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REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

**PROPOSED ISSUE OF HKD DENOMINATED
6% CONVERTIBLE BONDS DUE 2016
(WITH AN OPTION FOR THE ISSUE OF
ADDITIONAL HKD DENOMINATED
6% CONVERTIBLE BONDS DUE 2016);
CONNECTED TRANSACTION
AND
RESUMPTION OF TRADING**

Sole Bookrunner and Lead Manager



Daiwa Capital Markets Hong Kong Limited

Proposed Issue of the Bonds

On 21 September 2011, the Company and the Lead Manager entered into the Subscription Agreement in relation to a proposed issue of up to HK\$1,040,200,000 principal amount of its 6% convertible bonds due 2016.

Subject to and in accordance with the terms of the Subscription Agreement,

- (1) the Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Underwritten Bonds in an aggregate principal amount of HK\$389,000,000 at the Issue Price on a fully-underwritten basis; and
- (2) the Company has appointed the Lead Manager as agent to the exclusion of all others and the Lead Manager has agreed to act as agent for the Company in respect of the offering and sale of the Placed Bonds up to an aggregate principal amount of HK\$505,700,000 at the Issue Price, out of which up to an aggregate principal amount of HK\$77,800,000 of the Placed Bonds is proposed to be, and is subject to Independent Shareholders' approval, issued to Kingly Profits, which is a connected person of the Company.

In addition, the Company has granted to the Lead Manager an option (the “**Option**”) to subscribe for all or some of the Option Bonds up to an additional aggregate principal amount of HK\$145,500,000, and the Option may be exercisable in whole or part, on one or more occasions, solely at the discretion of the Lead Manager, at any time on or before the 30th day following the Firm Bonds Closing Date.

Based on the initial Conversion Price of HK\$0.6175 and assuming full issuance (including issuance of the VC Placed Bonds) and full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 1,684,534,411 New Shares, representing:

- (i) approximately 21.59% of the issued ordinary share capital of the Company as at the date of this announcement, and
- (ii) approximately 17.76% of the issued ordinary share capital of the Company, as enlarged.

It is intended that the Bonds will be listed on the SGX-ST. The Company has received approval in-principle from the SGX-ST for the listing of the Bonds and the Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares.

COMPLETION OF THE SUBSCRIPTION AGREEMENT IS SUBJECT TO THE SATISFACTION AND/OR WAIVER (IF APPLICABLE) OF THE CONDITIONS PRECEDENT THEREIN. IN ADDITION, THE SUBSCRIPTION AGREEMENT MAY BE TERMINATED UNDER CERTAIN CIRCUMSTANCES. PLEASE REFER TO PARAGRAPH HEADED “THE SUBSCRIPTION AGREEMENT” BELOW FOR FURTHER INFORMATION. SHAREHOLDERS AND INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

Connected Transaction

Given that VC is a Director and a Substantial Shareholder who indirectly holds 1,198,805,635 Shares, representing approximately 15.37% of the issued ordinary share capital of the Company as at the date of this announcement, VC is a connected person of the Company. As the entire issued share capital of Kingly Profits is held indirectly by VC, Kingly Profits is an associate of VC and therefore Kingly Profits is also a connected person of the Company.

Accordingly, the proposed issue of the VC Placed Bonds to Kingly Profits constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and therefore it is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

SGM

The SGM will be convened and held to consider and, if though fit, to approve the issue of the VC Placed Bonds and the transactions contemplated thereunder. VC and his associates will abstain from voting in the SGM.

The Circular containing, among other things, (i) further details of the issue of the VC Placed Bonds and the transactions contemplated thereunder; (ii) a letter of recommendations from the independent board committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders; and (iv) a notice to convene the SGM, is expected to be despatched to the Shareholders on or before 31 October 2011.

General Mandate

Save for the VC Placed Bonds, the New Shares to be issued upon conversion of the Bonds will be issued under the general mandate of the Company granted to the Directors at the annual general meeting of the Company held on 29 June 2011. All the New Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date. As at the date of this announcement, no Shares have been issued under the General Mandate.

Use of Proceeds

The gross proceeds from the issue of the Bonds will be approximately HK\$894,700,000 (assuming maximum number of Bonds (including the VC Placed Bonds) are issued in full except for the Option Bonds) and HK\$1,040,200,000 (assuming maximum number of Bonds (including the VC Placed Bonds) are issued in full including the Option Bonds), and the net proceeds from the issue of Bonds will amount to approximately HK\$872,200,000 (assuming maximum number of Bonds (including the VC Placed Bonds) are issued in full except for the Option Bonds) to HK\$1,013,800,000 (maximum number of Bonds (including the VC Placed Bonds) are issued in full including the Option Bonds).

The Company intends to use the net proceeds from the Bond Issue as general working capital and pursuing future opportunities identified in the lottery market in China, particularly in the new electronic lottery market.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended with effect from 9:00 a.m. on 22 September 2011 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 23 September 2011.

PROPOSED ISSUE OF BONDS

THE SUBSCRIPTION AGREEMENT

- A. Date: 21 September 2011
- B. Parties: The Company and the Lead Manager.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, the Lead Manager is an independent third party not connected with the Company and any of its connected persons.

- C. Proposed issue of the Underwritten Bonds: The Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Underwritten Bonds in an aggregate principal amount of HK\$389,000,000 at the Issue Price on a fully-underwritten basis.
- D. Proposed issue of the Placed Bonds: The Company has appointed the Lead Manager as agent to the exclusion of all others and the Lead Manager has agreed to act as agent for the Company in respect of the offering and sale of the Placed Bonds up to an aggregate principal amount of HK\$505,700,000 at the Issue Price, out of which up to an aggregate principal amount of HK\$77,800,000 of the Placed Bonds is proposed to be, and is subject to Independent Shareholders' approval, issued to Kingly Profits, which is a connected person of the Company. For further details of Kingly Profits and the VC Placed Bonds, please refer to the section headed "Connected Transaction" below. The remaining principal amount of the Placed Bonds will be issued to investors including certain individuals from the management of the Group, who are not connected persons of the Company.
- E. Option to issue Option Bonds: In addition, the Company has granted to the Lead Manager the Option to subscribe for all or some of the Option Bonds up to an additional aggregate principal amount of HK\$145,500,000, and the Option shall be exercisable in whole or part, on one or more occasions, solely at the discretion of the Lead Manager, at any time on or before the 30th day following the Firm Bonds Closing Date.
- F. Stabilisation: The Lead Manager, in its capacity as Stabilising Manager, or persons acting on its behalf (the "**Stabilising Manager**") may, to the extent permitted by applicable laws and directives, over-allot and effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager shall act as principal and not as agent of the Company and any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilising Manager.

G. Conditions Precedent: The obligation of the Lead Manager to subscribe and pay for the Underwritten Bonds is conditional on, among other things, the conditions precedent set out in Conditions 1 to 10 below and the completion of the issue of the Placed Bonds is conditional on, among other things, the conditions precedent set out in Conditions 1 to 12 (except Condition 6) (the following conditions precedents are collectively referred to as, the “**Conditions**”):

1. **Contracts:** in relation to the Underwritten Bonds and the Placed Bonds (except for the VC Placed Bonds), the execution and delivery (on or before the Firm Bonds Closing Date) of the Contracts (as defined in the Subscription Agreement), and in relation to the VC Placed Bonds, the execution and delivery (on or before the VC Placed Bonds Closing Date) of the Contracts, as the case may be, each in a form reasonably satisfactory to the Lead Manager, by the respective parties;
2. **Shareholder Lock-up:** VC shall have executed a lock-up agreement on or before the Firm Bonds Closing Date and such lock-up agreement shall be in full force and effect on the Firm Bonds Closing Date and the Option Closing Date (if any);
3. **Auditors’ Letters:** upon the date of the Subscription Agreement and on the Firm Bonds Closing Date and the Option Closing Date (if any), as the case may be, there having been delivered to the Lead Manager letters, in form and substance reasonably satisfactory to the Lead Manager, dated the date of the Offering Circular in the case of the first letter and dated the Firm Bonds Closing Date and the Option Closing Date (if any) in the case of the subsequent letters, and addressed to the Lead Manager from Ting Ho Kwan & Chan, Certified Public Accountants, the auditors to the Company;

4. **Compliance:** on the Firm Bonds Closing Date and the Option Closing Date (if any):
 - (i) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
 - (ii) there having been delivered to the Lead Manager a certificate, dated as of such date, of a duly authorised officer of the Company to such effect;
5. **Accuracy of representations:** the representations and warranties by the Company in the Subscription Agreement are true and correct on the date of the Subscription Agreement and on each date on which they are deemed to be repeated and would be true and correct if they were repeated on the Firm Bonds Closing Date and the Option Closing Date (if any) with reference to the facts and circumstances then subsisting;
6. **Material Adverse Change:** up to and including the Firm Bonds Closing Date and the Option Closing Date (if any), there shall not have occurred any change (nor any development or event likely to involve a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company or of the Group taken as a whole, which, in the opinion of the Lead Manager, is material and adverse in the context of the issue and offering of the Bonds;

7. **Other consents:** on or prior to the Firm Bonds Closing Date and the Option Closing Date (if any), there shall have been delivered to the Lead Manager copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Company's obligations under the Trust Deed (as defined in the Subscription Agreement) and the Paying and Conversion Agency Agreement (as defined in the Subscription Agreement) and the Bonds (including the consents and approvals required from all lenders), if applicable;
8. **Certificate of No Default:** on the date of the Subscription Agreement, the Firm Bonds Closing Date and the Option Closing Date (if any), there having been delivered to the Lead Manager a certificate of no default, dated as of such date, of a director or a duly authorised signatory of the Company;
9. **Listing:** the Hong Kong Stock Exchange having agreed to list the New Shares upon conversion of the Bonds and the SGX having agreed, subject to the issue of the Bonds, to list the Bonds (or, in each case, the Lead Manager being satisfied that such listing will be granted);
10. **Legal Opinions:** on or before the Firm Bonds Closing Date and the Option Closing Date (if any), there having been delivered to the Lead Manager opinions, in form and in substance satisfactory to the Lead Manager dated the Firm Bonds Closing Date and the Option Closing Date, of legal counsels and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Lead Manager may reasonably require;

11. **Placing Letters:** on the date of the Subscription Agreement, each of the purchasers for the Placed Bonds shall have executed a placing letter, each in a form reasonably satisfactory to the Lead Manager, and such placing letters shall be in full force and effect on the Firm Bonds Closing Date; and
12. **Bondholder Lock-up:** each purchaser of the Placed Bonds (and if so required by the Company, its ultimate beneficial owner(s)) shall have executed a lock-up agreement (the “Bondholder Lock-up Agreement”) on or before the Firm Bonds Closing Date substantially in the form set out in the Subscription Agreement (or in such other form as may be required by the Company) and such lock-up agreement shall be in full force and effect on the Firm Bonds Closing Date.

In addition, the completion of the issue of the VC Placed Bonds is further subject to the approval of the Independent Shareholders at the SGM in accordance with the Listing Rules.

The Lead Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the Conditions (other than Conditions 1 and 12). The Company may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the Condition 12.

VC may, at his discretion and upon such terms as thinks fit, waive compliance with the whole or any part of the Conditions (other than Conditions 1, 7 and 9) in respect of the VC Placed Bonds.

H. Completion: Completion of the subscription and issue of the Firm Bonds (other than the VC Placed Bonds) will take place on the Firm Bonds Closing Date and the completion of the subscription and issue of the Option Bonds (if any) will take place on the Option Closing Date.

Completion of the subscription and issue of the VC Placed Bonds will, subject to the Conditions and the approval of the Independent Shareholders, take place on the VC Placed Bonds Closing Date.

I. Distribution: The Bonds and the Shares to be issued upon conversion have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds will be offered and sold in an institutional offering outside the United States in reliance on Regulation S of the Securities Act. Save for the VC Placed Bonds which are proposed to be placed to a connected person of the Company, the Bonds will not be offered to the public in Hong Kong or placed to any connected persons of the Company. The Bonds have not been offered or sold and will not be offered to sold in Hong Kong to the public within the meaning of the Companies Ordinance.

The Company will promptly notify the Hong Kong Stock Exchange upon becoming aware of any dealing in the Bonds (except for the VC Placed Bonds) by any connected person of the Company.

The New Shares will rank *pari passu* and carry the same rights and privileges in all respects with the Shares then in issue on the relevant conversion date.

J. Company's Lock-up
Undertaking:

The Company has undertaken with the Lead Manager that neither the Company nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds or the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager between the date of the Subscription Agreement and the date which is 90 calendar days after the later of the Firm Bonds Closing Date and the Option Closing Date) (both dates inclusive); except for the Bonds and the New Shares issued on conversion of the Bonds and for shares issued on exercise of the option granted under the Share Option Scheme and except for the grant of options under the Share Option Scheme.

- K. Shareholder's Lock-up Undertaking: VC undertakes, among other things, that, for a period from the date of the Subscription Agreement up to 90 calendar days after the later of the Firm Bonds Closing Date and (if any Option Bonds are issued) the last Option Closing Date (both dates inclusive), neither he nor any companies or entities or affiliates or spouse (if applicable) or family members (if applicable) over which he exercises management or voting control, nor any person acting on his or their behalf will, without the prior written consent of the Lead Manager,
- (a) offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to purchase any interest in any Lock-up Shares or securities of the same class as the Bonds or the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Lock-up Shares or other instruments representing interests in the Bonds, the Lock-up Shares or other securities of the same class as them;
 - (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares;
 - (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise; or
 - (d) announce or otherwise make public an intention to do any of the foregoing.

- L. Bondholder's Lock-up Undertaking: Each purchaser of the Placed Bonds will undertake, among other things, that, for a period from the date of the Bondholder Lock-up Agreement up to 12 months after the date of the Bondholder Lock-up Agreement (both dates inclusive) (the "**First Lock-up Period**"), neither it nor any of its subsidiaries (if applicable) or affiliates or spouse (if applicable) or family members (if applicable) over which it exercises management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Company, (a) offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Securities or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Securities or other instruments representing interests in the Lock-up Securities, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Securities, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, or (d) announce or otherwise make public an intention to do any of the foregoing (actions referred to in (a), (b), (c) and (d) are collectively referred to as "Dealings").

For the avoidance of doubt, nothing in the Bondholders' Lock-up Undertaking shall preclude any conversion of the Lock-up Bonds according to its terms at any time.

Each purchaser of the Placed Bonds will further undertake, among other things, that, for a period from the date of immediately following the expiry of the First Lock-up Period up to 24 months after the date of the Bondholder Lock-up Agreement, neither it nor any of its subsidiaries (if applicable) or affiliates or spouse (if applicable) or family members (if applicable) over which it exercises management or voting control, nor any person acting on his or their behalf will, without the prior written consent of the Company, have any Dealings in respect of any Lock-up Securities in excess of 50% of the principal amount of the Lock-up Bonds, whether such Dealings take the form of Dealings in respect of the Lock-up Bonds or in respect of the Lock-up Conversion Shares or in respect of both Lock-up Bonds and Lock-up Conversion Shares, in each case from time to time and on an aggregate basis.

M. Termination:

The Lead Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for the Firm Bonds or the Option Bonds (if any) to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
2. if any of the Conditions has not been satisfied or waived by the Lead Manager on or prior to the Firm Bonds Closing Date or the Option Closing Date, as the case may be;

3. if in the opinion of the Lead Manager, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

4. if, in the opinion of the Lead Manager, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the SGX-ST and/or the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Singapore, the People's Republic of China, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services generally in the United States, Hong Kong, the People's Republic of China, Singapore or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds or the Shares to be issued upon conversion of the Bonds or the transfer thereof; or

5. if, in the opinion of the Lead Manager, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the issue, offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

N. Conversion Shares: Based on the initial Conversion Price of HK\$0.6175 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds (including the VC Placed Bonds) will be convertible into 1,684,534,411 New Shares, representing:

- (i) approximately 21.59% of the issued ordinary share capital of the Company as at the date of this announcement, and
- (ii) approximately 17.76% of the issued ordinary share capital of the Company, as enlarged.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer:	REXLot Holdings Limited
Lead Manager:	Daiwa Capital Markets Hong Kong Limited
Principal amount of the Bonds:	Up to HK\$1,040,200,000 principal amount of its 6% convertible bonds due 2016, convertible into fully paid ordinary shares with a par value of HK\$0.01 each in the issued and paid up capital of the Company.
Principal amount of the Underwritten Bonds:	HK\$389,000,000 principal amount of the Bonds.
Principal amount of the Placed Bonds:	Up to HK\$505,700,000 principal amount of the Bonds, out of which up to HK\$77,800,000 principal amount of the Bonds is proposed to be, and is subject to Independent Shareholders' approval, issued to Kingly Profits, which is a connected person of the Company.
Principal amount of the Option Bonds:	The Company has granted to the Lead Manager the Option to subscribe for all or some of the Option Bonds up to an additional aggregate principal amount of HK\$145,500,000, and the Option shall be exercisable in whole or part, on one or more occasions, solely at the discretion of the Lead Manager, at any time on or before the 30th day following the Firm Bonds Closing Date.
Initial Bondholders:	In relation to the Firm Bonds, not less than six placees (who will be independent individual, corporate and/or institutional investors) and each of them and their respective ultimate beneficial owners will be third parties independent of and not connected with the Company and any of its connected persons.

In relation to the VC Placed Bonds, Kingly Profits is a connected person of the Company.

- Issue Price: 100% of the principal amount of the Bonds.
- Form and Denomination: The Bonds will be issued in registered form, in the denomination of HK\$100,000 each.
- Interest: The Bonds bear interest from (and including) 28 September 2011 at the rate of 6% per annum payable semi-annually in arrear on 28 March and 28 September in each year.
- Maturity date: 28 September 2016.
- Negative pledge: So long as any Bond remains outstanding, the Company shall not, and the Company shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, upon the whole or any part of its present or future undertaking, asset or revenues (including uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of the Relevant Indebtedness, without (i) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee; or (ii) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, save for any Security Interest created over any undertaking created over any undertaking, assets or revenues of a subsidiary incorporated in the PRC to secure any Relevant Indebtedness or any guarantee or indemnity in respect of the Relevant Indebtedness where such Relevant Indebtedness is issued, offered or provided in the PRC.

Conversion period: On or after 8 November 2011 up to and including 18 September 2016.

Conversion price: The initial Conversion Price is HK\$0.6175 per Share, representing:

- (i) a premium of approximately 30.00% over the closing price of HK\$0.475 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 34.88% over the volume weighted average price of HK\$0.4578 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 32.17% over volume weighted average price of HK\$0.4672 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Lead Manager with reference to the closing price of the Shares quoted on the Hong Kong Stock Exchange on 21 September 2011.

The Conversion Price will be subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, bonus issues, rights issues, capital distributions, distributions, change of control and other dilutive events as described in the terms and conditions of the Bonds. The Conversion Price may not be reduced so that, on conversion of the Bonds, Shares would fall to be issued at a discount to their par value or shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong or Bermuda.

Final Redemption: Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the terms and conditions of the Bonds, the Company will redeem each Bond at its principal amount together with accrued but unpaid interest thereon on the Maturity Date.

Redemption at the Option of the Company: On giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company:

- (i) may at any time after 28 September 2014 and prior to the Maturity Date redeem in whole, or in part, the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption, provided that the Closing Price of the Shares for each of 20 consecutive Trading Days, the last of which occurs not more than five Trading Days prior the date upon which notice of such redemption is published was at least 130% of the prevailing Conversion Price; or
- (ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any further bonds issued pursuant to the terms and conditions of the Bonds) has already been converted, redeemed or purchased and cancelled.

Redemption for Taxation Reasons:	The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (the "Tax Redemption Notice") to the Bondholders at their principal amount together with interest accrued to date fixed for redemption, if (i) the Company satisfies the Trustee that it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or Bermuda or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 21 September 2011, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, subject to the non-redemption option of each Bondholder after the exercise by the Company of its tax redemption option.
Non-redemption right from Condition 8(B)(ii):	If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that any payment of principal or premium to be made in respect of such Bond(s) whereupon no additional amounts shall be payable in respect thereof and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld.
Redemption at the option of the Bondholders:	On 28 September 2014 (the " Put Option Date "), the holder of each Bond has the right, at such holder's option, to require the Company to redeem all or some only of the Bonds at their principal amount together with interest accrued to the Put Option Date.
Redemption for Delisting, Suspension of Trading or Change of Control:	<p>If at any time:</p> <p>(a) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the alternative stock exchange; or</p> <p>(b) there is a Change of Control,</p>

the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds at their principal amount together with interest accrued to the relevant date for redemption.

Listing: The Company has received approval in-principle from the SGX-ST for the listing of the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 (or its equivalent) for so long as the Bonds are listed on the SGX-ST.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares.

Clearing Systems: The Bonds will be represented by a global bond certificate (the "**Global Bond Certificate**"). Title to the Bonds will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank S.A./N.V. ("**Euroclear**"), and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Interests in the Bonds will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

Voting rights: Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares.

Transferability: Except for the Lock-up Bonds, the Bonds are freely transferable.

Status: The Bonds constitute direct, unconditional, unsubordinated and (subject to the terms and conditions) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the terms and conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

The following table illustrates (1) the existing shareholding structure as at the date of this announcement; (2) the shareholding structure assuming the Firm Bonds are fully issued and converted into New Shares at the initial Conversion Price of HK\$0.6175 each; (3) the shareholding structure assuming the Firm Bonds and the Option Bonds are fully issued and converted into New Shares at the initial Conversion Price of HK\$0.6175 each; and (4) the shareholding structure assuming the Firm Bonds, the Options Bonds and the VC Placed Bonds are fully issued and converted into New Shares at the initial Conversion Price of HK\$0.6175 each, on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Firm Bonds, the Option Bonds and the VC Placed Bonds in full, save for the issue of the New Shares as a result of the conversion of the Firm Bonds, the Option Bonds and the VC Placed Bonds in full (as the case may be); (b) the Bondholders do not and will not hold any Shares other than the New Shares as a result of the conversion of the Firm Bonds, the Option Bonds and the VC Placed Bonds in full (as the case may be).

Shareholder	Existing shareholding structure as at the date of this announcement		Assuming the Firm Bonds are fully issued and converted into New Shares at the initial Conversion Price of HK\$0.6175 each		Assuming the Firm Bonds and the Option Bonds are fully issued and converted into New Shares at the initial Conversion Price of HK\$0.6175 each		Assuming the Firm Bonds, the Options Bonds and the VC Placed Bonds are fully issued and converted into New Shares at the initial Conversion Price of HK\$0.6175 each	
	<i>No. of Shares</i>	<i>% of issued share capital of the Company</i>	<i>No. of Shares</i>	<i>% of enlarged share capital of the Company</i>	<i>No. of Shares</i>	<i>% of enlarged share capital of the Company</i>	<i>No. of Shares</i>	<i>% of enlarged share capital of the Company</i>
VC and his associates <i>(Note 1)</i>	1,198,805,635	15.37	1,198,805,635	13.14	1,198,805,635	12.81	1,324,797,537	13.97
Ameriprise Financial Inc <i>(Note 2)</i>	696,817,050	8.93	696,817,050	7.64	696,817,050	7.44	696,817,050	7.35
Capital Research and Management Company <i>(Note 3)</i>	545,429,500	6.99	545,429,500	5.98	545,429,500	5.83	545,429,500	5.75
Public	5,360,122,815	68.71	5,360,122,815	58.75	5,360,122,815	57.27	5,360,122,815	56.50
Bondholders	–	–	1,322,914,979	14.49	1,558,542,509	16.65	1,558,542,509	16.43
	7,801,175,000	100.00	9,124,089,979	100.00	9,359,717,509	100.00	9,485,709,411	100.00

Note:

1. VC is taken to be interested in 1,098,000,000 Shares held by Keen Start Limited and 100,805,635 Shares held by Kingly Profits Corporation. As at the date of this announcement, each of Keen Start Limited and Kingly Profits Corporation is wholly owned by Smart Ease Corporation, which in turn, is wholly owned by VC.
2. Amongst the total of 696,817,050 Shares held by Ameriprise Financial Inc, 37,154,050 Shares were held by its wholly owned subsidiary, Columbia Management Investment Advisers, LLC and 659,663,000 Shares held by Columbia Wanger Asset Management LLC, which in turn is wholly owned by Columbia Management Investment Advisers, LLC.
3. The interest in these Shares was attributable on account of holding through corporations that are wholly owned by The Capital Group Companies, Inc, the owner of the entire shares of Capital Research and Management Company.

USE OF PROCEEDS

The gross proceeds from the issue of the Bonds will be approximately HK\$894,700,000 (assuming no Option Bonds are issued) to HK\$1,040,200,000 (assuming the Option Bonds are issued in full), and the net proceeds from the issue of Bonds will amount to approximately HK\$872,200,000 (assuming no Option Bonds are issued) to HK\$1,013,800,000 (assuming the Option Bonds are issued in full).

The Company intends to use the net proceeds from the Bond Issue as general working capital and pursuing future opportunities identified in the lottery market in China, particularly in the new electronic lottery market.

REASONS AND BENEFITS OF THE BOND ISSUE

The Directors consider that entry into the Subscription Agreement and the issue of the Bonds will further provide a strong capital support for the Group's rapid growth going forward. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

CONNECTED TRANSACTION

Given that VC is a Director and a Substantial Shareholder who indirectly holds 1,198,805,635 Shares, representing approximately 15.37% of the issued ordinary share capital of the Company as at the date of this announcement, VC is a connected person of the Company. As the entire issued share capital of Kingly Profits is held indirectly by VC, Kingly Profits is an associate of VC and therefore Kingly Profits is also a connected person of the Company.

Accordingly, the issue of the VC Placed Bonds constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and therefore the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Directors (other than the independent non-executive Directors who will form their view after being advised by the independent financial adviser) consider that the terms and conditions of the proposed issue of the VC Placed Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

SGM

The SGM will be convened and held to consider and, if though fit, to approve the issue of the VC Placed Bonds and the transactions contemplated thereunder. VC and his associates will abstain from voting in the SGM.

The Circular containing, among other things, (i) further details of the issue of the VC Placed Bonds and the transactions contemplated thereunder; (ii) a letter of recommendations from the independent board committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders; and (iv) a notice to convene the SGM, is expected to be despatched to the Shareholders on or before 31 October 2011.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 29 June 2011, the Company granted a general mandate to the Directors to allot and issue up to 20% of the issued ordinary share capital of the Company, being 7,793,175,000 Shares. Save for the VC Placed Bonds, the New Shares to be issued upon conversion of the Bonds will be issued under the General Mandate. At the date of this announcement, there has been no issue of Shares under the General Mandate.

FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not carried out any equity fundraising activities in the past twelve months immediately before the date of this announcement.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the provision of lottery related systems, machines and services for both Welfare and Sports Lotteries in the PRC. It has a well diversified business portfolio with nationwide network that covers almost all types of lotteries in the PRC. The Group offers a comprehensive array of products and services, including lottery systems and games development, terminals production and maintenance, instant lottery design and printing, as well as distribution and marketing of lottery products. For more information, please visit the Company's website at www.rexlot.com.hk.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended with effect from 9:00 a.m. on 22 September 2011 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 23 September 2011.

DEFINITIONS

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

“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;

“Bondholder(s)”	holder(s) of the Bonds from time to time;
“Bonds”	the Firm Bonds, the Option Bonds (if any) and the VC Placed Bonds;
“Bond Issue”	the issue of the Bonds by the Company pursuant to the terms and conditions of the Subscription Agreement;
“Circular”	the circular to be despatched to the Shareholders relating to, among other things, the issue of the VC Placed Bonds and the transactions contemplated thereunder;
“Change of Control”	a “Change of Control” occurs when: <ul style="list-style-type: none"> (i) any person or persons, other than VC or any of his affiliates, executors, administrators or successors, acquires Control of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity;
“Closing Price”	“Closing Price” for Shares for any Trading Day shall be the price published in the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	REXLot Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Hong Kong Stock Exchange;

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Contracts”	the Subscription Agreement, the Trust Deed and the Paying and Conversion Agency Agreement as defined in the Subscription Agreement;
“Control”	the acquisition or control of more than 50% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;
“Conversion Price”	the price at which New Shares will be issued upon conversion of the Bonds which will initially be HK\$0.6175 per Share and will be subject to adjustment in the manner provided in the terms and conditions of the Bonds;
“Director(s)”	director(s) of the Company;
“Firm Bonds”	the Underwritten Bonds and the Placed Bonds (except the VC Placed Bonds);
“Firm Bonds Closing Date”	28 September 2011;
“General Mandate”	the general mandate to allot and issue Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 29 June 2011;
“Global Bond Certificate”	a global bond certificate representing the Bonds to be issued;
“Group”	the Company and its Subsidiaries;
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Shareholders”	Shareholders other than VC and his associates;
“Issue Price”	with respect to the Bonds, 100% of the principal amount thereof;
“Kingly Profits”	Kingly Profits Corporation, a company incorporated in the British Virgin Islands, the entire issued share capital of which is indirectly held by VC as at the date of this announcement;
“Last Trading Day”	21 September 2011, being the last full trading day immediately before the time at which the Subscription Agreement is signed;
“Lead Manager”	Daiwa Capital Markets Hong Kong Limited;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Lock-up Bonds”	the Placed Bonds in the principal amount of HK\$505,700,000, subject to the terms of the Subscription Agreement and the Bondholder Lock-up Agreement referred to therein;
“Lock-up Conversion Shares”	the Shares to be issued upon conversion of the Lock-up Bonds;
“Lock-up Securities”	the Lock-up Bonds and the Lock-up Conversion Shares;
“Lock-up Shares”	1,198,805,635 Shares held directly (or through nominees), or indirectly through companies controlled by, VC or the subsidiaries of such companies (or through their respective nominees);
“Maturity Date”	28 September 2016;

“New Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds;
“Offering Circular”	the offering circular to be dated on or about 23 September 2011 for use in connection with the offering of the Bonds and the listing of the Bonds on the SGX-ST;
“Option Bonds”	Bonds up to HK\$145,500,000 principal amount which may be issued by the Company, subject to the exercise of the Option by the Lead Manager;
“Option Closing Date”	a date to be specified by the Lead Manager upon exercise of the Option to subscribe for all or any of the Option Bonds, being a date which is at least two business days before the date on which the Option Bonds are to be issued by the Company against payment for the Option Bonds and no later than 15 business days after the date on which the Option shall have been exercised;
“Placed Bonds”	up to HK\$505,700,000 principal amount of the Bonds to be placed by the Lead Manager (including the VC Placed Bonds);
“PRC”	the People’s Republic of China;
“Publication Date”	the date of the Offering Circular;
“Regulation S”	Regulation S under the Securities Act;
“Relevant Event”	a “Relevant Event” occurs: <ul style="list-style-type: none"> (i) when the Shares cease to be listed or admitted to trading or suspending for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or (ii) when there is a Change of Control;

“Relevant Indebtedness”	any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate, depositary receipt, bill of exchange or other instrument which is, or is capable of being , listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), whether or not initially distributed by way of private placement and for the avoidance of doubt shall not include indebtedness under any bi-lateral loan, non-transferable loan or loan facility or transferable loan or loan facility;
“Securities Act”	the US Securities Act of 1933, as amended;
“Security Interest”	any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;
“SGM”	the special general meeting of the Company to be convened for the purposes of considering, and if though fit, approving the issue of the VC Placed Bonds and the transactions contemplated thereunder;
“SGX-ST”	the Singapore Exchange Securities Trading Limited;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company, which are listed on the Hong Kong Stock Exchange;
“Shareholder(s)”	holders of the Share(s);
“Subscription Agreement”	the subscription agreement entered into between the Company and the Lead Manager dated 21 September 2011 in respect of the Bond Issue;

“Subsidiary(ies)”	in relation to any Person (the “ first Person ”), any other Person (the “ second Person ”) of which the first Person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other second Person which at any time has its accounts consolidated with those of the first Person or which, under the laws of Hong Kong or Bermuda, regulations or Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants (“ HKFRS ”) from time to time, should have its accounts consolidated with those of the first Person;
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Trading Day”	a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business;
“Trustee”	The Bank of New York Mellon, London Branch;
“US” or “United States”	the United States of America;
“Underwritten Bonds”	Bonds in an aggregate principal amount of HK\$389,000,000 which the Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for;
“VC”	Mr. Chan How Chung, Victor;
“VC Placed Bonds”	up to HK\$77,800,000 principal amount of the Bonds to be issued to Kingly Profits, who is a connected person of the Company;

“VC Placed Bonds Closing Date” on or before the fifth business day following the satisfaction (or waiver, if applicable) of all the conditions to the issue of the VC Placed Bonds, or such later date as the Company and Daiwa may agree; and

“%” per cent.

By Order of the Board of
REXLot Holdings Limited
Ng Yuen Yee
Company Secretary

Hong Kong, 22 September 2011

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.