a new issue, pricing its shares at a Price-Earnings Multiple of between 90 times and 93 times, but in the case of Excel Technology International Holdings Ltd, that is exactly what is happening.

And the shares just might be worth picking up.

Excel Technology is one of the newest companies to apply for a listing on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

This is another hi-tech company, engaged in the business of providing business application solutions to the banking and finance sectors of the Hongkong special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Listed among its existing shareholders are Cheung Kong (Holdings) Ltd (Code: 1), listed on The Stock Exchange of Hongkong Ltd, and the United Overseas Bank Group, the principal listed company of which, United Overseas Bank Ltd (UOB), is quoted on The Singapore Stock Exchange.

Cheung Kong has a 7.20-percent stake in Excel Technology and UOB investors own 4.36 percent of the Issued and Fully Paid-Up Share Capital.

Unlike some other companies of this kind, Excel Technology has been around for a couple of years and, with the exception of the last Financial Year, ended December 31, 1999, it has been profitable.

The following table is lifted from the financial information, found on Page 111 of the Company's Prospectus:

	Financial Year ended December 31		
	1997	1998	1999
	<i>(All Figures are Denominated in \$HK'000)</i>		
Turnover	58,753	57,211	54,448
Other Income	1,282	1,007	847
Other Net Income	11	Nil	108
Staff Costs	(42,673)	(43,093)	(52,359)
Depreciation	(1,560)	(1,582)	(2,614)
Other Operating Expenses	(13,722)	(10,485)	(10,749)
Profit/(Loss) from Operations	2,091	3,058	(10,319)
Financing Costs	(529)	(569)	(566)
Profit/(Loss) from Ordinary Activities before Taxation	1,562	24,890	(10,885)
Taxation	(382)	(764)	227
Profit/(Loss) for the Year	1,180	1,725	(10,658)

Profitability is being hamstrung by one factor, from analysis of the above: Staff costs.

Page 118 of the Prospectus goes into the matter of staff costs in some detail:

1. For Fiscal 1997, staff costs: \$HK42.70 million,
representing 73.60 percent of Operating Expenses
2. For Fiscal 1998, staff costs: \$HK43.10 million,
representing 78.10 percent of Operating Expenses
3. For Fiscal 1999 staff costs: \$HK52.36 million,
representing 79.67 percent of Operating Expenses

At this time, it appears that Excel Technology employs a total of 193 staff members. This is an increase of 51 staff members, compared with the Prospectus's statement that, as at the end of the 1998 Financial Year, a total of 142 employees were engaged by the Company.

That, having been established, it is clear that staff costs for the Current Year, ending December 31, 2000, will rise to record levels -- again.

While this Company has very little in the way of debt, as at April 30, 2000, it has been issuing a number of convertible notes, the aggregate value of which appears to be about \$HK47.22 million. (Page 108)

As for the Adjusted Net Tangible Assets, it stood at 30 cents per share as at December 31, 1999.

But this figure of 30 cents per share included the estimated net proceeds from this cash-raising exercise, amounting to about \$HK187.73 million (assuming an Offer Price of \$HK1.40 per share), plus conversion of the convertible notes, representing about \$HK105.82 million.

This Company is issuing a total of 150 million, 10-cent shares at a Premium of about \$HK1.30 per share with the Placing tranche, ... [CLICK TO ORDER FULL ARTICLE](#)

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