

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

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

**If you have sold or transferred** all your shares in REXCAPITAL Financial Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



## **REXCAPITAL Financial Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 555)**

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTOR  
GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES  
AND  
AMENDMENTS TO THE BYE-LAWS**

---

A notice convening the AGM to be held at 34/F, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong on Monday, 19 June 2006 at 4:30 p.m. is set out in the 2005 Annual Report. A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Standard Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

29 April 2006

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AGM”	the annual general meeting of the Company to be held at 34/F, COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong on Monday, 19 June 2006 at 4:30 p.m.
“Bye-laws”	The bye-laws of the Company
“Board”	the board of Directors
“Company”	REXCAPITAL Financial Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares listed on the Stock Exchange with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution to grant such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	share(s) of HK\$0.01 each in the capital of the Company

---

## DEFINITIONS

---

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars
“2005 Annual Report”	the annual report of the Company for the year ended 31 December 2005
“%”	per cent

---

## LETTER FROM THE BOARD

---



### **REXCAPITAL Financial Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 555)**

*Executive Directors:*

Chan How Chung, Victor

Lee Hwei Lin

Boo Chun Lon

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Independent non-executive Directors:*

Yuen Wai Ho

On Kien Quoc

Chow Siu Ngor

*Head Office and Principal Place of*

*Business in Hong Kong:*

Suite 3401, 34/F, COSCO Tower

Grand Millennium Plaza

183 Queen's Road Central

Hong Kong

29 April 2006

*To the Shareholders and, for information only,  
holders of the options of the Company*

Dear Sir/Madam,

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTOR  
GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES  
AND  
AMENDMENTS TO THE BYE-LAWS**

#### **INTRODUCTION**

The purpose of this circular is to provide Shareholders with information regarding the following resolutions to be proposed at the AGM in order to enable Shareholders to make informed decisions on whether to vote for or against the resolutions.

---

## LETTER FROM THE BOARD

---

The resolutions include (i) re-election of Director; (ii) granting to the Directors the Repurchase Mandate; (iii) granting to the Directors a general and unconditional mandate (a) to issue further Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and (b) to issue Shares not exceeding the aggregate nominal amount of the share capital so repurchased pursuant to the Repurchase Mandate; and (iv) approving the amendments to the Bye-laws.

### RE-ELECTION OF DIRECTOR

At the AGM, a resolution will also be proposed to re-elect Director. In accordance with Bye-law 99, Ms Lee Huei Lin and Mr Yuen Wai Ho shall respectively retire at the AGM and being eligible for re-election. Mr. Yuen Wai Ho offers himself for re-election at the forthcoming annual general meeting. Ms Lee Huei Lim retires and, due to personal reasons, does not offer herself for re-election. Details of Mr Yuen who is proposed to be re-elected at the AGM are set out as follows:

**YUEN Wai Ho**, aged 46, obtained a Master in Business Administration from the University of Bath in England in 1988. Mr Yuen is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries & Administrators. Mr Yuen has more than 20 years of experience in auditing and commercial fields, 10 of which were working in multinational companies. He is currently a partner of a firm of certified public accountants. Prior to that, Mr Yuen served as Group Financial Controller of a listed company in Hong Kong. Mr Yuen will be entitled to receive an annual director's remuneration of HK\$80,000 per annum.

Mr Yuen is not connected with any Directors, senior management or substantial or controlling shareholders of the Company, and he does not have any interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract entered into between Mr Yuen and the Company and he is subject to retirement by rotation and re-election in accordance with the Bye-laws. His director's remuneration shall be reviewed by the Remuneration Committee of the Company and determined by the Board annually on the basis of the responsibility of the Director and the prevailing market condition and subject to the approval of the Shareholders.

Save as disclosed above, there is no other matters that need to be brought to the attention of the Shareholders and there is no other information required to disclosed pursuant to paragraph 13.51(2) of the Listing Rules.

---

## LETTER FROM THE BOARD

---

### THE REPURCHASE MANDATE AND GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors the Repurchase Mandate subject to the criteria set out in this circular. In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement, which is set out in the Appendix of this circular.

Ordinary resolutions will also be proposed at the AGM in respect of the grant of the respective general mandates to issue, allot and deal with new Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolutions and extend such general mandate so granted to the Directors by adding to it any Shares repurchased by the Company up to 10% of the issued share capital of the Company at the date of passing the resolution regarding the Repurchase Mandate.

### AMENDMENTS TO THE BYE-LAWS

The Directors propose to put forward to the Shareholders for approval at the AGM of a special resolution to amend the Bye-laws to the effect that:

- (i) a resolution put to the vote of a general meeting shall be decided by way of a poll if it is required by the Listing Rules;
- (ii) at any general meeting on a show of hands every Shareholder who is present in person or by a duly authorized corporate representative or by proxy shall have one vote;
- (iii) every Director shall be subject to retirement by rotation at least once every three years; and
- (iv) the Company may by ordinary resolution remove any Director before the expiration of his period of office.

The proposed amendments to the Bye-laws are set out in resolution numbered 8 of the notice of the AGM which is contained in the 2005 Annual Report.

---

## LETTER FROM THE BOARD

---

### ANNUAL GENERAL MEETING

A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Standard Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

Pursuant to Rule 13.55(3) of the Listing Rules, the procedure by which Shareholders may demand a poll in a general meeting of the Company is set out as follows:

Pursuant to Bye-law 70, a resolution proposed at a general meeting of the Company shall be decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands) by the chairman of the meeting or by:

- (a) at least 3 Shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (b) any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### RECOMMENDATION

The Directors are of the opinion that the re-election of the retiring Director, the Repurchase Mandate, the general mandates to issue Shares and amendments to the Bye-laws are in the best interests of the Company and the Shareholders and, accordingly, recommend you to vote in favour of the relevant resolutions at the AGM.

By order of the Board  
**Chan How Chung, Victor**  
*Executive Director*

*This is an explanatory statement given to Shareholders relating to the resolution to be proposed at the AGM for approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, which is set out as follows:*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,600,000,000 Shares.

Exercise in full of the Repurchase Mandate, on the basis that no further Shares are issued or repurchased prior to the date of the AGM, could accordingly result in up to 360,000,000 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date, being repurchased by the Company.

## **2. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to purchase Shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

## **3. FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company's available cashflow or working capital facilities which will be funds legally available in accordance with the provisions of the bye-laws of the Company and the Bermuda law for the purpose. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

On the basis of the consolidated financial position of the Company as at 31 December 2005 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that the exercise in full of the Repurchase Mandate would not have a material adverse impact on the working capital or gearing level of the Company. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing level of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors consider that such purchases were in the best interests of the Company notwithstanding such material adverse impact.



#### 4. SHARE PRICES

The highest and lowest market prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months from April 2005 to March 2006 were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2005</b>		
April	0.043	0.040
May	0.040	0.034
June	0.035	0.031
July	0.032	0.021
August	0.027	0.022
September	0.129	0.022
October	0.120	0.100
November	0.125	0.100
December	0.092	0.057
<b>2006</b>		
January	0.083	0.038
February	0.138	0.038
March	0.285	0.112

#### 5. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the last six months.

#### 6. GENERAL INFORMATION

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates, have any present intention, if the Repurchase Mandate is approved and exercised, to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, to exercise the power of the Company to repurchase Shares in accordance with the Listing Rules and the applicable laws of Bermuda.

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within

the meaning of the Takeovers Code) depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of such increase. Assuming that the Repurchase Mandate is exercised in full, the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon such repurchase are as follows:

	<b>As at the Latest Practicable Date</b>	<b>Upon exercise of the Repurchase Mandate in full</b>
	%	%
Kingly Profits Corporation	38.86	43.17
Gandhara Advisors Asia Limited a/c Gandhara Master Fund Ltd	12.92	14.35
Indus Capital Partners, LLC	5.01	5.57
Emerging Markets Special Opportunities Ltd	6.45	7.17

The Directors are not aware of any Shareholders or group of Shareholders acting in concert who will become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of repurchase of Shares. The Directors also consider that such increase would not reduce the issued share capital in public hands to less than 25% as required under Rule 8.08 of the Listing Rules (or the relevant prescribed minimum percentage required by the Stock Exchange).

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.