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## IMPORTANT

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

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

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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)

**PROPOSED GENERAL MANDATES  
TO  
ISSUE SHARES AND REPURCHASE SHARES  
AND  
RE-ELECTION OF DIRECTORS**

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The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.

This circular, for which the directors (the “Directors”) of Excel Technology International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement herein misleading; and (3) 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.

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).

26 March 2007

\* For identification purpose only

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**(志鴻科技國際控股有限公司)\***

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*Executive Directors:*

Zee Chan Mei Chu, Peggy

*(Chairman and Chief Executive Officer)*

Fung Din Chung, Rickie

Leung Lucy, Michele

Ng Wai King, Steve

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

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

26 March 2007

*To Shareholders of the Company*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES  
TO  
ISSUE SHARES AND REPURCHASE SHARES  
AND  
RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

At a meeting of the board of directors of the Company held on 19 March 2007, the Directors announced the audited combined results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006. It was also announced on the same day that at the annual general meeting to be held on 23 April 2007 at 2:30 p.m. ("Annual General Meeting"), resolutions to grant to the Directors general mandate to issue shares of the Company ("Shares") and to repurchase Shares ("Repurchase Mandate") will be proposed. The purpose of this circular is to provide shareholders of the Company (the "Shareholders") with details of the proposed general mandate to be dealt with at the Annual General Meeting.

\* For identification purpose only

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## LETTER FROM THE CHAIRMAN

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### GENERAL MANDATE

At the Annual General Meeting, separate ordinary resolutions will be proposed to renew the general mandate given to the Directors (1) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution; and (2) to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital in issue of the Company at the date of passing of such resolution.

Under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”), the general unconditional mandates granted on 24 April 2006 will lapse at the conclusion of the coming Annual General Meeting, unless renewed at the Annual General Meeting. Resolutions Nos. 5 and 6 in the notice of Annual General Meeting will be proposed at the Annual General Meeting to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares pursuant to the relevant mandates.

The explanatory statement, required by the GEM Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in the Appendix I to this circular. This contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

### RE-ELECTION OF DIRECTORS

In accordance with Article No. 87 of the Bye-Laws of the Company, Mr. Fung Din Chung, Rickie and Ms. Wong Mee Chun will retire by rotation at the Annual General Meeting of the Company and, being eligible, have offered themselves for re-election.

Details of the Directors who are proposed to be re-elected at Annual General Meeting are set out in Appendix II to this circular.

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## LETTER FROM THE CHAIRMAN

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### ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out in the 2006 Annual Report of the Company which is despatched to the Shareholders with this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, Resolutions Nos. 5 and 6 will be proposed to approve the general mandate for the issue of Shares and Repurchase Shares as special businesses.

A copy of the 2006 annual report of the Company incorporating copies of the audited combined results of the Group for the year ended 31 December 2006 and the directors' and auditors' reports therein is despatched to all the Shareholders together with this circular.

A form of proxy for the Annual General Meeting is also enclosed. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion of a form of proxy will not preclude you from attending and voting at the meeting in person.

### RECOMMENDATION

The Board of Directors is of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
**Zee Chan Mei Chu, Peggy**  
*Chairman*

This is an explanatory statement given to all the Shareholders relating to a resolution to be proposed at the forthcoming Annual General Meeting authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

## **1. EXERCISE OF THE REPURCHASE MANDATE**

Exercise in full of the Repurchase Mandate, on the basis of 985,050,000 shares of HK\$0.10 each as at 21 March 2007, being the Latest Practicable Date, could result in up to 98,505,000 shares i.e. up to 10% of the shares of the Company in issue, being repurchased by the Company during the period from the passing of Resolution No. 6 as set out in the notice of the Annual General Meeting up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

## **2. REASONS FOR REPURCHASES**

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

## **3. FUNDING OF REPURCHASES**

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws of the company and the Companies Act 1981 of Bermuda ("the Companies Act"). The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

## **4. GENERAL**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2006 annual report of the Company) in the event that the proposed purchases in the Repurchase Mandate were to be exercised in full at any time during the proposed purchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, they will exercise the power of the Company to make purchases in Repurchase Mandate pursuant to the proposed resolutions in accordance with the GEM Listing Rules, the memorandum of association and bye-laws of the Company and the applicable laws of Bermuda.

As at the Latest Practicable Date prior to the printing of this circular and to the best of the knowledge of the Directors who have made all reasonable enquiries, none of the Directors or their associates has a present intention, in the event that the resolution is approved by the shareholders, to sell Shares to the Company or has undertaken not to do so.

**6. TAKEOVER CODE**

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

If the Repurchase Mandate were exercised in full, the percentage shareholding of the substantial shareholders of the Company before and after such repurchase would be as follows.

Substantial Shareholders	Shares held	% before Repurchase	% after Repurchase
Ms. Zee Chan Mei Chu, Peggy	566,623,197	57.52%#	63.91%
Passion Investment (BVI) Limited	563,679,197	57.22%#	63.58%
Cheung Kong (Holdings) Limited	143,233,151	14.54%*	16.16%
Li Ka-Shing Unity Trustee Company Limited (as trustee of The Li Ka-Shing Unity Trust)	143,233,151	14.54%*	16.16%
Li Ka-Shing Unity Trustcorp Limited (as trustee of another discretionary Trust)	143,233,151	14.54%*	16.16%
Li Ka-Shing Unity Trustee Corporation Limited (as trustee of The Li Ka-Shing Unity Discretionary Trust)	143,233,151	14.54%*	16.16%
Mr. Li Ka-shing	143,233,151	14.54%*	16.16%
Alps Mountain Agent Limited	71,969,151	7.31%*	8.12%
iBusiness Corporation Limited	67,264,000	6.83%*	7.59%

# These shares have been disclosed in the 2006 annual report of the Company as director interest held by controlled corporation in the paragraph headed “Directors’ and chief executive’s interests and short positions in securities”.

\* 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.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above Substantial Shareholders would be increased to approximately the percentage shown in the last column above and the Substantial Shareholders will not be obliged to make a mandatory offer under Rules 26 and 32 of the Code in this respect.

However, as the minimum amount of Shares to be held by the public cannot be less than 15% of the issued share capital of the Company, the Directors will use their best endeavours to ensure that the Share Repurchase Mandate will not be exercised to the extent that the Company will infringe such minimum public float requirement.

## **7. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the previous six months preceding the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **8. CONNECTED PERSON**

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and the Company authorised to make purchases of shares.



**9. SHARE PRICES**

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Shares</b>	<b>Lowest</b> <i>HK\$</i>
<b>2006</b>			
March	0.070		0.050
April	0.120		0.060
May	0.100		0.080
June	0.100		0.085
July	0.110		0.070
August	0.090		0.070
September	0.098		0.078
October	0.090		0.070
November	0.110		0.075
December	0.093		0.075
<b>2007</b>			
January	0.098		0.080
February	0.120		0.080
1 March – 21 March	0.200		0.086

**10. PROXY**

A form of proxy for use at the Annual General Meeting is also enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the Company's branch share registrar and transfer office of the Company in Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the Annual General Meeting should the Shareholders so desire.

*The followings are the details of the directors of the Company proposed to be re-elected at the Annual General Meeting:–*

**(i) Mr. Fung Din Chung, Rickie (Age 51)**

*Executive Director*

Mr. Fung was appointed as an Executive Director of the Group in 2000. Mr. Fung is responsible for business development and corporate marketing work for Hong Kong and the South China area. In addition, he oversees a number of subsidiaries, including i21 (ASP service), HR21 (payroll software) and others. Mr. Fung has over 27 years of IT experience. Prior to joining the Excel Group in 1996, Mr. Fung worked for IBM Hong Kong for 17 years, holding various positions in technical service, training, marketing and management areas. Mr. Fung is a frequent speaker on various information technology subjects.

The Company has entered into a service contract with Mr. Fung 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 2004, from 1 January 2005 to 31 December 2005 and 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. Mr. Fung is entitled to receive a directors' emolument of HK\$1,000,000 per annum, which is determined with reference to his duties, responsibilities and experience.

Mr. Fung has a personal interest of 24,559,498 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance and no any relationship with any other director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company and their respective associates.

Save as disclosed above, there are no other matters concerning Mr. Fung that need to be brought to the attention of the Shareholders. Nor is there any information regarding Mr. Fung required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

**(ii) Ms. WONG Mee Chun (Age: 54)**

*Independent Non-Executive Director*

Ms. Wong was appointed as an Independent Non-Executive Director of the Company on 9 Aug 2002. Ms. Wong 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 Tribunal, the Solicitors' Disciplinary Tribunal, the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Public Service Commission 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 Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

A fixed emolument of HK\$100,000 per annum is payable to Ms. Wong under her letter of appointment. Her remuneration shall be determined by the Board from time to time with reference to her contribution in terms of effort and her expertise and will be reviewed by the Board on an annual basis.

Ms. Wong is also a member of the audit committee of the Company.

Ms. Wong has a personal interest of 40,000 shares, a family interest of 382,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance and no any relationship with any other director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company and their respective associates.

Save as disclosed above, there are no other matters concerning Ms. Wong that need to be brought to the attention of the Shareholders. Nor is there any information regarding Ms. Wong required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.