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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in REXCAPITAL Financial Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS AND GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

A notice convening the AGM to be held at 34/F, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong on Wednesday, 18 June 2008 at 4:30 p.m. is set out on pages 11 to 14 of this circular. A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

30 April 2008

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 34/F, COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong on Wednesday, 18 June 2008 at 4:30 p.m.
“Bye-laws”	the bye-laws of the Company
“Board”	the board of Directors
“Company”	REXCAPITAL Financial Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares listed on the Stock Exchange with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution to grant such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	share(s) of HK\$0.01 each in the capital of the Company

DEFINITIONS

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars
“%”	per cent

LETTER FROM THE BOARD



REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

Executive Directors:

Chan How Chung, Victor
Boo Chun Lon

Independent non-executive Directors:

Yuen Wai Ho
Chow Siu Ngor
Lee Ka Lun

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Suite 3401, 34/F, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

30 April 2008

*To the Shareholders and, for information only,
holders of the options of the Company*

Dear Sir/Madam,

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS
AND
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES**

INTRODUCTION

The purpose of this circular is to provide Shareholders with information regarding the following resolutions to be proposed at the AGM in order to enable Shareholders to make informed decisions on whether to vote for or against the resolutions.

LETTER FROM THE BOARD

The resolutions include (i) re-election of Directors; (ii) granting to the Directors the Repurchase Mandate; and (iii) granting to the Directors a general and unconditional mandate (a) to issue further Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and (b) to issue Shares not exceeding the aggregate nominal amount of the share capital so repurchased pursuant to the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

At the AGM, a resolution will also be proposed to re-elect Directors. In accordance with Bye-law 99, Mr. Chan How Chung, Victor and Mr. Yuen Wai Ho shall retire at the AGM and, being eligible, offers himself for re-election. Detail of the Director who is proposed to be re-elected at the AGM is set out as follows:

Mr. Chan How Chung, Victor, aged 47, was appointed as an executive Director on 4 July 2002. Mr. Chan is responsible for the strategic development and overall operations of the Group. He holds a LLB degree and is a professionally qualified accountant. He has over 23 years of experience in corporate restructurings and reorganizations, mergers and acquisitions, primary and secondary capital raisings, wealth management and corporate finance. Mr. Chan has a 100% shareholding interest in Kingly Profits Corporation (“Kingly”), a substantial shareholder of the Company, and he is also a director of Kingly. Save as disclosed above, Mr. Chan is not connected with any Directors or senior management of the Company. Currently Mr. Chan is entitled to emoluments of HK\$3,600,000 per annum. As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Chan was interested in 1,198,805,635 Shares representing approximately 16.75% of the total issued share capital of the Company.

Mr. Yuen Wai Ho, aged 48, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 8 April 2004. Mr. Yuen received a master in business administration from the University of Bath in England in 1988. Mr. Yuen is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries & Administrators. Mr. Yuen has more than 20 years of experience in auditing and commercial fields, 10 of which were working in multinational companies. He is currently a partner of a firm of certified public accountants. Prior to that, Mr. Yuen served as Group Financial Controller of a listed company in Hong Kong. Currently Mr. Yuen is entitled to receive an annual director’s fee of HK\$120,000. Mr. Yuen is not connected with any Directors, senior management or substantial or controlling shareholders of the Company, and he does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

There is no service contract entered into between all the above two Directors and the Company and they are subject to retirement by rotation and re-election in accordance with the Bye-laws. Their directors' remunerations shall be reviewed by the Remuneration Committee of the Company and determined by the Board annually on the basis of the responsibility of the Director and the prevailing market condition and subject to the approval of the Shareholders.

Save as disclosed above, there is no other matters that need to be brought to the attention of the Shareholders and there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

THE REPURCHASE MANDATE AND GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors the Repurchase Mandate subject to the criteria set out in Appendix I to this circular.

The Repurchase Mandate and general mandate to issue shares will expire upon the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law to be held; or
- (iii) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement, which is set out in Appendix I of this circular.

Ordinary resolutions will also be proposed at the AGM in respect of (1) the grant of the general mandate to issue, allot and deal with new Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolutions (the "Issue Mandate") and (2) the extension of the Issue Mandate so granted to the Directors by adding to it any Shares repurchased by the Company up to 10% of the issued share capital of the Company at the date of passing the resolution regarding the Repurchase Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 7,158,000,000 Shares. Assuming the resolution in relation to the grant of the Issue Mandate is passed at the AGM and no further Shares are issued or repurchased before the AGM, the maximum number of Shares may be issued, allotted and dealt with under the Issue Mandate will be 1,431,600,000 Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

Notice of the AGM is set out in Appendix II to this circular. A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

Pursuant to Rule 13.55(3) of the Listing Rules, the procedure by which Shareholders may demand a poll in a general meeting of the Company is set out as follows:

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

- (i) the chairman of such meeting; or
- (ii) at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (v) if required by the Listing Rules, by the chairman of the meeting and/or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights at such meeting.

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the re-election of the retiring Directors, the Repurchase Mandate and the general mandates to issue Shares are in the best interests of the Company and the Shareholders and, accordingly, recommend you to vote in favour of the relevant resolutions at the AGM.

Yours faithfully,
By order of the board
Chan How Chung, Victor
Executive Director

This is an explanatory statement given to Shareholders relating to the resolution to be proposed at the AGM for approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 7,158,000,000 Shares.

Exercise in full of the Repurchase Mandate, on the basis that no further Shares are issued or repurchased prior to the date of the AGM, could accordingly result in up to 715,800,000 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date, being repurchased by the Company.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to purchase Shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company's available cashflow or working capital facilities which will be funds legally available in accordance with the provisions of the bye-laws of the Company and the Bermuda law for the purpose. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

On the basis of the consolidated financial position of the Company as at 31 December 2007 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that the exercise in full of the Repurchase Mandate would not have a material adverse impact on the working capital or gearing level of the Company. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing level of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors consider that such purchases were in the best interests of the Company notwithstanding such material adverse impact.

4. SHARE PRICES

The highest and lowest market prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
April	0.76	0.67
May	0.80	0.63
June	0.85	0.76
July	1.26	0.87
August	1.16	0.87
September	1.27	1.04
October	1.60	1.23
November	1.60	1.20
December	1.49	1.01
2008		
January	1.25	0.92
February	1.12	1.02
March	1.03	0.69
April (up to Latest Practicable Date)	0.85	0.75

5. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the last six months.

6. GENERAL INFORMATION

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates, have any present intention, if the Repurchase Mandate is approved and exercised, to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, to exercise the power of the Company to repurchase Shares in accordance with the Listing Rules and the applicable laws of Bermuda.

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of such increase. Assuming that the Repurchase Mandate is exercised in full, the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon such repurchase are as follows:

	As at the Latest Practicable Date	Upon exercise of the Repurchase Mandate in full
	%	%
Kingly Profits Corporation	16.75	18.61
Gandhara Master Fund Ltd	7.33	8.15

The Directors are not aware of any Shareholders or group of Shareholders acting in concert who will become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of repurchase of Shares. The Directors also consider that such increase would not reduce the issued share capital in public hands to less than 25% as required under Rule 8.08 of the Listing Rules (or the relevant prescribed minimum percentage required by the Stock Exchange).

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.



REXCAPITAL Financial Holdings Limited

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(Stock code: 555)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of REXCAPITAL Financial Holdings Limited (the “Company”) will be held at 34/F, COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong on Wednesday, 18 June 2008 at 4:30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the audited accounts together with the Directors’ Report and the Auditors’ Report for the year ended 31 December 2007.
2. To re-elect directors.
3. To authorize the board of directors to fix the directors’ remuneration.
4. To re-appoint auditors and to authorize the board of directors to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.01 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares to be repurchased by the Company pursuant to the approval in sub-paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Company’s bye-laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in a general meeting of the Company.”

- 6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to sub-paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) above shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than by way of (i) a Rights Issue (as defined in sub-paragraph (e) of this resolution); or (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company; or (iii) the exercise of any option granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Company's bye-laws shall not exceed the aggregate of (aa) 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution plus (bb) (if the directors of the Company are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution, and the said approval shall be limited accordingly;
- (d) for the purpose of this resolution, "Relevant Period" shall have the same meaning as in resolution no. 5(c) above; and
- (e) "Rights Issue" means an offer of shares or other securities of the Company open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or class hereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, or any territory outside, Hong Kong)."

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon resolutions nos. 5 and 6 above being passed, the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in resolution no. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 6 above.”

By order of the board
Chan How Chung, Victor
Executive Director

Hong Kong, 30 April 2008

As at the date hereof, the executive directors of the Company are Mr. Chan How Chung, Victor and Mr. Boo Chun Lon. The independent non-executive directors of the Company are Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun.

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy so appointed.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.