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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)*

**Financial adviser to
Excel Technology International
Holdings Limited**

Quam  **華富嘉洛
企業融資**
CAPITAL

Quam Capital Limited

SINO EMINENT LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

**Financial adviser to
Sino Eminent Limited**

 **高銀融資有限公司**
GOLDIN FINANCIAL LIMITED

Goldin Financial Limited

**Independent financial adviser to the Independent Board Committee and the
Independent Shareholders**

 **大有融資有限公司**
MESSIS CAPITAL LIMITED

Messis Capital Limited

- (I) TRANSFER OF THE SALE SHARES BY THE CONTROLLING SHAREHOLDERS;
(II) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR THE SHARES IN
THE COMPANY BY GOLDIN EQUITIES LIMITED ON BEHALF OF THE OFFEROR;
(III) SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO DISPOSAL OF THE PROPERTIES;
AND
(IV) RESUMPTION OF TRADING IN THE SHARES**

THE SHARE AGREEMENT

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 this 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 this joint announcement for further details of the conditions precedent to the Share Agreement.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR THE SHARES

Upon completion of the Share Agreement, Goldin Equities will, on behalf of the Offeror and pursuant to the Takeovers Code, make the Offer to all the Independent Shareholders. The offer price under the Offer will be HK\$0.2045 for each Share. The principal terms of the Offer are set out under the section headed “Possible unconditional mandatory cash offer for the Shares” in this joint announcement. Goldin Financial is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required for the acquisition of the Sale Shares and the full acceptance of the Offer.

THE DISPOSAL AGREEMENTS

Upon the execution of the Disposal Agreements after, among other things, the Disposals are approved by the Independent Shareholders and on or before the Completion Date, 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.

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.

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(s) in respect of the Special Deal at the SGM.

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

WARNING: Shareholders and potential investors of the Company should note that the Offer may or may not be materialised as the Share Agreement is conditional upon the satisfaction or (if applicable) waiver of a number of conditions and that the making of the Offer is subject to completion of the Share Agreement. Accordingly, the Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. If Shareholders and potential investors have any doubt about their position, they should consult their professional advisers. Further announcement(s) will be made by the Offeror and the Company regarding the Offer as and when appropriate.

GENERAL

The Circular containing, among other things, details of the Disposals, the recommendation of the Independent Board Committee and the letter of advice from Messis Capital on the Disposals and a notice of the SGM will be despatched to the Shareholders on or before 9 May 2012.

An application will be made to the Executive for extension of deadline for the despatch of the composite offer and response document for the Offer to the Independent Shareholders to seven days after completion of the Share Agreement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 20 January 2012 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 19 April 2012.

THE SHARE AGREEMENT

Date

The Original Share Agreement was entered into on 19 January 2012, 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.

Parties

- (i) Vendors (as the vendors); and
- (ii) Offeror (as the purchaser).

Mrs. Zee Chan Mei Chu, Peggy and Passion Investment (a company wholly-owned by Mrs. Zee Chan Mei Chu, Peggy), being the Vendors, hold 4,350,000 and 559,679,197 Shares, respectively. The Vendors together hold an aggregate of 564,029,197 Shares, representing approximately 55.57% of the entire issued share capital of the Company as at the date of this joint announcement, and are the controlling shareholders of the Company.

As confirmed by the Offeror, the Offeror, its ultimate beneficial owners and parties acting in concert with it are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Subject matter

The Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being 564,029,197 Shares, representing approximately 55.57% of the entire issued share capital of the Company as at the date of this joint announcement.

The Sale Shares will be sold free from all encumbrances (excluding the Vendor Share Charge and any encumbrances and rights created thereunder) and together with all rights attached to the Sale Shares as at completion of the Share Agreement, including the right to receive all dividends and distributions which may be declared, paid or made at any time on or after completion of the Share Agreement, on the terms of and subject to the conditions in the Share Agreement.

Consideration

The aggregate consideration for the Sale Shares of HK\$115,343,970.79, equivalent to HK\$0.2045 per Sale Share, was arrived at after arm's length negotiations among the parties, having taken into account the business growth potential of the Group and the fact that the Offeror can obtain a controlling interest in the Company. The consideration will be settled in cash in the following manner:

- (i) as to HK\$40,000,000 payable by the Offeror to Passion Investment (acting for itself and as trustee for and on behalf of Mrs. Zee Chan Mei Chu, Peggy) immediately upon the signing of the Original Share Agreement as the deposit and part payment of the consideration;
- (ii) as to HK\$10,000,000 (together with the amount paid by the Offeror under sub-paragraph (i) above, the "Deposit") payable by the Offeror to Passion Investment (acting for itself and as trustee for and on behalf of Mrs. Zee Chan Mei Chu, Peggy) immediately upon the signing of the Amendment and Restatement Agreement as a further deposit and part payment of the consideration; and
- (iii) the balance of the consideration of HK\$65,343,970.79 (the "Balance") will be paid by the Offeror to Passion Investment (acting for itself and as trustee for and on behalf of Mrs. Zee Chan Mei Chu, Peggy) on or before the date being the earlier of: (A) the fifth Business Day after the last closing date of the Offer; and (B) 16 July 2012.

As at the date of this joint announcement, the Deposit has been paid to, and the Vendor Share Charge has been executed by, Passion Investment in accordance with the Share Agreement.

In the event that (i) the conditions precedent under the Share Agreement have not been satisfied or waived on or before the date set out therein (if any) or the Long Stop Date (as the case may be); or (ii) such conditions precedent have been fulfilled but completion does not take place in accordance with the Share Agreement; or (iii) the Offeror rescinds the Share Agreement pursuant to the terms of the Share Agreement, the Deposit (without interest) shall be refunded. The refund of the Deposit by Passion Investment to the Offeror is secured by the Vendor Share Charge, pursuant to which 559,679,197 Shares held by Passion Investment have been charged in favour of the Offeror. Passion Investment is entitled to exercise all voting rights in respect of the charged Shares until, if applicable, the Vendors fail to refund the Deposit in full to the Offeror in accordance with the Share Agreement whereupon the Vendor Share Charge will become enforceable. The Vendor Share Charge will be released and discharged upon completion of the Share Agreement or the refund of the Deposit in accordance with the terms of the Share Agreement.

Conditions

Completion of the Share Agreement is subject to and conditional upon the satisfaction (or, where applicable, waiver) of the following conditions:

- (i) the Shares remaining listed and traded on GEM, and no notification being received from the Stock Exchange or the SFC prior to completion of the Share Agreement that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended (in each case disregarding and excluding (a) any suspension of trading for not more than 10 consecutive Business Days; and (b) any suspension of trading for the purpose of obtaining clearance from the SFC and/or Stock Exchange for this joint announcement, provided that the suspension for the purpose of this sub-paragraph (b) shall not in any event exceed 120 days from the first day of the suspension of trading);
- (ii) 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 resolutions approving the Special Deal in accordance with Rule 25 of the Takeovers Code;
- (iii) 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;
- (iv) the Disposal Agreements having been duly executed by the parties thereto after conditions (ii) and (iii) above have been fulfilled and on or before the Completion Date;
- (v) the Offeror having received the legal opinion issued by a firm of legal advisers authorised to practise Bermuda laws, addressed to the Offeror in such form and substance to the reasonable satisfaction of the Offeror covering the following matters (a) the valid establishment and legal subsistence of the Company; and (b) the Company not under liquidation;

- (vi) all necessary approvals and consents as may be notified by the Vendors to the Offeror in respect of the Share Agreement and the transactions contemplated thereunder required by any member of the Group and the Vendors being obtained, if applicable;
- (vii) no indication from the SFC having received by the Offeror that the offer price in respect of the Offer would exceed HK\$0.2045 per Share;
- (viii) the relevant condition warranties relating to the Company remaining true and accurate in all material respects and not misleading in any material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (ix) the Vendor Share Charge having been duly executed by Passion Investment in accordance with the terms of the Share Agreement.

The Offeror shall be entitled to waive the above conditions (except conditions (ii), (iii), (iv) and (vi)) by serving a notice in writing to the Vendors. If the conditions set out above have not been fulfilled (or waived by the Offeror in whole or in part) on or before 5:00 p.m. on the Long Stop Date, the Share Agreement (except for certain surviving terms) shall cease and determine and the parties to the Share Agreement shall not have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Specific warranties and indemnities

The Vendors jointly and severally represent and warrant to the Offeror that:

- (i) the aggregate amount of liabilities (whether actual or contingent) of the Company as a separate entity as shown in the Completion Accounts shall not exceed HK\$200,000 (the “Warranted Liabilities”); and
- (ii) 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 shall not be less than HK\$37,700,000 (the “Warranted Cash”).

The Vendors shall pay to the Offeror an amount in cash equivalent to any excess amount (in respect of the Warranted Liabilities) or any shortfall amount (in respect of the Warranted Cash) as shown in the Completion Accounts upon written demand from the Offeror.

For the avoidance of doubt, there shall be no upward adjustment to the consideration and no additional payment shall be required to be made by the Offeror to the Vendors in relation to the above specific warranties.

In addition to the above specific warranties, certain other indemnities in relation to the liabilities and obligations of the Company and other warranties have also been given by the Vendors in favour of the Offeror under the Share Agreement.

Completion

Completion for the sale and purchase of the Sale Shares shall take place on the fifth Business Day after fulfilment or waiver (as the case may be) of the conditions precedent referred to above (other than conditions (i), (iv), (viii) and (ix)) on or before the Long Stop Date, or such other date as the Offeror and the Vendors may agree in writing.

Upon the completion of the Share Agreement, the Offeror Share Charge will be executed by the Offeror in favour of Passion Investment to secure the payment of the Balance. The Offeror Share Charge will be released and discharged upon payment of the Balance by the Offeror to the Vendors in full in accordance with the terms of the Share Agreement. Pursuant to the Offeror Share Charge, the Offeror will be entitled to exercise all voting rights in respect of the charged Shares until the Offeror fails to pay the Balance in full to the Vendors in accordance with the Share Agreement whereupon the Offeror Share Charge will become enforceable.

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 (together the “Property Purchasers”).

As at the date of this joint announcement, 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. Mrs. Zee Chan Mei Chu, Peggy and Ms. Leung Lucy, Michele are connected persons (as defined in the GEM Listing Rules) of the Company.

Subject matter

Upon the execution of the Disposal Agreements after conditions (ii) and (iii) to the Share Agreement above have been fulfilled and on or before the Completion Date, 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 conditions (ii) and (iii) to the Share Agreement above 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. 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 gain on disposal of the Properties is estimated to be approximately HK\$26,400,000 and approximately HK\$4,700,000 respectively.

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.

In view of that the Properties are not relevant to the operation of the Group, the Board (excluding the non-executive Directors and the independent non-executive Directors who will opine on the Disposals after having considered the advice of the Independent Financial Adviser) 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.

SHAREHOLDING STRUCTURE OF THE GROUP

The table below depicts the possible shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) upon completion of the Share Agreement, based on the public information available to the Company as at the date of this joint announcement and after the Directors having made reasonable enquiries:

Shareholders	As at the date of this joint announcement		Upon completion of the Share Agreement	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror and parties acting in concert with it	–	–	564,029,197	55.57
The Vendors and parties acting in concert with any of them	564,029,197	55.57	–	–
Cheung Kong (Holdings) Limited (<i>note</i>)	143,233,151	14.11	143,233,151	14.11
Fung Din Chung, Rickie	24,691,498	2.43	24,691,498	2.43
Leung Lucy, Michele	24,559,498	2.42	24,559,498	2.42
Ng Wai King, Steve	4,184,998	0.41	4,184,998	0.41
Wong Mee Chun	422,000	0.04	422,000	0.04
	761,120,342	74.98	761,120,342	74.98
Other public Shareholders	253,929,658	25.02	253,929,658	25.02
Total	<u>1,015,050,000</u>	<u>100.00</u>	<u>1,015,050,000</u>	<u>100.00</u>

Note: 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 be 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.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR THE SHARES

Upon completion of the Share Agreement, the Offeror and parties acting in concert with it will own approximately 55.57% of the issued share capital of the Company as at the date of this joint announcement 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 the completion of the Share Agreement. As at the date of this joint announcement, the Company has 1,015,050,000 Shares in issue.

Since 19 January 2012 and up to the date of this joint announcement, the Company has not issued any relevant securities. As at the date of this joint announcement, the Company does not have any outstanding options, derivatives or warrants which are convertible into or which confers rights to require the issue of Shares or other securities carrying conversion rights or subscription rights into Shares.

Principal terms of the Offer

Upon completion of the Share Agreement, the Offeror, through Goldin Equities, will make the Offer on the following basis:

for each Share HK\$0.2045 in cash

The making of the Offer is subject to completion of the Share Agreement which in turn is subject to a number of conditions precedent set out in the paragraph headed “Conditions” in the section headed “The Share Agreement” above and therefore is a possibility only and it may or may not proceed.

Comparison of value

The offer price of HK\$0.2045 per Share is the price paid by the Offeror for each Sale Share under the Share Agreement. The offer price of HK\$0.2045 per Share represents:

- (i) a premium of approximately 77.8% over the audited consolidated net asset value of the Group of approximately HK\$0.115 per Share as at 31 December 2011;
- (ii) a premium of approximately 85.9% over the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 77.8% over the average closing price of HK\$0.115 per Share for the five consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 76.3% over the average closing price of approximately HK\$0.116 per Share for the thirty consecutive trading days up to and including the Last Trading Day.

Total consideration for the Offer

As at the date of this joint announcement, there are 1,015,050,000 Shares in issue. Based on the offer price under the Offer of HK\$0.2045 for each Share, the 451,020,803 Shares subject to the Offer are valued at approximately HK\$92,233,754.21 and the entire issued share capital of the Company is valued at HK\$207,577,725.

Financial resources

The amount of funds required for the acquisition of the Sale Shares and the full acceptance of the Offer by the Offeror is financed by its internal financial resources. Goldin Financial is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required for the acquisition of the Sale Shares and the full acceptance of the Offer.

Conditions of the Offer

The Offer will only be made if the Share Agreement is completed and, if made, will be unconditional. Completion of the Share Agreement is conditional upon the fulfilment of the conditions referred to in the paragraph headed “Conditions” in the section headed “The Share Agreement” above.

Effect of accepting the Offer

By accepting the Offer, the relevant Independent Shareholders will sell their Shares and all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid on or after the date on which the Offer is made.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date of which the relevant documents of title are received by the Offeror or its agent acting on its behalf to render each of such acceptances complete and valid.

Stamp duty

The ad valorem stamp duty payable by the accepting Shareholders in connection with the Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration or the then market price of the Shares (whichever is higher) will be payable by the accepting Shareholders and will be deducted by the Offeror from the consideration payable to them on acceptance of the Offer. The Offeror will then pay the stamp duty on behalf of the accepting Shareholders.

Other arrangements

The Offeror confirms that as at the date hereof,

- (i) the Offeror, its ultimate beneficial owners, and parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and parties acting in concert with any of them;
- (iii) save for the Share Agreement, the Vendor Share Charge and the Offeror Share Charge, and the transactions contemplated thereunder, the Offeror confirms that there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer;
- (iv) save for the Share Agreement, the Vendor Share Charge and the Offeror Share Charge, and the transactions contemplated thereunder, none of the Offeror, its ultimate beneficial owners and parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the Share Agreement, the Vendor Share Charge and the Offeror Share Charge, and the transactions contemplated thereunder, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) there are no relevant securities in the Company which the Offeror, its ultimate beneficial owners and parties acting in concert with any of them has borrowed or lent.

BACKGROUND OF THE OFFEROR AND ITS INTENTION REGARDING THE COMPANY

Information on the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability. As at the date of this joint announcement, the Offeror is held as to 68% by Ocean Expert Investments

Limited, as to 27% by Flourish Zone Limited and as to 5% by Brilliant Elect Limited. Ocean Expert Investments Limited, Flourish Zone Limited and Brilliant Elect Limited are investment holding companies incorporated in the BVI with limited liability and wholly-owned by PRC residents Ms. Li Xia, Mr. Chen Yin and Ms. He Fang, respectively. Ms. Li Xia, aged 38, is a businesswoman who possesses over 5 years of experience in investment and business development in the PRC. Mr. Chen Yin, aged 30, is an entrepreneur in the PRC who held senior positions in various private companies principally engaged in luxury goods trading business. Ms. He Fang, aged 40, is a businesswoman who possesses over 5 years of experience in corporate finance, marketing and sales and business development. She held senior positions in companies engaged in investment and business development in the PRC. As confirmed by the Offeror, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or controls (directly or indirectly) any Shares as at the date of this joint announcement. As confirmed by the Offeror, save for the Share Agreement and the Vendor Share Charge, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has dealt in any Shares in the period commencing six months prior to 18 April 2012, being the date of this joint announcement.

As confirmed by the Offeror, the Offeror and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

As confirmed by the sole director of the Offeror, it is the intention of the Offeror to continue to carry on the existing business of the Group immediately following the completion of the Share Agreement, and through leveraging on the experience and network of the ultimate beneficial owners of the Offeror, the Group will look for business opportunities in the retailing of luxury goods in the PRC with the aim to expand the business activities of the Group. The sole director of the Offeror confirms that as at the date of this joint announcement, the Offeror has not entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to any acquisition of business and/or assets, or disposal, termination or scaling-down of the Group's existing business or assets. The sole director of the Offeror confirms that the Offeror has no intention to make any material change to the employees of the Group. The sole director of the Offeror confirms that, save for the Disposal Agreements and the Disposals, the Offeror has no intention to inject or re-deploy or to dispose of the major assets by the Group following completion of the Offer.

Following the completion of the Share Agreement, and as confirmed by the sole director of the Offeror, the Offeror intends to conduct a review of the financial position and operations of the Group and to explore suitable business opportunities and new investments which are beneficial to the Group and consider whether the diversification of the business into the luxury goods retailing sector will be appropriate to enhance the growth of the Group. However, the sole director of the Offeror confirms that no such investment or businesses have been identified or are under negotiation as of the date of this joint announcement. As confirmed by the sole director of the Offeror, further investments or businesses that might be conducted by the Group will be subject to the constitutional documents, relevant regulatory requirements and approval of Shareholders if required, and further announcement will be made by the Company where so required and will be in full compliance with the relevant GEM Listing Rules.

Proposed change of Board composition of the Company

The Board currently consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. It is intended that, save for Mrs. Zee Chan Mei Chu, Peggy, all existing Directors shall resign on the earliest date permitted under the Takeovers Code. The Offeror may nominate its representative(s) to become new Directors on the earliest date permitted under the Takeovers Code. Further announcement will be made as and when there is a change in the composition of the Board in compliance with the Takeovers Code and the GEM Listing Rules.

Maintaining the listing status of the Company

The Stock Exchange has indicated that, if upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued share capital of the Company is held in the hands of the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares on the Stock Exchange. Accordingly, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained. Shareholders and investors should exercise caution when dealing in the Shares.

The Stock Exchange will also closely monitor all future acquisitions or disposals of assets by the Company. Pursuant to the GEM Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to the Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions of the Company and any such transactions may result in the Company being treated as if it were new listing applicant and will subject to the requirements for new listing application as set out in the GEM Listing Rules.

As confirmed by the sole director of the Offeror, the Offeror intends to maintain the listing of the Shares on the GEM after closing of the Offer. The sole director of the Offeror and the new Directors (if any) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

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 at the SGM.

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(s) in respect of the Special Deal at the SGM.

The Company will make 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 all the 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 and the Offer. 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.

The Circular containing, among other things, details of the Disposals, the recommendation from the Independent Board Committee and the letter of advice from Messis Capital on the Disposals and a notice of the SGM will be despatched to the Shareholders on or before 9 May 2012, having taken into account the time required to prepare the relevant information to be included in the Circular.

Rule 8.2 of the Takeovers Code provides that an offer document should normally be posted by or on behalf of the offeror within 21 days of the date of announcement of the offer. Accordingly, the offer document in relation to the Offer should be posted within 21 days of the date of this joint announcement. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of an offer is subject to the prior fulfilment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. As the making of the Offer are subject to completion of the Share Agreement, an application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the relevant offer document to seven days after completion of the Share Agreement. The composite offer and response document of the Company will contain details of the Offer (accompanied by the acceptance and transfer forms) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser on the Offer. The expected timetable of the Offer will be included in the relevant composite documents.

WARNING: Shareholders and potential investors of the Company should note that the Offer may or may not be materialised as the Share Agreement is conditional upon the satisfaction or (if applicable) waiver of a number of conditions and that the making of the Offer is subject to completion of the Share Agreement. Accordingly, the Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. If Shareholders and potential investors have any doubt about their position, they should consult their professional advisers. Further announcement(s) will be made by the Offeror and the Company regarding the Offer as and when appropriate.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 20 January 2012 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 19 April 2012.

DEALING DISCLOSURE

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1,000,000.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Any associates (including persons holding 5% or more of a class of relevant securities of a company) of the Company, the Vendors, the Offeror or parties acting in concert with any of them are reminded to disclose their dealings in any securities of the Company.

DEFINITIONS

In this joint announcement, the following terms and expressions have the following meanings:

“acting in concert”	has the meanings ascribed to it in the Takeovers Code
“Amendment and Restatement Agreement”	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
“associate”	has the meaning as defined in the Takeovers Code, unless otherwise specified
“Bermuda Act”	the Companies Act 1981 of Bermuda
“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
“Circular”	a circular of the Company containing, among others, details of the Disposals, a notice convening the SGM, the recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to be despatched to the Shareholders
“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”	means 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 Share Agreement

“completion of the Share Agreement”	completion of the sale and purchase of the Sale Shares under the Share Agreement, unless the context otherwise requires
“Director(s)”	the director(s) of the Company
“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
“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)
“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
“Goldin Financial”	Goldin Financial Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror
“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 all the 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 and the Offer
“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
“Independent Shareholders”	(i) in the case of the Disposals, 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; and (ii) in the case of the Offer, Shareholders other than the Offeror, its ultimate beneficial owners and parties acting in concert with any of them
“Last Trading Day”	19 January 2012, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension in trading of the Shares pending the publication of this joint announcement
“Long Stop Date”	30 September 2012 (or such other date as the parties to the Share Agreement may agree in writing)
“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
“Offeror Share Charge”	the share charge to be executed by the Offeror on the Completion Date in favour of Passion Investment in relation to 564,029,197 Shares held by the Offeror immediately after the completion of the Share Agreement to secure payment of the Balance according to the terms of the Share Agreement

“Original Share Agreement”	the agreement in relation to the sale and purchase of the Sale Shares dated 19 January 2012 and entered into between the Vendors and the Offeror
“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”	the People’s Republic of China
“Properties”	the First Property and the Second Property
“relevant securities”	has the meanings ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“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
“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 Original Share Agreement (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
“Vendor Share Charge”	the share charge dated 12 April 2012 and executed by Passion Investment in favour of the Offeror in relation to 559,679,197 Shares held by Passion Investment to secure any refund of the Deposit according to the terms of the Share Agreement (if applicable)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

By order of the board
Sino Eminent Limited
Li Xia
Sole Director

Hong Kong, 18 April 2012

As at the date of this joint announcement, the sole director of the Offeror is Ms. Li Xia.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, 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)

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

This joint announcement 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.

The English text of this joint announcement shall prevail over its Chinese text.

** For identification purpose only*