
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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)

DISCLOSEABLE TRANSACTION

A letter from the board of the directors of REXCAPITAL Financial Holdings Limited (the “**Company**”) is set out on pages 5 to 23 of this circular.

A notice dated 18 August 2006 convening the Special General Meeting of the Company to be held at 34/F., COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong, at 4:30 p.m. on Friday, 8 September 2006 is set out at the end of this circular. Whether or not you are able to attend the Special General Meeting, you are strongly urged to complete and sign the enclosed form of proxy, in accordance with the instructions printed thereon, and to lodge them with the branch share registrar of the Company in Hong Kong, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in an event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting should you so wish.

18 August 2006

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	5
The Share Purchase Agreement	6
Information of the Happy Sun Group	12
Reasons for and Benefits of the Acquisition	20
Financial Effects of the Acquisition	20
Effects on Shareholding Structure	21
Information on the Vendor	21
Application for Listing	21
Listing Rules Implications	22
Special General Meeting	22
Recommendation of the Board	23
Additional Information	23
Appendix – General Information	24
Notice of Special General Meeting	30

DEFINITIONS

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

“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

DEFINITIONS

“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 circular
“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
“Latest Practicable Date”	15 August 2006, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 730,000,000 Shares by Bear Stearns Asia Limited on behalf of Kingly Profits Corporation at the placing price of HK\$0.35 per Share
“PRC”	the 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
“RFID”	Radio Frequency Identification

DEFINITIONS

“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Share Transfer”	the transfer 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 the vendors and Success Trader as the purchaser on 18 July 2006 in relation to the sale and purchase of the entire registered capital of Shenzhen Leli
“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
“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
“Subscription”	the subscription of 730,000,000 Shares by Kingly Profits Corporation at the subscription price of HK\$0.35 per Share

DEFINITIONS

“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 enterprises 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 circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this circular, unless otherwise stated, conversion of RMB into HK\$ is based on the exchange rate of HK\$1 = RMB1.02, for the purpose of illustration only, and do not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at this or any other rate.

LETTER FROM THE BOARD



REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

Executive Directors:

Chan How Chung, Victor
Boo Chun Lon

Independent non-executive Directors:

Yuen Wai Ho
On Kien Quoc
Chow Siu Ngor

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*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

18 August 2006

DISCLOSEABLE TRANSACTION

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

Reference is made to the announcement issued by the Company dated 31 July 2006 in relation to the Acquisition.

It was announced 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.

LETTER FROM THE BOARD

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. The purpose of this circular is to provide the Shareholders with information in compliance with the Listing Rules in relation to (a) the Acquisition; and (b) a notice to the Shareholders convening the Special General Meeting to approve the issuance of the Consideration Shares. No Shareholder is required to abstain from voting in the Special General Meeting.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date 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 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;

LETTER FROM THE BOARD

- (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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, the condition set out in paragraph (xiii) above has been satisfied.

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 10 business days after the signing of the Share Purchase Agreement or 2 business days after the date of publication of the announcement of the Company dated 31 July 2006, whichever is the earlier, a deposit of HK\$20,480,000 shall be paid by way of cash;
- (ii) within 30 business 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;

LETTER FROM THE BOARD

- (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 on Instant Lottery Games for the Welfare Lottery market 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 proceeds raised from the Placing and Subscription, details of which are set out in the announcements of the Company dated 3 August 2006 and 4 August 2006 respectively. The Placing and the Subscription were completed on 8 August 2006 and 11 August 2006 respectively.

The Consideration Shares represent approximately 5.04% of the issued share capital of the Company as at the date of the Share Purchase Agreement, and approximately 4.37% of the issued share capital of the Company as at the Latest Practicable Date; and will represent about 4.18% 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;
- (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;
- (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; and
- (v) a premium of approximately 7.25% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

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. Application will be made to the Stock Exchange for listing and permission to deal in the Consideration Shares. The issue of the Consideration Shares will not lead to any change of control in the Company.

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 Latest Practicable Date, 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 business 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

LETTER FROM THE BOARD

2. 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 OF 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 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 Latest Practicable Date, it owns the 70% equity interests in Guard Libang.

LETTER FROM THE BOARD

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 the 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 it. Currently, Guard Libang has contracted to provide services on 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 provision 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 machineries include 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 to develop the Welfare 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 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. As such, the percentage rate to be shared by Guard Libang for each contract may vary on a case by case basis. 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.

LETTER FROM THE BOARD

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 a growing track record 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 Sports Lottery Administration Center, which roughly accounted for 42% market share in the Chinese lottery market in 2005. Guard Libang does 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**))

LETTER FROM THE BOARD

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 Instant Lottery Games of the Welfare Lottery industry in China based on the proprietary anti-counterfeiting technology developed by Guard Libang.

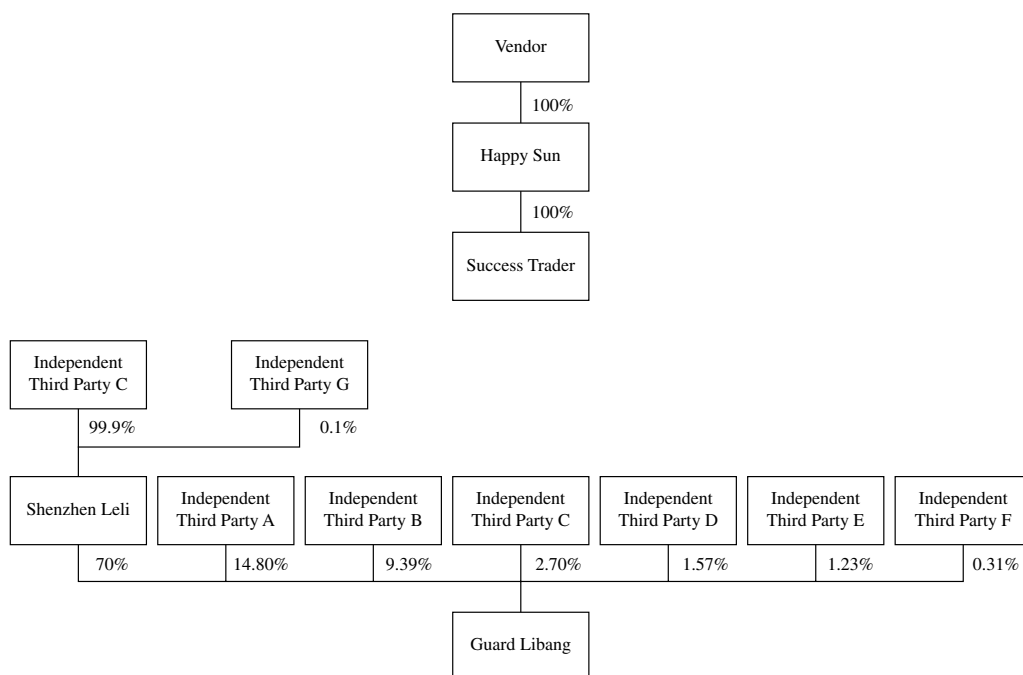
The issuance of Instant Lottery Games in China is subject to the approval of the relevant authorities in China, including the Ministry of Finance. The sales of the Instant Lottery Games is performed by Instant Lottery Games point of sales operators separately authorized by the State, provincial and municipal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

LETTER FROM THE BOARD

Shareholding Structure of Guard Libang

As at the Latest Practicable Date, 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 Latest Practicable Date is as follows:



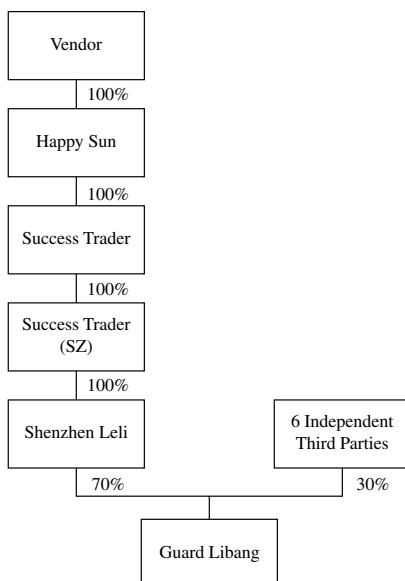
Pursuant to the Share Transfer Contract, two Independent Third Parties have agreed to transfer the entire registered capital in Shenzhen Leli to Success Trader or a wholly-owned subsidiary of Success Trader established in the PRC. The satisfactory completion of the Share Transfer is a condition precedent 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 is a vendor under the Share Transfer Contract.

LETTER FROM THE BOARD

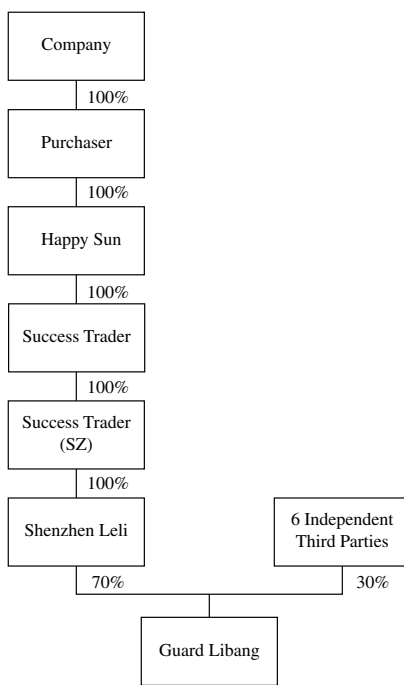
The shareholding structure of the Happy Sun Group as at the completion of the Share Transfer will be as follows:



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.

LETTER FROM THE BOARD

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).

LETTER FROM THE BOARD

While the principal business of Guard Libang has always been the provision of services relating to 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 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 their construction stage in 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 Latest Practicable Date, 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 as to 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.

On 3 August 2006 and 4 August 2006, the Company made announcements in relation to the Placing and the Subscription. The net proceeds from the Placing and the Subscription were approximately HK\$250 million. It was intended that approximately HK\$68 million would be used to pay the consideration for the Acquisition under the Share Purchase Agreement and RMB14 million (equivalent to approximately HK\$13,730,000) would be used for the increase in the registered capital of Guard Libang pursuant to the Share Purchase Agreement. The remaining balance of up to HK\$168 million would be used for general working capital of the Group, including financing future working capital requirement of Happy Sun upon completion of the Acquisition.

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.

LETTER FROM THE BOARD

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.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, Guard Libang will be effectively beneficially owned as to 70% by the Group and it is expected that the Group will be entitled to exercise its power as controlling shareholder in the board of directors of Guard Liabang. Accordingly, its assets and liabilities and financial results will be consolidated in the next consolidated accounts of the Group. The Directors expect there will be an increase in the total assets of the Group after completion of the Acquisition but there will be no immediate material effect on the earnings of the Group. The total consideration for the Acquisition is HK\$157,040,000 which will be satisfied as to HK\$68,240,000 by way of cash and as to HK\$88,800,000 by the issue of the Consideration Shares. The cash consideration together with the sum proposed to be contributed into the registered capital of Guard Libang in the amount of RMB14,000,000 will be financed by the net proceeds of the Placing and Subscription. As such, it is expected that the Acquisition will not have any material impact on the liabilities of the Group.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately upon the issue and allotment of the Consideration Shares are as follows:

	As at the Latest Practicable Date		Upon the issue and allotment of the Consideration Shares	
	No. of Shares	%	No. of Shares	%
Kingly Profits Corporation (<i>Note</i>)	1,898,805,635	34.55	1,898,805,635	33.10
The placees under the Placing	730,000,000	13.28	730,000,000	12.73
Gandhara Master Fund Limited	649,150,000	11.81	649,150,000	11.32
Magic Dynasty Limited	500,000,000	9.10	500,000,000	8.72
The Vendor (or its nominee)	–	–	240,000,000	4.18
Public	<u>1,718,044,365</u>	<u>31.26</u>	<u>1,718,044,365</u>	<u>29.95</u>
Total	<u><u>5,496,000,000</u></u>	<u><u>100.00</u></u>	<u><u>5,736,000,000</u></u>	<u><u>100.00</u></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.

LETTER FROM THE BOARD

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.

SPECIAL GENERAL MEETING

Approval from the Shareholders will be sought at the Special General Meeting for the issuance of the Consideration Shares.

The notice convening the Special General Meeting, at which an ordinary resolution will be proposed to approve the issuance of the Consideration Shares pursuant to the Share Purchase Agreement, including any adjournment thereof is set out on pages 30 to 31 of this circular. A form of proxy for use at the Special General Meeting is enclosed.

Whether or not you are able to attend the Special General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed on it and deposit it at the office of the Company's branch registrar in Hong Kong, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event so as to arrive not less than 48 hours before the time for holding the Special General Meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting in person at the Special General Meeting, if you are so desire.

According to bye-law 70 of the bye-laws of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (i) the chairman of such meeting; or
- (ii) at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person or by a duly authorised 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
- (iv) any Shareholder or Shareholders present in person or by a duly authorised 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; or

LETTER FROM THE BOARD

- (v) if required by the Listing Rules, by the chairman of the meeting and/or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights of such meeting.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as demand by a Shareholder.

RECOMMENDATION OF THE BOARD

Based on the relevant information disclosed herein, the Directors believe that the Acquisition and the issuance of the Consideration Shares is fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the issuance of the Consideration Shares.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular.

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

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.

SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date were as follows:

		Par Value per Share (HK\$)	<i>HK\$</i>
<i>Authorized:</i>			
20,000,000,000	Shares authorized as at the Latest Practicable Date	0.01	200,000,000
<u>20,000,000,000</u>			<u>200,000,000</u>
<i>Issued and fully paid:</i>			
5,496,000,000	Shares issued as at the Latest Practicable Date	0.01	54,960,000
240,000,000	Shares to be allotted and issued as the Consideration Shares	0.01	2,400,000
<u>5,736,000,000</u>	Shares		<u>57,360,000</u>

DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interest and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transaction by Directors of Listed Companies are as follows:

Long position in the Shares

Name of Director	Number of Shares held	Nature of interests	Approximate percentage of issued share capital
Chan How Chung, Victor ("Mr. Chan")	717,902,690	Interest of a controlled corporation (<i>Note</i>)	13.06%

Note:

Mr. Chan was taken to be interested in 717,902,690 Shares by virtue of his 83.88% attributable shareholding interest in TingKong-RexCapital Holdings Limited. TingKong-RexCapital Holdings Limited is a contributory of TKR Finance Limited (in liquidation), which had a security interest over such Shares. TingKong-RexCapital Holdings Limited was owned as to 52.1% by REXCAPITAL Partners Incorporated and as to 44.8% by Mr. Chan. REXCAPITAL Partners Incorporated was owned as to 75% by Mr. Chan.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which he/she was taken or deemed to have under such provisions of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10(2) of the Listing Rules, details of the interests held by the Directors in business which is considered to compete or are likely to compete, either directly or indirectly, with the business of the Group, are disclosed as follows:

Name of company	Competing business
D&M Finance Limited (“D&M”)	Money lending
RPI Finance Limited (“RPI”)	Money lending
TKR Finance Limited (“TKR”) (in liquidation)	Money lending

Mr. Chan How Chung, Victor is a director of the above companies and is deemed to be a substantial shareholder of RPI and TKR. The terms and conditions of the financing loans of each of D&M, RPI and TKR are market driven and agreed at arm’s length between the borrowers and the financiers. When making decisions on the above competing businesses, the relevant Director, in the performance of his duty as director of the Company, has acted and will continue to act in the best commercial interest of the Group.

INTERESTS OF SHAREHOLDERS

Substantial shareholders

Interests in the Company

So far as is known to the Directors, as at the Latest Practicable Date, each of the following persons, other than a director or chief executive of the Company, had an interest and/or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group:

Name of Shareholder	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Kingly Profits Corporation	Beneficial and other interest	1,898,805,635 <i>(Note 1)</i>	34.55%
TKR Finance Limited (in liquidation)	Security interest	864,102,690	15.72%
TingKong-RexCapital Holdings Limited	Interest in controlled corporation	717,902,690 <i>(Note 2)</i>	13.06%
Gandhara Master Fund Limited	Beneficial	649,150,000	11.81%
CITIC Media Group Limited	Interest in controlled corporation	500,000,000	9.10%

Notes:

1. These Shares were held by Kingly Profits Corporation, which was owned as to 70.18% by King United Agents Limited. King United Agents Limited was wholly owned by Mr. To Shu Fai.
2. TingKong-RexCapital Holdings Limited was owned as to 52.1% by REXCAPITAL Partners Incorporated and as to 44.8% by Mr. Chan How Chung, Victor, a director of the Company. REXCAPITAL Partners Incorporated was owned as to 75% by Mr. Chan. The interest disclosed herein was the same as the interest of Mr. Chan as disclosed in the section under "Directors' Disclosure of Interests" in this Appendix.

Interest in 深圳樂彩科技有限公司 (Shenzhen Le Cai Technology Limited) (Note 3)

	Percentage of the issued share capital
中信文化傳媒集團有限公司 (CITIC Media Group Limited)	10%

Interest in 深圳市思樂數據技術有限公司 (Shenzhen Sinodata Technology Co., Ltd.) (Note 4)

	Percentage of the issued share capital
國旅聯合股份有限公司 (China United Travel Co., Ltd.)	22.23%
潘金強 (Pan Jin Qiang)	12.67%
徐思凡 (Xu Si Fan)	12.67%

Notes:

- Shenzhen Le Cai Technology Limited is indirectly owned as to 90% by the Company.
- Shenzhen Sinodata Technology Co., Ltd. is directly owned as to 45.44% by Shenzhen Lots Technology Limited.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, no other person has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group (excluding contracts expiring or terminable by the employer within a year without payment of any compensation (other than statutory compensation)).

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

GENERAL

- (i) The English language text of this document shall prevail over the Chinese language text.
- (ii) The Secretary of the Company is Ms. Ng Yuen Yee, *ACS, ACIS*.
- (iii) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Ma Kwok Hung, Warren, *FCCA, CPA*.
- (iv) The Company's branch share registrars and transfer office in Hong Kong is Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

NOTICE OF SPECIAL GENERAL MEETING



REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

NOTICE IS HEREBY GIVEN that a special general meeting (the “Special General Meeting”) of REXCAPITAL Financial Holdings Limited (the “Company”) will be held at 34/F., COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong on Friday, 8 September 2006 at 4:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the directors of the Company be and are hereby authorized to issue 240,000,000 new shares of the Company (the “Shares”) at a price of HK\$0.37 per Share for settlement of the consideration of HK\$88,800,000 payable by Genius Nation Limited to Gain Silver International Limited (or its nominee) under the conditional agreement for the sale and purchase of shares and the assignment of loan dated 25 July 2006, entered into between Genius Nation Limited as purchaser, the Company, Gain Silver International Limited as vendor and two independent third parties as warrantors in relation to the proposed acquisition of the entire issued share capital of Happy Sun Technologies Ltd.”

By order of the board of
REXCAPITAL Financial Holdings Limited
Chan How Chung, Victor
Executive Director

Hong Kong, 18 August 2006

Notes:

1. Any member of the Company (the “Member”) entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Vote may be given either personally or by a duly authorized corporate representative or by proxy. A Member who is the holder of two or more shares of the Company (the “Shares”) may appoint more than one proxy to attend on the same occasion provided that, if more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed. A proxy need not be a Member. In addition, a proxy or proxies representing either an individual Member or a Member which is a corporate, shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, without limiting the generality of foregoing, but subject to the right to vote individually on a show of hands.

NOTICE OF SPECIAL GENERAL MEETING

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is corporation, either under seal or under the hand of an officer or attorney duly authorized.
3. A form of proxy for the Meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority shall be deposited at the Company's share registrar in Hong Kong, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude of a Member from attending and voting in person at the meeting or poll concerned.
4. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution unless it states that it is valid for all meetings whatsoever until revoked with the exception that any instrument may be used at any adjournment of the meeting for which it was originally intended and on a poll demanded at a meeting or adjourned meeting provided that in all these cases the meeting was originally held within 12 months from such date.
5. The instrument appointing a proxy to vote shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.
6. A vote given in accordance with the terms of an instrument of proxy or power of attorney or by the duly authorized corporate representative of a corporation shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or power of the attorney or other authority under which the proxy was executed or transfer of the Share in respect of which the proxy is given provided that no intimation in writing of the death, insanity, revocation or transfer has been received at the office or such other place as was specified for the deposit of instrument of proxy or by the chairman of the meeting at least 2 hours before the commencement of the meeting or adjourned meeting at which the instrument of proxy is used.