



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)

**INTERIM RESULTS FOR THE
SIX MONTHS ENDED 30 JUNE 2012**

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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This announcement, 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 of Hong Kong Limited (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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

INTERIM RESULTS ENDED 30 JUNE 2012

The Directors of the Company present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2012 (“Financial Statements”), together with the comparative figures for the corresponding periods in 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2012

	<i>Notes</i>	(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		30 June		30 June	
		2012	2011	2012	2011
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	79,248	75,134	136,689	176,580
Other revenue		206	277	938	398
Change in inventories of hardware and software		17,425	23,001	25,397	21,670
Purchase of hardware and software		(41,002)	(57,580)	(61,566)	(121,167)
Professional fee		(9,756)	(2,743)	(15,089)	(5,146)
Employee benefits expense		(31,932)	(27,667)	(65,287)	(55,196)
Depreciation and amortisation		(1,200)	(703)	(2,418)	(1,358)
Other expenses		(7,734)	(4,941)	(13,167)	(9,927)
Finance costs	5	(69)	(74)	(142)	(148)
Gain on disposal of property, plant and equipment		30,870	–	30,870	–
Share of result of an associate		–	60	–	(8)
Profit before income tax	4	36,056	4,764	36,225	5,698
Income tax expense	6	(164)	(52)	(192)	(229)
Profit for the period		35,892	4,712	36,033	5,469
Other comprehensive income for the period, net of tax					
Exchange (loss)/gain on translation of financial statements of foreign operations		–	(101)	–	24
Total comprehensive income for the period		35,892	4,611	36,033	5,493

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2012

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the period attributable to:				
Owners of the Company	35,628	4,387	35,730	4,987
Non-controlling interests	<u>264</u>	<u>325</u>	<u>303</u>	<u>482</u>
	<u>35,892</u>	<u>4,712</u>	<u>36,033</u>	<u>5,469</u>
Total comprehensive income attributable to:				
Owners of the Company	35,628	4,286	35,730	5,011
Non-controlling interests	<u>264</u>	<u>325</u>	<u>303</u>	<u>482</u>
	<u>35,892</u>	<u>4,611</u>	<u>36,033</u>	<u>5,493</u>
Earnings per share for the profit attributable to the owners of the Company during the period				
– Basic and diluted (in HK cents)	8	<u>3.51 cents</u>	<u>0.45 cents</u>	<u>3.52 cents</u>
		<u>0.51 cents</u>		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

		(Unaudited) 30 June 2012 HK\$'000	(Audited) 31 December 2011 HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	7,992	14,656
Available-for-sale financial assets		6,566	6,566
Goodwill		1,140	1,140
Development costs		3,690	4,737
Finance lease receivables		–	187
Deferred tax assets		1,900	1,900
		<u>21,288</u>	<u>29,186</u>
Current assets			
Inventories		26,050	653
Finance lease receivables		373	379
Amounts due from customers for contract work		55,354	34,489
Trade receivables	10	30,165	41,836
Other receivables, deposits and prepayments		30,706	13,270
Financial assets at fair value through profit or loss		4,400	4,752
Bank balances and cash		103,756	69,233
		<u>250,804</u>	<u>164,612</u>
Current liabilities			
Trade payables	11	25,170	27,140
Other payables and accrued charges		57,168	37,078
Borrowings		31,031	6,002
Amounts due to customers for contract work		6,320	6,892
Tax payables		–	316
		<u>119,689</u>	<u>77,428</u>
Net current assets		<u>131,115</u>	<u>87,184</u>
Total assets less current liabilities		<u>152,403</u>	<u>116,370</u>
Non-current liabilities			
Borrowings		–	–
Net assets		<u>152,403</u>	<u>116,370</u>
EQUITY			
Share capital	12	101,505	101,505
Reserves		41,329	5,599
Equity attributable to owners of the Company		<u>142,834</u>	<u>107,104</u>
Non-controlling interests		<u>9,569</u>	<u>9,266</u>
Total equity		<u>152,403</u>	<u>116,370</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Equity attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Accumulated losses	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
At 1 January 2012	101,505	179,556	5,612	(179,569)	107,104	9,266	116,370
Profit for the period	—	—	—	35,730	35,730	303	36,033
At 30 June 2012	<u>101,505</u>	<u>179,556</u>	<u>5,612</u>	<u>(143,839)</u>	<u>142,834</u>	<u>9,569</u>	<u>152,403</u>
At 1 January 2011	98,505	179,650	5,178	(182,160)	101,173	6,465	107,638
Issue of share capital	3,000	—	—	—	3,000	—	3,000
Capital contribution by non-controlling interests of a subsidiary	—	—	—	—	—	2,716	2,716
Transaction with owners	3,000	—	—	—	3,000	2,716	5,716
Profit for the period	—	—	—	4,987	4,987	482	5,469
Other comprehensive income							
Exchange gain on translation of financial statements of foreign operations	—	—	24	—	24	—	24
Total comprehensive income for the period	—	—	24	4,987	5,011	482	5,493
At 30 June 2011	<u>101,505</u>	<u>179,650</u>	<u>5,202</u>	<u>(177,173)</u>	<u>109,184</u>	<u>9,663</u>	<u>118,847</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	(Unaudited)	
	Six months ended	
	30 June	
	2012	2011
	HK\$'000	HK\$'000
Net cash used in operating activities	(27,637)	(49,979)
Net cash generated from/(used in) investing activities	37,131	(2,283)
Net cash generated from financing activities	25,029	40,050
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	34,523	(12,212)
Cash and cash equivalents at beginning of the period	69,233	60,905
Effect on foreign exchange rate changes, on cash held	<hr/> —	<hr/> —
Cash and cash equivalents at end of the period, representing bank balances and cash	<hr/> 103,756 <hr/>	<hr/> 48,693 <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”). In this year, the accounting policies adopted by the Group are consistent with financial statements for the year ended 31 December 2011.

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at fair values.

2. REVENUE AND TURNOVER

Revenue from external customers from the Group’s principal activities recognised during the period is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Enterprise software products	40,836	25,809	70,904	48,181
Systems integration	26,168	35,435	39,270	101,300
Professional services	11,428	12,665	24,764	24,664
ASP services	816	1,225	1,751	2,435
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	<u>79,248</u>	<u>75,134</u>	<u>136,689</u>	<u>176,580</u>

3. SEGMENT INFORMATION

The business components in the internal financial information reported to the executive directors are determined by the Group's major geographical areas. The Group has identified Hong Kong, PRC and South East Asia as the reportable segments. Each of these operating segments is managed separately as each of the geographical areas requires different resources as well as marketing approaches.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Six months ended 30 June 2012			
	Hong Kong	PRC	South East Asia	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
– From external customers	75,018	58,043	3,628	136,689
– From other segments	6,722	11,248	1,455	19,425
Reportable segment revenue	<u>81,740</u>	<u>69,291</u>	<u>5,083</u>	<u>156,114</u>
Reportable segment profit/(loss)	37,397	(1,780)	608	36,225
Interest income	188	146	33	367
Depreciation and amortisation of non-financial assets	1,385	1,020	13	2,418
Gain on disposal of property, plant and equipment	30,870	–	–	30,870
Gain on disposal of financial assets at fair value through profit or loss	103	–	–	103
Fair value gain on financial assets at fair value through profit or loss	133	–	–	133
Finance costs	–	142	–	142
Reportable segment assets	212,186	148,094	10,873	371,153
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the period	471	238	28	737
Reportable segment liabilities	<u>24,168</u>	<u>181,748</u>	<u>12,834</u>	<u>218,750</u>

	Six months ended 30 June 2011			
	Hong Kong	PRC	South East Asia	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
– From external customers	53,719	118,517	4,344	176,580
– From other segments	4,829	10,404	594	15,827
Reportable segment revenue	58,548	128,921	4,938	192,407
Reportable segment profit/(loss)	5,541	(614)	771	5,698
Interest income	112	62	16	190
Depreciation and amortisation of non-financial assets	545	791	22	1,358
Gain on disposal of financial assets at fair value through profit or loss	20	–	–	20
Fair value loss on financial assets at fair value through profit or loss	651	–	–	651
Finance costs	3	145	–	148
Share of loss of an associate	–	8	–	8
Reportable segment assets	170,539	150,563	8,449	329,551
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the period	1,529	1,110	20	2,659
Reportable segment liabilities	21,303	176,804	12,597	210,704

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	156,114	192,407
Elimination of inter segment revenue	(19,425)	(15,827)
Group revenue	136,689	176,580
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	371,153	329,551
Consolidation	(99,061)	(94,034)
Group assets	272,092	235,517

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Reportable segment liabilities	218,750	210,704
Consolidation	<u>(99,061)</u>	<u>(94,034)</u>
Group liabilities	<u>119,689</u>	<u>116,670</u>

The Group's non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong	4,522	12,433
PRC	8,246	7,534
South East Asia	<u>54</u>	<u>43</u>
Total	<u>12,822</u>	<u>20,010</u>

4. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Depreciation of property, plant and equipment	677	585	1,371	1,123
Amortisation of development cost	523	118	1,047	235
Interest income	(158)	(94)	(367)	(190)
Dividend income from listed securities	(11)	(21)	(13)	(21)
Fair value loss/(gain) on financial assets at fair value through profit or loss	184	500	(133)	651
Gain on disposal of financial assets at fair value through profit or loss	<u>-</u>	<u>(20)</u>	<u>(103)</u>	<u>(20)</u>

5. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest charges on:				
Finance charges on obligations under finance leases	–	1	–	3
Other interest expense	<u>69</u>	<u>73</u>	<u>142</u>	<u>145</u>
	<u>69</u>	<u>74</u>	<u>142</u>	<u>148</u>

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's entities either incurred tax losses for the respective periods or their estimated assessable profits for the respective periods were wholly absorbed by unrelieved tax losses brought forward from previous years.

Taxation on overseas profits has been calculated on the estimated assessable profits for the respective periods at the rates prevailing in the countries in which the Group operates.

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax				
– Overseas				
Tax for the period	<u>164</u>	<u>52</u>	<u>192</u>	<u>229</u>
Total income tax expense	<u>164</u>	<u>52</u>	<u>192</u>	<u>229</u>

7. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the six months ended 30 June 2012 is based on the profit attributable to owners of the Company of HK\$35,730,000 (2011: HK\$4,987,000) and the weighted average number of ordinary shares of 1,015,050,000 (2011: 985,215,746) in issue during the period.

Diluted earnings per share for the six months ended 30 June 2012 and 2011 equates the basic earnings per share as there is no potential ordinary share in existence during the period.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group spent HK\$737,000 (six months ended 30 June 2011: HK\$1,702,000) on acquisition of property, plant and equipment. The Group disposed two properties with book value of HK\$6,030,000 and the gain on disposal of properties was HK\$30,870,000.

10. TRADE RECEIVABLES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade receivables		
From third parties	26,672	38,343
From a related party	3,777	3,777
	30,449	42,120
Less: provision for impairment of trade receivables	(284)	(284)
	30,165	41,836

Trade receivables from third parties are due within 14 days to 60 days from the date of billing. Trade receivable from a related party is repayable on demand. Debtors with balances that are more than 90 days overdue are requested to settle all outstanding balances before any further credit is granted.

The directors of the Group considered that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods at their inception. All trade receivables are expected to be recovered within one year.

Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
0 – 30 days	13,265	22,136
31 – 60 days	2,731	12,174
61 – 90 days	5,383	255
Over 90 days	8,786	7,271
	30,165	41,836

11. TRADE PAYABLES

The Group was granted by its suppliers credit periods ranging from 30 – 60 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
0 – 30 days	3,890	17,876
31 – 60 days	77	3,732
61 – 90 days	1	–
Over 90 days	21,202	5,532
	<u>25,170</u>	<u>27,140</u>

All amounts are short term and hence the carrying values of trade payables are considered to be a reasonable approximation of its fair value.

12. SHARE CAPITAL

	30 June 2012 & 31 December 2011	
	<i>Number of shares</i>	<i>Amount HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each	<u>1,015,050,000</u>	<u>101,505</u>

13. FINANCIAL GUARANTEE CONTRACTS

As at 30 June 2012, the Group had provided guarantee of HK\$600,000 to a third party and a subsidiary of the Company in respect of certain service contract in Hong Kong.

14. RELATED PARTY TRANSACTIONS

Details of the transactions between the Group and its related parties are summarised below.

	Six months ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Provision of professional services – an associate	–	553
Purchases of complementary hardware and software – a non-controlling shareholder	<u>–</u>	<u>2,938</u>

Sales to or purchases from the related parties stated above were conducted in the Group's normal course of business and at mutually agreed prices and terms.

Outstanding balances with related parties arising from sale and purchase of goods and services and loan advanced, included in trade receivables and other receivables, and borrowings are as follows:

	Six months ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Non-controlling shareholder Trade receivables	3,777	3,653
Companies controlled by a non-controlling shareholder who can exercise significant influence to the Group Other borrowings	(23,223)	(34,989)
An associate Other receivables, deposits and prepayments	–	587

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's profit attributable to owners of the Company for the six months ended 30 June 2012 was HK\$35,730,000, as compared to a profit of HK\$4,987,000 in the same period of 2011. The jump of profit in 2012 was due to the gain on disposal of properties of HK\$30,870,000 during the period under review.

The Group reported a HK\$136,689,000 turnover for the six months ended 30 June 2012, a decrease of 23% from HK\$176,580,000 for the corresponding period of last year.

Enterprise software products increased by 47% to HK\$70,904,000 (2011: HK\$48,181,000). Both systems integration business and ASP business dropped by 61% and 28% to HK\$39,270,000 (2011: HK\$101,300,000) and HK\$1,751,000 (2011: HK\$2,435,000) respectively. The Professional services business remained stable with revenue of HK\$24,764,000 (2011: HK\$24,664,000).

Liquidity and Financial Resources

As of 30 June 2012, the Group was in a healthy financial position with cash and cash equivalents of HK\$103,756,000 (31 December 2011: HK\$69,233,000), including the sales proceeds of disposal of properties of HK\$36,900,000 during the period under review.

The Group monitors its capital structure using the gearing ratio which is net debt divided by total equity. For this purpose, the Group defines net debt as debt, which comprises long-term and short-term borrowings, less cash and cash equivalents. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. As of 30 June 2012 and 31 December 2011, cash and cash equivalents exceeds debt, therefore the gearing ratio of the Group was zero.

Capital Structure

The Group's outstanding issued shares were 1,015,050,000 shares as at 30 June 2012.

Segmental Performances

For the six months ended 30 June 2012, Hong Kong region achieved turnover of HK\$81,740,000 (2011: HK\$58,548,000), the China operation recorded turnover of HK\$69,291,000 (2011: HK\$128,921,000) and South East Asia region's turnover was HK\$5,083,000 (2011: HK\$4,938,000).

Employees

The total number of employees as of 30 June 2012 was 484 (Beginning of 2012: 535) with a decrease of 51 employees in the past six months.

Outlook for the Second Half of 2012

As we forecasted earlier, we are starting to see the impact of the European banking crisis on our customers in the banking sector. Professional services was the area got affected more than our other business lines as the banks' demand on IT resources reduced significantly. We have re-deployed some of the manpower resources to other areas so as to balance the reduction in income. Customer spending on IT product procurement also decreased, leading to a much lower turnover in the system integration business.

Enterprise software business is still performing well as we have a strong backlog of projects in progress. In addition, we have been awarded a major software development project for a regulatory authority in Hong Kong. Extra marketing and sales effort will be made to ensure we have sufficient potentials for the coming period in this business line.

Another challenge we have this year is the rising cost of human resources in China, in which most of our software development work are done. Salaries and benefits account for majority share of our running costs, and we have built a dependence on the resources used in our software centres in China. While the salary scales in absolute amount are still lower than that in Hong Kong, the rapidly rising salary and benefit costs of experienced IT professionals in China are narrowing this gap significantly, which in turn affects the profit margins of our products and services. While we tried hard to dampen the effect of such rises with measures such as bringing in and training junior staff, we are still very much faced with the tough challenges to keep the overall costs down.

With a number of new board directors taking office, the Company is going to review the conditions of its existing business lines, and to explore new business opportunities along as well as outside the existing business areas.

CHANGE OF CONTROL OF THE COMPANY AND MANDATORY CASH OFFER

Reference is made to the announcement dated 18 April 2012 jointly issued by the Company and Sino Eminent Limited.

Passion Investment (BVI) Limited and Mrs. Zee Chan Mei Chu, Peggy, the controlling shareholders of the Company agreed to sell and Sino Eminent Limited ("Offeror") 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 the Joint Announcement of 18 April 2012. The aggregate consideration for the Sale Shares was HK\$115,343,970.79, representing HK\$0.2045 per Sale Share.

Reference is made to the announcement dated 29 June 2012 jointly issued by the Company and Sino Eminent Limited.

The Offeror made the Mandatory Cash Offer (“Offer”) to all the independent shareholders of the Company with the offer price of HK\$0.2045 for each share. Upon closing the offer at the close of business of 29 June 2012, taking into account the 195,212,564 Shares, representing approximately 19.23% of the entire issued share capital of the Company, received from valid acceptance under the Offer, the Offeror was interested in an aggregate of 759,241,761 Shares, representing approximately 74.80% of the entire issued share capital of the Company as at the date of the Joint Announcement of 29 June 2012.

CHANGE OF DIRECTORS OF THE COMPANY

Effective from 3 July 2012, the following members have resigned as directors of the Company:

- Mr. Fung Din Chung, Rickie (*Executive Director*)
- Ms. Leung Lucy, Michele (*Executive Director*)
- Mr. Ng Wai King, Steve (*Executive Director*)
- Mr. Ip Tak Chuen, Edmond (*Non-executive Director*)
- Mr. Cheong Ying Chew, Henry (*Independent Non-executive Director*)
- Mr. Chang Ka Mun (*Independent Non-executive Director*)
- Ms. Wong Mee Chun (*Independent Non-executive Director*)

Mrs. Zee Chan Mei Chu, Peggy has resigned as Chairman of the Board but remains as Executive Director of the Company.

Effective from 3 July 2012, the following members have been appointed as directors of the Company:

- Ms. Li Xia (*Executive Director*)
- Mr. Chen Yin (*Executive Director*)
- Mr. Yip Tin Hung (*Executive Director*)
- Mr. Lin Di (*Executive Director*)
- Mr. Lam Tin Faat (*Independent Non-executive Director*)
- Ms. Lu Haina (*Independent Non-executive Director*)
- Mr. Fu Ping Man (*Independent Non-executive Director*)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2012, the interests and short positions of the directors and the chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of director	Number of ordinary shares held			Total	Percentage of the issued share capital of the Company
	Beneficial owner	Held by family	Held by controlled corporation		
Fung Din Chung, Rickie	70,000	-	-	70,000	0.01%
Leung Lucy, Michele	4,559,498	-	-	4,559,498	0.45%
Wong Mee Chun	40,000	-	-	40,000	0.00%

Note: Mr. Fung Din Chung, Rickie, Ms. Leung Lucy, Michele and Ms. Wong Mee Chun have resigned as Directors of the Company effective from 3 July 2012.

Save as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2012.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

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

Name of shareholder	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Sino Eminent Limited (<i>Note 1</i>)	759,241,761	74.80%
Li Xia (<i>Note 1</i>)	759,241,761	74.80%
Cheung Kong (Holdings) Limited (<i>Note 2</i>)	143,233,151	14.11%
Li Ka-Shing Unity Trustee Company Limited (<i>Note 2</i>) (as trustee of The Li Ka-Shing Unity Trust)	143,233,151	14.11%
Li Ka-Shing Unity Trustcorp Limited (<i>Note 2</i>) (as trustee of another discretionary trust)	143,233,151	14.11%
Li Ka-Shing Unity Trustee Corporation Limited (<i>Note 2</i>) (as trustee of The Li Ka-Shing Unity Discretionary Trust)	143,233,151	14.11%
Li Ka-shing (<i>Note 2</i>)	143,233,151	14.11%
Alps Mountain Agent Limited (<i>Note 2</i>)	71,969,151	7.09%
iBusiness Corporation Limited (<i>Note 2</i>)	67,264,000	6.62%

Notes:

- (1) Sino Eminent Limited is held as to 68% by Ms. Li Xia through Ocean Expert Investments Limited, 27% by Mr. Chen Yin through Flourish Zone Limited and 5% by Ms. He Fang through Brilliant Elect Limited. Accordingly, Ms. Li Xia is deemed to be interested in the 759,241,761 shares interested by Sino Eminent Limited.
- (2) Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust (“UT1”) but is not entitled to any interest 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.

Effective from 16 July 2012, Mr. Li Tzar Kai, Richard ceased to have any interest in the issued share capital of Unity Holdco. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 30 June 2012.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Code on Corporate Governance Practices (“CG Code”) and Corporate Governance Report (“CG Report”) as set out in Appendix 15 and Appendix 16 of the GEM Listing Rules, took effect from 1 January 2005 onwards. It sets out principles of good Corporate Governance and two levels of recommendation: Code Provisions and Recommended Best Practices. The Company has complied with the requirements of the CG Code and CG Report. There is no deviation from the Code Provisions in the CG Code as at 30 June 2012.

AUDIT COMMITTEE

The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee is currently comprised three members – Mr. Lam Tin Faat, Ms. Lu Haina and Mr. Fu Ping Man, all of whom are Independent Non-executive Directors. Mr. Lam Tin Faat is the chairman of the audit committee. The audit committee’s principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited consolidated results of the Group for the six months ended 30 June 2012 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee was established on 10 May 2005.

The Company adopted that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of code provisions B.1.2.

The remuneration committee is currently comprised of Mr. Lam Tin Faat and Mr. Fu Ping Man, both are Independent Non-executive Directors, and Ms. Li Xia who is Executive Director. Mr. Lam Tin Faat is the Chairman of the remuneration committee.

NOMINATION COMMITTEE

The nomination committee was established on 21 March 2012.

The Company adopted that a nomination committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of code provisions A.5.2.

The nomination committee is currently comprised of Mr. Lam Tin Faat and Mr. Fu Ping Man, both are Independent Non-executive Directors, and Ms. Li Xia who is Executive Director. Mr. Lam Tin Faat is the Chairman of the nomination committee.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2012.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors, the management shareholders or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Excel Technology International Holdings Limited
Li Xia
Chairman

Hong Kong, 6 August 2012

The Board comprises of:

Li Xia (*Executive Director*)

Chen Yin (*Executive Director*)

Yip Tin Hung (*Executive Director*)

Lin Di (*Executive Director*)

Zee Chan Mei Chu, Peggy (*Executive Director*)

Lam Tin Faat (*Independent Non-executive Director*)

Lu Haina (*Independent Non-executive Director*)

Fu Ping Man (*Independent Non-executive Director*)

This 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.excelholdings.com.hk.