
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED** (“the Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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)

**DISPOSAL OF ASSETS
MAJOR TRANSACTION**

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.

23 May 2006

* *For identification purpose only*

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board of Directors	
1. Introduction	3
2. The Agreement	4
3. Reasons for the Disposal	5
4. Connection between the parties	6
5. Effect of the Disposal on earning, assets and liabilities of the Group	6
6. Additional information	6
Appendix I Financial Information	7
Appendix II General Information	9

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Agreement”	the sale and purchase agreement dated 11 April 2006 entered into between the Vendor and the Purchaser in relation to the Disposal
“Associate”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of Directors (including the independent non-executive directors)
“Camelot”	Camelot Information Systems Inc., a company incorporated in the British Virgin Islands on 28 November 2000 with limited liability and is an associated company of the Company immediately before the Disposal
“Camelot Group”	Camelot and its subsidiaries and associated companies
“Cheung Kong”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board
“Company”	Excel Technology International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Directors”	the directors of the Company
“Disposal”	the disposal of 4,850 shares in Camelot, representing approximately 21.51% of the issued share capital of Camelot under the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hang Seng Bank”	Hang Seng Bank Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Main Board
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited

DEFINITIONS

“Hutchison Whampoa”	Hutchison Whampoa Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board
“Latest Practicable Date”	22 May 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Main Board”	the securities market operated by the Stock Exchange, excluding GEM and the options market
“Passion”	Passion Investment (BVI) Limited, a substantial shareholder of the Company and is wholly owned by Mrs. Zee Chan Mei Chu, Peggy, the Chairman of the Company
“PRC”	the People’s Republic of China
“Purchaser”	Yin Webster
“Sale Shares”	the 4,850 shares in Camelot, representing approximately 21.51% of the issued share capital of Camelot legally and beneficially owned by the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	holders of Shares in issue
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Grandful Star Ltd., a company incorporated in the British Virgin Islands on 18 May 2001 with limited liability and is an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this circular, the exchange rate of RMB1.00 to HK\$0.94 and US\$1.00 to HK\$7.80 were adopted.

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 and Chief Executive Officer)

Fung Din Chung, Rickie

Leung Lucy, Michele

Ng Wai King, Steve

Non-executive Director:

Ip Tak Chuen, Edmond

Independent Non-executive Directors:

Cheong Ying Chew, Henry

Chang Ka Mun

Wong Mee Chun

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal

Place of Business in

Hong Kong:

5th Floor

663 King's Road

North Point

Hong Kong

23 May 2006

To Shareholders of the Company

Dear Sir or Madam,

**DISPOSAL OF ASSETS
MAJOR TRANSACTION**

1. INTRODUCTION

It was announced on 13 April 2006 that the Vendor, an indirect wholly-owned subsidiary of the Company, entered into an agreement on 11 April 2006 for the disposal of approximately 21.51% of the issued share capital of Camelot for an aggregate cash consideration of approximately US\$4,253,375 (equivalent to approximately HK\$33,176,325).

As the applicable percentage ratio(s) as defined in the GEM Listing Rules exceed(s) 25% but less than 75%, the Disposal constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of

* For identification purpose only

LETTER FROM THE BOARD OF DIRECTORS

the GEM Listing Rules. No Shareholder is required to abstain from voting in the general meeting of the Company for approving the Disposal and the Company has obtained from Passion, which currently holds 563,679,197 Shares, representing approximately 57.22% of the issued share capital of the Company, written approval of the Agreement and the transactions contemplated thereunder in lieu of holding a general meeting of the Company seeking approval from the Shareholders pursuant to Rule 19.44 of the GEM Listing Rules. The purpose of this circular is to give you further details of the Agreement in accordance with the requirements of the GEM Listing Rules.

2. THE AGREEMENT

Parties:

Vendor : Grandful Star Ltd., an indirectly wholly-owned subsidiary of the Company

Purchaser : Yin Webster

Warrantor : the Company

Asset disposed:

4,850 shares of Camelot, representing approximately 21.51% of its issued share capital. The balance of the issued share capital of Camelot is owned by independent third parties not connected with the Company, any directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

Camelot is a company incorporated in the British Virgin Islands on 28 November 2000. Camelot Group is principally engaged in the provision of technical and business support services for corporate clients in PRC. For the years ended 31 December 2005 and 31 December 2004, its audited net profits before taxation and minority interests were approximately HK\$29,076,000 (equivalent to approximately RMB30,932,000) and HK\$25,068,000 (equivalent to approximately RMB26,668,000) respectively. For the years ended 31 December 2005 and 31 December 2004, its audited net profits after taxation and minority interests were approximately HK\$28,597,000 (equivalent to approximately RMB30,422,000) and HK\$23,035,000 (equivalent to approximately RMB24,505,000) respectively.

The assets disposed of had a book value of approximately HK\$36,152,000 as at 31 December 2005.

Immediately upon completion of the Agreement, the Company will not have any shareholding in Camelot.

The Company joined with the Vendor to give representations, warranties and undertakings to the Purchaser under the Agreement. These representations, warranties and undertakings mainly related to the capacity of the Vendor and the title of the Vendor to the Sale Shares. The Company and the Vendor represented, warranted and undertook that the Company had the right to sell the Sale Shares and that the Sale Shares are fully paid up and free of any encumbrances.

LETTER FROM THE BOARD OF DIRECTORS

Consideration:

US\$4,253,375 (equivalent to approximately HK\$33,176,325) to be paid in cash upon completion of the Agreement. It is expected that the professional fees for completing the transaction would amount to approximately HK\$300,000.

The consideration was arrived at after arm's length negotiations and with reference to market value of PRC companies of similar nature (companies who are engaged in the provision of technical and business support services) in the last 6 months by study conducted by an independent financial advisor.

The Directors (including the independent non-executive Directors) consider that the terms of Disposal are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Payment terms:

The purchase price for the Sale Shares will be paid in cash upon completion of the Agreement.

Use of proceeds:

The proceeds of the Disposal will be applied towards the development of the PRC outsourcing centres of the Group in 2006 and 2007.

Completion:

Completion of the Agreement is expected to take place on 29 May 2006, being the thirtieth Business Day after the date of the Agreement, or such other date as the parties may agree in writing. If completion of the Agreement does not take place due to default of any party, the party not in default may terminate the Agreement and claim for damages from the defaulting party.

3. REASONS FOR THE DISPOSAL

The Group acquired and subscribed for an aggregate of 4,850 shares of Camelot at a consideration of approximately HK\$21,668,000 in August 2001. Camelot was engaged in the provision of technical and business support services for corporate clients in China. The three main types of services rendered by Camelot include (1) consulting, programming and solution implementation; (2) technical support services such as helpdesk, trouble shooting and maintenance services and (3) IT infrastructure services such as networking and cabling. Camelot was positioned to serve both major multinational corporations and large domestic enterprises in China, a market segment in which the Group has set sight on as a target for China expansion. With its understanding of the needs of foreign corporations in China, Camelot was an ideal partner of the Group at the time of acquisition of Camelot. Since then, the Group has started its software development outsourcing business in 2005 using resources of its own. The Group decided to dispose of its shareholding in Camelot as the current business of Camelot might conflict with that of the Group in the longer term and by disposing of its interest in Camelot, the Group could concentrate in developing and growing its own outsourcing centres so as to provide support to the Group's customers in Hong Kong, PRC, and South East Asia at lower cost.

LETTER FROM THE BOARD OF DIRECTORS

4. CONNECTION BETWEEN THE PARTIES

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an independent third party not connected with the Company, any directors, chief executive or substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

5. EFFECT OF THE DISPOSAL ON EARNING, ASSETS AND LIABILITIES OF THE GROUP

As the assets disposed of had a book value of approximately HK\$36,152,000 as at 31 December 2005 and the consideration under the Agreement was US\$4,235,375 (equivalent to approximately HK\$33,176,325), the Directors estimate that there will be an expected loss of approximately HK\$2,976,000 arising on the Disposal.

It is estimated that the total assets of Group will be reduced by approximately HK\$2,976,000 upon completion of the Agreement.

6. ADDITIONAL INFORMATION

The Group is one of the leading business application solutions providers in the banking and finance sector in Hong Kong, and is principally engaged in (i) the development, sale and implementation of enterprise software, (ii) systems integration and resale and maintenance of IT products, all with a principal focus on providing solutions to the banking and finance sector; (iii) IT consultancy (including the provision of e-business solutions) and customised application system development, and (iv) the operation of the ASP Business through a subsidiary in which the Group owns 80.1% interest and iBusiness Corporation Limited (whose other shareholders, in turn, include Cheung Kong, Hutchison Whampoa, HSBC and Hang Seng Bank) owns the remaining 19.9% interest.

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

By order of the Board
Zee Chan Mei Chu, Peggy
Chairman

DEBT AND BORROWINGS

As at 31 March 2006, for the purpose of ascertaining certain information relating to this indebtedness statement, the Group had aggregate outstanding bank loans of HK\$4,350,000, which were secured by pledged deposit of HK\$2,500,000 and leasehold land and buildings with carrying amount of HK\$6,500,000 of the Group. As at that date, the Group had total available banking facilities of HK\$19,000,000 of which HK\$4,350,000 was utilised.

Save as aforesaid, the Group did not have, as at the close of business on 31 March 2006, any mortgages, charges, debentures, loan capital issued and outstanding or agreed to be issued, debt securities, bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits or guarantees or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECTS

Financial performance

The Group is principally engaged in the sales and maintenance of enterprise software, provision of IT products, systems integration service and other IT professional services. During the year ended 31 December 2005, the Group recorded a turnover of HK\$224,242,000, and a loss attributable to equity holders of HK\$16,566,000.

Business performance

In 2005, the Group further stepped up our sales network, product offerings, and development capability. This expansion plan has contributed to both our top line and bottom line with revenue increase of HK\$61 million and loss narrowed by HK\$4.4 million over 2004. Our expansion is largely directed at the PRC market, which has marked a large contribution to the Group.

Our PRC business saw a 62% increase in turnover in 2005, comparing with that of 2004. The major contributor was the systems integration business, which gave us the business volume as well as valuable access to influential customers.

The Group established the Dalian and Hangzhou Software Centers, in addition to the Shenzhen Software Center, to boost up our capability and capacity to handle offshore development services. We expect these two offices to bring in outsourcing business opportunities from large companies from Japan and Taiwan, which want to reduce IT costs, or have expansion plans in PRC.

The Hong Kong operation remains stable with increase of enterprise software sales. Cost continues to be a challenge for Hong Kong management, and with a conscious effort to migrate our development teams to Shenzhen, we want to mitigate the high staff cost in Hong Kong.

The market of Southeast Asia started to make contribution to the Group with several regional deployments of our Wealth Management Suite of products in Singapore and Malaysia. This shows that our regional footprints have helped us to land more business, especially from those multinational banks, which prefer to deal with suppliers and partners on a regional basis. The sales in the region are expected to grow steadily with positive contribution.

To capture the business opportunities in the de-regulating banking industry in Malaysia, we have set up a small office in Kuala Lumpur. Managed by our general manager in Singapore, this Malaysia office will work closely with our Singapore office to bring back regional deals in the coming future as most of our prospects do have presence in both countries.

Trading prospects

Our enterprise software will continue to be a major revenue generator in our business in PRC, Hong Kong and Southeast Asia.

Given that PRC will continue to open up its banking industry, we believe there exists many opportunities in which we can sell this treasury our banking software solution to the new and upcoming banks in PRC as well as existing regional banks.

Our enterprise software will also help us to generate systems integration business as many of our customers would prefer to deal with one single integrator instead of multiple suppliers. Particularly in PRC, the systems integration business is expected to grow significantly this year and bring in more revenue to the Group. We are actively pursuing opportunities in a number of PRC establishment to sell IT products from brand name vendors.

The Group invested heavily in setting up a subsidiary in development outsourcing with software centers in Dalian and Hangzhou to target at the Japan and Taiwan markets. It is expected that this professional services income will become a major contribution to the Group in the coming years.

WORKING CAPITAL**Director's opinion on 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 available banking facilities, the Group has sufficient working capital to meet its present requirements for the next twelve months from the date of this Circular.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DISCLOSURE OF INTERESTS**Interests of Directors and chief executive**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations 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 which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the ordinary shares of HK\$0.10 each of the Company

Name of director	Beneficial owner	Number of ordinary shares held			Total	Percentage of the issued share capital of the Company
		Held by family	Held by controlled corporation			
Zee Chan Mei Chu, Peggy	2,544,000	–	563,679,197 (Note 1)	566,223,197	57.48%	
Fung Din Chung, Rickie	24,559,498	–	–	24,559,498	2.49%	
Leung Lucy, Michele	–	–	24,559,498 (Note 2)	24,559,498	2.49%	
Ng Wai King, Steve	21,050,998	–	–	21,050,998	2.14%	
Wong Mee Chun	40,000	382,000 (Note 3)	–	422,000	0.04%	

Notes:

- (1) These shares were held by Passion, a company incorporated in the British Virgin Islands which is wholly-owned by Zee Chan Mei Chu, Peggy. Mrs. Zee is also deemed to be interested in the entire issued share capital of Passion under the SFO.
- (2) These shares were held by Mossell Green Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Leung Lucy, Michele.
- (3) These shares were held by the spouse of Wong Mee Chun.

Save as disclosed above and other than certain nominee shares in subsidiaries held by a director in trust for the Company or its subsidiaries, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Interests of other persons in the share capital of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of shareholder	<i>Notes</i>	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Passion	1	563,679,197	57.22%
Cheung Kong (Holdings) Limited	2	143,233,151	14.54%
Li Ka-Shing Unity Trustee Company Limited (as trustee of The Li Ka-Shing Unity Trust)	2	143,233,151	14.54%
Li Ka-Shing Unity Trustcorp Limited (as trustee of another discretionary trust)	2	143,233,151	14.54%
Li Ka-Shing Unity Trustee Corporation Limited (as trustee of The Li-Ka Shing Unity Discretionary Trust)	2	143,233,151	14.54%
Li Ka-shing	2	143,233,151	14.54%
Alps Mountain Agent Limited	2	71,969,151	7.31%
iBusiness Corporation Limited	2	67,264,000	6.83%

Notes:

- (1) These shares have been disclosed as directors' interests held by controlled corporation in the paragraph headed "Interests of Directors and chief executive" above.
- (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 of 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 is 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.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests in other members of the Group

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of the following subsidiaries of the Company:

Name of subsidiary	Name of shareholder	Percentage of shareholding
Excel Global IT Services Holdings Limited	Ably Partners Limited	49%
Excel Global IT Services (HK) Limited	Ably Partners Limited	49% – indirectly
HR21 Holdings Limited	iService21 Holdings Limited	47.94% – indirectly
HR21 Limited	iService21 Holdings Limited	47.94% – indirectly
i21 Limited	iService21 Holdings Limited	19.9%
Excel Global IT Services (Dalian) Limited	Ably Partners Limited	49% – indirectly
Excel System Limited	Zhang Ge	35%
Excel System (Hong Kong) Limited	Zhang Ge	35%
北京志鴻英華科技有限公司	北京長銀科技投資有限公司	35%
深圳志鴻聯滙計算機系統有限公司	Li Jun	21%
志鴻六維科技(杭州)有限公司	Ably Partners Limited	49% – indirectly
新川資訊科技股份有限公司	Ably Partners Limited	31.85% – indirectly

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (other than a Director or chief executive of the Company) who was interested, directly or indirectly, in 10% or more of the issued shares of any member of the Group or any options in respect of such capital.

Interests in contract or arrangement

Pursuant to the agreements dated 1 September 2004 and 1 September 2005 entered into between the Group and Zee King Tak, Winston, Zee King Tak, Winston agreed to lease certain premises to the Group. Zee King Tak, Winston is the spouse of Zee Chan Mei Chu, Peggy. The rentals payable by the Group for the year ended 31 December 2005 amounted to HK\$45,600.

Pursuant to the agreement dated 1 January 2005 entered into between the Group and Net Fun Limited, the Group agreed to provide general administrative services and technical support services to Net Fun Limited. The management fee and service income receivable by the Group during the year ended 31 December 2005 amounted to HK\$100,000.

During the year ended 31 December 2005, Net Fun Limited provided design services to the Group. The design fee payable by the Group for the year ended 31 December 2005 amounted to HK\$100,000.

Zee Chan Mei Chu, Peggy is a director of and has beneficial interests in Net Fun Limited

Save as disclosed above, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2005.

Interests in assets

None of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up.

Service contracts

The Company has entered into a service contract with each of Zee Chan Mei Chu, Peggy, Fung Din Chung, Rickie and Leung Lucy, Michele for a term of three years commencing on 1 March 2000. The service contracts were renewed for further periods from 1 March 2004 to 31 December 2005 and from 1 January 2006 to 31 December 2006. The service contracts will continue thereafter until terminated by not less than six months' notice in writing by either party to the other.

The Company has entered into a services contract with Ng Wai King, Steve for a term of one year commencing on 1 January 2005. The service contract was renewed for a further period from 1 January 2006 to 31 December 2006. The service contract will continue thereafter until terminated by not less than six months' notice in writing by either party to the other.

Save as disclosed above, the Company had not entered into service contracts with the non-executive directors. The appointment of non-executive directors are on appointment basis and are subject to re-election in the Annual General Meeting of the Shareholders of the Company.

Competing business

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 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 TOM Group. Both CKH and CKI 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 or management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in any business which competes or is likely to complete, either directly or indirectly, with the Group’s business.

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

MATERIAL CONTRACTS

The following contract (not being contracts in the ordinary course of business) has been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

the Agreement.

GENERAL

- (a) The secretary and qualified accountant of the Company is Ms. Tang Lai Wah. She is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (b) The compliance officer of the Company is Mr. Fung Din Chung, Rickie.
- (c) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office of the Company is situated at 5th Floor, 663 King’s Road, North Point, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (e) The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee comprises three members – Mr. Cheong Ying Chew, Henry, Mr. Chang Ka Mun and Ms. Wong Mee Chun, all of whom are independent non-executive directors. Mr. Cheong Ying Chew, Henry is the chairman of the audit committee. Its principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

Mr. Cheong Ying Chew, Henry is a director of certain other listed companies in Hong Kong. He is a member of the Process Review Panel for the Securities and Futures Commission (“SFC”), a member of the Committee on Real Estate Investment Trusts of the SFC, a member of the GEM Listing Committee, Main Board Listing Committee and Derivatives Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited, and also a member of the Corporate Advisory Council of the Hong Kong Securities Institute. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. Mr. Cheong was appointed as an independent non-executive director of the Company on 30 May 2000.

Mr. Chang Ka Mun 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 a member of the Committee on Economic Development of Hong Kong. He was a member of the Preparatory Committee of Hong Kong Special Administrative Region 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 Company on 30 May 2000.

Ms. Wong Mee Chun has over 20 years of experience in finance, accounting and general management. Ms. Wong is a Justice of Peace, a member of the ICAC Complaints Committee, Administrative Appeals Board, the Solicitors’ Disciplinary Tribunal and the Standing Committee on Disciplined Services Salaries and Conditions of Service. 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 Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms. Wong was appointed as an independent non-executive director of the Company on 9 August 2002.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company at 5th Floor, 663 King's Road, North Point, Hong Kong during normal business hours up to and including 7 June 2006:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the service contracts referred to in the paragraph headed "Disclosure of interests" in this appendix;
- (c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and
- (d) the annual reports of the Company for the two years ended 31 December 2004 and 31 December 2005.