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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED

(志鴻科技國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

SHARE TRANSACTION

The Company, through its wholly owned subsidiary, Excel China, has agreed to subscribe for 2,550 Subscription Shares in the share capital of Camelot, representing approximately 11.3% of the enlarged issued share capital of Camelot. Excel China has also agreed to acquire from the Vendors 2,300 Sale Shares in the share capital of Camelot, representing approximately 10.2% of the enlarged issued share capital of Camelot following the issue of the Subscription Shares. Upon completion of the Acquisition, the Company will hold 21.5% equity interest in Camelot.

The total consideration payable by the Company for the acquisition of the Subscription Shares and the Sale Shares is US\$2,910,000 which will be satisfied as to US\$2,530,000 by cash and as to US\$380,000 by the issue and allotment of Consideration Shares in the share capital of the Company at a subscription price of HK\$0.95 each.

The Acquisition is subject to the condition as detailed below.

The Acquisition constitutes a share transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

* *For identification purpose only*

THE AGREEMENT

Date

7th August, 2001

Parties

The Purchaser Excel China Investment (BVI) Limited

The Vendors Mr. Yimin Ma
 Ms. Heidi Chou

Each of the Vendors is an independent third party not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of the subsidiaries or any of their respective associates (as defined in the Listing rules). Immediately before the entering into of the Agreement, none of the Vendors has any interest in the Shares.

Assets acquired

Pursuant to the Agreement, the Company, through its wholly owned subsidiary, Excel China, has agreed to subscribe for 2,550 Subscription Shares in the share capital of Camelot, representing approximately 11.3% of the enlarged issued share capital of Camelot. Excel China has also agreed to acquire from the Vendors a total of 2,300 Sale Shares in the share capital of Camelot, representing approximately 10.2% of the enlarged issued share capital of Camelot following the issue of the Subscription Shares. Upon Completion, the Company will hold 21.5% equity interest in Camelot.

Camelot is principally engaged in the provision of technical and business support services for corporate clients in China. Its clients include Chinese banks, China postal offices, multinational corporations. Camelot has a list of blue-chip clients, to name a few, IBM, Kimberly Clark, Philip Morris, P&G, Walmart, Pesico, Sony, Bank of China, Agricultural Bank of China, Beijing stock exchange and Haier.

According to the latest audited accounts of Camelot as at 31st December, 2000 which was prepared in accordance with the PRC GAAP, the net asset value of Camelot was approximately US\$5,542,000. For the two years ended 31st December 1999 and 31st December, 2000, Camelot recorded the following results:

	Year ended 31 December, 1999	Year ended 31 December, 2000
	<i>US\$</i>	<i>US\$</i>
Profit before taxation	1,283,000	1,911,000
Profit after taxation and extraordinary items	1,187,000	1,624,000

Immediately upon Completion, the Company, through Excel China, will own 21.5% of the enlarged issued share capital of Camelot. The Vendors' interests in Camelot will be diluted from existing 85% to 65.2% of the issued share capital of Camelot and the remaining balance of 13.3% will be held by other existing shareholders of Camelot, who are also independent third parties not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of the subsidiaries or any of their respective associates (as defined in the Listing rules).

At present, the board of directors of the Camelot consists of three directors. Upon Completion, the Company will appoint one additional director to the board of directors of Camelot.

Consideration

The total consideration payable by Excel China for the subscription of the Subscription Shares and the acquisition of the Sale Shares is US\$2,910,000 (equivalent to HK\$22,698,000), which is split as follow:

Subscription Shares

The subscription price of US\$1,530,000 (equivalent to HK\$11,934,000) for the Subscription Shares shall be payable to Camelot on Completion by way of cash.

Sale Shares

The Sale Price for the Sale Shares is US\$1,380,000 (equivalent to HK\$10,764,000), which will be satisfied as to US\$1,000,000 (equivalent to HK\$7,800,000) in cash and as to US\$380,000 (equivalent to HK\$2,964,000) by way of the allotment and issue to the Vendors of 3,120,000 Consideration Shares at a subscription price of HK\$0.95 per Share, representing a premium of 45.5% over the average closing price of the Share of HK\$0.653 of the 10 consecutive trading days ended 7th August, 2001 and a premium of 58.3% over the closing price of HK\$0.6 of the last trading date on 7th August, 2001 respectively. The 3,120,000 Consideration Shares represent approximately 0.292% of the existing issued share capital of the Company and approximately 0.291% of the enlarged issued share capital of the Company.

The total cash payment of US\$2,530,000 (equivalent to HK\$19,734,000) will be funded using proceeds raised by the Company in the initial public offering in June 2000, which is in line with the overall business strategies of the Company to expand its business through acquisitions of and investments in companies which fits into the Group's strategies as stated in the prospectus of the Company dated 20th June, 2000.

The valuation of Camelot Group was based on the historical price/earnings ratio of 7.5 times for the financial year of 2000. The consideration was negotiated on an arm's length basis between the Vendors, Excel China and Camelot. The Directors, consider that the terms of the Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole. In addition, the transaction is in line with the statement of business objectives of the Company as disclosed in its prospectus dated 20th June, 2000.

The Consideration Shares shall rank *pari passu* in all respects with the existing Shares and shall carry the right to receive in full all dividends and other distributions declared made or paid after Completion.

Each of the Vendors have undertaken to the Company that he/she will not, directly or indirectly, sell, transfer, pledge, charge or otherwise dispose of (or enter into any agreement to do so) or permit the registered holder to sell, transfer, pledge, charge or otherwise dispose of (or to enter into agreement to do so) any of the Consideration Shares before the expiry of the first anniversary date from the date of issue of Consideration Shares (the “Lock-up Period”) and the Consideration Shares will be placed with a recognised custodian in an escrow account during the Lock-up Period.

Completion

Completion shall take place on the Completion Date after the condition set out in the section headed “Condition” below has been fulfilled, which is expected to be on or before 31st December, 2001 or such later date as the Vendors and Excel China may agree.

Condition

Completion of the Agreement is conditional upon the Stock Exchange granting listing of and permission to deal in the Consideration Shares.

If the condition is not fulfilled on or before 31st December, 2001 or such later date as the Vendors and Excel China may agree, the Agreement shall cease and determine and none of the parties shall have any claim against the others.

REASONS FOR THE ACQUISITION

Camelot Group was established in 1994 and is 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 is 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. Camelot’s clients include, to name a few, IBM, Pfizer and Kimberly Clark. Camelot is currently running the nationwide technical support help desk for IBM China. With its understanding of the needs of foreign corporations in China, Camelot will be an ideal partner of Excel China.

Camelot Group has a network of operations in Beijing, Nanjing, Shanghai, Guangzhou and Chengdu. Over the years, it has built a team of engineers who are experienced in software development and systems implementation. The Group would tap into this pool of resources as a compliment to its existing team in China. On the other hand, the Group would provide Camelot Group with additional management bandwidth in its growth strategy.

GENERAL INFORMATION

After the Acquisition, Camelot will become an associated company of the Company. The Group is a 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) the operation of the ASP Business through a joint venture in which the Group owns 80.1% interest and iBusiness Corporation Limited (whose shareholders, in turn, include Cheung Kong, HSBC, Hutchison Whampoa and Hang Seng Bank) owns the remaining 19.9%; (iii) IT consultancy (including the provision of e-business solutions) and customised application system development, and (iv) systems integration and resale and maintenance of IT products, all with a principal focus on providing solutions to the banking and finance sector.

The Acquisition constitutes a share transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

By Order of the Board
Excel Technology International Holdings Limited
Zee Chan Mei Chu Peggy
Chairman and CEO

Hong Kong, 7th August, 2001

DEFINITIONS

“Agreement”	the agreement entered into between the Vendors, Excel China and Camelot on 7th August, 2001
“Camelot”	Camelot Information System Inc., a private company incorporated in the British Virgin Islands with limited liability
“Camelot Group”	Camelot and its subsidiaries and the associated companies
“Cheung Kong”	Cheung Kong (Holdings) Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Main Board
“Company”	Excel Technology International Holdings Limited
“Completion”	completion of the subscription of the Subscription Shares and the sale and purchase of the Sale Shares
“Consideration Shares”	3,120,000 new Shares to be issued pursuant to the Agreement

“Directors”	directors of the Company
“Excel China”	Excel China Investment (BVI) Limited, a company incorporation in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries and associated companies
“Hang Seng Bank”	Hang Seng Bank Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Main Board
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Main Board
“Hutchison Whampoa”	Hutchison Whampoa Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Main Board
“PRC GAAP”	refers to the generally accepted accounting principles in the PRC
“Sale Price”	the total consideration for the Sale Shares
“Sale Shares”	the 2,300 shares legally and beneficially owned by the Vendors
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the 2,550 shares of US\$1.00 each in the capital of Camelot to be allotted and issued by Camelot pursuant to the Agreement
“Vendors”	Yimin Ma and Heidi Chou

This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the day of its posting and on the Company’s website www.excel.com.hk.