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REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 13 April 2008, the Purchaser (which is a wholly-owned subsidiary of the Company), the Vendors and the Guarantors entered into the Share Transfer Agreement under which the Purchaser has agreed to acquire and the Vendors have agreed to sell the Sale Interests on the basis that: (a) a PRC Subsidiary will be established by the Purchaser or its associated company; and (b) the Simplified Share Transfer Agreement will be executed by the PRC Subsidiary, the Vendors and the Guarantors within 5 business days after the PRC Subsidiary is duly established in accordance with the terms of the Share Transfer Agreement. Upon Completion, the Purchaser, through the PRC Subsidiary, will be interested in 90% of the registered capital of Guangzhou Latech. Guangzhou Latech is involved in the development and production of sports lottery machines, related operation software system and networks (including the provision of incidental consultancy services) for the sports lottery industry in the PRC.

The consideration payable by the Group for the Acquisition is RMB80,600,000 in cash.

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

A circular containing further information on the Share Transfer Agreement as required under Chapter 14 of the Listing Rules will be despatched to the Shareholders within 21 days after the publication of this announcement.

SHARE TRANSFER AGREEMENT

Introduction

On 13 April 2008, the Purchaser (a wholly-owned subsidiary of the Company), the Vendors and the Guarantors entered into the Share Transfer Agreement under which the Purchaser has agreed to acquire and the Vendors have agreed to sell the Sale Interests on the basis that on or before the Initial Long Stop Date: (a) a PRC Subsidiary will be established by the Purchaser or its associated company; and (b) the Simplified Share Transfer Agreement will be executed by the Vendors, the Guarantors and the PRC Subsidiary within 5 business days after the PRC Subsidiary is duly established in accordance with the terms of the Share Transfer Agreement. Upon Completion, the Group, through the PRC Subsidiary, will be interested in 90% of the registered capital of Guangzhou Latech. Guangzhou Latech is involved in the development and production of sports lottery machines, related operation software system and networks (including the provision of incidental consultancy services) for the sports lottery industry in the PRC.

Date

13 April 2008

Parties

The Purchaser: Huge Top Enterprises Inc., a wholly-owned subsidiary of the Company

The Vendors:

- (1) 廣州市彩通信息技術有限公司 (translated as Guangzhou Caitong Information Technology Co. Ltd.), the registered and beneficial owner of 44.496% of the registered capital in Guangzhou Latech
- (2) 深圳市華和光電信息有限公司 (translated as Shenzhen Huahe Guangdian Information Co. Ltd.), the registered and beneficial owner of 45.504% of the registered capital in Guangzhou Latech

- The Guarantors:
- (1) 姜立斌 (Jiang Libin), the registered and beneficial owner of 5.674% of the registered capital in Guangzhou Latech
 - (2) 吳育雄 (Wu Yuxiong), the registered and beneficial owner of 4.326% of the registered capital in Guangzhou Latech

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

Consideration

The aggregate Consideration for the Acquisition is RMB80,600,000. The Consideration has been agreed by the Parties after arm's length negotiation. In arriving at the Consideration, the Directors have considered factors including experience and expertise possessed by Guangzhou Latech in the development, production and provision of sports lottery machines and the prospect of Guangzhou Latech in the growing sports lottery industry in the PRC.

The Consideration shall be financed by the Group's internal resources.

Payment of Consideration

The Consideration will be payable to the Vendors respectively in the following manner:–

- (1) the First Instalment in the aggregate amount of RMB40,000,000 (with RMB19,776,000 to the First Vendor and RMB20,224,000 to the Second Vendor) will be payable within 5 business days after signing of the Simplified Share Transfer Agreement; and
- (2) the Second Instalment in the aggregate amount of RMB40,600,000 (with RMB20,072,640 to the First Vendor and RMB20,527,360 to the Second Vendor) will be payable within 5 business days after the date of Completion.

Deposits

In order to ensure that the Purchaser will purchase the Sale Interests according to the terms and conditions of the Share Transfer Agreement, the Purchaser:

- (1) has paid the RMB First Deposit in the amount of RMB8,060,000 before signing of the Share Transfer Agreement to the Vendors. The RMB First Deposit was paid as earnest money to the Vendors in order to allow the Purchaser to conduct preliminary due diligence exercise against Guangzhou Latech before entering into the Share Transfer Agreement; and
- (2) has agreed to pay the HK\$ Second Deposit in the amount of HK\$40,000,000 within 5 business days after the date of the Share Transfer Agreement to the Hong Kong bank account(s) designated by the Vendors.

Return of Deposits

As the Board considers that the consideration of the Acquisition should be settled directly and fully by the PRC Subsidiary after it is established, so that such investment cost would be reflected in full in the accounts of the PRC Subsidiary, the Purchaser has agreed that the PRC Subsidiary shall pay the First Instalment and Second Instalment directly to the Vendors in the manner described in the subsection headed "Payment of Consideration" above and:

- (a) upon receiving payment of the First Instalment, the Vendors shall return the HK\$ Second Deposit to the Hong Kong bank account designated by the Purchaser; and
- (b) upon receiving payment of the Second Instalment, the Vendors shall return the RMB First Deposit to the PRC bank account designated by the Purchaser.

The RMB First Deposit and HK\$ Second Deposit shall also be returned to the Purchaser within 5 business days under the following circumstances:

- (1) the Vendors and the Guarantors have not entered into the Simplified Share Transfer Agreement in accordance with the terms of the Share Transfer Agreement or the Simplified Share Transfer Agreement has not been entered into before the Initial Long Stop Date due to the action or omission of the Vendors or Guarantors;

- (2) the Share Transfer Agreement is terminated by the Purchaser under the circumstances set out in the sub-section headed “Completion Conditions” below; or
- (3) the Share Transfer Agreement is terminated by the Purchaser upon any failure on the part of any of the Vendors to deliver the relevant documents upon Completion or return the RMB First Deposit upon receiving payment of the Second Instalment.

Apart from the circumstances specified above, if Completion fails to occur due to the default of the Purchaser, the Purchaser may lose the right to recover the RMB First Deposit and the HK\$ Second Deposit, provided that the Vendors and the Guarantors are not otherwise in breach of the terms and conditions of the Share Transfer Agreement.

Establishment of the PRC Subsidiary

Before the Initial Long Stop Date, the Purchaser or its associated company shall establish a PRC Subsidiary with: (1) all relevant PRC governmental and departmental approval, registration and filing and the business licence having been obtained and completed; (2) a registered capital of not less than the amount of the Consideration; and (3) not less than RMB40,000,000 of such registered capital having been paid up by its shareholder.

The Parties agree that if the PRC Subsidiary has not been established on or before the Initial Long Stop Date, the Parties shall use their best endeavors to agree on a proposal and extend the Initial Long Stop Date to such extent as may be appropriate in the then circumstances by way of friendly negotiation.

Completion Conditions

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

- (i) the PRC Subsidiary having been established before the Initial Long Stop Date in accordance with the terms of the Share Transfer Agreement, details of which are set out in the sub-section headed “Establishment of the PRC Subsidiary” above;
- (ii) the Vendors and the Guarantors having executed the Simplified Share Transfer Agreement with the PRC Subsidiary within 5 business days after the PRC Subsidiary is established;

- (iii) all relevant governmental approval required for the operation of Guangzhou Latech after Completion and the Acquisition having been obtained, including the approval for the conversion of Guangzhou Latech into a Sino-foreign equity joint venture and the issue of the relevant business licence confirming, among other matters, that the registered capital of Guangzhou Latech is not less than RMB10,000,000;
- (iv) the representations and warranties given by the Vendors remaining true and accurate in all respects from the date of the Share Transfer Agreement up to the Management Transfer Date inclusive;
- (v) the Purchaser having been satisfied with the result of due diligence conducted on business, legal, financial, accounting, contractual and taxation positions of the Target Group;
- (vi) each of the Vendors having fully complied with the obligations and having performed all of the covenants, guarantees, undertakings, agreements and conditions under the Share Transfer Agreement;
- (vii) each of the Guarantors having signed a confirmation that he has unconditionally waived his rights in respect of any share transfer restrictions (including any pre-emptive right) relating to the Sale Interests;
- (viii) no proceeding has been commenced or threatened against the Purchaser or any other person that in any way calls in question, or seeks damages or other remedies in respect of, any of the transactions contemplated in the Share Transfer Agreement or the consequences of which could hinder, delay, cause to become unlawful or otherwise interfere with any such transaction;
- (ix) the completion and performance of the transactions contemplated in the Share Transfer Agreement will not directly or indirectly constitute a violation of, be in conflict with or be contrary to any applicable law or order or cause the Purchaser or any of its affiliates to suffer any adverse consequences under such law or order;
- (x) during the period from the date of the Share Transfer Agreement up to the Management Transfer Date inclusive, there not having occurred any event, circumstances or change having a material adverse effect on the business, operation, financial and other conditions, prospect or operating performance of Guangzhou Latech; and

(xi) the HK\$ Second Deposit having been returned to the Hong Kong bank account designated by the Purchaser upon payment of the First Instalment.

The Vendors have agreed jointly and severally to use their best endeavors to procure the fulfillment of the above conditions (other than the condition set out in paragraph (i) above) on or before the Final Long Stop Date.

If the condition set out in paragraph (ii) is not satisfied or waived by the Purchaser on or before the Initial Long Stop Date, the Purchaser will not be required to proceed with the Acquisition and may terminate the Share Transfer Agreement (save for certain general provisions) by notice in writing.

If any of the above conditions (other than the conditions set out in paragraphs (i) and (ii) above) have not been fully fulfilled or waived by the Purchaser on or before the Final Long Stop Date, the Purchaser will not be required to proceed with the Acquisition and may terminate the Share Transfer Agreement (save for certain general provisions) by notice in writing. The First Instalment received by the Vendors shall be returned to the PRC bank account designated by the Purchaser within 5 business days after delivery of such termination notice.

Transfer of Management

The Vendors and the Guarantors have undertaken jointly and severally to procure the transfer of the rights to management of Guangzhou Latech to the Purchaser or its nominee within 1 month after the date of the Share Transfer Agreement (or such other date as may be agreed in writing by the Purchaser) in accordance with the terms of the Share Transfer Agreement.

Such rights to management may need to be returned to the Vendors pursuant to the terms of the Share Transfer Agreement under certain circumstances where the Acquisitions is not proceeded. In such circumstances, the Purchaser shall bear any legal liabilities, debts and losses newly incurred, and shall have the benefit of the operating income arising, during the period from the Management Transfer Date to the date of return of the rights to management to the Vendors.

Completion

Completion of the Share Transfer Agreement shall take place on the 5th business day immediately following the day on which all of the conditions as set out in the sub-section headed “Completion Conditions” above are satisfied or waived by the Purchaser or such other date as may be agreed by the Purchaser and the Vendors in writing.

The Purchaser may terminate the Share Transfer Agreement by notice in writing upon any failure on the part of any of the Vendors to deliver the relevant documents upon Completion or return the RMB First Deposit upon receiving payment of the Second Instalment. The First Instalment received by the Vendors shall be returned to the PRC bank account designated by the Purchaser within 5 business days after delivery of such termination notice.

Guarantee

The Guarantors have unconditionally and irrevocably agreed to guarantee on a joint and several basis the proper and punctual performance and compliance with the Vendors’ respective obligations, undertakings, warranties and indemnities under the Share Transfer Agreement and indemnify the Purchaser against any losses, damages, fees and expenses that it may incur or suffer due to or as a result of the Vendors’ breach of such obligations, undertakings, warranties or indemnities.

The Guarantors have been requested to grant the above guarantee for the reasons that: (i) they are the remaining shareholders of Guangzhou Latech; and (ii) they will remain as the management of Guangzhou Latech after Completion.

INFORMATION ON GUANGZHOU LATECH AND GLCT

Guangzhou Latech

Guangzhou Latech is a limited liability company established in the PRC on 16 October 2000 with a registered capital of RMB10,000,000. Guangzhou Latech is engaged in the development and production of sports lottery machines, related operation software system and networks (including the provision of incidental consultancy services) for the sports lottery industry in the PRC. It is a condition precedent to Completion that Guangzhou Latech shall be converted into a Sino-foreign equity joint venture before Completion, while the Purchaser has a right to waive such condition precedent where appropriate pursuant to the terms of the Share Transfer Agreement.

GLCT

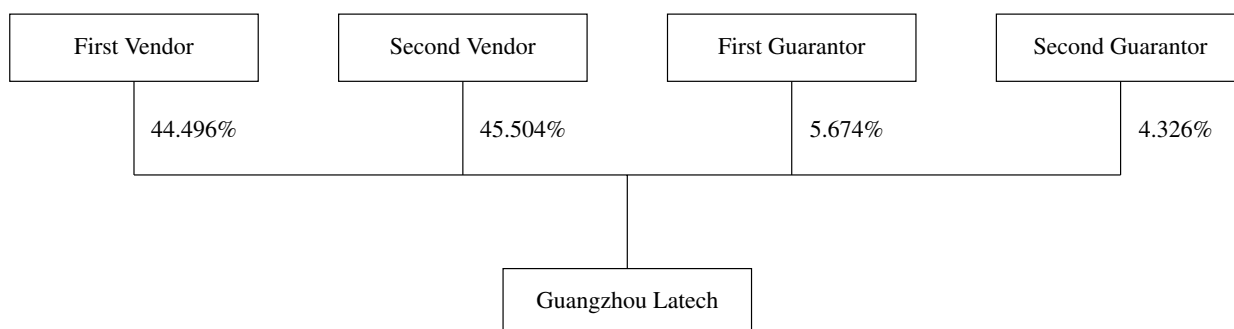
GLCT is a limited liability company established in the PRC on 30 June 2006. Guangzhou Latech is the registered holder of 49% of the registered capital of GLCT. Prior to the date of the Share Transfer Agreement, the shareholders of GLCT have already passed a shareholders' resolution to liquidate GLCT as GLCT has not been actively operating and has not incurred any revenue since its incorporation.

The completion of liquidation of GLCT is not a condition precedent to Completion under the Share Transfer Agreement. However, the Board considers that it is not necessary for the asset value and profit and loss of GLCT to be included in the financial information of Guangzhou Latech in this announcement because: (a) it is expected that the liquidation process of GLCT will be completed before Completion; (b) according to the liquidation accounts of GLCT provided by the Vendors, GLCT has never commenced business and therefore did not incur any revenue and the administrative expenses incurred since its incorporation are insignificant, and the amount receivable by Guangzhou Latech, should there be any, upon completion of liquidation of GLCT would be insignificant to the Group; (c) the Board considers that the assets and liabilities of GLCT shared by Guangzhou Latech are insignificant to the Group as a whole; and (d) GLCT was not intended to be acquired by the Group, and therefore, when the Board determined the consideration of the Acquisition, it did not take into account the assets and liabilities of GLCT.

Accordingly, the asset value and profit and loss of GLCT are not included in the financial figures of Guangzhou Latech as set out in the section headed "Financial Information of Guangzhou Latech" below.

Shareholding Structure of Guangzhou Latech

The shareholding structure of Guangzhou Latech as at the date of this announcement is as follows:



The First Guarantor and the Second Guarantor will remain as shareholders of Guangzhou Latech after Completion.

Upon completion of the Acquisition, the registered capital of Guangzhou Latech will be owned as to 90% by the PRC Subsidiary and 5.674% and 4.326% by the First Guarantor and Second Guarantor, respectively.

The accounts of Guangzhou Latech will be consolidated into the Group's accounts after Completion.

FINANCIAL INFORMATION OF GUANGZHOU LATECH

The audited total asset value of Guangzhou Latech as at 31 December 2007 and 31 December 2006 was approximately RMB22.1 million (equivalent to approximately HK\$24.6 million) and RMB10.5 million (equivalent to approximately HK\$11.7 million) respectively.

The audited net asset value of Guangzhou Latech as at 31 December 2007 and 31 December 2006 was approximately RMB14.3 million (equivalent to approximately HK\$15.9 million) and RMB5.2 million (equivalent to HK\$5.8 million) respectively.

The audited net profit of Guangzhou Latech before and after taxation for the year ended 31 December 2007 was approximately RMB136,000 (equivalent to approximately HK\$150,000). The audited net loss of Guangzhou Latech before and after taxation for the year ended 31 December 2006 was approximately RMB1.6 million (equivalent to approximately HK\$1.8 million).

The financial information of Guangzhou Latech was derived from the audited accounts of Guangzhou Latech which were prepared in accordance with PRC GAAP.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in lottery system and games design business and has established a strong presence in the lottery industry for the production of lottery machines and related operation software systems and networks in the PRC. The Group has, through its subsidiaries, participated in the production of the sports lottery machines and related operation software systems and networks.

Guangzhou Latech has been engaged in the sports lottery related business since 2000 for the provision of optical ticket card reading components for sport lottery machines. In December 2005, it was approved by 國家體育總局體育彩票管理中心 (China Sports Lottery Administration Center) as one of the few approved providers for the development and production of sports lottery machines. Since 2006, Guangzhou Latech commenced the business of provision of lottery machines and systems. Currently, Guangzhou Latech has established business in 4 provinces in the PRC. Through the Acquisition, the Group will be able to utilize the extensive experience and expertise established by Guangzhou Latech to further strengthen the Group's position in the sports lottery industry. The coverage of the Group's sports lottery business is expected to be increased to approximately 11 provinces/cities in the PRC after completion of the Acquisition.

The sales in sports lottery in the PRC has recorded a substantial increase from approximately RMB1 billion in 1995 to approximately RMB385 billion in 2007. The Directors are optimistic about the growth of the sports lottery going forward, especially part of the operating funds for the Beijing Olympic Games will be financed out of the sales from sports lottery. The Acquisition will also benefit the setting of overall strategic and development plan of the Group's lottery business.

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

INFORMATION ON THE VENDORS

Each of the Vendors is a limited liability Company established in the PRC respectively. Each of the First Vendor and the Second Vendor is ultimately owned by Independent Third Parties.

Each of the Vendors is principally engaged in the business of investment holding.

LISTING RULES IMPLICATIONS

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

A circular containing further details of the Share Transfer Agreement as required under Chapter 14 of the Listing Rules will be despatched to the Shareholders within 21 days after the publication of this announcement.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Interests by the Purchaser through the PRC Subsidiary from the Vendors pursuant to the Share Transfer Agreement and the Simplified Share Transfer 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
“Consideration”	RMB80,600,000 being the entire consideration of the Acquisition
“Director(s)”	director(s) including independent non-executive director(s) of the Company
“Final Long Stop Date”	8 months after the Initial Long Stop Date or such other date as may be agreed by the Parties in writing
“First Guarantor”	姜立斌 (Jiang Libin)
“First Instalment”	the first payment instalment of the Consideration in the amount of RMB40,000,000
“First Vendor”	廣州市彩通信息技術有限公司 (translated as Guangzhou Caitong Information Technology Co. Ltd.), a limited liability company established in PRC

“GLCT”	廣州樂得瑞計算機技術有限公司(translated as Guangzhou Latech Computer Technology Co Ltd), a limited liability company established in the PRC and 49% of the registered capital of which is held by Guangzhou Latech as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guangzhou Latech”	廣州市樂得瑞科技有限公司 (translated as Guangzhou Latech Technology Co Ltd), a limited liability company established in the PRC as at the date of this announcement
“Guarantors”	the First Guarantor and the Second Guarantor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK\$ Second Deposit”	the deposit payable by the Group to the Vendors in HK\$ in the amount of HK\$40,000,000
“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
“Initial Long Stop Date”	30 November 2008 or such other date as may be agreed by the Parties in writing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Transfer Date”	the date on which the transfer of the rights to management of Guangzhou Latech to the Purchaser has been completed in accordance with the terms of the Share Transfer Agreement, the details of which are set out in the sub-section headed “Transfer of Management” under the section “Share Transfer Agreement” in this announcement

“Parties”	the Purchaser, the Vendors and the Guarantors
“PRC”	People’s Republic of China
“PRC GAAP”	the Generally Accepted Accounting Principles of the PRC
“PRC Subsidiary”	a PRC Subsidiary to be established by the Purchaser or its associated company in the PRC in accordance with the terms of the Share Transfer Agreement
“Purchaser”	Huge Top Enterprises Inc., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“RMB First Deposit”	the deposit payable by the Group to the Vendors in RMB in the amount of RMB8,060,000
“Sale Interests”	90% of the registered capital in Guangzhou Latech
“Second Guarantor”	吳育雄 (Wu Yuxiong)
“Second Instalment”	the second payment instalment of the Consideration in the amount of RMB40,600,000, representing the balance of the Consideration after deducting the First Instalment
“Second Vendor”	深圳市華和光電信息有限公司 (translated as Shenzhen Huahe Guangdian Information Co. Ltd.), a limited liability company established in PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Share Transfer Agreement”	the Share Transfer Agreement dated 13 April 2008 and entered into between the Purchaser, the Vendors and the Guarantors in relation to the Acquisition

“Simplified Share Transfer Agreement”	a share transfer agreement to be entered into between the PRC Subsidiary, the Vendors and the Guarantors in relation to the transfer of the Sale Interests by the Vendors to the PRC Subsidiary in such form as shall represent a simplified version of the Share Transfer Agreement and the contents of which shall not be inconsistent with the terms and conditions of the Share Transfer Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Guangzhou Latech and GLCT
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent.

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

Hong Kong, 23 April 2008

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.

In this announcement, except as otherwise indicate, RMB has been translated into HK\$ at the rate of HK\$1.00=RMB0.9 for reference purpose only.