

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



REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

RESUMPTION OF TRADING DISCLOSEABLE AND CONNECTED TRANSACTION

The Board is pleased to announce that on 18 July 2007, Genius Nation (a direct wholly-owned subsidiary of the Company), Cityhorizon and the Cityhorizon Guarantors entered into the Gentleigh Share Transfer Contract pursuant to which Genius Nation has agreed to acquire, and Cityhorizon has agreed to sell, the entire interest in the share capital of Gentleigh. Completion of the Gentleigh Share Transfer Contract is conditional upon fulfillment of certain conditions. Following the Gentleigh Completion, Shenzhen Leli, an indirect wholly-owned subsidiary of the Company will acquire, and Yida Juncai will sell, a 30% interest in the registered capital of Guard Libang pursuant to the GLB Share Transfer Contract. (Genius Nation acquired a 70% indirect interest in Guard Libang in 2006. Reference is made to the announcements of the Company dated 31 July 2006 and 21 November 2006 respectively.)

On 18 July 2007, the Company, Genius Nation, Scientific Games Luxembourg and Scientific Games entered into the Happy Sun Sale and Purchase Agreement pursuant to which Scientific Games Luxembourg has agreed to acquire, and Genius Nation has agreed to sell, a 50% interest in the share capital of Happy Sun in consideration of RMB210,000,000. Happy Sun Completion is conditional upon, inter alia, the completion of the transfer of equity under the GLB Share Transfer Contract in accordance with its terms and Shenzhen Leli being legally and beneficially interested in the entire registered capital of Guard Libang in accordance with the applicable laws in the PRC. At Happy Sun Completion, Scientific Games Luxembourg will pay the Scientific Games Consideration to Genius Nation, following which (i) Genius Nation will pay RMB110,000,000 in cash to Happy Sun as consideration for subscribing for one Subscription Share under the Subscription Agreement, and Scientific Games Luxembourg will contribute the Know-how and the Consulting Services to Happy Sun as consideration for subscribing for one Subscription Share under the Subscription Agreement; and (ii) Genius Nation will pay Gentleigh the Gentleigh Consideration under the Gentleigh Share Transfer Contract.

The Gentleigh Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Happy Sun Sale and Purchase Agreement and the Subscription Agreement constitute a discloseable transaction under Chapter 14 of the Listing Rules. Since the Happy Sun Sale and Purchase Agreement and the Subscription Agreement are conditional upon the series of transactions contemplated under the Gentleigh Share Transfer Contract, the Transactions are subject to the Independent Shareholders' approval.

The Directors have appointed the Independent Board Committee, comprising three independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Transactions. An independent financial adviser will also be appointed to advise the Independent Board Committee and Independent Shareholders in relation to the Transactions.

A circular containing, among other things, details of the Transactions, a letter from the independent financial adviser containing its advice to the Independent Board Committee on the Transactions, the recommendation of the Independent Board Committee regarding the Transactions to the Independent Shareholders and the notice of the SGM will be distributed to the Shareholders as soon as practicable.

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 19 July 2007 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 2:30 p.m. on 25 July 2007.

BACKGROUND

On 18 July 2007, Genius Nation (a direct wholly-owned subsidiary of the Company), Cityhorizon and the Cityhorizon Guarantors entered into the Gentleigh Share Transfer Contract pursuant to which Genius Nation has agreed to acquire, and Cityhorizon has agreed to sell, the entire interest in the share capital of Gentleigh. Completion of the Gentleigh Share Transfer Contract is conditional upon fulfillment of certain conditions (some of which are set out in the paragraph headed “Conditions” in the section headed “GENTLEIGH SHARE TRANSFER CONTRACT” below). Following the Gentleigh Completion, Shenzhen Leli, an indirect wholly-owned subsidiary of the Company, will acquire, and Yida Juncai will sell, a 30% interest in the registered capital of Guard Libang pursuant to the GLB Share Transfer Contract. (Genius Nation acquired a 70% indirect interest in Guard Libang in 2006. Reference is made to the announcements of the Company dated 31 July 2006 and 21 November 2006 respectively.)

On 18 July 2007, the Company, Genius Nation, Scientific Games Luxembourg and Scientific Games also entered into the Happy Sun Sale and Purchase Agreement pursuant to which Scientific Games Luxembourg has agreed to acquire, and Genius Nation has agreed to sell, a 50% interest in the share capital of Happy Sun. Happy Sun Completion is conditional upon, inter alia, the completion of the transfer of equity under the GLB Share Transfer Contract in accordance with its terms and Shenzhen Leli being legally and beneficially interested in the entire registered capital of Guard Libang in accordance with the applicable laws in the PRC. At Happy Sun Completion, Scientific Games Luxembourg will pay the Scientific Games Consideration to Genius Nation, following which (i) Genius Nation will pay RMB110,000,000 in cash to Happy Sun as consideration for subscribing one Subscription Share under the Subscription Agreement, and Scientific Games Luxembourg will contribute the Know-how and the Consulting Services to Happy Sun as consideration for subscribing one Subscription Share under the Subscription Agreement; and (ii) Genius Nation will pay Gentleigh the Gentleigh Consideration under the Gentleigh Share Transfer Contract.

GENTLEIGH SHARE TRANSFER CONTRACT

Date

18 July 2007

Parties

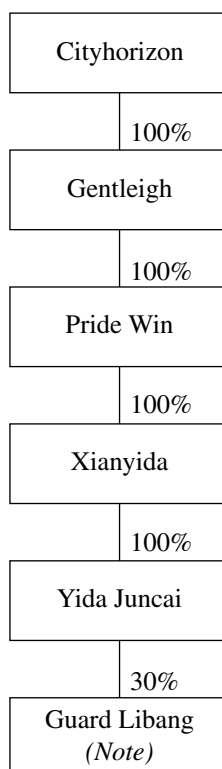
Genius Nation: a direct wholly-owned subsidiary of the Company

Cityhorizon: the beneficial owner of the entire issued share capital of Gentleigh (Cityhorizon is owned by Xiong Wei and Wang Xiangbo in equal proportions of 50%. Wang Xiangbo is a director of Guard Libang)

Cityhorizon Guarantors: Xiong Wei and Wang Xiangbo

Assets to be acquired

Pursuant to the Gentleigh Share Transfer Contract, Genius Nation has agreed to acquire, and Cityhorizon has agreed to sell, the entire interest in the issued share capital of Gentleigh. As at the date of this announcement, the corporate structure of the Gentleigh Group is as follows:



Note: Prior to the date of the Gentleigh Share Transfer Contract, Yida Juncai and Wuhan Huacai entered into an agreement pursuant to which Wuhan Huacai agreed to transfer its 30% interest in Guard Libang to Yida Juncai. The Company expects that registration of this GLB Interim Share Transfer will be duly completed shortly after the date of the Gentleigh Share Transfer Contract. As a result of the GLB Interim Share Transfer, the GLB Debt was incurred by Yida Juncai to Wuhan Huacai. Wuhan Huacai is owned by five PRC parties, including Xiong Wei and Wang Xiangbo. Xiong Wei and Wang Xiangbo are the beneficial owners of Cityhorizon, which in turn holds 100% indirect interest in the registered capital of Yida Juncai. Xiong Wei and Wang Xiangbo consider it is necessary to restructure the shareholding of Gentleigh Group before the Gentleigh Completion. The GLB Interim Share Transfer is part of the said restructuring.

Conditions

Gentleigh Completion is conditional upon fulfillment or waiver by Genius Nation, as the case may be, of the conditions set out in the Gentleigh Share Transfer Contract, which include but without limitation the following:

- (a) all necessary consents required to be given by third parties to Cityhorizon for the transactions contemplated under the Gentleigh Share Transfer Contract having been granted, and being in full force and effect;
- (b) each member of the Gentleigh Group has been duly incorporated and is validly existing;
- (c) Cityhorizon being the only legal and beneficial owner of the Gentleigh Sale Shares, Gentleigh being the only legal and beneficial owner of the entire issued share capital of Pride Win, Pride Win being the legal and beneficial owner of 100% of the registered capital of Xianyida, Xianyida being the legal and beneficial owner of 100% of the registered capital of Yida Juncai and Yida Juncai being the legal and beneficial owner of 30% of the registered capital of Guard Libang;
- (d) Gentleigh not having or holding, any subsidiary undertakings or shares, registered capital or stock in any company or entity other than the members of the Gentleigh Group and the details set out in schedules to the Gentleigh Share Transfer Contract in relation to each member of the Gentleigh Group being true, accurate, complete and not misleading;
- (e) each member of the Gentleigh Group having been incorporated in accordance with all applicable laws, including in the case of each of Yida Juncai and Xianyida, the obtaining of all necessary approvals in the PRC;

- (f) no member of the Gentleigh Group having traded or otherwise carried on any business and (i) Gentleigh having no assets or liabilities (actual or contingent) whatsoever, save for the issued shares in Pride Win, (ii) Pride Win having no assets or liabilities (actual or contingent) whatsoever, save for the entire registered capital of Xianyida, (iii) Xianyida having no assets or liabilities (actual or contingent) whatsoever, save for the entire registered capital of Yida Juncai and (iv) Yida Juncai having no assets or liabilities (actual or contingent) whatsoever, save for, the 30% interest in Guard Libang and the GLB Debt;

- (g) the receipt by Genius Nation of a legal opinion by a firm of qualified lawyers in the PRC as may be designated by Genius Nation in such form and substance satisfactory to Genius Nation in respect of, inter alia:
 - (i) the due establishment and valid and legal existence of each of Xianyida and Yida Juncai;

 - (ii) the registered capital of each of Xianyida and Yida Juncai has been fully paid up;

 - (iii) the entire registered capital of Xianyida being legally and beneficially held by Pride Win, the entire registered capital of Yida Juncai being legally and beneficially held by Xianyida and 30% of the registered capital of Guard Libang being legally and beneficially held by Yida Juncai;

 - (iv) the business operated by each of Xianyida and Yida Juncai does not and will not contravene any applicable laws of the PRC; and

 - (v) such other PRC issues as may reasonably be requested by Genius Nation;

- (h) the receipt by Genius Nation of a legal opinion by a firm of qualified lawyers in Hong Kong as may be designated by Genius Nation in such form and substance satisfactory to Genius Nation in respect of, inter alia:
 - (i) the due establishment and valid and legal existence of Pride Win;
 - (ii) the issued capital of Pride Win having been fully paid up;
 - (iii) the entire issued share capital of Pride Win being legally and beneficially held by Gentleigh;
 - (iv) the business operated by Pride Win does not and will not contravene any applicable laws of Hong Kong; and
 - (v) such other Hong Kong issues as may reasonably be requested by Genius Nation;

- (i) the receipt by Genius Nation of a legal opinion by a firm of qualified lawyers in the British Virgin Islands as may be designated by Genius Nation in such form and substance satisfactory to Genius Nation in respect of, inter alia:
 - (i) the due establishment and valid and legal existence of Gentleigh;
 - (ii) the issued share capital of Gentleigh having been fully paid up;
 - (iii) the entire issued capital of Gentleigh being legally and beneficially held by Cityhorizon;
 - (iv) the business operated by Gentleigh does not and will not contravene any applicable laws of the British Virgin Islands; and
 - (v) such other British Virgin Islands issues as may reasonably be requested by Genius Nation; and

- (j) the passing of an ordinary resolution by the Shareholders to approve the Gentleigh Share Transfer Contract and the transactions contemplated therein.

Genius Nation may in its absolute discretion at any time waive in writing any of the conditions set out in the Gentleigh Share Transfer Contract and such waiver may be made subject to such terms and conditions as are determined by Genius Nation. Genius Nation shall not be entitled to exercise such right of waiver in respect of paragraph (j) above if as a result of such waiver Genius Nation 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 conditions in the Gentleigh Share Transfer Contract shall not have been fulfilled or waived prior to 31 October 2007 (or such later date as Genius Nation and Cityhorizon may agree in writing), Genius Nation and Cityhorizon shall not be bound to proceed with the purchase of the entire issued share capital of Gentleigh, whereupon the Gentleigh Share Transfer Contract shall cease to be of any effect save for certain covenants and indemnities given by Cityhorizon and the Cityhorizon Guarantors and certain general provisions, and save in respect of claims arising out of any antecedent breach of the Gentleigh Share Transfer Contract.

Consideration

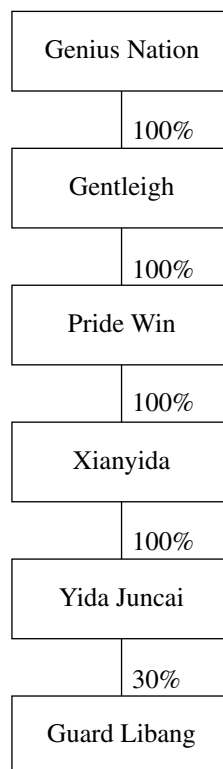
The Gentleigh Consideration shall be the US\$ equivalent of RMB120,000,000 in cash less the total amount of all liabilities of each member of the Gentleigh Group at Gentleigh Completion. According to the information provided by Cityhorizon, the GLB Debt is the only liability of the Gentleigh Group at the date of this announcement. The Gentleigh Share Transfer Contract provides that each member of the Gentleigh Group is restricted from incurring any liabilities between the date of the Gentleigh Share Transfer Contract and the Gentleigh Completion. Therefore, the Company expects that the GLB Debt will be the only liability of the Gentleigh Group at Gentleigh Completion. The US\$ to RMB exchange rate hereof shall be the middle exchange rate published by the People's Bank of China on the business day immediately prior to the Happy Sun Completion Date. Genius Nation will settle part of the Gentleigh Consideration by procuring Yida Juncai to repay the GLB Debt to Wuhan Huacai following the Gentleigh Completion.

The Gentleigh Consideration has been agreed by the parties after arm's length negotiation. In arriving at the Gentleigh Consideration, the Directors have considered factors including, the prospect of Guard Libang by taking into account, among other things, the leading position of Guard Libang as it is currently the sole system provider to the Instant Games section of the welfare lottery industry in China and the business opportunities in the growing welfare lottery market in China.

Completion

Gentleigh Completion shall take place on the day on which all of the conditions set out in the Gentleigh Share Transfer Contract are satisfied or waived, or such later date as may be mutually agreed by the parties in writing.

As at the Gentleigh Completion, the corporate structure of the Gentleigh Group will be as follows:



Post-completion Obligations

Following the Gentleigh Completion, Genius Nation shall pay to Cityhorizon the Gentleigh Consideration within three business days of Genius Nation receiving the Scientific Games Consideration payable by Scientific Games Luxembourg pursuant to the Happy Sun Sale and Purchase Agreement.

If Genius Nation has not received the Scientific Games Consideration by 30 November 2007, Genius Nation may in its sole discretion elect by notice in writing to transfer the Gentleigh Sale Shares back to Cityhorizon. If Genius Nation sends the said notice to Cityhorizon, Genius Nation and Cityhorizon will take such steps as are necessary to transfer the Gentleigh Sale Shares back to Cityhorizon, whereupon the Gentleigh Share Transfer Contract shall cease to be of any effect save for certain covenants and indemnities given by Cityhorizon and Cityhorizon Guarantors and certain general provisions, and save in respect of claims arising out of any antecedent breach of the Gentleigh Share Transfer Contract. If the Gentleigh Sale Shares are transferred back to Cityhorizon as described in the above, Cityhorizon will within three business days of the completion of such transfer pay an amount equal to the GLB Debt to Genius Nation.

HAPPY SUN SALE AND PURCHASE AGREEMENT

Date

18 July 2007

Parties

Genius Nation: a direct wholly-owned subsidiary of the Company

The Company: Genius Nation's guarantor under the Happy Sun Sale and Purchase Agreement

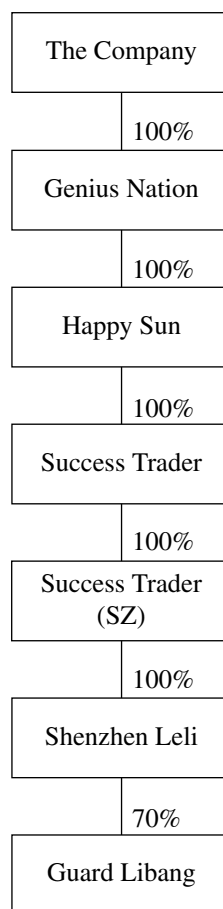
Scientific Games Luxembourg: an Independent Third Party

Scientific Games
Luxembourg Guarantor: the indirect holding company of Scientific Games Luxembourg, being Scientific Games Luxembourg's guarantor under the Happy Sun Sale and Purchase Agreement and an Independent Third Party

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

Assets to be disposed

Pursuant to the Happy Sun Sale and Purchase Agreement, Scientific Games Luxembourg has agreed to acquire, and Genius Nation has agreed to sell, a 50% interest in the issued share capital of Happy Sun. As at the date of this announcement, the corporate structure of the Happy Sun Group is as follows:



Conditions

Happy Sun Completion is conditional upon fulfillment or waiver (by Genius Nation and Scientific Games Luxembourg) of the conditions as set out in the Happy Sun Sale and Purchase Agreement, which include but without limitation the following:

- (a) the completion of the transfer of equity under the GLB Share Transfer Contract in accordance with its terms and Shenzhen Leli being legally and beneficially interested in the entire registered capital of Guard Libang in accordance with the applicable laws in the PRC;
- (b) the passing of an ordinary resolution by the Shareholders to approve the Gentleigh Share Transfer Contract and the transactions contemplated therein; and
- (c) the passing of an ordinary resolution by the Shareholders to approve the Happy Sun Sale and Purchase Agreement and the transactions contemplated therein.

Genius Nation and Scientific Games Luxembourg may in their absolute discretion at any time agree in writing to waive any of the conditions set out in the Happy Sun Sale and Purchase Agreement and such waiver may be made subject to such terms and conditions as are determined by Genius Nation and Scientific Games Luxembourg. Genius Nation and Scientific Games Luxembourg shall not be entitled to exercise such right of waiver in respect of paragraphs (b) or (c) above if as a result of such waiver Genius Nation 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 conditions in the Happy Sun Sale and Purchase Agreement shall not have been fulfilled or waived prior to 31 December 2007 (or such later date as Genius Nation and Scientific Games Luxembourg may agree in writing), Genius Nation and Scientific Games Luxembourg shall not be bound to proceed with the Happy Sun Disposal, whereupon the Happy Sun Sale and Purchase Agreement shall cease to be of any effect save for certain covenants and indemnities given by Genius Nation and the Company and certain general provisions, and save in respect of claims arising out of any antecedent breach of the Happy Sun Sale and Purchase Agreement.

Consideration

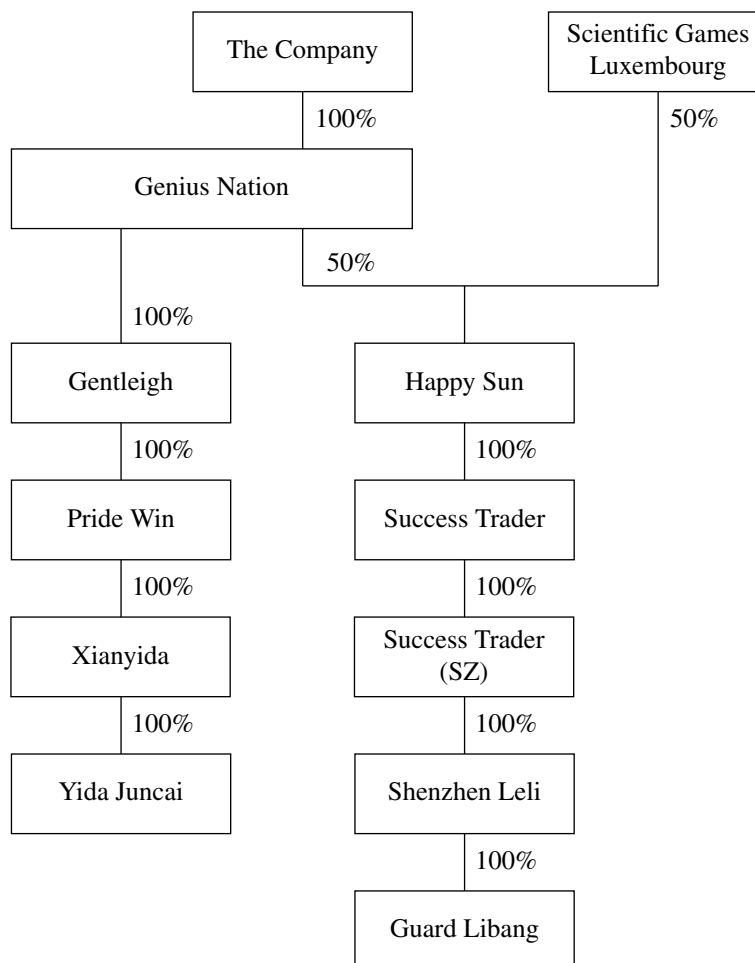
The Scientific Games Consideration shall be the US dollars equivalent of RMB210,000,000. The US dollars to RMB exchange rate for the purpose of determining the payment of the Scientific Games Consideration shall be the middle exchange rate published by the People's Bank of China on the business day immediately prior to the Happy Sun Completion Date.

The Scientific Games Consideration has been agreed by the parties after arm's length negotiation. In arriving at the Scientific Games Consideration, the Directors have considered factors including, the leading position of Guard Libang as it is currently the sole system provider to the Instant Games section of the welfare lottery industry in China and the business opportunities in the growing welfare lottery market in China.

Completion

Completion of the Happy Sun Sale and Purchase Agreement shall take place on the Happy Sun Completion Date.

At Happy Sun Completion, the corporate structure of the Happy Sun Group and the Gentleigh Group will be as follows:



After the completion of the Happy Sun Sale and Purchase Agreement, the Happy Sun Group will be held by Genius Nation and Scientific Games Luxembourg in equal proportions of 50%. As such, from the accounting perspective, the Happy Sun Group will become a jointly controlled company of Genius Nation and Scientific Games Luxembourg and each of the members of the Happy Sun Group will no longer be a subsidiary of the Company.

Subscription Agreement and Consulting Services Agreement

On 18 July 2007, Genius Nation, Scientific Games Luxembourg and Happy Sun have also entered into the Subscription Agreement, pursuant to which Happy Sun will, following the Happy Sun Completion, allot and issue, and each of Genius Nation and Scientific Games Luxembourg will subscribe for, such amount of Subscription Shares and for such subscription price as set forth below:

	Subscription price	Subscription Shares to be allotted and issued
Genius Nation	RMB110 million	One
Scientific Games Luxembourg	RMB110 million	One

Pursuant to the terms of the Subscription Agreement, Genius Nation and Scientific Games Luxembourg have each agreed to contribute capital to Happy Sun in order to develop the business of Guard Libang. Further details of the capital to be contributed by Genius Nation and Scientific Games Luxembourg are set out immediately below. Following completion of the Subscription Agreement, Happy Sun will be held by Genius Nation and Scientific Games Luxembourg in equal proportions of 50%.

The capital to be contributed by Genius Nation pursuant to the Subscription Agreement will be a cash payment of RMB110,000,000 to Happy Sun in consideration for the issue to Genius Nation of one Subscription Share. The RMB110,000,000 will be required by Guard Libang for working capital purposes following Happy Sun Completion.

The capital to be contributed by Scientific Games Luxembourg on a non-exclusive basis pursuant to the Subscription Agreement will be the contribution of know-how and consulting services to Happy Sun (pursuant to the terms of the Consulting Services Agreement) in consideration for the issue to Scientific Games Luxembourg of one Subscription Share.

The know-how to be provided by Scientific Games Luxembourg pursuant to the Consulting Services Agreement includes the technology, technical information, know-how and experience

that the Scientific Games group has in promoting lottery games including in relation to game planning, game development, game distribution, retailer liaison, game analysis and access to the games library of the Scientific Games group (the “Know-how”).

The consulting services to be provided by Scientific Games Luxembourg pursuant to the Consulting Services Agreement includes the provision of advice and assistance in relation to using the Know-how to (i) create and plan lottery games; (ii) market and promote lottery games and tickets in the PRC at the provincial and municipal level; (iii) merchandise and distribute of lottery tickets and (iv) operate, market and manage instant ticket lotteries generally (the “Consulting Services”).

Pursuant to the terms of the Consulting Services Agreement, Scientific Games Luxembourg will provide the Consulting Services to the Happy Sun Group principally through the appointment of a Chief Marketing Officer to Happy Sun and by training employees of the Happy Sun Group. In providing the Consulting Services to the Happy Sun Group, Scientific Games Luxembourg will utilize, and provide Happy Sun with access to, the Know-how. The Consulting Services Agreement will come into effect on the Happy Sun Completion Date and will continue in effect until the termination of the Shareholders Agreement or Scientific Games Luxembourg ceases to be a shareholder of Happy Sun, whichever is earlier.

The Directors believe that there is potential for growth in the lottery market in the PRC which will lead to an increase in demand for new games. Scientific Games is an established integrated supplier of instant tickets, systems and services to lotteries worldwide. The Directors further believe that the contribution of the Know-how by Scientific Games Luxembourg, and, in particular, access to the games library of the Scientific Games group, will be a key component of the further development of the business of Guard Libang and will strengthen the Group’s position in the instant lottery games market in China and reduce research and development expenses of Guard Libang. The value of the Know-how and Consulting Services is being assessed by reference to Scientific Games’ track record on working with other companies in the lottery game sector.

Based on the above, the Directors are of the view that the subscription price under the Subscription Agreement, together with the Happy Sun Consideration, are fair and reasonable and in the interest of the Shareholders as a whole.

INFORMATION ON GENIUS NATION

Genius Nation is a company incorporated in the British Virgin Islands and a direct wholly owned subsidiary of the Company. As at the date of this announcement, Genius Nation holds a 70% indirect interest in Guard Libang. Following the Gentleigh Completion, Yida Juncai will become an indirect wholly owned subsidiary of Genius Nation. Following the Happy Sun Completion, Genius Nation will hold 100% indirect interest 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. At the date of this announcement, Happy Sun is a direct wholly-owned subsidiary of Genius Nation. 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 is a direct wholly-owned subsidiary of Happy Sun. It has no business activity save for 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 established in the PRC on 15 August 2006 with a registered capital of US\$6,200,000. It is a direct wholly-owned subsidiary of Success Trader. It has no business activity save for being beneficially interested in the entire issued share 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 RMB34,006,000. Pursuant to the GLB Share Transfer Contract, Shenzhen Leli will acquire 30% interest in the registered capital of Guard Libang following the Gentleigh Completion. Currently, Shenzhen Leli has no business activity save for being beneficially interested in 70% equity interest in Guard Libang. Upon completion of the GLB Share Transfer Contract, Shenzhen Leli will be legally and beneficially interested in the entire registered capital of Guard Libang.

Guard Libang

Guard Libang is a limited liability company established in the PRC on 1 February 2003 with a registered capital of RMB68,580,000. 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, being an independent Third Party, is the authorized operator in operating and management of lotteries issuance of welfare lottery in the PRC. 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 game 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 of instant lottery games for 17 provincial and municipal Welfare Lottery Administration Centers. It does not involve in direct operation of lottery games business. According to the operating licence of Guard Libang, its scope of business includes development in the technological know-how of lottery games. Guard Libang has obtained the necessary licenses, which include the business license, in relation to the operation of its business. Apart from such licenses, Guard Libang is not required to obtain any license or authorization from the relevant authority in the PRC to carry on its business. The current operation of Guard Libang has complied with all applicable laws and regulations of the PRC. Since the business operation of Guard Libang is in the PRC, the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong) is not applicable to Guard Libang. On this basis, the business carried out by Guard Libang is not contrary to the guidelines set out in the press release of the Stock Exchange dated 11 March 2003.

INFORMATION ON CITYHORIZON

Cityhorizon is a company incorporated in the British Virgin Islands and is an investment holding company. It is owned by Xiong Wei and Wang Xiangbo in equal proportions of 50%. Wang Xiangbo is a director of Guard Libang. The principal business of Cityhorizon is holding the entire issued share capital of Gentleigh.

INFORMATION ON SCIENTIFIC GAMES LUXEMBOURG AND SCIENTIFIC GAMES

Scientific Games Luxembourg

Scientific Games Luxembourg is a limited liability company incorporated in Luxembourg under commercial register No. B 101421. It is an indirect wholly-owned subsidiary of Scientific Games. It is engaged in the acquisition of ownership interests in any form and the management of such ownership interests as well as financing.

Scientific Games

Scientific Games is a company incorporated in the State of Delaware, the United States on 2 July 1984. The shares of Scientific Games are currently listed on the Nasdaq. It is an integrated supplier of instant tickets, systems and services to lotteries worldwide, a supplier of fixed odds betting terminals and systems, amusement and skill with prize betting terminals, interactive sports betting terminals and systems, and wagering systems and services to pari-mutuel operators. It is also a licensed pari-mutuel gaming operator in Connecticut, Maine and the Netherlands and is a leading supplier of prepaid phone cards to telephone companies. Scientific Games' customers are in the United States and more than 60 other countries.

INFORMATION ON THE GENTLEIGH GROUP

Gentleigh

Gentleigh is a company incorporated in the British Virgin Islands with limited liability. It is a direct wholly-owned subsidiary of Cityhorizon. It has no business activity save for being beneficially interested in the entire issued share capital of Pride Win.

Pride Win

Pride Win is a company incorporated in Hong Kong with limited liability. It is a direct wholly-owned subsidiary of Gentleigh. It has no business activity save for being beneficially interested in the entire issued share capital of Xianyida.

Xianyida

Xianyida is a wholly foreign owned enterprise established in the PRC on 22 June 2007 with a registered capital of RMB1,000,000. It is a direct wholly-owned subsidiary of Pride Win. It has no business activity save for being beneficially interested in the entire issued share capital of Yida Juncai.

Yida Juncai

Yida Juncai is a limited liability company established in the PRC on 11 July 2007 with a registered capital of RMB100,000. Yida Juncai is a direct wholly-owned subsidiary of Xianyida and an indirect wholly owned subsidiary of Cityhorizon, which in turn is held by Xiong Wei and Wang Xiangbo. As at the date of this announcement, it has no business activity. Following the Gentleigh Completion, Yida Juncai will become an indirect wholly owned subsidiary of Genius Nation. Following the completion of the GLB Interim Share Transfer, Yida Juncai will hold a 30% interest in the registered capital of Guard Libang and the GLB Debt. However, following the Happy Sun Completion, Yida Juncai will cease to hold any interest in Guard Libang.

LISTING RULES IMPLICATIONS

Gentleigh Share Transfer Contract

Given the Gentleigh Acquisition took place within 12 months from the 70% GLB Acquisition, the value of 70% GLB Acquisition is aggregated with that of the Gentleigh Acquisition for the purpose of Rule 14.07 of the Listing Rules. In addition, the Gentleigh Acquisition contemplates a transfer of 30% interest in Guard Libang from Cityhorizon to Shenzhen Leli (an indirect wholly-owned subsidiary of the Company). Cityhorizon and its beneficial owners are connected persons of the Company by virtue of their current indirect shareholding in Guard Libang, an indirect non-wholly owned subsidiary of the Company. As such, the Gentleigh Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Certain percentage ratios in respect of the Gentleigh Acquisition calculated in accordance with Rule 14.07 of the Listing Rules have exceeded 2.5%. Accordingly, the Gentleigh Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Happy Sun Sale and Purchase Agreement and the Subscription Agreement

The transactions contemplated under the Happy Sun Sale and Purchase Agreement and the Subscription Agreement constitute a discloseable transaction under Chapter 14 of the Listing Rules. Since the Happy Sun Sale and Purchase Agreement, the Subscription Agreement and the other ancillary agreement are conditional upon the series of transactions contemplated under the Gentleigh Share Transfer Contract, the Transactions are subject to the Independent Shareholders' approval. Xiong Wei and Wang Xiangbo and their respective associates are required to abstain from voting at the SGM in relation to the resolution for approving the Transactions.

A circular containing, among other things, details of the Transactions, a letter from the independent financial adviser containing its advice to the Independent Board Committee on the Transactions, the recommendation of the Independent Board Committee regarding the Transactions to the Independent Shareholders and the notice of the SGM will be distributed to the Shareholders as soon as practicable.

FINANCIAL INFORMATION IN RELATION TO GUARD LIBANG

The audited total asset value of Guard Libang as at 31 December 2006 and 31 December 2005 was approximately RMB50 million (equivalent to approximately HK\$52 million) and RMB62.2 million (equivalent to approximately HK\$64.8 million) respectively.

The audited net loss of Guard Libang before and after tax for the year ended 31 December 2006 was approximately RMB3.1 million (equivalent to approximately HK\$3.2 million). The audited net loss of Guard Libang before and after taxation for the period ended 31 December 2005 was approximately RMB1.3 million (equivalent to approximately HK\$1.4 million).

The financial information in relation to Guard Libang as disclosed above was prepared in accordance with the PRC GAPP.

As each of Happy Sun, Success Trader, Success Trader (SZ), Shenzhen Leli, Cityhorizon, Pride Win, Xianyida and Yida Juncai is an investment holding company and is not engaged in any substantial business activity, the book value of each of these companies should refer to the book value of Guard Libang.

REASONS FOR AND BENEFITS OF THE GENTLEIGH ACQUISITION AND HAPPY SUN DISPOSAL

The Group is principally engaged in the provision of financial services including brokering, 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. Through the 70% GLB Acquisition, the Group has been participating in the provision of system and machineries to the instant lottery games in the welfare lottery industry in China. Guard Libang is the sole system provider to the instant lottery games in the welfare lottery industry and its business covered 17 provinces and the Group plans to further expand its coverage in China. Guard Libang's revenue is generally based on a revenue sharing model. In 2006, instant lottery games in the welfare lottery in China generated ticket sales of approximately RMB500 million, representing an increase of 400% compared with the 2005. By creating a partnership with Scientific Games, through the Happy Sun Disposal and the Subscription Agreement, the Group will bring together Scientific Games' worldwide lottery expertise with the Group's knowledge of the lottery related market in China. The Directors expect that with (a) the free access to the library of games of Scientific Games; (b) the provision of know-how and consultancy services by Scientific Games in relation to, amongst other things, (i) the creation and planning of instant lottery games; (ii) the marketing and promotion of instant lottery games and tickets in China; (iii) the distribution of instant lottery tickets; and (iv) the operation support of instant ticket lottery; and (c) new working capital of RMB110,000,000, Guard Libang, as the sole system provider to the instant lottery games in the welfare lottery industry, will be able to deliver higher quality services, widen its comprehensive range of games for instant lottery tickets, and expand its geographical coverage in China for instant lottery tickets operation.

It is expected that a gain of approximately RMB62,000,000 will be recognized in relation to the Happy Sun Disposal. The expected gain on the Happy Sun Disposal is calculated by deducting the Scientific Games Consideration by 50% of the aggregate of the consideration paid by Genius Nation for the 70% GLB Acquisition and Gentleigh Consideration. The proceeds received by Genius Nation under the Happy Sun Disposal will be applied to pay the Gentleigh Consideration (i.e. RMB120,000,000) and the subscription price under the Subscription Agreement in the amount of RMB110,000,000). The difference between the Scientific Games Consideration and the aggregate of the Gentleigh Consideration and the subscription price payable by Genius Nation under the Subscription Agreement shall be financed by the Company's internal resources.

The Directors (including the independent non-executive Directors) believe that the terms of the Gentleigh Share Transfer Contract and the Happy Sun Sale and Purchase Agreement and the Subscription Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

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 19 July 2007 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 2:30 p.m. on 25 July 2007.

DEFINITIONS

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

“70% GLB Acquisition”	the acquisition of 70% indirect interest in the registered capital of Guard Libang by Genius Nation in 2006, details of which are disclosed in the announcements of the Company dated 31 July 2006 and 21 November 2006 respectively
“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday) on which banks are open for business in both Hong Kong and the PRC
“Cityhorizon”	Cityhorizon International Limited, a company incorporated in the British Virgin Islands
“Cityhorizon Guarantors”	Xiong Wei and Wang Xiangbo
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consulting Services”	advice and assistance, based on and making use of the Know-How, in relation to (i) the creation and planning of lottery games; (ii) the marketing and promotion of lottery games and tickets in the PRC at the provincial and municipal level; (iii) the merchandising and distribution of lottery tickets; and (iv) the operation, marketing and management of an instant ticket lottery generally
“Consulting Services Agreement”	the consulting services agreement entered into, inter alia, by Happy Sun and Scientific Games Luxembourg on 18 July 2007
“Director(s)”	director(s) of the Company
“Genius Nation”	Genius Nation Limited, a company incorporated in the British Virgin Islands and a direct wholly owned subsidiary of the Company
“Gentleigh”	Gentleigh International Limited, a company incorporated in the British Virgin Islands
“Gentleigh Acquisition”	the acquisition of the entire interest in the share capital of Gentleigh by Genius Nation from Cityhorizon pursuant to the Gentleigh Share Transfer Contract
“Gentleigh Completion”	completion of the Gentleigh Share Transfer Contract
“Gentleigh Consideration”	consideration to be paid by Genius Nation to Cityhorizon under the Gentleigh Share Transfer Contract
“Gentleigh Group”	Gentleigh and its subsidiaries and associated companies
“Gentleigh Sale Shares”	the shares of Gentleigh to be sold under the Gentleigh Share Transfer Contract
“Gentleigh Share Transfer Contract”	the share transfer contract entered into between, inter alia, Genius Nation and Cityhorizon on 18 July 2007 in relation to the acquisition of the entire interest in the share capital of Gentleigh by Genius Nation from Cityhorizon

“GLB Debt”	the amount of RMB20,574,000 owing by Yida Juncai to Wuhan Huacai in respect of the GLB Interim Share Transfer
“GLB Interim Share Transfer”	the sale of the 30% equity interest in Guard Libang by Wuhan Huacai to Yida Juncai prior to the date of the Gentleigh Share Transfer Contract
“GLB Share Transfer Contract”	the share transfer contract to be entered into between Shenzhen Leli and Yida Juncai in relation to the acquisition by Shenzhen Leli of 30% interest in the registered capital of Guard Libang from Yida Juncai
“Group”	the Company and its subsidiaries
“Guard Libang”	北京戈德利邦科技有限公司(Beijing Guard Libang Technology Co Ltd), a limited liability company established in the PRC
“Happy Sun”	Happy Sun Technologies Ltd, a company incorporated in the British Virgin Islands with limited liability
“Happy Sun Completion”	completion of the Happy Sun Sale and Purchase Agreement
“Happy Sun Completion Date”	the third business day immediately following the day on which all of the conditions set out in the Happy Sun Sale and Purchase Agreement are satisfied or waived, or such later date as may be mutually agreed by the parties in writing
“Happy Sun Disposal”	the disposal of 50% interest in the issued share capital of Happy Sun by Genius Nation to Scientific Games Luxembourg pursuant to the Happy Sun Sale and Purchase Agreement
“Happy Sun Group”	the group of companies comprising Happy Sun and its subsidiaries which shall be deemed to include Success Trader, Success Trader (SZ), Shenzhen Leli and Guard Libang for the purposes of this announcement

“Happy Sun Sale and Purchase Agreement”	the conditional agreement for the sale and purchase of shares entered into among Genius Nation, the Company, Scientific Games Luxembourg and Scientific Games dated 18 July 2007 in relation to the disposal of 50% interest in the issued share capital of Happy Sun
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board appointed to advise the Independent Shareholders in respect of the Gentleigh Acquisition
“Independent Shareholders”	Shareholders who have no interest whatsoever in the Transactions
“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 Games”	welfare lottery instant lottery games or Scratch Cards
“Know-How”	the technology, technical information, know-how and experience in promoting lottery games possessed, owned or controlled by Scientific Games Luxembourg and Scientific Games as described in the Consulting Services Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Pride Win”	Pride Win Limited, a limited company incorporated in Hong Kong
“RFID”	Radio Frequency Identification

“RMB”	Renminbi, the lawful currency of the PRC
“Scientific Games”	Scientific Games Corporation, a company incorporated in the State of Delaware, U.S.A. (the shares of which are listed on the Nasdaq) and an Independent Third Party
“Scientific Games Consideration”	the consideration to be payable by Scientific Games Luxembourg to Genius Nation under the Happy Sun Sale and Purchase Agreement
“Scientific Games Luxembourg”	Scientific Games Luxembourg Holdings SARL, a limited liability company incorporated in Luxembourg, an indirect wholly-owned subsidiary of Scientific Games and an Independent Third Party
“SGM”	the special general meeting to be held by the Company to approve the Gentleigh Acquisition and the Happy Sun Disposal
“Shareholders Agreement”	the shareholders agreement in relation to Happy Sun entered into between, inter alia, Genius Nation and Scientific Games Luxembourg on 18 July 2007
“Shareholder(s)”	holders of the shares of the Company
“Shenzhen Leli ”	深圳樂利科技發展有限公司, a limited liability company established in the PRC and a directly wholly-owned subsidiary of Success Trader (SZ)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement entered into among Happy Sun, Genius Nation and Scientific Games Luxembourg on 18 July 2007 in relation to the subscription of shares in Happy Sun
“Subscription Shares”	the shares in Happy Sun to be subscribed by Genius Nation and Scientific Games Luxembourg under the Subscription Agreement

“Success Trader”	Success Trader Technologies Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of Happy Sun
“Success Trader (SZ)”	誠業利邦科技發展（深圳）有限公司 (Success Trader Technologies (Shenzhen) Limited), a wholly foreign owned enterprises established in the PRC and a direct wholly-owned subsidiary of Success Trader
“Transactions”	transactions contemplated under the Gentleigh Share Transfer Contract, the Happy Sun Sale and Purchase Agreement, the Subscription Agreement, the Consulting Services Agreement and other ancillary agreements
“US\$” or “US dollars”	the lawful currency of the United States
“Wuhan Huacai”	武漢華彩科技有限公司 (Wuhan Huacai Science and Technology Co., Ltd.), a limited liability company established in the PRC
“Xianyida”	先驛達科技（深圳）有限公司 (Xianyida Technology (Shenzhen) Co Ltd), a limited liability company established in the PRC
“Yida Juncai”	北京驛達駿彩科技有限公司 (Beijing Yida Juncai Technology Company Limited), a limited liability company established in 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. Chow Siu Ngor and Mr. Lee Ka Lun.

Hong Kong, 24 July 2007