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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)

DISCLOSEABLE TRANSACTION

The Directors are pleased to announce that on 26th October, 2001, HR21 Holdings, a wholly-owned subsidiary of i21 Limited in which the Company owns 80.1%, has entered into the Deed of Assignment with Excel International, a wholly-owned subsidiary of the Company, pursuant to which Excel International assigned the Computer Software Programs to HR21 Holdings.

The total consideration payable by HR21 Holdings for the Assignment was US\$6,500,000, which was satisfied by way of the allotment and issue to Excel (BVI) Limited, a wholly-owned subsidiary of the Company, at the direction of Excel International of the Consideration Shares. Upon Completion, the Consideration Shares represent 65% of the enlarged issued share capital of HR21 Holdings and i21 Limited's interest in HR21 Holdings has been reduced from 100% to 35%. In effect, the Company will increase its attributable interests from 80.1% to 93.035% in HR21 Holdings upon Completion. The consideration was arrived at after arm's length negotiation between the parties to the Assignment.

The Directors believe that the Assignment would provide an opportunity for the Company to consolidate its enterprise software business with the ASP service to form a vertical product company, i.e. HR21 Holdings, focusing on the provision of human resources management computer application systems and its support services. The Directors therefore consider that the Assignment is in the interests of the Company and its shareholders as a whole.

Completion has taken place on 26th October, 2001, the date of the signing of the Deed of Assignment.

The Assignment, resulting in the increase of the Company's attributable interests from 80.1% to 93.035% in HR21 Holdings, constitutes a discloseable transaction for the Company pursuant to Chapter 19 of the GEM Listing Rules. A circular containing, amongst other things, details of the Assignment will be despatched to the Shareholders within 21 days following the date of this announcement.

** For identification only*

THE DEED OF ASSIGNMENT DATED 26TH OCTOBER, 2001

Parties:

- (i) Assignor: Excel Technology International (BVI) Limited, a limited liability company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
- (ii) Assignee: HR21 Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 100% by i21 Limited in which the Company has 80.1% equity interests.

Assets assigned:

On 26th October, 2001, Excel International assigned all the Intellectual Property Rights in relation to the computer software programs called “HRMS” and “HR Lite” to HR21 Holdings.

Consideration

The consideration for the Assignment is US\$6,500,000, which was satisfied by way of the allotment and issue to Excel (BVI) Limited, a wholly-owned subsidiary of the Company, of the Consideration Shares. Upon Completion, the Consideration Shares represent 65% of the enlarged issued share capital of HR21 Holdings and i21 Limited’s interests in HR21 Holdings has been reduced from 100% to 35%. In effect, the Company has an ultimate interest of 93.035% in HR21 Holdings upon Completion.

The consideration for the Assignment was arrived at after arm’s length negotiation between the parties to the Deed of Assignment, and was determined after taking into account the historical and prospective profitability of the computer software programs assigned and other factors as set out in more detail in the section headed “Reasons for and benefits of the Assignment” below.

Completion:

Completion has taken place on 26th October, 2001, the date of the signing of the Deed of Assignment.

REASONS FOR AND BENEFITS OF THE ASSIGNMENT

The Directors believe that the Assignment would provide an opportunity for the Company to consolidate its enterprise software business with the ASP service to form a vertical product company, HR21 Holdings, which is purposely formed to focus on the provision of human resources management computer application systems and its support services. It undertakes the development of computer application software systems for managing human resources matters. These computer software systems can be licensed to corporations who would like to build an internal system of their own. For SME enterprises, they can access to these computer software systems via the Internet, or in another terminology, via the ASP service at a monthly fee. HR21 Holdings is positioned to become a dominant computer application system provider in the Greater China and ASEAN region for human resources related applications.

The Directors are of the view that the terms of the Deed of Assignment are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

The Group is a business application solutions provider 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 the i21 Group companies, (iii) information technology consultancy (including the provision of e-business solutions) and customized application system development, and (iv) systems integration and resale and maintenance of information technology products, all with a principal focus on providing solutions to the banking and finance sectors.

The Assignment, resulting in the increase of the Company's attributable interests from 80.1% to 93.035% in HR21 Holdings, constitutes a discloseable transaction for the Company pursuant to Chapter 19 of the GEM Listing Rules. A circular containing, amongst other things, details of the Assignment will be despatched to the Shareholders within 21 days from the date of this announcement.

DEFINITIONS

In this announcement, the following expressions have the following meanings set out below unless the context otherwise requires

“ASP”	application service provider, which provides a contractual service offering to deploy, host, manage and rent access to computer applications from a centrally managed facility
“Assignment”	the assignment of the Computer Software Programs by Excel International to HR21 Holdings pursuant to the terms as set out in the Deed of Assignment
“Company”	Excel Technology International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Assignment
“Computer Software Programs”	all the Intellectual Property Rights made, commissioned, devised, modified, discovered, developed, created or undertaken in relation to the computer software programs called “HRMS” and “HR Lite” and related Documentations, creations, designs, drawings, trade marks, trade names, service marks, domain names, inventions, techniques, ideas, processes, formulae, work, research, copyright or whatsoever together with all goodwill attached to such rights whenever and wherever they were created of which Excel International is the sole proprietor

“Consideration Shares”	means an aggregate of 32,500 ordinary shares of US\$1 each in the share capital HR21 Holdings, representing 65% of the enlarged issued share capital of HR21 Holdings upon Completion, to be allotted and issued to Excel International or such person or corporation as Excel International may direct on Completion pursuant to the Deed of Assignment for the Assignment
“Deed of Assignment”	the deed of assignment dated 26th October, 2001 executed by Excel International as assignor and HR21 Holdings as assignee in relation to the Assignment
“Directors”	the directors of the Company
“Documentation”	all user, technical and operating manuals relating to HRMS and HR Lite
“Excel International”	Excel Technology International (BVI) Limited, a limited liability company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HR Lite”	the application software product for human resource management designed and developed by Excel International to enable small and medium corporations to manage their human resource functions, the distribution of which will be by way of bundling with third party computer servers
“HR21 Holdings”	HR21 Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 80.1% by the Company
“HRMS”	the application software product for human resource management designed and developed by Excel International to enable corporations to manage their human resource functions

“Intellectual Property Rights”	all intellectual property rights (whether registrable or not registrable), which are now existing or which will come into existence in the future, including but not limited to patents, knowhow, technology, trade secrets and other confidential information, registered designs, copyrights, Internet domain names of any level, design rights, rights in circuit layouts, topography rights, trade marks, service marks, business names, registrations of, applications to register and rights to apply for registration of any of the aforesaid items, rights in the nature of any of the aforesaid items in any country, rights in the nature of unfair competition rights and rights to sue for passing off
“Shareholders”	holders of Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

Unless otherwise specified, the translation of United States dollars into Hong Kong dollars is based on the exchange rate of US\$1.00 = HK\$7.8.

19.46(2)

By Order of the Board of Directors
Excel Technology International Holdings Limited
Chan Yee Wah
Company Secretary

26th October, 2001, Hong Kong

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 will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of www.excel.com.hk