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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)

(Stock Code: 8048)

**CANCELLATION OF PLACING AGREEMENT
AND
PLACING OF NEW SHARES UNDER GENERAL MANDATE**

CANCELLATION OF PLACING AGREEMENT DATED 24 JUNE 2011

Reference is made to the Placing Agreement dated 24 June 2011 relating to the Placing of New Shares. In order to comply with the Bye-Laws of the Company, the Company and the Placing Agent have agreed on 28 June 2011 to cancel the Placing Agreement entirely.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

After trading hours on 28 June 2011, the Company entered into the New Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place in aggregate up to 30,000,000 Placing Shares at HK\$0.10 per Placing Share to not less than six Places on a best effort basis. Such maximum number of Placing Shares represent approximately (i) 3.05% of the existing issued share capital of the Company and (ii) 2.96% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

* *For identification purpose only*

The Placing Shares will be allotted and issued under the general mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 4 May 2011. Completion of the Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares to be issued under the Placing.

Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the condition under the New Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the Company's announcement dated 24 June 2011 relating to the placing of new Shares under general mandate.

CANCELLATION OF PLACING AGREEMENT DATED 24 JUNE 2011

Reference is made to the Placing Agreement dated 24 June 2011 relating to the placing of new Shares. In order to comply with the Bye-Laws of the Company, the Company and the Placing Agent have agreed on 28 June 2011 to cancel the Placing Agreement entirely.

THE NEW PLACING AGREEMENT

After trading hours on 28 June 2011, the Company entered into the New Placing Agreement with the Placing Agent on the terms summarised below.

Date: 28 June 2011 (after trading hours)

Parties:

- (1) The Company
- (2) The Placing Agent

The Placing Agent has agreed to place in aggregate up to 30,000,000 Placing Shares at HK\$0.10 per Placing Share on a best effort basis and will receive a placing commission of 2.50% on the gross proceeds of the actual number of Placing Shares being placed. The Directors are of the view that the placing commission is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons.

Number of Placing Shares

In aggregate up to 30,000,000 Placing Shares at HK\$0.10 per Placing Share under the Placing and such maximum number of Placing Shares represent approximately (i) 3.05% of the existing issued share capital of the Company and (ii) 2.96% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The aggregate value of the Placing Shares is approximately HK\$3,000,000.

Ranking of Placing Shares

The Placing Shares, when fully paid and upon issue, will rank pari passu in all respects among themselves and with the then issued Shares as at the date of this announcement.

Placees

The Placing will be placed to not less than six Placees. The Placees and their ultimate beneficial will be independent third parties of and not connected with the Company and its connected persons. It is expected that none of the Placees will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company immediately after the Placing.

Placing Price

The Placing Price is HK\$0.10 per Placing Share, which represents:

- (i) a premium of approximately 16.28% to the closing price of HK\$0.086 per Share as quoted on the Stock Exchange on 28 June 2011, being the date of the New Placing Agreement; and
- (ii) a premium of approximately 10.62% to the average closing price of HK\$0.0904 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 28 June 2011, being the date of the New Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the recent market price of the Shares. The Board (including the independent Non-executive Directors) consider that the Placing Price and the terms of the New Placing Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares to be issued under the Placing. If the conditions are not satisfied and/or waived prior to 5:00 p.m. on 30 June 2011 or such later date to be agreed by the Company and the Placing Agent, the New Placing Agreement will be terminated and the Placing will not proceed and all obligations and liabilities of the Company and the Placing Agent under the New Placing Agreement will cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares to be issued under the Placing.

Completion of the Placing

Completion of the Placing is expected to take place on or around 30 June 2011, or such other date as may be agreed by the Company and the Placing Agent.

MANDATE TO ISSUE NEW SHARES

The Placing Shares will be allotted and issued under the general mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 4 May 2011, subject to the limit of up to 20% of the issued share capital of the Company as at the date of the annual general meeting. Under such general mandate, the Directors are allowed to allot and issue up to 197,010,000 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to such general mandate. Accordingly, the issue of the Placing Shares is not subject to any Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming an aggregate of 30,000,000 Placing Shares are placed, the Placing will raise up to approximately HK\$3.0 million in cash, before expenses, for the Company on completion of the Placing. The aggregate net proceeds from the Placing will be approximately HK\$2.9 million, representing a net issue price of approximately HK\$0.0967 per Placing Share. The Company plans to use the entire net proceeds of approximately HK\$2.9 million from the Placing as general working capital of the Group.

The Board is of the view that Placing will increase the Shares held by the public so that the Company comply with the GEM Listing Rules regarding the minimum prescribed percentage of public float.

Accordingly, the Board considers that the Placing is in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past twelve months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing Shareholding structure of the Company as at the date of this announcement and the effect on the Shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full) are set out below:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing (assuming the Placing Shares are placed in full)	
	No. of Shares	% (Note 3)	No. of Shares	%
Directors				
Zee Chan Mei Chu, Peggy (Note 1)	564,029,197	57.26	564,029,197	55.57
Fung Din Chung, Rickie	24,691,498	2.51	24,691,498	2.43
Leung Lucy, Michele	24,559,498	2.49	24,559,498	2.42
Ng Wai King, Steve	4,184,998	0.42	4,184,998	0.41
Wong Mee Chun (Note 2)	422,000	0.04	422,000	0.04
Cheung Kong (Holdings) Limited	143,233,151	14.54	143,233,151	14.11
Public				
Places of the Placing	0	0	30,000,000	2.96
Other public Shareholders	<u>223,929,658</u>	<u>22.73</u>	<u>223,929,658</u>	<u>22.06</u>
	<u>985,050,000</u>	<u>100</u>	<u>1,015,050,000</u>	<u>100</u>

Notes:

1. 4,350,000 Shares held by Mrs. Zee Chan Mei Chu, Peggy and 559,679,197 Shares 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.
3. The aggregate percentage may not add up to 100% due to rounding.

As disclosed in the above Shareholding table, immediately after the completion of the Placing, over 25% of the issued shares capital of the Company will be in public hands (including the Places).

INFORMATION ON THE COMPANY

The Company is an investment holding company. The principal activities of the Group are engaged in the development, sale and implementation of enterprise software and the provision of systems integration, professional services and ASP services and investment holding. The Group's operations are based in Hong Kong and PRC.

The Directors believe, having made all reasonable enquiries, that the Placing will not have any impact on the business, management or operations of the Group. No change in the composition of the Board will occur as a result of the Placing.

Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the condition under the New Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Board”	the board of Directors
“Company”	Excel Technology International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“GEM Listing Committee”	the GEM Listing Committee 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“New Placing Agreement”	the new placing agreement dated 28 June 2011 entered into between the Company and the Placing Agent
“Placee(s)”	any individual, corporate, professional, institutional, private or other investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the New Placing Agreement
“Placing Agent”	Luen Fat Securities Company Limited
“Placing Agreement”	the placing agreement dated 24 June 2011 entered into between the Company and the Placing Agent
“Placing Price”	HK\$0.10 per Placing Share
“Placing Shares”	a maximum of 30,000,000 new Shares to be placed by the Placing Agent pursuant to the New Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Excel Technology International Holdings Limited
Zee Chan Mei Chu, Peggy
Chairman

Hong Kong, 28 June 2011

The Board comprises of:

Zee Chan Mei Chu, Peggy (*Executive Director*)

Fung Din Chung, Rickie (*Executive Director*)

Leung Lucy, Michele (*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*)

This announcement, 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement 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 the Company at www.excel.com.hk.