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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer, registered institution 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, licensed securities dealer, registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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The logo for Excel Technology, featuring the word "Excel" in a large, red, cursive font, with "TECHNOLOGY" in a smaller, black, sans-serif font below it.

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)

#### SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF THE PROPERTIES

Financial adviser to  
Excel Technology International Holdings Limited

The logo for Quam Capital, featuring the word "Quam" in blue, a stylized orange and white icon, and the Chinese characters "華富嘉洛 企業融資" in blue, with "CAPITAL" in small blue letters below.

Independent financial adviser to  
the Independent Board Committee and Independent Shareholders

The logo for Messis Capital Limited, featuring a red and white striped icon, the Chinese characters "大有融資有限公司" in black, and "MESSIS CAPITAL LIMITED" in black below.

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A letter from the Board is set out on pages 5 to 9 of this circular and a letter from the Independent Board Committee is set out on page 10 of this circular. A letter from Messis Capital containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 11 to 19 of this circular.

A notice convening the SGM to be held at 5/F., 663 King's Road, North Point, Hong Kong on 31 May 2012 (Thursday) at 2:30 p.m. is set out on pages 36 to 37 of this circular. Whether or not you intend to attend the meeting or any adjournment thereof, please complete and return the enclosed form of proxy 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 to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment meeting if 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 the Company at [www.excel.com.hk](http://www.excel.com.hk).

9 May 2012

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## CONTENTS

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	<i>Page</i>
<b>CHARACTERISTICS OF GEM</b> .....	i
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	10
<b>LETTER FROM MESSIS CAPITAL</b> .....	11
<b>APPENDIX I – PROPERTY VALUATION REPORT</b> .....	20
<b>APPENDIX II – GENERAL INFORMATION</b> .....	28
<b>NOTICE OF SGM</b> .....	36

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate”	has the meaning as defined in the Takeovers Code, unless otherwise specified
“Board”	the board of Directors
“Business Day(s)”	a day (excluding a Saturday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“BVI”	the British Virgin Islands
“Company”	Excel Technology International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on GEM
“Completion Accounts”	the unaudited statement of financial position of the Company (excluding its subsidiaries) as at the Completion Date (but immediately after completion of the Special Deal) and the unaudited statement of comprehensive income of the Company (excluding its subsidiaries) for the period commencing from 1 January 2012 and ending on the Completion Date (but immediately after completion of the Special Deal) to be prepared according to the terms of the Share Agreement
“Completion Date”	the date of completion of the sale and purchase of the Sale Shares under the Share Agreement
“Director(s)”	the director(s) of the Company
“Disposal Agreements”	(i) the agreement in relation to the sale and purchase of the First Property to be entered into between Excel Technology International (Hong Kong) Limited and Mrs. Zee Chan Mei Chu, Peggy (or an associate (as defined in the GEM Listing Rules) of her as she may designate); and (ii) the agreement in relation to the sale and purchase of the Second Property to be entered into between Excel Technology International (Hong Kong) Limited and Ms. Leung Lucy, Michele (or an associate (as defined in the GEM Listing Rules) of her as she may designate), each in an agreed form as attached to the Share Agreement (or in such other form as may be approved by the relevant parties)

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## DEFINITIONS

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“Disposal Conditions”	the Independent Shareholders passing at the SGM resolution(s) approving the Special Deal and the Executive granting a consent under Rule 25 of the Takeovers Code in respect of the Special Deal, and any conditions attaching to such consent being fulfilled
“Disposals”	the proposed disposal of the Properties pursuant to the terms of the Disposal Agreements, which constitute major and connected transactions for the Company under the GEM Listing Rules and a special deal for the Company under Rule 25 of the Takeovers Code
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“First Property”	the property situated at Flat B on the 21/F of Block 5 and Car Port No. LG273 on the Lower Ground Floor of Braemar Hill Mansions, 23 Braemar Hill Road, Hong Kong, which is currently held by the Group
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Goldin Equities”	Goldin Equities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising the Non-executive Director and all the Independent Non-executive Directors, namely Ip Tak Chuen, Edmond, Cheong Ying Chew, Henry, Chang Ka Mun and Wong Mee Chun, that has been formed to give recommendations to the Independent Shareholders on the Disposals
“Independent Financial Adviser” or “Messis Capital”	Messis Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and/or the Independent Shareholders

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele and their respective associates (as defined in the GEM Listing Rules), the Offeror, parties acting in concert with any of Mrs. Zee Chan Mei Chu, Peggy, Ms. Leung Lucy, Michele and the Offeror, and shareholders who are involved in or interested in the Disposals
“Joint Announcement”	the announcement dated 18 April 2012 jointly issued by the Company and the Offeror in relation to, among others, the transfer of the Sale Shares by the controlling Shareholders, the Offer and the Disposals
“Latest Practicable Date”	4 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Offer”	the possible unconditional mandatory cash offer to be made by Goldin Equities on behalf of the Offeror to acquire all the Shares not already held or agreed to be acquired by the Offeror and parties acting in concert with any of them at a price of HK\$0.2045 per Share in cash
“Offeror”	Sino Eminent Limited, a company incorporated in the British Virgin Islands with limited liability
“Passion Investment”	Passion Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mrs. Zee Chan Mei Chu, Peggy, a Director of the Company, being one of the Vendors
“PRC” or “China”	the People’s Republic of China
“Properties”	the First Property and the Second Property
“Property Purchasers”	Mrs. Zee Chan Mei Chu, Peggy (or an associate (as defined in the GEM Listing Rules) of her as she may designate) as the purchaser of the First Property and Ms. Leung Lucy, Michele (or an associate (as defined in the GEM Listing Rules) of her as she may designate) as the purchaser of the Second Property
“Sale Shares”	the 564,029,197 Shares that the Vendors conditionally agreed to sell to the Offeror pursuant to the Share Agreement, and each a “Sale Share”
“Second Property”	the property situated at Flat D on the 9/F of Floral Tower, 22 Robinson Road, Hong Kong, which is currently held by the Group

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## DEFINITIONS

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“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held to consider, if thought fit, approve resolution(s) in respect of the Disposals and the transactions contemplated thereunder, if applicable
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Agreement”	the agreement dated 19 January 2012 (as amended by the letter agreements dated 17 February 2012 and 19 March 2012, respectively, and the amendment and restatement agreement dated 12 April 2012) entered into between the Vendors and the Offeror relating to the sale and purchase of the Sale Shares
“Shareholder(s)”	holder(s) of the Shares
“Special Deal”	the Disposal Agreements and the transactions contemplated thereunder which constitute a special deal for the Company under Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendors”	Passion Investment and Mrs. Zee Chan Mei Chu, Peggy, the controlling Shareholders of the Company prior to the completion of the Share Agreement
“Warranted Cash”	the aggregate amount of cash at bank and cash on hand (including any amount represented by a cheque or bank draft or money order drawn in favor of the Company that has not yet been presented for payment by the Company but is subsequently received by the Company after presentation for payment) of the Company as shown in the Completion Accounts that has been warranted by the Vendors to the Offeror under the Share Agreement to be no less than HK\$37,700,000 (as disclosed in the Joint Announcement)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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LETTER FROM THE BOARD

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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)

***Executive Directors:***

Zee Chan Mei Chu, Peggy (*Chairman*)  
Fung Din Chung, Rickie (*Chief Executive Officer*)  
Leung Lucy, Michele  
Ng Wai King, Steve

***Registered Office:***

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

***Non-executive Director:***

Ip Tak Chuen, Edmond

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

5th Floor  
663 King's Road  
North Point  
Hong Kong

***Independent Non-executive Directors:***

Cheong Ying Chew, Henry  
Chang Ka Mun  
Wong Mee Chun

9 May 2012

***To the Shareholders***

**Dear Sir or Madam,**

**SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTIONS IN  
RELATION TO DISPOSAL OF THE PROPERTIES**

**INTRODUCTION**

Reference is made to the Joint Announcement.

On 19 January 2012, the Vendors and the Offeror entered into the Share Agreement pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase 564,029,197 Sale Shares, representing approximately 55.57% of the entire issued share capital of the Company as at the Latest Practicable Date. The aggregate consideration for the Sale Shares is HK\$115,343,970.79, representing HK\$0.2045 per Sale Share. The Share Agreement is conditional upon, among other conditions, the Disposal Conditions being fulfilled.

\* For identification purpose only



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## LETTER FROM THE BOARD

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Upon the execution of the Disposal Agreements on or before the Completion Date (and after the Disposal Conditions are fulfilled), Excel Technology International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, will sell and Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele (or their respective associates (as defined in the GEM Listing Rules)) respectively, will purchase the First Property and the Second Property at the consideration of HK\$29,000,000 and HK\$7,900,000 respectively in cash.

Upon completion of the sale and purchase of the Sale Shares under the Share Agreement, the Offeror and parties acting in concert with it will own approximately 55.57% of the entire issued share capital of the Company as at the Latest Practicable Date and under the Takeovers Code, they are required to make the Offer for all the issued Shares (other than those Shares agreed to be acquired by the Offeror). Goldin Equities will, on behalf of the Offeror and pursuant to the Takeovers Code, make the Offer to all the Independent Shareholders upon completion of the Share Agreement. The offer price under the Offer will be HK\$0.2045 for each Share. Details of the terms and conditions of the Share Agreement and the Offer are set out in the Joint Announcement. The Offer will not proceed if the Disposals are not approved by the Independent Shareholders.

The purpose of this circular is to provide you with, inter alia, further information of (i) the Disposals; (ii) the recommendation from the Independent Board Committee in respect of the Disposals; and (iii) the advice from the Independent Financial Adviser in respect of the Disposals, and the notice of SGM to be convened for the purpose of considering and, if thought fit, approving, by way of poll, among other things, the Disposal Agreements and the transactions contemplated thereunder.

### THE DISPOSAL AGREEMENTS

#### Parties

- (i) Excel Technology International (Hong Kong) Limited, a wholly-owned subsidiary of the Company (as the vendor); and
- (ii) Mrs. Zee Chan Mei Chu, Peggy (or an associate (as defined in the GEM Listing Rules) of her as she may designate) as the purchaser of the First Property and Ms. Leung Lucy, Michele (or an associate (as defined in the GEM Listing Rules) of her as she may designate) as the purchaser of the Second Property, respectively, being the Property Purchasers.

As at the Latest Practicable Date, Mrs. Zee Chan Mei Chu, Peggy, a Director, together with Passion Investment (a company wholly-owned by Mrs. Zee Chan Mei Chu, Peggy) in aggregate are interested in 564,029,197 Shares, representing approximately 55.57% of the issued share capital of the Company; and Ms. Leung Lucy, Michele, a Director, is interested in 24,559,498 Shares, representing approximately 2.42% of the issued share capital of the Company. Therefore, Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele are connected persons (as defined in the GEM Listing Rules) of the Company.

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## LETTER FROM THE BOARD

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### **Subject matter**

Upon the execution of the Disposal Agreements on or before the Completion Date (and after the Disposal Conditions are fulfilled), Excel Technology International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, will sell and Mrs. Zee Chan Mei Chu, Peggy (or an associate (as defined in the GEM Listing Rules) of her as she may designate) and Ms. Leung Lucy, Michele (or an associate (as defined in the GEM Listing Rules) of her as she may designate), as the Property Purchasers, will purchase the First Property and the Second Property, respectively, at the consideration of HK\$29,000,000 and HK\$7,900,000 respectively in cash. It is intended that the Disposal Agreements will not be executed if the Disposal Conditions are not fulfilled.

Such consideration is determined after arm's length negotiation between the relevant parties with reference to the valuation of the First Property and the Second Property conducted by an independent valuer based on direct comparison method of HK\$29,000,000 and HK\$7,900,000 as at 12 April 2012 respectively. Details of the property valuation report of the First Property and the Second Property are set out in Appendix I to this circular. The First Property and the Second Property are residential units located in Hong Kong and are currently occupied by Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele respectively as staff quarter. As at 31 December 2011, the book value of the First Property and the Second Property was approximately HK\$2,600,000 and approximately HK\$3,200,000 respectively. The capital gain on disposal of the Properties is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively. Save for the capital gain on disposal which would increase the net asset value and earnings of the Group of the same amount, there will not be any material impact on the total assets, liabilities and earnings of the Group.

### **Completion**

It is expected that both the execution of the Disposal Agreements and the completion of the Disposals will take place on or about the Completion Date. Upon completion of the Disposals, among other things, payments of the relevant consideration will be made by or on behalf of the Property Purchasers in favour or to the order of Excel Technology International (Hong Kong) Limited and Excel Technology International (Hong Kong) Limited will execute and deliver assignments for the transfer of all the relevant interests in the respective Properties free from encumbrances in favour of the Property Purchasers. It is intended that the proceeds of the Disposals will be transferred by Excel Technology International (Hong Kong) Limited to the Company in repayment of part of the inter-company indebtedness owed by Excel Technology International (Hong Kong) Limited to the Company and such proceeds will form part of the Warranted Cash of the Company as of the Completion Date.

### **Reasons for the Disposals**

The Group is principally engaged in the sale of enterprise software products and provision of maintenance services, systems integration services and resale of complementary hardware and software products, consultancy services, and services in respect of ASP business.

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## LETTER FROM THE BOARD

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In view of that the Properties are not relevant to the operation of the Group, the Board considers it appropriate for the Group to dispose of the Properties to the relevant occupants (or their respective associates (as defined in the GEM Listing Rules)) at market price to realise the capital gain and to recoup cash for the business operation of the Group, and thus the Disposals are fair and reasonable and in the interests of the Shareholders as a whole. As confirmed by the sole director of the Offeror, it is the intention of the Offeror that the proceeds from the Disposals will be used as general working capital of the Group.

### **GEM LISTING RULES AND TAKEOVERS CODE IMPLICATIONS OF THE DISPOSALS**

As one of the applicable percentage ratios in respect of the Disposals is between 25% to 75%, the Disposals constitute major transactions for the Company pursuant to the GEM Listing Rules. Mrs. Zee Chan Mei Chu, Peggy is the controlling Shareholder and a Director and a connected person (as defined in the GEM Listing Rules) of the Company and Ms. Leung Lucy, Michele is also a Director and a connected person (as defined in the GEM Listing Rules) of the Company. Therefore, the Disposals also constitute connected transactions of the Company pursuant to the GEM Listing Rules and are subject to the approval of the Independent Shareholders by way of poll at the SGM. Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele have abstained from voting on the relevant board resolutions.

The Disposals constitute special deal on the part of the Company under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deal are fair and reasonable; and the approval of the Special Deal by the Independent Shareholders by way of poll at the SGM. Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele and their respective associates (as defined in the GEM Listing Rules), the Offeror, parties acting in concert with any of Mrs. Zee Chan Mei Chu, Peggy, Ms. Leung Lucy, Michele and the Offeror, and shareholders who are involved in or interested in the Disposals will abstain from voting on the proposed resolution(s) in respect of the Special Deal at the SGM.

The Company has made an application to the Executive for his consent under Note 4 to Rule 25 of the Takeovers Code in relation to the Special Deal.

### **GENERAL**

An independent committee of the Board comprising the Non-executive Director and all the Independent Non-executive Directors, namely Ip Tak Chuen, Edmond, Cheong Ying Chew, Henry, Chang Ka Mun and Wong Mee Chun, has been formed to give recommendations to the Independent Shareholders on the Disposals. Messis Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The appointment of Messis Capital has been approved by the Independent Board Committee.

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## LETTER FROM THE BOARD

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### THE SGM

A notice convening the SGM is set out on pages 36 to 37 of this circular. The SGM will be held at 5/F., 663 King's Road, North Point, Hong Kong on 31 May 2012 (Thursday) at 2:30 p.m. or any adjournment thereof, for the purpose of considering and, if thought fit, approving, by way of poll, among other things, the Disposal Agreements and the transactions contemplated thereunder.

A proxy form for use at the SGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing the proxy shall be deemed to have been revoked.

### RECOMMENDATION

The Board is of the view that the Disposals are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 10 of this circular; and (ii) the letter of advice from Messis Capital to the Independent Board Committee and the Independent Shareholders in connection with the Disposals set out on pages 11 to 19 of this circular.

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board  
**Excel Technology International Holdings Limited**  
**Fung Din Chung, Rickie**  
*Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposals prepared for the purpose of inclusion in this circular.*

**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)

9 May 2012

*To the Independent Shareholders*

**Dear Sir or Madam,**

### **SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF THE PROPERTIES**

We refer to the circular of the Company to the Shareholders dated 9 May 2012 (the “Circular”), in which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to, among others, advise the Independent Shareholders in respect of the terms of the Disposals, details of which are set out in the section headed “The Disposal Agreements” in the “Letter from the Board” in the Circular. We wish to draw your attention to the letter of advice from Messis Capital, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposals as set out on pages 11 to 19 of the Circular, and the letter from the Board set out on pages 5 to 9 of the Circular.

Having considered, among others, the terms of the Disposals, the factors and reasons considered by, and the advice given by Messis Capital, we consider that the terms and conditions of the Disposal Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Disposal Agreements and the transactions contemplated thereunder.

Yours faithfully,

*Independent Board Committee*

**Excel Technology International Holdings Limited**

**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*

\* *For identification purpose only*

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## LETTER FROM MESSIS CAPITAL

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*The following is the text of the letter of advice from Messis Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders for inclusion into this circular.*



**大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

9 May 2012

**To: *The Independent Board Committee and the Independent Shareholders of  
Excel Technology International Holdings Limited***

Dear Sir or Madam,

### **SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF THE PROPERTIES**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposals, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular of the Company dated 9 May 2012 to the Shareholders (the “Circular”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context otherwise requires.

On 19 January 2012, the Vendors and the Offeror entered into the Original Share Agreement, which was amended by the letter agreements dated 17 February 2012 and 19 March 2012, respectively, and further amended and restated by the Amendment and Restatement Agreement dated 12 April 2012, pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase 564,029,197 Sale Shares, representing approximately 55.57% of the entire issued share capital of the Company as at the date of the Joint Announcement. The aggregate consideration for the Sale Shares is HK\$115,343,970.79, representing HK\$0.2045 per Sale Share. The Share Agreement is conditional upon, among other things, the approval by the Independent Shareholders of the Disposals. Please refer to the paragraph headed “Conditions” under the section headed “The Share Agreement” in the Joint Announcement for further details of the conditions of the Share Agreement.

Upon the execution of the Disposal Agreements on or before the Completion Date (and after the Disposal Conditions are fulfilled), Excel Technology International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, will sell and Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele (or their respective associates (as defined in the GEM Listing Rules) as they may respectively designate), respectively, will purchase the First Property and the Second Property at the consideration of HK\$29,000,000 and HK\$7,900,000 respectively in cash.

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## LETTER FROM MESSIS CAPITAL

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As one of the applicable percentage ratios in respect of the Disposals is between 25% and 75%, the Disposals constitute major transactions for the Company pursuant to the GEM Listing Rules. Mrs. Zee Chan Mei Chu, Peggy is the controlling Shareholder and a Director and a connected person (as defined in the GEM Listing Rules) of the Company and Ms. Leung Lucy, Michele is also a Director and a connected person (as defined in the GEM Listing Rules) of the Company. Therefore, the Disposals also constitute connected transactions of the Company pursuant to the GEM Listing Rules and are subject to the approval of the Independent Shareholders by way of poll at the SGM. Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele have abstained from voting on the relevant board resolutions.

The Disposals constitute special deal on the part of the Company under Note 4 to Rule 25 of the Takeovers Code and require the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deal are fair and reasonable; and the approval of the Special Deal by the Independent Shareholders by way of poll at the SGM. Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele and their respective associates (as defined in the GEM Listing Rules), the Offeror, parties acting in concert with any of Mrs. Zee Chan Mei Chu, Peggy, Ms. Leung Lucy, Michele and the Offeror, and shareholders who are involved in or interested in the Disposals will abstain from voting on the proposed resolution in respect of the Special Deal at the SGM.

An independent committee of the Board comprising the Non-executive Director and all the Independent Non-executive Directors, namely Ip Tak Chuen, Edmond, Cheong Ying Chew, Henry, Chang Ka Mun and Wong Mee Chun has been formed to give recommendations to the Independent Shareholders on the Disposals. All the members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the Disposals and thus are suitable to give advice and recommendation to the Independent Shareholders. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee.

### **BASIS OF OUR OPINION**

We have relied on the statements, information and representations contained or referred to in this Circular and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in this Circular and all information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were provided and made and will continue to be so at the date of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have further confirmed that, having made all reasonable enquiries, and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this Circular,

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## LETTER FROM MESSIS CAPITAL

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including this letter, incorrect or misleading. We have not, however, carried out any independent verification of the information provided and representations made to us by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

### PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our opinion in respect of the Disposals to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### 1. Information of the Group

##### *Financial performance of the Group*

Set out below is a summary of the audited financial information of the Company for each of the three years ended 31 December 2011 as set out in the annual reports of the Company (2010 and 2011).

	For the year ended 31 December		
	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Turnover			
– Enterprise software products	75,258	85,971	98,920
– Systems integration	77,253	158,249	355,376
– Professional services	15,487	31,669	54,068
– ASP services	4,547	4,687	4,536
	<u>172,545</u>	<u>280,576</u>	<u>512,900</u>
Profit before income tax	1,737	4,658	2,590
Profit/(loss) attributable to			
– Owners of the Company	2,367	6,036	2,591
– Non-controlling interests	<u>(668)</u>	<u>(97)</u>	<u>(220)</u>
Profit for the year	<u>1,699</u>	<u>5,939</u>	<u>2,371</u>
Earnings per Share for the profit attributable to owners of the Company			
– Basic and diluted ( <i>HK cents</i> )	0.24	0.61	0.26



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## LETTER FROM MESSIS CAPITAL

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	As at 31 December		
	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Equity attributable to owners of the Company	94,781	101,173	107,104

For the year ended 31 December 2010, the Group recorded a turnover of HK\$280,576,000, representing an increase of approximately 63% as compared with HK\$172,545,000 in the previous year. The increase of turnover was largely contributed from the systems integration business and professional services income, which jumped by approximately 105% and 104% respectively in 2010 as compared to the previous year. According to the annual report of the Company for the year ended 31 December 2010, the increase in the Group's turnover mainly came from the Group's operation in China in which the big jump in the systems integration business was mainly attributable to the demand from the local banks whereas the growth in the sales of enterprise software products came from both the local banks and foreign banks in China. The Group's profit before income tax and profit attributable to the Shareholders increased by approximately 168% and 155% as compared to the previous year to HK\$4,658,000 and HK\$6,036,000 respectively.

For the year ended 31 December 2011, the Group reported a turnover of HK\$512,900,000, representing an increase of approximately 83% as compared with HK\$280,576,000 in the previous year. The increase in turnover of the Group was largely contributed from the systems integration business and professional services income, which jumped by approximately 125% and 71% respectively in 2011 as compared to the previous year. Despite the increase in turnover, the Group's profit before income tax and profit attributable to the Shareholders decreased by approximately 44% and 57% as compared to the previous year to HK\$2,590,000 and HK\$2,591,000 respectively mainly as a result of the increase in depreciation of computer equipment purchased and the renovation work done to meet expansion needs, the increase in amortization of development costs, as well as the unrealized fair value adjustment on financial assets due to the volatile investment market condition at the year end.

The equity attributable to owners of the Company increased gradually from HK\$94,781,000 as at 31 December 2009 to HK\$107,104,000 as at 31 December 2011. The increase in the equity attributable to owners of the Company was mainly attributable to the profit recorded during the two years ended 31 December 2011.

## 2. Background and reasons for the Disposals

The Group is principally engaged in the sale of enterprise software products and provision of maintenance services, systems integration services and resale of complementary hardware and software products, consultancy services, and services in respect of ASP business.

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## LETTER FROM MESSIS CAPITAL

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On 19 January 2012, the Vendors and the Offeror entered into the Original Share Agreement, which was amended by the letter agreements dated 17 February 2012 and 19 March 2012, respectively, and further amended and restated by the Amendment and Restatement Agreement dated 12 April 2012, pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase 564,029,197 Sale Shares, representing approximately 55.57% of the entire issued share capital of the Company as at the date of the Joint Announcement. The aggregate consideration for the Sale Shares is HK\$115,343,970.79, representing HK\$0.2045 per Sale Share. The Share Agreement is conditional upon, among other things, the approval by the Independent Shareholders of the Disposals.

The Disposals will proceed upon fulfillment of certain conditions to the Share Agreement which are (i) the Shareholders (other than those who are prohibited to vote or required to abstain from voting pursuant to the GEM Listing Rules and/or the Takeovers Code) passing at the SGM the resolution approving the Special Deal in accordance with Rule 25 of the Takeovers Code; and (ii) the Executive granting a consent under Rule 25 of the Takeovers Code in respect of the Special Deal, and any conditions attaching to such consent being fulfilled.

Upon the execution of the Disposal Agreements on or before the Completion Date (and after the Disposal Conditions are fulfilled), Excel Technology International (Hong Kong) Limited will sell and Mrs. Zee Chan Mei Chu, Peggy (or an associate (as defined in the GEM Listing Rules) of her as she may designate) and Ms. Leung Lucy, Michele (or an associate (as defined in the GEM Listing Rules) of her as she may designate), as the Property Purchasers, will purchase the First Property and the Second Property, respectively, at the consideration of HK\$29,000,000 and HK\$7,900,000 respectively in cash. It is intended that the Disposal Agreements will not be executed if the Disposal Conditions are not fulfilled.

The First Property is situated at Flat B on the 21/F of Block 5 and Car Port No. LG273 on the Lower Ground Floor of Braemar Hill Mansions, 23 Braemar Hill Road, Hong Kong with a saleable area of about 136.3 sq.m. (1,467 sq.ft.) while the Second Property is situated at Flat D on the 9/F of Floral Tower, 22 Robinson Road, Hong Kong with a saleable area of about 57.4 sq.m. (618 sq.ft.). The First Property and the Second Property are residential units currently held by the Group and are currently occupied by Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele respectively as staff quarters. We note from the prospectus of the Company dated 20 June 2000 that the First Property has been occupied by Mrs. Zee Chan Mei Chu, Peggy and the Second Property has been occupied by Ms. Leung Lucy, Michele as staff quarters at the time of listing. As at 31 December 2011, the book value of the First Property and the Second Property was approximately HK\$2,600,000 and approximately HK\$3,200,000 respectively. The capital gain on disposal of the Properties is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively.

In view of that the Properties are not relevant to the operation of the Group, the Board considers it appropriate for the Group to dispose of the Properties to the relevant occupants (or their respective associates (as defined in the GEM Listing Rules)) at market price to realise the capital gain and to recoup cash for the business operation of the Group, and thus the Disposals are fair and reasonable and in the interests of the Shareholders as a whole. As confirmed by

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## LETTER FROM MESSIS CAPITAL

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the sole director of the Offeror, it is the intention of the Offeror that the proceeds from the Disposals will be used as general working capital of the Group.

We note from the Joint Announcement the intention that save for Mrs. Zee Chan Mei Chu, Peggy, all existing Directors shall resign on the earliest date permitted under the Takeovers Code which means Ms. Leung Lucy, Michele would no longer be an executive Director after the completion of the Offer. Besides, Mrs. Zee Chan Mei Chu, Peggy will cease to be the controlling shareholder of the Company upon completion of the Offer, which is subject to a number of conditions precedent. For further details of the conditions precedent to the Share Agreement, please refer to the paragraph headed “Conditions” under the section headed “The Share Agreement” in the Joint Announcement. Given that Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele would no longer be the controlling shareholder of the Company and an executive Director, respectively after the completion of the Offer, we consider providing the First Property to Mrs. Zee Chan Mei Chu, Peggy and the Second Property to Ms. Leung Lucy, Michele as residence after the Offer might not be reasonable and meaningful and as such the Disposals are in the interests of the Company.

Having considered (i) the principal businesses of the Group are the sale of enterprise software products and provision of maintenance services, systems integration services and resale of complementary hardware and software products, consultancy services, and services in respect of ASP business instead of property investment; (ii) the Disposals at market price would allow the Group to facilitate its financial resources and to convert its non-operating assets into cash for future developments of its core businesses; (iii) there will be a capital gain on disposal of the Properties which is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively for the First Property and the Second Property; and (iv) Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele would no longer be the controlling shareholder of the Company and an executive Director, respectively after the completion of the Offer and as such providing the First Property to Mrs. Zee Chan Mei Chu, Peggy and the Second Property to Ms. Leung Lucy, Michele as residence after the Offer might not be reasonable and meaningful, we consider that although the Disposals are not in the ordinary and usual course of business of the Company, it is fair and reasonable and is in the interests of the Company to consider the proposed Disposals and to enter into the Disposal Agreements with the relevant parties.

### **3. Consideration**

The consideration (the “Consideration”) of the First Property of HK\$29,000,000 and the Second Property of HK\$7,900,000 under the Disposals was determined after arm’s length negotiation between the relevant parties with reference to the valuation of the First Property and the Second Property conducted by an independent valuer based on direct comparison method of HK\$29,000,000 and HK\$7,900,000 as at 12 April 2012 respectively. The First Property and the Second Property are residential units located in Hong Kong and are currently occupied by Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele respectively as staff quarter. As at 31 December 2011, the book value of the First Property and the Second Property was approximately HK\$2,600,000 and approximately HK\$3,200,000 respectively. The capital gain on disposal of the Properties is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively.

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## LETTER FROM MESSIS CAPITAL

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In order to assess the valuation of the Properties (the “Valuation”), we have reviewed the relevant valuation report and enquired CBRE HK Limited (“CBRE”), the independent valuer on the methodology adopted and assumptions made in arriving at the Valuation. We noted that CBRE has applied the direct comparison method in the determination of the Valuation. The market value of the Properties is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. We also noted that the Valuation is prepared in accordance with The HKIS Valuation Standards on Properties published by The Hong Kong Institute of Surveyors. Having discussed with CBRE, we understand that:

- the rationale of adopting the direct comparison method as the valuation methodology is that the direct comparison method is the most common method in the determination of the value of the Properties; and
- the basis and assumptions include the market value means the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Having considered the above-mentioned rationale, basis and assumptions in arriving at the Valuation, we are satisfied that the methodology applied by CBRE is reasonable.

The First Property and the Second Property were valued at HK\$29,000,000 and HK\$7,900,000 respectively by CBRE as at 12 April 2012 and the Consideration equals to the Valuation. Based on our review and discussion with CBRE, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the methodology adopted and the basis used in arriving at the value of the Properties in particular the direct comparison method is the most common method adopted in the determination of the value of the Properties. Having considered all of the above, we are of the opinion that the Valuation provides a valid benchmark for the Directors to assess the fairness and reasonableness of the Consideration.

Taking into account the facts above, we are of the view that the Consideration is in normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

#### **4. Possible financial effects of the Disposals**

##### *Earnings and cash flow*

As at 31 December 2011, the book value of the First Property and the Second Property was approximately HK\$2,600,000 and approximately HK\$3,200,000 respectively. The capital gain on disposal of the Properties is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively. Upon completion of the Disposals, the Group will no longer hold any interest in the Properties. There will be an immediate cash inflow of proceeds from the disposal of the Properties of approximately HK\$36,900,000 to the Group which the Group intends to use for general working capital purpose. Given

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## LETTER FROM MESSIS CAPITAL

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that the Group will record capital gain on disposal of the Properties and there will be cash inflow from the Disposals which will enhance the Group's working capital position, we are of the view that the entering into the Disposal Agreements is in the interests of the Company and the Independent Shareholders as a whole.

### *Net assets*

The Directors confirmed that based on the information currently available to the Company, it is expected there would be a capital gain of approximately HK\$26,400,000 from the First Property and approximately HK\$4,700,000 from the Second Property under the Disposals based on the book value of the Properties of HK\$2,600,000 and HK\$3,200,000 as at 31 December 2011 respectively. The Group would record such a gain and its net asset value would increase accordingly. Given that there will be an increase in net asset value of the Group after the Disposals and the Consideration is in accordance to the Valuation by CBRE, an independent valuer, we consider that the entering into the Disposal Agreements is fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Having taken into account the above principal factors and reasons, namely,

- (i) the principal businesses of the Group are the sale of enterprise software products and provision of maintenance services, systems integration services and resale of complementary hardware and software products, consultancy services, and services in respect of ASP business instead of property investment;
- (ii) the Disposals at market price would allow the Group to facilitate its financial resources and to convert its non-operating assets into cash for future developments of its core businesses;
- (iii) the capital gain on disposal of the Properties is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively;
- (iv) the Consideration is determined after arm's length negotiation between the relevant parties with reference to the valuation of the First Property and the Second Property conducted by CBRE, an independent valuer based on the direct comparison method of HK\$29,000,000 and HK\$7,900,000 as at 12 April 2012 respectively; and
- (v) the Group's working capital position and net asset value will be enhanced after the Disposals,

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**LETTER FROM MESSIS CAPITAL**

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we are of the view that the Disposals are in normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution in respect of the Disposals.

Yours faithfully,

For and on behalf of

**Messis Capital Limited**

**Thomas Lai**  
*Managing Director*

**Kinson Li**  
*Managing Director*

*The following is the text of a property valuation report prepared for the purpose of incorporation in this circular received from CBRE HK Limited, an independent valuer, in connection with their valuations as at 12 April 2012 of the Properties.*

CBRE HK Limited

9 May 2012

**Excel Technology International Holdings Limited**

5th Floor, 663 King's Road

North Point

Hong Kong

4/F Three Exchange Square

8 Connaught Place

Central, Hong Kong

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地產代理(公司)牌照號碼

Estate Agent's Licence No: C-004065

Dear Sirs,

We refer to the instruction from Excel Technology International Holdings Limited ("the Instructing Party") for us to carry out valuations for 2 properties in Hong Kong for disposal purpose. Details of the subject properties are set out in the attached valuation certificates. We confirm that we have made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Values of the subject properties as at 12 April 2012 ("the Date of Valuation").

**VALUATION BASIS, ASSUMPTIONS AND METHODOLOGY**

Our valuation is prepared in accordance with the "HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors.

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the values of the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the subject properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.



We have inspected the subject properties on 11 April 2012 to such extent that we consider necessary for the purpose of this valuation. We have not carried out land survey to verify the site boundary of the subject properties. We have not investigated the site to determine the suitability of soil conditions and the availability of services etc. for future development uses. Our report is prepared on the assumption that these aspects are satisfactory. This report does not make any allowance for contamination or pollution of land, if any, which may have occurred as a result of past usage.

During our inspection, we did not notice any serious defects. The external conditions of the properties are maintained in a reasonable condition commensurate to its age and use. However, we have not carried out any structural survey and we are therefore unable to report whether the subject properties are or are not free from rot, infestation or any other defects. No tests have been carried out on any of the building services.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Instructing Party, the only potential tax liabilities which may arise from the sale of the properties is stamp duty, which is assessed in accordance with the Stamp Duty Ordinance and subject to the agreement between the vendor and the purchaser regarding the potential liability. According to the Instructing Party, as the properties are held by Excel Technology International (Hong Kong) Limited over 10 years, the length of the period of ownership is so long and the acquisition of properties is for long term purpose. The gain on disposal of the properties should be regarded as capital gain, and therefore there is no profit tax liability.

We have adopted the Direct Comparison approach in our assessment of the Market Value of the properties. The approach involves an analysis on the sales of comparable properties. Capital values of comparable units of similar age, size, layout and location etc. are analysed.

#### **SOURCE OF INFORMATION**

We have relied to a considerable extent on the information given by the Instructing Party, and have accepted the advice given to us on matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on our measurements of the relevant plans and therefore are only approximations.

Whilst we have taken every reasonable care in the investigation of the information provided to us and in making relevant enquiries, we have not scrutinised the original documents to verify the correctness of the information or to ascertain subsequent amendments, if any, which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party, which is material to valuation. We were also advised by the Instructing Party that no material facts have been omitted from the information provided to us.

We have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership. All documents and leases have been used for reference only.

#### **COPYRIGHT AND DISCLAIMERS**

Copyright in any written work, drawing, compilation, table, graph and similar works created by or on behalf of CBRE HK Limited ("CBRE") shall remain with us. Neither the whole nor any part of any valuation report or any reference to the same may be included in any document, circular or statement published by or on behalf of the Instructing Party without our written approval as to the form and content in which it may appear. Such reproduction by the Instructing Party of any part of any valuation report without consent will constitute a breach of copyright.



The liability of CBRE and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third parties is accepted. Save and except of any negligence of CBRE in carrying out the valuations, the Instructing Party agrees to indemnify and hold us harmless against and from any losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become the subject in connection with this engagement. The Instructing Party's obligation for indemnification and reimbursement shall extend to any controlling person of CBRE including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, such liability will be limited to three times of the amount of fees we received for this engagement.

The following person has provided professional assistance, including property inspection, to the persons signing this report:

Ms. Michelle Man MRICS  
Senior Valuer

We enclose herewith the valuation certificates.

Yours faithfully,  
For and on behalf of  
**CBRE HK Limited**

**Gary Ip** MHKIS MRICS RPS(GP)  
*Senior Director*  
Valuation & Advisory Services

**T C Wong** MHKIS MRICS RPS(GP)  
*Director*  
Valuation & Advisory Services

*Note:* Mr. Gary Ip and Mr. T C Wong are both experienced professional general practice surveyors having over 30 and 10 years of experience practicing in Hong Kong respectively and are responsible for the valuation of the properties in this valuation exercise.

Encl.

**Group 1: Properties Held for Owner Occupation****SUMMARY OF VALUATION**

<b>Address</b>	<b>Market Values on vacant possession basis as at 12 April 2012</b>
1. Flat B on 21st Floor of Block 5 and Car Port No. LG273 on Lower Ground Floor, Braemar Hill Mansions, Nos. 15-43 Braemar Hill Road, Hong Kong	HK\$29,000,000
2. Flat D on 9th Floor, Floral Tower, No. 22 Robinson Road, Hong Kong	HK\$7,900,000
Total:	<u>HK\$36,900,000</u>

## Group 1: Properties Held for Owner Occupation

## VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Market value on vacant possession basis as at 12 April 2012
Flat B on 21st Floor of Block 5 and Car Port No. LG273 on Lower Ground Floor, Braemar Hill Mansions, Nos. 15-43 Braemar Hill Road, Hong Kong	Braemar Hill Mansions ("the Development") is situated along Braemar Hill Road at its junction with Cloud View Road in Braemar Hill of North Point, a traditional luxurious residential area of Hong Kong Island.	According to the information provided by the Instructing Party, the property is owner-occupied.	HK\$29,000,000 (HONG KONG DOLLARS TWENTY-NINE MILLION ONLY)
17/13,531 undivided shares of and in the Remaining Portion of Inland Lot No. 8398	<p>The property comprises one domestic unit on 21st Floor of Block 5 and one car parking space on Lower Ground Floor of the Development, which is a residential development comprising 15 blocks of high-rise residential building completed in 1978.</p> <p>Upon our measurement of the registered floor plan, the saleable area of the domestic unit is about 136.3 sq.m. (1,467 sq.ft.).</p> <p>Saleable area is the floor area exclusively allocated to the property. It is measured from the exterior of the enclosing walls between the property and the adjoining units, as the case may be. It includes corridor, toilets, internal partitions and columns within the property but excludes the common parts outside the enclosing walls of the property such as lift shaft and staircase.</p> <p>The property is held under Conditions of Exchange No. 10799 for a term of 999 years commencing from 11 July 1893. The Government Rent per annum is HK\$1,032 for the lot.</p>		

*Notes:*

1. According to the land search records, the registered owner of the property is Excel Consultancy Limited. According to the Certificate of Incorporation on Change of Name dated 8 February 2000 provided by the Instructing Party, Excel Consultancy Limited changed its name to Excel Technology International (Hong Kong) Limited, a wholly-owned subsidiary of the Company.
2. The property is, inter alia, subject to the following encumbrances:
  - a. Memorandum with Car Port Layout Plan dated 29 October 1976 registered vide Memorial No. UB1317432;
  - b. Deed of Mutual Covenant dated 22 March 1978 registered vide Memorial No. UB1503587;
  - c. Letter of Exhibit the Amended Car Park Lay-out Plan dated 4 April 1979 registered vide Memorial No. UB1951201;
  - d. Copy Letter of Compliance dated 27 December 1984 registered vide Memorial No. UB2816100; and
  - e. Original Deed Poll Relating to Execution of Documents dated 4 December 1990 registered vide Memorial No. UB4635799.
3. The property is within an area zoned "Residential (Group B) 1" under the Approved North Point Outline Zoning Plan No. S/H8/24 exhibited on 10 December 2010.

## VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Market value on vacant possession basis as at 12 April 2012
Flat D on 9th Floor, Floral Tower, No. 22 Robinson Road, Hong Kong	Floral Tower ("the Building") is situated at the south-western side of Mosque Street at its junction with Robinson Road in the Mid-Level West area, which is a traditional luxurious residential area in Hong Kong.	According to the information provided by the Instructing Party, the property is owner-occupied.	HK\$7,900,000 (HONG KONG DOLLARS SEVEN MILLION AND NINE HUNDRED THOUSAND ONLY)
150/17,000 of and in the following lots:			
The remaining Portion of Sub-section 2 of Section E of Inland Lot No. 717;			
The Remaining Portion of Section E of Inland Lot No. 717;	The property comprises one domestic unit on 9th Floor of the Building which is a high-rise residential building erected over a 2-storey carpark and commercial podium completed in 1992.		
Sections B & C of Inland Lot No. 717;			
Sections A, B & the Remaining Portion of Inland Lot No. 347;	Upon our measurement of the registered floor plan, the saleable area of the property is about 57.4 sq.m. (618 sq.ft.).		
Sections A, B & the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 392;			
Section A & the Remaining Portion of Sub-section 2 of Section A of Inland Lot No. 392.	Saleable area is the floor area exclusively allocated to the property. It is measured from the exterior of the enclosing walls between the property and the adjoining units, as the case may be. It includes corridor, toilets, internal partitions and columns within the property but excludes the common parts outside the enclosing walls of the property such as lift shaft and staircase.		
	The property is held under Government Leases for Inland Lot Nos.347, 392 and 717 for a term of 999 years commencing from 27 November 1849, 17 March 1855 and 25 June 1861 respectively. The Government Rent is nominal.		

*Notes:*

1. According to the land search records, the registered owner of the property is Excel Consultancy Limited. According to the Certificate of Incorporation on Change of Name dated 8 February 2000 provided by the Instructing Party, Excel Consultancy Limited changed its name to Excel Technology International (Hong Kong) Limited, a wholly-owned subsidiary of the Company.
2. The property is, inter alia, subject to the following encumbrances:
  - a. Deed Poll with Plan dated 27 March 1991 registered vide Memorial No. UB4754835;
  - b. Deed of Mutual Covenant with Plan dated 4 January 1993 registered vide Memorial No. UB5562797;  
and
  - c. Letter to Amend the Occupation Permit No. H163/92 dated 19 July 1993 registered vide Memorial No. UB5728919;
3. The property is within an area zoned "Residential (Group A)" under the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 exhibited on 19 March 2010.

## 1. 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 the information contained in this circular 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 circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interest or short positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interest of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were set out as follows:

Name of Director	Capacity	Interest in Shares	Interest in underlying Shares	Total interests in Shares	Approximate percentage of issued share capital
Zee Chan Mei Chu, Peggy ( <i>Note 1</i> )	Beneficial owner and through beneficial corporation	564,029,197	-	564,029,197	55.57%
Fung Din Chung, Rickie	Beneficial owner	24,691,498	-	24,691,498	2.43%
Leung Lucy, Michele	Beneficial owner	24,559,498	-	24,559,498	2.42%
Ng Wai King, Steve	Beneficial owner	4,184,998	-	4,184,998	0.41%
Wong Mee Chun ( <i>Note 2</i> )	Beneficial owner and through associate	422,000	-	422,000	0.04%

*Notes:*

- (1) 559,679,197 shares were held by Passion Investment, a company incorporated in the BVI which is wholly-owned by Mrs. Zee Chan Mei Chu, Peggy.
- (2) 382,000 shares were held by the spouse of Ms. Wong Mee Chun.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules.

At the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders' interests and short positions in the Shares**

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or held any option in respect of such capital:

Name	Capacity	Number of Shares held as at the Latest Practicable Date	Approximate percentage of issued share capital
Passion Investment (Note 1)	Beneficial owner and through beneficial corporation	564,029,197	55.57%
Cheung Kong (Holdings) Limited (Note 2)	Through beneficial corporation	143,233,151	14.11%

*Notes:*

- (1) 559,679,197 shares and 4,350,000 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, and Zee Chan Mei Chu, Peggy respectively.
- (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.

### 3. INDEBTEDNESS STATEMENT

#### **Borrowings**

At the close of business on 31 March 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had long term unsecured other borrowings from a related company amounted to HK\$6,075,000.

#### **Guarantee**

As at 31 March 2012, the Group had provided guarantee of HK\$600,000 to a third party and a subsidiary of the Company in respect of certain service contract in Hong Kong.

#### **Disclaimer**

Save as aforesaid above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 March 2012, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and any liabilities under acceptances (other than normal trade bills) or other similar indebtedness, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

**4. WORKING CAPITAL**

The Directors are of the opinion that taking into account the financial resources available to the Group, including the internally generated funds and the estimated net proceeds from the Disposals, and barring any unforeseen circumstances, the Group has sufficient working capital for its present requirements, that is for at least twelve months from the date of this circular.

**5. FINANCIAL AND TRADING PROSPECTS**

During the year ended 31 December 2011, the Group recorded a turnover of HK\$512,900,000, representing an increase of 83% compared with a turnover of HK\$280,576,000 in 2010. The increase of turnover was largely contributed from the systems integration business, which jumped by 125% to HK\$355,376,000 (2010: HK\$158,249,000). However, the very thin margin of the systems integration business was further eroded by the keen competitions in China, which cancelled out the contribution to its profits by this significant increase in business volume.

For the year of 2011, the Group's profit attributable to the owners of the company was HK\$2,591,000, as compared with a profit of HK\$6,036,000 in the same period of 2010. The drop in profitability was mainly due to the increase in depreciation of computer equipment purchased and the renovation work done to meet expansion needs; the increase in amortization of development costs; as well as the unrealized fair value adjustment on financial assets due to the volatile investment market condition at the year end.

With the political and economic uncertainties, the Group anticipates that IT spending will be drastically reduced. The hard hit will likely be the enterprise software purchase, which are considered capital expenditure and to be reduced by many companies in tough times like this. As such, the Group will put more focus on professional services as well as work closer with the sales teams of major IT vendors. The Group also needs to expand its industry focus beyond banking, the sector easily affected by financial crisis such as the collapse of Lehman Brothers and the recent European debt issues.

IT service outsourcing – as part of the Group's professional services – can be a winning strategy of its business in the coming year. The suggestions to potential customers on switching to lower cost IT resources in China could be positioned as an effective element in their cost reduction plans. The Group will step up its marketing effort along this direction especially to the non-bank sector.

Besides IT service outsourcing, there are other forms of professional services the Group can provide, and one of them is the implementation of third party software products. Discussions have started since last year with a number of global IT vendors to resell their IT solutions (hardware and software products), and to provide the necessary IT skills to implement these solutions. It is expected some initial success could be realized soon in the area of accounting and business intelligence solutions.

As staff cost accounts for majority of the Group's expenditure, the Group needs to be more alert on the overall utilization of its staff resource especially when the Group is seeing a potential slowdown of its business. The management of the Group will try re-deploy work to lower cost locations. Of course, it will require skills upgrade training and detailed planning.

While it is cautious about the outlook, the management of the Group is confident that the Group should be able to handle the coming challenges as it did in previous occasions.

## **6. COMPETING INTERESTS**

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, Hutchison Telecommunications Hong Kong Limited (“Hutchison”) and TOM Group. Both CKH, CKI and Hutchison are engaged in information technology, e-commerce and new technology. TOM Group is engaged in providing Internet services.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests in any business which competes or was likely to compete, either directly or indirectly, with the Company’s business.

## **7. DIRECTORS’ SERVICE CONTRACTS**

The Company has entered into a service contract with each of Mrs. Zee Chan Mei Chu, Peggy, Mr. Fung Din Chung, Rickie and Ms. Leung Lucy, Michele for a term of three years which commenced on 1 March 2000. The service contracts were renewed for further periods from 1 March 2003 to 31 December 2003, from 1 January 2004 to 31 December 2011 on a yearly basis. The service contracts will continue thereafter until terminated by either party giving not less than six months’ written notice. This service contract is exempt from the shareholders’ approval requirement under Rule 17.90 of the GEM Listing Rules.

The Company has entered into a service contract with Mr. Ng Wai King, Steve for a term of one year which commenced on 1 January 2005. The service contract was renewed from 1 January 2006 to 31 December 2011 on a yearly basis. The service contract will continue thereafter until terminated by either party giving not less than six months’ written notice. This service contract is exempt from the shareholders’ approval requirement under Rule 17.90 of the GEM Listing Rules.

Save as disclosed above, none of the directors of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

## **8. DIRECTORS’ INTEREST IN ASSETS**

Save for the Properties which are proposed to be disposed to the Property Purchasers by the Group, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

**9. DIRECTORS' INTEREST IN CONTRACTS**

Save for the Disposal Agreements (which are expected to be executed on or about the Completion Date), there was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

**10. MATERIAL ADVERSE CHANGE**

Save for the Disposals, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest audited financial statements of the Group were made up.

**11. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

**12. MATERIAL CONTRACTS**

Save for the Disposal Agreements (which are expected to be entered into on or about the Completion Date), there are no contracts (not being contracts entered into in the ordinary course of business of the Group) which have been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date which are or may be material.

**13. EXPERTS AND CONSENTS**

The followings are the qualification of the experts who have named in this circular or have given its opinions, letters or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Messis Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
CBRE HK Limited	Qualified professional independent valuer

Messis Capital and CBRE HK Limited have given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been, since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

#### 14. MISCELLANEOUS

- (i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (ii) The principal share registrar of the Company is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (iii) The Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The company secretary of the Company is Dr. Tang Lai Wah, BA(Hons), EMBA, DBA, FCCA, FCPA.
- (v) The compliance officer of the Company is Mr. Fung Din Chung, Rickie.
- (vi) The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises three members, all are Independent Non-executive Directors. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges.

Mr. Cheong Ying Chew, Henry, aged 64, holds a Bachelor of Science (Mathematics) degree and a Master of Science (Operational Research and Management) degree. He is an Independent Non-executive Director of Cheung Kong (Holdings) Limited, Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Creative Energy Solutions Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group Limited, all being listed in Hong Kong. Mr. Cheong is also an Independent Director of BTS Group Holdings Public Company Limited, a company listed in Thailand, and an Executive Director and the Deputy Chairman of Worldsec Limited, a company listed in London. He is also a Member of the Securities and Futures Appeals Tribunal and a Member of the Advisory Committee of the Securities and Futures Commission, and was previously a member of the Disciplinary Panel (Panel A) of the Hong Kong Institute of Certified Public Accountant. He was an Independent Non-executive Director of FPP Japan Fund Inc. (formerly known as "FPP Golden Asia Fund Inc." and "Jade Asia Pacific Fund Inc."), a company listed in Ireland, up until October 2008. Mr. Cheong was appointed as an Independent Non-executive Director of the Group on 30 May 2000.

Mr. Chang Ka Mun, aged 52, is a Managing Director of Li & Fung Development (China) Limited. He is also a member of the National Committee of Chinese People's Political Consultative Conference and an Advisory Council Member of the Brookings Institution (CNAPS), USA. He was a member of the Preparatory Committee of Hong Kong Special Administrative Region, a member of the Committee on Economic Development of Hong Kong as well as the Basic Law Consultative Committee of the National People's Congress of the PRC. Mr. Chang was appointed as an Independent Non-executive Director of the Group on 30 May 2000.

Ms. Wong Mee Chun, JP, aged 59, has over 20 years of experience in finance, accounting and general management. Ms. Wong is a Justice of Peace, a member of the Public Service Commission and Fight Crime Committee of the HKSAR. She graduated from the London School of Economics and Political Science, University of London and qualified as a member of the Institute of Chartered Accountants in England and Wales with Coopers & Lybrand, London. She is also a member of the Hong Kong Institute of Certified Public Accountants. Ms. Wong was appointed as an Independent Non-executive Director of the Group on 9 August 2002.

- (vii) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 5/F., 663 King's Road, North Point, Hong Kong from 9:00 a.m. to 5:00 p.m. on any days (except Saturdays and public holidays) from the date of this circular up to and including the date of the SGM:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for each of the two financial years ended 31 December 2010 and 2011;
- (iii) the Disposal Agreements;
- (iv) the letter from the Independent Board Committee, the text of which is set out on page 10 of this circular;
- (v) the letter of advice from Messis Capital, the text of which is set out on pages 11 to 19 of this circular;
- (vi) the property valuation report prepared by CBRE HK Limited, the text of which is set out in Appendix I to this circular;
- (vii) the written consents referred to in the paragraph headed "Experts and consents" of this Appendix II; and
- (viii) the material contracts referred to in the paragraph headed "Material contracts" of this Appendix II.

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NOTICE OF SGM

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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)

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the special general meeting of Excel Technology International Holdings Limited (the “Company”) will be held at 5/F., 663 King’s Road, North Point, Hong Kong on 31 May 2012 (Thursday) at 2:30 p.m. for the following purposes of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** each of the following agreements and the respective transactions contemplated thereunder be and are hereby approved: (i) the agreement in relation to the sale and purchase of the First Property to be entered into between Excel Technology International (Hong Kong) Limited (a wholly-owned subsidiary of the Company) as vendor and Mrs. Zee Chan Mei Chu, Peggy (or an associate (as defined in the GEM Listing Rules) of her as she may designate) as purchaser; and (ii) the agreement in relation to the sale and purchase of the Second Property to be entered into between Excel Technology International (Hong Kong) Limited (a wholly-owned subsidiary of the Company) as vendor and Ms. Leung Lucy, Michele (or an associate (as defined in the GEM Listing Rules) of her as she may designate) as purchaser (collectively, the “Disposal Agreements”) (a copy of each of the draft Disposal Agreements has been produced to this meeting and marked “A” and “B” respectively, and initialled by the Chairman of this meeting for identification purpose) **AND THAT** the directors of the Company be and are hereby authorised to sign, execute and deliver the Disposal Agreements and/or any agreements, assignments, deeds, instruments and/or any other documents in connection with the Disposal Agreements (and, where necessary, to affix the seal of the Company on them in accordance with the bye-laws of the Company) or to cause the Disposal Agreements and/or such agreements, assignments, deeds, instruments and/or any other documents in connection with the Disposal Agreements to be signed, executed and delivered, to make such amendments and changes to them and to enter into, do and/or take all such actions, steps, deeds and things in such manner and to sign all documents as they may deem necessary, desirable or appropriate to give effect to the Disposal Agreements and the transactions contemplated thereunder or otherwise in connection with the Special Deal. Words and expressions in this resolution shall bear the same meanings as those defined in the circular dated 9 May 2012.”

By Order of the Board  
**Excel Technology International Holdings Limited**  
**Fung Din Chung, Rickie**  
*Executive Director*

Hong Kong, 9 May 2012

\* *For identification purpose only*

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## NOTICE OF SGM

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

5/F., 663 King's Road  
North Point  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
3. If two or more persons are joint holders of a share of the Company, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the directors of the Company are as follows:

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*)