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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Excel Technology International Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent, through whom the sale or transfer was effected, for transmission to the purchaser or the transferee.

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

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*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)*

**ADOPTION OF NEW SHARE OPTION SCHEME**

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A notice convening a special general meeting of Excel Technology International Holdings Limited to be held at 46th Floor, The Center, 99 Queen's Road Central, Hong Kong on Tuesday, 23rd April, 2002 at 3:45 p.m. is set out on page 15 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not prejudice you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

This circular 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 EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED at [www.excel.com.hk](http://www.excel.com.hk).

8th April, 2002

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## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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**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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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“associate”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors from time to time or a duly authorised committee thereof
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Excel Technology International Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on GEM
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	the directors of the Company
“Existing Scheme”	the share option scheme of the Company adopted by resolution of the Shareholders on 16th June, 2000 and amended by resolution of the Shareholders on 18th April, 2001
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited as amended from time to time
“Group”	the Company and Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	4th April, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“management shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“New Scheme”	the new share option scheme proposed to be adopted at the Special General Meeting, the principal terms of which are set out in the Appendix

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## DEFINITIONS

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“Participant”	any full-time employee or director of the Company or any Subsidiary who satisfies the selection criteria prescribed by the rules of the New Scheme, as summarised in paragraph (b) of the Appendix
“PRC”	the People’s Republic of China
“Shareholders”	holders of Shares in issue
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held at 46th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 23rd April, 2002 at 3:45 p.m., and any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of section 2(4) of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong or section 86 of the Companies Act) of the Company, whether incorporated in Hong Kong or elsewhere
“substantial shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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LETTER FROM THE CHAIRMAN

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**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)*

**Directors:**

*Executive Directors*

ZEE Chan Mei Chu, Peggy

FUNG Din Chung, Rickie

LEUNG Lucy, Michele

NG Wai King, Steve

IP Kim Kuen

*Non-executive Directors*

IP Tak Chuen, Edmond

LAU LAW Siu Hung, Monique

*Independent non-executive Directors*

CHEONG Ying Chew, Henry

CHANG Ka Mun

PETRO A. Frank

**Registered Office:**

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

**Head Office and Principal Place  
of Business in Hong Kong:**

46th Floor, The Center

99 Queen's Road Central

Hong Kong

8th, April 2002

*To the Shareholders and, for information only,  
holders of options granted under the Existing Scheme*

Dear Sir/Madam,

**ADOPTION OF NEW SHARE OPTION SCHEME**

**INTRODUCTION**

The Existing Scheme adopted by the Company on 16th June, 2000 (as amended on 18th April, 2001) is the first and only share option scheme adopted by the Company.

\* For identification purpose only

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## LETTER FROM THE CHAIRMAN

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The Board noted that on 27th July, 2001, the Stock Exchange announced certain amendments to Chapter 23 (Share Option Schemes) of the GEM Listing Rules which came into effect on 1st October, 2001. Following these amendments, the Company will no longer be allowed to grant options under the Existing Scheme unless the requirements of the amended GEM Listing Rules are complied with. Accordingly, the Board proposes to adopt the New Scheme in substitution for the Existing Scheme for the benefit of the Participants.

Upon adoption of the New Scheme, no further options will be granted under the Existing Scheme but in all other respects, the provisions of the Existing Scheme shall remain in force and all options granted prior thereto shall continue to be valid and exercisable in accordance with the provisions of the Existing Scheme. As at the Latest Practicable Date, 87,795,000 options had been granted by the Company under the Existing Scheme, out of which no option had been exercised, 77,542,500 were still outstanding and 10,252,500 had lapsed in accordance with the terms of the Existing Scheme. No further options will be granted under the Existing Scheme after the Latest Practicable Date.

The purpose of this circular is to inform the Shareholders of the terms of the New Scheme, a summary of the principal terms of which is set out in the Appendix to this circular. The Company will comply with the relevant requirements of Chapter 23 of GEM Listing Rules from time to time in force in respect of the New Scheme and any other share option scheme(s) of the Company or any of the Subsidiaries.

### THE NEW SCHEME

The purpose of the New Scheme is to provide the Participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company. To ensure that this purpose is achieved, the rules of the New Scheme provide that the Board will grant options only to Participants who are either executive directors of the Company or any Subsidiary or full-time employees who spend not less than 25 hours per week in providing services to the relevant member of the Group. Although the rules provide that the exercise of options is not subject to the achievement of any performance targets of the Group, the Board believes that the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the New Scheme will serve to protect the value of the Company as well as to achieve the purpose of the New Scheme.

The Directors consider that it is not appropriate to state the value of all the options that can be granted under the New Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Scheme given that the variables which are crucial for the calculation of the value of such option cannot be determined. The variables which are critical for the determination of the value of such options include, the subscription price for the Shares upon the exercise of the subscription rights attaching to the options, whether or not options will be granted under the New Scheme and the timing of the granting of such options, the period during which the subscription rights may be exercised and any other conditions that the Board

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## LETTER FROM THE CHAIRMAN

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imposed on the options and whether or not such options if granted will be exercised by the Grantees. The subscription price depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant options under the New Scheme. With a scheme life of ten years, the Board is of the view that it is too premature to state whether or not options will be granted under the New Scheme, and if so, the number of options that may be granted. It is also difficult to ascertain with accuracy the subscription price given the volatility the Share price may be subject to during the 10-year life span of the New Scheme. In the premises, the Directors are of the view that the value of the options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believed that any calculation of the value of the options as at the Latest Practicable Date will not be meaningful and may be misleading to Shareholders in the circumstances.

Application will be made to the Stock Exchange for listing of and permission to deal in the Shares to be issued pursuant to the exercise of the options to be granted under the New Scheme.

A copy of the New Scheme will be available for inspection at the principal place of business of the Company at 46 Floor, The Center, 99 Queen's Road Central, Hong Kong during normal business hours from 8th April, 2002 up to and including 23rd April, 2002 and at the Special General Meeting.

In accordance with the requirements of the GEM Listing Rules, the Company will publish on the GEM website an announcement on the outcome of the Special General Meeting in respect of the resolution relating to the adoption of the New Scheme on the business day following the date of the Special General Meeting.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 (a) the information contained in this circular is accurate and complete in all material respects and not misleading; (b) there are no other matters not contained herein the omission of which would make any statement in this circular misleading; and (c) all opinions expressed herein have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### **SPECIAL GENERAL MEETING**

The New Scheme shall take effect subject to, among other things, the passing of the necessary resolution to adopt the New Scheme by the Shareholders at the Special General Meeting to be



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## LETTER FROM THE CHAIRMAN

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held at 46th Floor, The Center, 99 Queen's Road Central, Hong Kong on Tuesday, 23rd April, 2002 at 3:45 p.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to approve and adopt the New Scheme in substitution for the Existing Scheme. Set out on page 15 of this circular is a notice convening the Special General Meeting.

A proxy form for use at the Special General Meeting is enclosed. Any Shareholder entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies to attend and vote at the Special General Meeting on his or her behalf by completing the enclosed proxy form. A proxy need not be a member of the Company.

Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the proxy form (and if the proxy form is signed by an attorney, together with the notarised power of attorney or other documents of authorisation) in accordance with the instructions printed thereon so as to arrive at the Company's branch share registrar and transfer office in Hong Kong at Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not prejudice you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors believe that the proposal for the adoption of the New Scheme is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders should vote in favour of the resolution relating to the adoption of the New Scheme in the terms as set out in the Appendix to this circular at the Special General Meeting.

### GENERAL

Your attention is also drawn to the Appendix to this circular.

Yours faithfully,  
By Order of the Board  
**ZEE CHAN Mei Chu, Peggy**  
*Chairman*

**NEW SCHEME**

The following is a summary of the principal terms of the New Scheme proposed to be approved and adopted at the Special General Meeting:

**(a) Purpose**

The purpose of the New Scheme is to provide the Participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

**(b) Who may join**

The Board may offer to grant an option to subscribe for such number of Shares as it may determine at a price calculated in accordance with paragraph (d) below to any Participant who (a) in the case of a director, is an executive director of the Company or any Subsidiary; or (b) in the case of a full-time employee, spends and/or will spend an aggregate of not less than 25 hours per week, determined by averaging out the total number of hours so spent and/or to be spent since the employee commenced working for the Company or any Subsidiary, in providing services to the relevant member of the Group.

**(c) Payment on acceptance of option offer**

HK\$1.00 is payable by the grantee of the option to the Company on acceptance of the offer.

**(d) Subscription Price**

The subscription price for the Shares in relation to the options to be granted under the New Scheme shall be determined by the Board and notified to a Participant (subject to any adjustments made pursuant to paragraph (l) below) and shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer of the option; and (c) the nominal value of the Shares.

**(e) Maximum number of Shares subject to the New Scheme**

The limit on the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme, together with all outstanding options granted and yet to be exercised under any other share

option scheme(s) of the Company and/or any Subsidiary, must not exceed 30% of the number of issued Shares from time to time. No options may be granted if such grant will result in the said 30% limit being exceeded. Options lapsed or cancelled in accordance with the terms of the New Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the said 30% limit.

In addition, subject as provided below in this paragraph (e), the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme, together with all options to be granted under any other share option scheme(s) of any member of the Group, must not represent more than 10% of the nominal amount of all the issued Shares as at 23rd April, 2002, being the date on which the New Scheme is proposed to be adopted by the Shareholders (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the relevant share option scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

On the basis of 985,050,000 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before 23rd April, 2002, the Company may initially grant options representing 98,505,000 Shares under the New Scheme (i.e., 10% of the issued share capital of the Company as at the date of the Special General Meeting).

The Company may refresh the Scheme Mandate Limit (or further refresh a refreshed Scheme Mandate Limit) at any time, subject to prior Shareholders’ approval given at a general meeting of the Company in accordance with the relevant provisions of the GEM Listing Rules, provided that the maximum number of Shares which may be issued under options to be granted under the New Scheme (when aggregated with any Shares which may be issued under options to be granted under any other share option scheme(s) of any member of the Group) under the limit as refreshed must not exceed 10% of the number of issued Shares as at the date of the approval of the refreshed limit, excluding any Shares that are subject to options previously granted (subject to acceptance) under the New Scheme or any other share option scheme(s) of any member of the Group (whether the options are outstanding, cancelled or lapsed or have been exercised). The Company may also seek separate approval from the Shareholders in general meeting in accordance with the relevant provisions of the GEM Listing Rules for granting options beyond the Scheme Mandate Limit (or refreshed Scheme Mandate Limit) only to such Participants, in respect of such number of Shares and on such terms as may be specified in such approval before such approval is sought.

The total number of Shares issued and which may be issued upon exercise of all options (whether exercised, cancelled or outstanding) granted under the New Scheme and any other share option schemes of any member of the Group in any 12 month period immediately preceding any proposed date of the grant (subject to acceptance) of options to each Participant must not exceed 1% of the number of Shares in issue as at the proposed date of grant. Any further grant of options in excess of this limit is subject to separate prior Shareholders’ approval given at a general meeting of the Company in accordance with the relevant provisions of the GEM Listing Rules, with the relevant Participant and his associates abstaining from voting.

**(f) Exercise of option**

An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be notified by the Board to each grantee, which shall not be less than three years and not exceed ten years from the date upon which the option is accepted in accordance with the terms of the New Scheme.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target.

**(g) Rights are personal to grantee**

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel any outstanding option, or any part thereof, in favour of such grantee.

**(h) Rights on ceasing employment or other engagement**

In the event of the grantee ceasing to be a Participant on grounds of resignation, retirement, expiry of employment contract or contract for service, termination of employment or contract for service for any reason other than death, misconduct or certain other grounds as specified in the New Scheme, the grantee may exercise the option up to his entitlement at the date of cessation (to the extent not already fully exercised) within the period of three months following the date of such cessation, which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not.

**(i) Rights on death**

In the event of the grantee ceasing to be a Participant by reason of his death and none of the events which would be a ground for termination of his employment or contract for service as stipulated in the New Scheme has occurred, the personal representative(s) of the grantee shall be entitled within a period of 12 months from the date of his death (or such shorter period as the Board may determine) to exercise the option in full (to the extent not already fully exercised) or to the extent specified in the notice to exercise such option.

**(j) Rights on takeover**

If a general offer (including any takeover, offer or privatization proposal to be effected by way of a scheme of arrangement between the Company and the Shareholders) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantee (or his personal representative(s)) shall be entitled to exercise the option in full (to the extent not already fully exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

**(k) Rights on winding up, compromise or arrangement**

- (i) In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees and thereupon, each grantee (or his personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee as fully paid.
- (ii) If, pursuant to the Companies Act, a compromise or arrangement between the Company and the Shareholders or its creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees on the same date as it despatches to each Shareholder or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee (or his personal representative(s)) shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the Court for the purposes of considering such compromise or arrangement, and thereafter the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such

compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the Court (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable (but subject to the other terms of the New Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

**(l) Effects of alterations to capital**

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company or its Subsidiary is a party), such corresponding alterations (if any) shall be made in (a) the Shares to which the option relates; (b) the aggregate number of Shares subject to outstanding options; and/or (c) the subscription price of each outstanding option, as the auditors of the Company or an independent financial adviser appointed by the Company shall certify in writing to the Board either generally or as regards any particular grantee to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that (i) any such alterations shall be made on the basis that the aggregate subscription price payable by any grantee on the full exercise of any option shall remain as nearly as possible (but shall not be greater than) as it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) any such alterations shall be made on the basis that their effect would be to give the grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled.

**(m) Lapse of options**

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the other periods referred to in sub-paragraphs (h), (i), (j) or (k)(i);

- (iii) subject to the relevant scheme of compromise or arrangement becoming effective, the expiry of the period referred to in sub-paragraph (k)(ii);
- (iv) the date of the commencement of the winding-up of the Company (as determined in accordance with the Companies Act);
- (v) the date on which the grantee ceases to be a Participant by reason of the termination of his employment or contract for service on any one or more of the grounds that he has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or the relevant Subsidiary;
- (vi) the date on which the Board exercises the Company's right to cancel the option because of a breach by the grantee of the rules summarised in paragraph (g) above.

**(n) Ranking and voting rights of Shares**

The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the bye-laws of the Company (as amended from time to time) and shall rank *pari passu* with the fully paid or credited as fully paid Shares in issue on the date of allotment and accordingly shall entitle the holders thereof to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment. A Share issued upon the exercise of an option shall not carry voting rights until the registration of the grantee (or any other person) as the holder thereof.

**(o) Cancellation of options**

The Board may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation. Where the Company cancels any options granted but not exercised and grants new options to the same grantee, such grant of new options may only be made under the New Scheme if there is available unissued options (excluding the cancelled Options) within each of the limits as referred to in paragraph (e) above.

**(p) Alteration to the New Scheme**

The terms of the New Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of the Participants except with the prior approval of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the bye-laws for the time being of the Company for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the New Scheme and any changes to the terms of options granted, which are of a material nature, shall be subject to the approval of the Shareholders in general meeting and the Stock Exchange, save where the alterations take effect automatically under the then existing terms of the New Scheme.

Any change to the authority of the Board in relation to any alteration to the terms of the New Scheme shall also be approved by the Company in general meeting.

**(q) Termination of the New Scheme**

The Company by resolution in general meeting may at any time terminate the operation of the New Scheme before the end of its life and in such event no further options shall be offered but in all other respects the provisions of the New Scheme shall remain in full force and effect in respect of options granted and accepted but not yet exercised by the respective grantees.

**(r) Period of the New Scheme**

The New Scheme shall be valid and effective for a period of ten years commencing on the date on which the New Scheme becomes unconditional, after which period no further options shall be offered but the provisions of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Scheme.

**(s) Conditions**

The New Scheme shall take effect subject to the passing of the necessary resolution to adopt the New Scheme by the Shareholders in general meeting and is conditional upon the Stock Exchange granting approval of the New Scheme and any options which may be granted under the New Scheme, and the listing of and permission to deal in any Shares to be issued pursuant to the exercise of options under the New Scheme.



**(t) Restrictions on the time of grant of option**

The Directors shall not offer to grant any option after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced. In particular, no option may be granted within the period commencing one month immediately preceding the earlier of: (a) the date of the Board meeting for the approval of the Company's quarterly, interim or annual results; and (b) the deadline for the Company to publish its quarterly, interim or annual results announcement, and ending on the date of the results announcement.

**(u) Grant of options to connected persons**

Where any offer of the grant of options is proposed to be made to a Participant who is a director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates, such offer must first be approved by the independent non-executive Directors (excluding independent non-executive Director who is grantee of the options).

Without prejudice to the generality as contained in the above paragraph, where it is proposed that any offer of the grant of options is to be made to a connected person who is also a substantial shareholder of the Company or an independent non-executive Director or any of his associates which would result in the Shares the subject matter of all options granted (including options exercised and outstanding) and proposed to be granted to such person under the New Scheme and any other scheme(s) in the 12 month period up to and including the proposed date of offer of the grant of the option to exceed the higher of (a) 0.1% of the issued share capital of the Company then in issue; and (b) an aggregate value, based on the closing price of the Shares at the proposed date of grant, of HK\$5 million, such offer of the grant of options, and any change in the terms of any options already granted to any such persons, must be approved by the Shareholders in general meeting by way of a poll. All connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the circular). A shareholders' circular will be prepared by the Company to explain the proposed grant, disclose the number and terms of the options to be granted and contain a recommendation from the independent non-executive Directors on whether or not to vote in favour of the proposed grant.

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## NOTICE OF SPECIAL GENERAL MEETING

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# 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)*

**NOTICE IS HEREBY GIVEN** that a special general meeting of the shareholders of Excel Technology International Holdings Limited (the “**Company**”) will be held at 46th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 23rd April, 2002 at 3:45 p.m. for the purposes of considering and if thought fit, passing the following resolution as an ordinary resolution:

### ORDINARY RESOLUTION

“**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the new share option scheme of the Company (the “**New Scheme**”), a copy of which has been produced to this meeting marked “A” and initialed by the Chairman of this meeting for the purpose of identification, and any options which may be granted under the New Scheme, and the listing of and permission to deal in any Shares to be issued pursuant to the exercise of options under the New Scheme, the New Scheme be and is hereby approved and adopted in substitution for the existing share option scheme of the Company adopted by the Company on 16th June, 2000 and amended on 18th April, 2001.”

By Order of the Board  
**ZEE CHAN Mei Chu, Peggy**  
*Chairman*

Hong Kong, 8th April, 2002

*Notes:*

1. A member entitled to attend and vote at the special general meeting is entitled to appoint one or more proxies to attend and vote in his or her stead. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong at Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, at least 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

\* *For identification purpose only*