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REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 25 July 2006, the Purchaser (which is a wholly-owned subsidiary of the Company), the Company, the Vendor and the Warrantors entered into the Share Purchase Agreement under which, among other matters, the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire issued share capital of Happy Sun and the Sale Loan. Guard Libang, which will be a subsidiary of Happy Sun as at Completion, is principally engaged in the provision of systems and verification technology for Instant Lottery Games in China administered by the China Welfare Lottery Administration Center. Such services have been provided by utilizing the proprietary 2D barcode anti-counterfeiting verification system developed by Guard Libang.

The consideration payable by the Group for the Acquisition is HK\$157,040,000 which is to be satisfied as to HK\$68,240,000 in cash and as to HK\$88,800,000 by the issue of the Consideration Shares to the Vendor (or its nominee). Pursuant to the Share Purchase Agreement, the Purchaser has agreed to procure contribution, in proportion to its shareholding in Guard Libang, of RMB14,000,000 (equivalent to approximately HK\$13,730,000) for the purpose of increasing the registered capital in Guard Libang after Completion.

Completion of the Share Purchase Agreement is conditional upon the fulfillment of certain conditions precedent which include, among other things, the approval of the issuance of the Consideration Shares at the Special General Meeting.

The proposed Acquisition pursuant to the Share Purchase Agreement constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

A circular containing further information on the Share Purchase Agreement and a notice convening the Special General Meeting to approve the issuance of the Consideration Shares as required under Chapter 14 of the Listing Rules will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 26 July 2006 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1 August 2006.

THE SHARE PURCHASE AGREEMENT

Background

On 25 July 2006, the Purchaser (a wholly owned subsidiary of the Company), the Company, the Vendor and the Warrantors entered into the Share Purchase Agreement under which the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire issued share capital of Happy Sun and the Sale Loan. Prior to Completion, Success Trader, a wholly owned subsidiary of Happy Sun, will establish Success Trader (SZ) which in turn will acquire the entire interest in the registered capital of Shenzhen Leli. Success Trader has entered into the Share Transfer Contract to acquire the entire registered capital of Shenzhen Leli. Upon Completion, the Purchaser will be indirectly interested in 70% of the registered capital of Guard Libang. Guard Libang is principally engaged in the provision of systems and verification technology for Instant Lottery Games in China administered by the China Welfare Lottery Administration Center. Such services have been provided by utilizing the proprietary 2D barcode anti-counterfeiting verification system developed by Guard Libang. In connection with such system, Guard Libang is also engaged in the development of related implementation devices based on RFID and wireless networking technologies and related logistics systems to its customers. Given its expertise in such technologies, Guard Libang has been engaged by 11 provincial and municipal Welfare Lottery Administration Centers in building network systems and providing other related services such as maintenance, consultancy and advisory services, integrated industrial solutions and technological support in the Instant Lottery Games network. The revenue of Guard Libang is derived from sharing certain percentage in the sales generated from the Instant Lottery Games network in the relevant provinces and municipalities in China.

Date

25 July 2006

Parties

The Company:	REXCAPITAL Financial Holdings Limited, as the issuer of the Consideration Shares
The Purchaser:	Genius Nation Limited, a wholly-owned subsidiary of the Company
The Vendor:	Gain Silver International Limited, the beneficial owner of the entire issued share capital of Happy Sun
The Warrantors:	2 Independent Third Parties

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

Assets to be acquired

Pursuant to the Share Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of Happy Sun and the Sale Loan. The Sale Loan represents the entire amount of the shareholder's loan due and owing by Happy Sun to its shareholder which is interest free and is repayable on demand.

As at the date of the announcement and according to the knowledge of the Company, the amount of the Sale Loan is minimal. It is expected that the maximum amount of the Sale Loan shall not in any event exceed US\$4,500,000. Such amount comprises of US\$4,300,000, being the amount that the Vendor has to inject into Happy Sun to fund its acquisition under the Share Transfer and US\$200,000, being the funding that the Vendor may need to inject into Happy Sun for the general working capital purpose of the Happy Sun Group prior to Completion.

Conditions

Completion of the Share Purchase Agreement is conditional upon fulfillment or waiver (by the Purchaser), as the case may be, of the following conditions:

- (i) the warranties remaining true and accurate and not misleading from the date of the Share Purchase Agreement to the Completion Date inclusive;
- (ii) the Purchaser being satisfied with the result of due diligence conducted on financial, legal, contractual, taxation, trading positions and title to assets of the Happy Sun Group;
- (iii) the Vendor having complied fully with the pre-completion obligations and having performed all of the covenants and agreements required to be performed by it under the Share Purchase Agreement on or prior to the Completion Date;
- (iv) all necessary consents required to be given by third parties to the Vendor for the transactions contemplated under the Share Purchase Agreement having been granted and being in full force and effect;
- (v) no pending or threaten litigation which would restrain, prohibit, impose limitations or conditions or otherwise challenge the transactions contemplated by the Share Purchase Agreement;
- (vi) the due establishment of Success Trader (SZ) as a wholly owned subsidiary of Success Trader in accordance with the applicable laws in the PRC, the paying up of its registered capital, and Success Trader (SZ) having not traded or otherwise carried on any business and having no assets and liabilities;
- (vii) the completion of the Share Transfer and Success Trader (SZ) having acquired (and having fully paid the purchase price for such acquisition), and being legally and beneficially interested in, the entire registered capital of Shenzhen Leli in accordance with the applicable laws in the PRC;
- (viii) the payment of the purchase price in full by the Vendor in respect of the transfer of shares of Guard Libang and Shenzhen Leli being legally and beneficially interested in, 70% of the registered capital of Guard Libang;
- (ix) the receipt by the Purchaser of a legal opinion by a firm of qualified lawyers in the PRC in such form and substance satisfactory to the Purchaser;
- (x) during the period from the date of the Share Purchase Agreement to the Completion Date, there not having occurred any material adverse effect on the financial position and operating performance of Guard Libang;
- (xi) the passing of an ordinary resolution by the Shareholders at a special general meeting of the Company to approve, inter alia, the issuance of the Consideration Shares;
- (xii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Consideration Shares; and

(xiii) if so required, the Bermuda Monetary Authority shall have approved the issue of the Consideration Shares pursuant to the Share Purchase Agreement.

The Purchaser may in its absolute discretion at any time waive in writing any of the conditions set out in paragraphs (i) to (xiii) above (or any part thereof) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. The Purchaser shall not be entitled to exercise such right of waiver in respect of paragraphs (xi), (xii) and (xiii) above if as a result of such waiver the Purchaser would be in breach of the Listing Rules, the rules or regulations of any relevant governmental, statutory or regulatory authority or agency, or any other person or body, in Hong Kong or Bermuda.

If any of the above conditions has not been fully fulfilled or waived by 31 October 2006 (or such later date as may be agreed in writing between the Vendor and the Purchaser), the Vendor and the Purchaser shall not be bound to proceed with the sale and purchase of the entire issued share capital of Happy Sun and the Sale Loan and the Deposit shall forthwith be returned by the Vendor to the Purchaser, whereupon the Share Purchase Agreement shall cease to have any effect save for certain covenants and indemnities given by the Vendor and the Warrantors and certain general provisions, and save in respect of claims arising out of any antecedent breach of the Share Purchase Agreement.

Consideration

The aggregate consideration for the Acquisition is HK\$157,040,000. The consideration is payable by the Purchaser in the following manner:

- (i) within ten business days after the signing of the Share Purchase Agreement or two business days after the date of publication of this announcement, whichever is the earlier, a deposit of HK\$20,480,000 shall be paid by way of cash;
- (ii) within 30 days after the signing of the Share Purchase Agreement or 3 business days after the fulfillment of the conditions under paragraphs (vi), (vii) and (viii) under the section headed "Conditions" above (save and except for the payment of the purchase price for the relevant acquisition), a further deposit in an amount equal to HK\$13,650,000 shall be paid by way of cash;
- (iii) at Completion, an amount equal to HK\$34,110,000 shall be paid by way of cash; and
- (iv) at Completion, by way of the Company issuing and allotting to the Vendor (or its nominee as it may designate) 240,000,000 new Shares.

The consideration has been agreed by the parties after arm's length negotiation with reference to the amount of investment that Guard Libang has put into the development of the technology and related system in Instant Lottery Games. In arriving at the consideration, the Directors have also considered factors including, the prospect of Guard Libang taking into account, among other information, the patented technologies and software in the Instant Lottery Games developed by Guard Libang, the exclusive right of Guard Libang to establish the State-wide Instant Lottery Games networking system for Instant Lottery Games for the Welfare Lottery in China and the business opportunities in the growing Welfare Lottery market in China.

The consideration as to HK\$68,240,000 shall be paid in cash and financed by the Group's internal resources and/or borrowings from financial institutions or financed by way of new equity.

The Consideration Shares represent approximately 5.04% of the existing issued share capital of the Company and will represent about 4.79% of the enlarged issued share capital of the Company upon the issue and allotment of the Consideration Shares at Completion. The issue price of HK\$0.37 per Consideration Share represents:

- (i) a discount of approximately 1.33% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on 25 July 2006, being the last trading day of the Shares on the Stock Exchange before the publication of this announcement;
- (ii) a premium of approximately 4.52% to the average closing price of HK\$0.354 per Share for the last five consecutive trading days up to and including 25 July 2006;
- (iii) a premium of approximately 3.21% to the average closing price of HK\$0.3585 per Share for the last ten consecutive trading days up to and including 25 July 2006; and
- (iv) a premium of approximately 9.74 times over the audited consolidated net tangible assets of the Group of HK\$0.038 per Share as at 31 December 2005.

The Vendor has undertaken to the Company and the Purchaser that:

- (i) during the period commencing from the Completion Date and ending on the date which is six months after the Completion Date (the "First Period"), it shall not, inter alia, offer, pledge, charge, sell, contract to sell or otherwise transfer or dispose of, either directly or indirectly, any of the Consideration Shares; and
- (ii) during the period commencing from the expiry of the First Period and ending on the date which is six months after the expiry of the First Period, it shall not, inter alia, offer, pledge, charge, sell, contract to sell or otherwise transfer or dispose of, either directly or indirectly, more than 40% of the Consideration Shares.

The Consideration Shares will be issued pursuant to the Shareholders' approval to be sought by the Company at the Special General Meeting.

The Board considers that the terms of the Share Purchase Agreement are on normal and commercial terms, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Completion

Completion of the Share Purchase Agreement shall take place on the third business day immediately following the day on which all of the above conditions are satisfied or waived, or such later date as may be mutually agreed by the parties in writing.

As at the date of this announcement, there is no agreement between the Company and the Vendor as to whether the Vendor will nominate any person to the board of directors of the Company upon Completion.

Post Completion Obligations

The Vendor and the Purchaser has agree that within 30 days after Completion, the registered capital of Guard Libang shall increase by RMB20,000,000 (equivalent to approximately HK\$19,610,000) by way of:

1. the Purchaser procuring Shenzhen Leli to contribute RMB14,000,000 (equivalent to approximately HK\$13,730,000) for the increased amount of registered capital in Guard Libang; and

- the Vendor procuring the shareholders of Guard Libang (other than Shenzhen Leli) to contribute RMB6,000,000 for the increased amount of registered capital in Guard Libang.

INFORMATION ON THE HAPPY SUN GROUP

Happy Sun

Happy Sun is an investment holding company established in the British Virgin Islands with limited liability. It has no business activity save for being beneficially interested in the entire issued share capital of Success Trader.

Success Trader

Success Trader is an investment holding company established in Hong Kong with limited liability. It has no business activity save for the establishment of Success Trader (SZ) and being beneficially interested in the entire issued share capital of Success Trader (SZ).

Success Trader (SZ)

Success Trader (SZ) is a wholly foreign owned enterprise to be established in the PRC by Success Trader as its wholly owned subsidiary. It is a condition to Completion that Success Trader (SZ) be duly established under the applicable laws in the PRC and that Success Trader (SZ) will acquire the entire interest in the registered capital of Shenzhen Leli. Upon Completion, Success Trader (SZ) will be legally and beneficially interested in the entire registered capital of Shenzhen Leli.

Shenzhen Leli

Shenzhen Leli is a limited liability company established in the PRC on 23 June 2006 with a registered capital of RMB30,000. Shenzhen Leli is legally and beneficially interested in 70% of the entire registered capital of Guard Libang. The scope of business of Shenzhen Leli includes development in technological products and information technology. Currently, Shenzhen Leli does not engage in any business activity except that as at the date of the announcement, it owns the 70% equity interests in Guard Libang.

Guard Libang

Guard Libang is a limited liability company established in the PRC on 2 January 2003 with a registered capital of RMB48,580,000. Guard Libang is principally engaged in the provision of systems and verification technology for Instant Lottery Games in China administered by the China Welfare Lottery Administration Center. Such services have been provided by utilizing the proprietary 2D barcode anti-counterfeiting verification system developed by Guard Libang. In connection with such system, Guard Libang is also engaged in the development of related implementation devices based on RFID and wireless networking technologies and related logistics systems. Guard Libang has exclusive right to establish the State-wide Instant Lottery Games networking system for the China Welfare Lottery Administration Center based on the proprietary 2D barcode anti-counterfeiting verification system developed by Guard Libang. Currently, Guard Libang has contracted to provide services to the operation and management of Instant Lottery Games for 11 provincial and municipal Welfare Lottery Administration Centers. Guard Libang has obtained the necessary licenses in relation to the operation of its business. According to the operating licence of Guard Libang, its scope of business includes development in the technological know-how of lottery machines, transfer of technological know-how and provision of training. Apart from such licenses, Guard Libang does not require the obtaining of any license or authorization from the relevant authority in the PRC to carry on its business.

The technological services in the Instant Lottery Games provided by Guard Libang includes, the provisions and the implementation of a comprehensive logistic administration, sales and management system to various provinces and municipalities. Such system includes anti-counterfeiting system, printing management system, instant prize verifying system, mobile verification system, warehouse management system and sales system. The system machinery includes, lottery scanning devices, ticket issuing machines, prize awarding machines and warehouse managing PDAs.

Guard Libang is also involved in the design of various Instant Lottery Games. Through conducting market research and analysis, Guard Libang makes new Instant Lottery Games proposals for the purpose of developing the lottery market and improving the sales of Instant Lottery Games. Such proposals will be subject to the review and approval by relevant authorities in the PRC Government including the Welfare Lottery Administration Center and the Ministry of Finance.

Guard Libang is operating on a revenue model based on the provision of integrated and technological services in the Instant Lottery Games in China and it shares certain percentage of the revenue generated from Instant Lottery Games. The relevant percentage rate has been negotiated on the basis of the actual commercial circumstances, e.g. the urgency of the provision of the services, the design of the whole networking system to be deployed and market potential. The amount of revenue of Guard Libang arising from the sharing of sales generated from the Instant Lottery Games network was RMB680,000 and RMB1,700,000 for the years ended 31 December 2004 and 31 December 2005 respectively.

Guard Libang has its headquarters in Beijing and has been in cooperation with China Welfare Lottery Administration Center for over 3 years and it has growing track records since its establishment.

Guard Libang is engaged in projects with 11 provincial and municipal Welfare Lottery Administration Centers which, *inter alia*, involve the construction of various Instant Lottery Games ticket issuing and sale administration system in various provinces within the PRC. Guard Libang is working directly with provincial and municipal units of China Welfare Lottery Administration Center in the provision of its services and the generation of its revenue.

Welfare Lottery Business in China

The lottery market in China can be broadly classified into two categories, Welfare Lottery and sports lottery:

Sports Lottery

Sports Lottery is administered by China Sport Lottery Administration Center, which roughly accounted for 42% market share in the Chinese lottery market in 2005. Guard Libang did not participate in this lottery market.

Welfare Lottery

Welfare Lottery commenced operation in 1987 which accounted for about 58% market share in the Chinese lottery market in 2005. It provides an alternative revenue source for the welfare activities in China.

At present, games covered by Welfare Lottery can broadly be divided into:-

- Computer Ticket Games (CTGs)
- Instant Lottery Games or Scratch Cards; and
- On-line Games (including Video Lottery Terminals (VLT) and Keno (VLT/Keno))

Instant Lottery Games

Instant Lottery Games involves the sale of scratch cards by Instant Lottery Games point of sales operators. By scratching certain area of the card, information can be revealed as to whether a prize is won. A person holding a winning card may collect his/her prize from the Instant Lottery Games point of sales operators where the amount of prize won and the genuineness of the card will be verified. Such verification process is conducted by utilizing the proprietary 2D barcode anti-counterfeiting verification system developed by Guard Libang over a real time online network which links up the point of sales and the data centre.

The services offered by Guard Libang include the development and provision of system, machineries and games for Instant Lottery Games network for the Welfare Lottery industry in China.

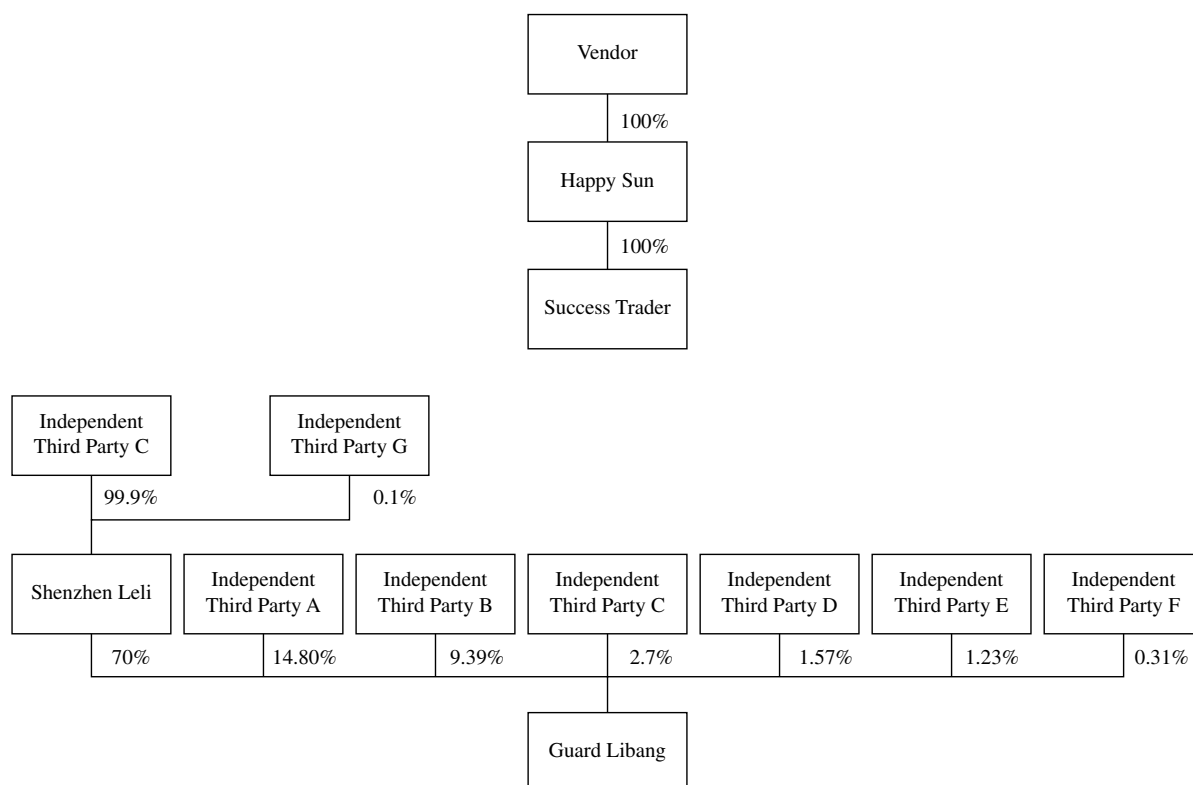
Instant Lottery Games network involves the establishment of real time online system for the distribution and verification of the genuineness of the card in the Instant Lottery Games of the Welfare Lottery industry in China based on the proprietary anti-counterfeiting technology developed by Guard Libang.

The issuance of Instant Lottery Games in China is subject to the approval of the relevant authorities in China, including the Ministry of Finance. The sales of the Instant Lottery Games is performed by Instant Lottery Games point of sales operators separately authorized by the State, provincial and municipal Welfare Lottery Centers in China.

Shareholding Structure of Guard Libang

As at the date of this announcement, the entire registered capital of Guard Libang is owned by Shenzhen Leli and 6 Independent Third Parties.

The shareholding structure of the Happy Sun Group as at the date of this announcement is as follows:

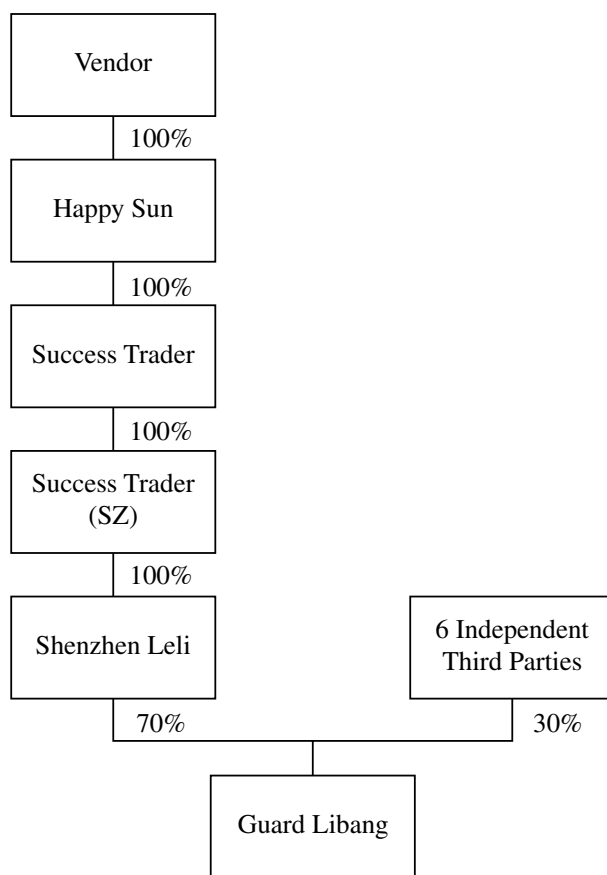


Pursuant to the Share Transfer Contract, two Independent Third Parties have agreed to transfer the entire registered capital in Shenzhen Leli to Success Trader or a wholly-owned subsidiary of Success Trader established in the PRC. The satisfactory completion of the Share Transfer is a condition precedent to Completion and it is the understanding between the parties to the Share Purchase Agreement that the Vendor will be responsible for paying the consideration to the relevant Independent Third Party for the Share Transfer.

In that regard, upon completion of the Share Transfer, the entire registered capital of Shenzhen Leli will be owned by Success Trader (SZ).

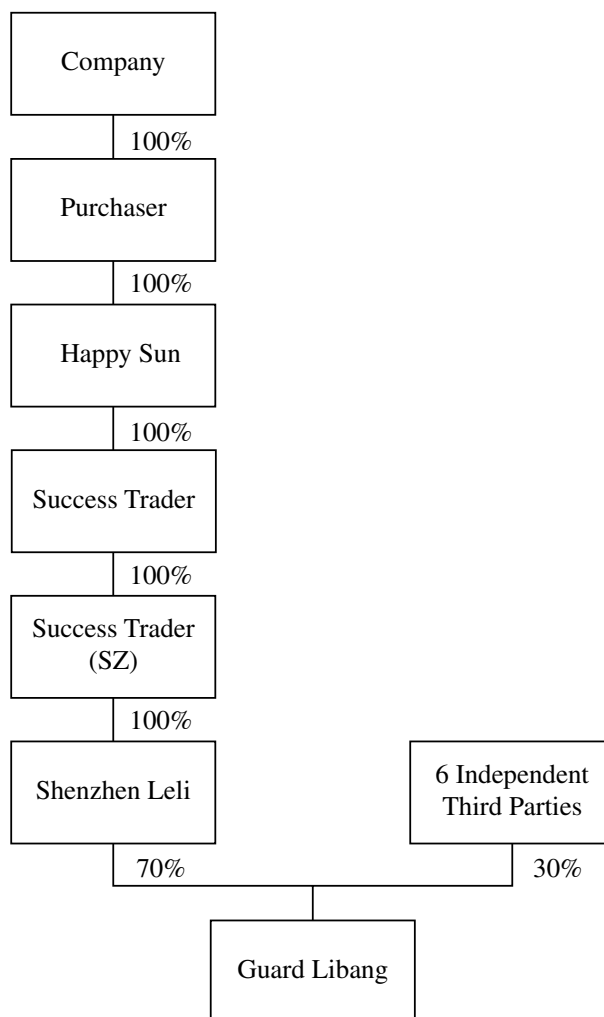
The 6 Independent Third Parties which hold 30% interest in Guard Libang do not have any relationship with the Vendor save and except the fact that one of those Independent Third Parties are vendors under the Share Transfer Contract.

The shareholding structure of the Happy Sun Group as at the completion of the Share Transfer will be as follows:



Upon completion of the Share Transfer and the Acquisition, the Purchaser will, legally and beneficially hold the entire issued share capital of Happy Sun and Success Trader and through Success Trader, will legally and beneficially hold the entire registered capital in Success Trader (SZ) and Shenzhen Leli and through Shenzhen Leli, will legally and beneficially hold 70% interest in the registered capital of Guard Libang.

The shareholding structure of the Happy Sun Group as at the completion of the Share Transfer and the Acquisition will be as follows:



Upon Completion, the Purchaser will, through Happy Sun, Success Trader, Success Trader (SZ) and Shenzhen Leli, be indirectly interested in 70% interest in the registered capital of Guard Libang.

The audited net asset value of Guard Libang as at 30 June 2006, 31 December 2005 and 31 December 2004 was approximately RMB46,745,000 (equivalent to approximately HK\$45,828,000), RMB46,607,000 (equivalent to approximately HK\$45,693,000) and RMB37,490,000 (equivalent to HK\$36,755,000) respectively.

The audited net profit of Guard Libang before and after tax for the six months ended 30 June 2006 was approximately RMB139,000 (equivalent to approximately HK\$136,000). The audited net loss of Guard Libang for the year ended 31 December 2005 was approximately RMB1,287,000 (equivalent to approximately HK\$1,262,000). The audited net profit of Guard Libang before and after taxation for the year ended 31 December 2004 was approximately RMB351,000 (equivalent to approximately HK\$344,000).

While the principal business of Guard Libang has always been the provision of services relating to the Instant Lottery Games network, profit of Guard Libang for the year ended 31 December 2004 was mainly attributed by the sales of certain software developed by Guard Libang which was not directly related to the Instant Lottery Games network. For the year ended 31 December 2005, the businesses of Guard Libang were mainly focused on the development of network systems and the provision of related services in the Instant Lottery Games network in China. Since such network development was still in its preliminary stage and has not yet been fully deployed, such business did not record substantial return in

2005. In 2006, Guard Libang is engaged in constructing Instant Lottery Games network for provinces or municipalities which it has entered into agreements with. Since such Instant Lottery Games networks are still in construction stage for some provinces or municipalities and has not yet been fully deployed, such business has not recorded substantial return.

As each of Happy Sun, Success Trader, Success Trader (SZ) and Shenzhen Leli has not yet commenced any business as at the date of this announcement, information relating to their respective turnovers and profits are not available. Upon completion of the Acquisition, the consolidated financial results of the Happy Sun Group will be consolidated in the consolidated accounts of the Group. The Company and the Purchaser will decide from time to time whether additional capital may be required to fund the growth of the lottery business including the development of Guard Libang's businesses. In such circumstances, the Company may finance its funding requirement either by equity or debts including, but not limited to, shareholders' loans and/or bank borrowings. Should additional equity or debt financing be raised, the Company will make further announcement in compliance with the Listing Rules.

Under the current shareholding structure of Guard Libang, Shenzhen Leli is entitled to nominate and appoint the members of the board of directors of Guard Libang in proportion to its shareholding in Guard Libang. As the Company will be indirectly interested in the entire registered capital of Shenzhen Leli, it is expected that upon Completion, the Company will be entitled to exercise its power as a controlling shareholder in the board of directors of Guard Libang. The Company will also be entitled to nominate and appoint all the members of the board of directors in Happy Sun, Success Trader, Success Trader (SZ) and Shenzhen Leli.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of financial services including broking, securities margin financing, money lending, investment trading and holding, corporate finance and asset management.

The Company has been proactively identifying suitable investment opportunities to enhance the Group's revenue base and profitability. The Directors are of the view that its proposed investment in Guard Libang through the Happy Sun Group will provide an exciting opportunity for the Group to diversify its business into the provision of system, machinery and services for Instant Lottery Games of the Welfare Lottery market in China. The revenue generated by Welfare Lottery in China has increased from RMB22.6 billion in 2004 to RMB41 billion in 2005 (an increase of approximately 80%). Through the Acquisition, the directors believe that by utilizing the advantages that the Group has established in its technologies and market on CTGs, synergies can be created on technologies and markets on Instant Lottery Games and CTGs, so as to strengthen the Group's position in the lotteries industry and thereby increase its market share. This can result in reducing the Group's research and development expenses in the lotteries business, increase operating income and bring long term profitability and positive effects to the Group. Furthermore, through the Acquisition, the Group will participate in the provision of system and machineries to two out of the three categories of games, being CTGs and Instant Lottery Games, currently available in the Welfare Lottery industry in China. The shareholdings of the Company can also be broadened further and most importantly, the Company is able to provide a more comprehensive and quality service to the Welfare Lottery industry in China.

The Directors believe that the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Upon the issue and allotment of the Consideration Shares	
	No. of Shares	%	No. of Shares	%
Kingly Profits Corporation (Note)	1,898,805,635	39.84	1,898,805,635	37.93
Gandhara Master Fund Limited	649,150,000	13.62	649,150,000	12.97
Magic Dynasty Limited	500,000,000	10.49	500,000,000	9.99
The Vendor (or its nominee)	–	–	240,000,000	4.79
Public	1,718,044,365	36.05	1,718,044,365	34.32
Total	<u>4,766,000,000</u>	<u>100.00</u>	<u>5,006,000,000</u>	<u>100.00</u>

Note:

Kingly Profits Corporation is owned as to 70.18% by King United Agents Limited, King United Agents Limited is wholly-owned by Mr. To Shu Fai.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands and is an investment holding company. It is ultimately owned by an Independent Third Party. The principal business of the Vendor is holding the entire issued share capital of Happy Sun.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

The Acquisition contemplated under the Share Purchase Agreement constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

A circular containing further details of the Share Purchase Agreement and a notice convening the Special General Meeting to approve the issuance of the Consideration Shares as required under Chapter 14 of the Listing Rules will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

GENERAL

At the request of the Company, trading in the Shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 26 July 2006 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares of the Company with effect from 9:30 a.m. on 1 August 2006.

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

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capital of Happy Sun by the Purchaser from the Vendor pursuant to the Share Purchase Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	REXCAPITAL Financial Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the third business day immediately following the day on which all of the conditions in the Share Purchase Agreement are satisfied or waived, or such later date as may be mutually agreed by the parties in writing
“Consideration Share(s)”	240,000,000 new Shares to be issued at the price of HK\$0.37 per Share for settlement of the consideration of HK\$88,800,000 payable by the Purchaser to the Vendor (or its nominee) under the Share Purchase Agreement
“CTGs”	computer ticket games, being a category of Welfare Lottery games
“Deposit”	the amount of HK\$34,130,000 paid by the Purchaser to the Vendor under the Share Purchase Agreement prior to Completion
“Director(s)”	director(s) including independent non-executive director(s) of the Company
“Group”	the Company and its subsidiaries
“Guard Libang”	北京戈德利邦科技有限公司, a limited liability company established in the PRC to be indirectly owned as to 70% by Happy Sun as at Completion
“Happy Sun”	Happy Sun Technologies Ltd., a company incorporated in the British Virgin Islands with limited liability and will be indirectly interested in 70% of Guard Libang as at Completion
“Happy Sun Group”	the group of companies comprising Happy Sun and its subsidiaries which shall be deemed to include Success Trader (SZ), Shenzhen Leli and Guard Libang for the purposes of this announcement

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) together with its/their beneficial owner(s) who or which is/are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, are not connected person(s) (as defined in the Listing Rules) to the Company
“Instant Lottery Games”	Instant Lottery Games or Scratch Cards, being a category of Welfare Lottery games
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Purchaser”	Genius Nation Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sale Loan”	the entire shareholder’s loan which is due and owing by Happy Sun to the Vendor which shall not be less than US\$4,300,000 as at Completion and is expected not to exceed US\$4,500,000
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the conditional “Agreement for the Sale and Purchase of Shares and the Assignment of Loan” dated 25 July 2006, entered into between the Purchaser, the Company, the Vendor and the Warrantors in relation to the Acquisition
“Shareholder(s)”	holders of the Shares
“Shenzhen Leli ”	深圳樂利科技發展有限公司, a limited liability company established in the PRC to be indirectly wholly owned by the Company upon Completion
“RFID”	Radio Frequency Identification
“Share Transfer”	the transfer of an aggregate of the entire registered capital of Shenzhen Leli pursuant to the Share Transfer Contract, the completion of the Share Transfer is a condition precedent to Completion
“Share Transfer Contract”	the share transfer contract entered into between 2 Independent Third Parties as vendors and Success Trader as purchaser on 18 July 2006 in relation to the sale and purchase of the entire registered capital of Shenzhen Leli
“Special General Meeting”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the issuance of the Consideration Shares pursuant to the Share Purchase Agreement, including any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Trader”	Success Trader Technologies Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Happy Sun

“Success Trader (SZ)”	誠業利邦科技發展(深圳)有限公司, a wholly foreign owned enterprise to be established in the PRC, in which Success Trader will be beneficially interested in its entire registered capital as at Completion
“Vendor”	Gain Silver International Limited, a company incorporated in the British Virgin Islands and an Independent Third Party
“Warrantors”	Two Independent Third Parties
“Welfare Lottery”	means welfare lottery games in the PRC, details of which are set out in the paragraph headed “Welfare Lottery” under the section headed “Welfare Lottery Business in China” of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Chan How Chung, Victor
Executive Director

As at the date of this announcement, the Board comprises two executive directors namely Mr. Chan How Chung, Victor and Mr. Boo Chun Lon and three independent non-executive directors namely Mr. Yuen Wai Ho, Mr. On Kien Quoc and Mr. Chow Siu Ngor.

Hong Kong, 31 July 2006

For the purpose of this announcement, except as otherwise indicated, RMB has been translated into HK\$ at the rate of HK\$1.00 = RMB1.02 for reference purpose only.

Please also refer to the published version of this announcement in The Standard.