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EXCELPOINT APPOINTED VALUE-ADDED DISTRIBUTOR OF PHILIPS

Singapore Mainboard-listed Excelpoint Technology Ltd ("Excelpoint") would like to announce that one of its subsidiaries, Excelpoint Systems (Pte) Ltd has been appointed by Philips Electronics Singapore Pte Ltd ("Philips") as a focused distributor for their Identification Smart Card product family. This product family includes the Radio Frequency Identification (RFID), the secure based proximity contactless (primarily the MIFARE standard) and the secure based contact range (ISO7816 standard) of products.

Value-Added Partner to Philips

Excelpoint is committed to be a value add distributor for Identification products through:

Its R&D design effort to develop application specific Operating Systems (OS) and application software that work on the Philips' platform; and
Providing a one-stop-shop solution to customers who require different levels of support in the Smart Card or Reader value-chain process. Through collaboration with its manufacturing partners, the flexible business model of Excelpoint allows for it to offer Smart Card capabilities in Integrated Circuits (IC) with/without software, semi-finished cards (inlay, pre-lam) or finished cards & labels (white card with printing and/or personalization as options). For the Smart Card Reader, Excelpoint will support its customers with customized reference designs and finished goods.

In addition, Excelpoint will also deploy its R&D resources to develop security solutions based on Philips' Smart Card product range. One of the key R&D initiatives is to develop its own Smart Card Operating Systems and application software that is targeted at different applications. In terms of the Reader, its R&D team will develop reference designs based on the Philips' range of Reader chips.

Total Available Market Size of Identification Smart Card

According to Frost & Sullivan (2002 report), the projected shipment of number of smart cards worldwide and growth rate will reach 2.5 billion pieces by end 2006 with a Compounded Annual Growth Rate of 7%. Out of which, it is expected that approximately over 860 million pieces (unit shipments) will come from the Asia Pacific in 2006 (Estimated total market for the Asia Pacific).

Targeted Markets & Segments

Excelpoint's targeted markets for Smart Card products are India, Philippines, Malaysia, Singapore, Indonesia, Thailand, Vietnam and China. Examples of the targeted segments within these markets are National/Government related projects (eg. driving license, health card, insurance card, vehicle registration certificate, vehicle permit, bus ticketing systems, national ID and passport), Access Control projects, Royalty projects, and RFID related projects for example assets/inventory management and electronics article surveillance or EAS projects.

Since the tragic events of 9/11, widespread headline news regarding security issues such as airport security, national identity cards etc, have brought into sharp focus the importance of Smart Cards. Thus, it is expected that the growth of Smart Card usage will come from:

VISA and Master card, who will continue to drive Europay, Master, Visa (EMV) migration;
Emerging 3G Subscriber Identity Module (SIM) opportunities;
The rise of Government Identification projects;
Increased use of biometrics in Smart Cards; and the
Growth of usage of contactless Smart Card technology.

Excelpoint believes that this appointment by Philips will contribute to the Excelpoint group's financials this Financial Year 2004 ("FY2004") when the Excelpoint group begins to scale up the distribution of Philips' products.

Mr Albert Phuay, Chairman and Group CEO of Excelpoint said, "Firstly, the appointment of Excelpoint as the distributor for Philips' Identification Smart Card products is a strong testimony to the capabilities of Excelpoint as a value-added partner. Secondly, this appointment will open up new opportunities for Excelpoint as we focus on the exciting growth area of Smart Cards. Thirdly, by deploying our R&D resources to further develop solutions for our customers based on Philips' Smart Card product line, we will add on to our capabilities as a technology and R&D driven company."