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If you have sold or transferred all your shares in REXLot Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or registered institutions in securities or other agent through whom the sale or transfer was effected for transmission.

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

REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

CONNECTED TRANSACTION: ISSUE OF 4.5% CONVERTIBLE BONDS DUE 2019 IN THE PRINCIPAL AMOUNT OF HK\$300,000,000 TO KINGLY PROFITS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

AmCap

Ample Capital Limited

豐盛融資有限公司

Capitalised terms used on this cover page shall have the same meanings as defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 8 to 31 of this circular. A letter of recommendation from the Independent Board Committee is set out on page 32 of this circular. A letter from Ample Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 33 to 53 of this circular.

A notice convening the SGM to be held on Wednesday, 11 June 2014 at 3:30 p.m. at Suite 2601, 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong is set out on pages 61 to 63 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company at its Hong Kong branch share registrar at Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the enclosed form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

23 May 2014

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DEFINITIONS

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

“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;
“Bond Issue”	the issue of the Bonds by the Company pursuant to the terms and conditions of the Subscription Agreement;
“Bonds”	the Firm Bonds, Option Bonds and the VC Bonds;
“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;

DEFINITIONS

“Company”	REXLot Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of Hong Kong Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Contracts”	the Trust Deed and the Paying and Conversion Agency 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\$1.4070 per Share and will be subject to adjustment in the manner provided for in the terms and conditions of the Bonds;
“Director(s)”	director(s) of the Company;
“Existing Bonds”	the 6.00% convertible bonds due 2016 which the Company had initially issued on 28 September 2011, 7 November 2011 and 28 November 2011 and further issued on 13 September 2012, 19 October 2012 and 13 November 2012;
“Firm Bonds”	the bonds in an aggregate principal amount of HK\$1,200,000,000 issued by the Company which the Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for;
“Firm Bonds Closing Date”	17 April 2014, being the date of completion of the issue of the Firm Bonds;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“HK\$” 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 Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun, established for the purpose of advising the Independent Shareholders in relation to the issue of the VC Bonds and the transactions contemplated thereunder;
“Independent Financial Adviser”	Ample Capital Limited, which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the issue of the VC Bonds and the transactions contemplated thereunder;
“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 Latest Practicable Date;
“Last Trading Day”	9 April 2014, being the last full Trading Day immediately before the time at which the Subscription Agreement was signed;
“Latest Practicable Date”	19 May 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Lock-up Shares”	1,230,539,822 Shares held directly (or through nominees), or indirectly through companies controlled by, VC or the subsidiaries of such companies (or through their respective nominees);
“Managers”	Daiwa Capital Markets Hong Kong Limited and Merrill Lynch Far East Limited;
“Maturity Date”	17 April 2019;
“New Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds;
“Offering Circular”	the offering circular issued for use in connection with the offering of the Bonds and the listing of the Bonds on the SGX-ST;
“Old Share Option Scheme”	the share option scheme of the Company as disclosed in the Company’s annual report despatched on 30 April 2012;
“Option”	the option granted by the Company to the Managers to issue the Option Bonds pursuant to the Subscription Agreement, which has been exercised in full by the Managers on 9 April 2014;
“Option Bonds”	the bonds in an aggregate principal amount of up to HK\$400,000,000 issued by the Company on the Option Bonds Closing Date upon the exercise of the Option in full by the Managers;
“Option Bonds Closing Date”	17 April 2014, being the date on which the Option Bonds were issued by the Company in full against payment for the Option Bonds;
“Paying and Conversion Agency Agreement”	the paying and conversion agency agreement relating to the Bonds dated 17 April 2014 entered into between the Company, the Trustee and the agents named therein;

DEFINITIONS

“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan;
“Regulation S”	Regulation S under the Securities Act;
“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;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the issue of the VC Bonds and the transactions contemplated thereunder;
“SGX-ST”	the Singapore Exchange Securities Trading Limited;
“S\$”	Singapore dollars, the lawful currency of Singapore;
“Share Option Scheme”	the share option scheme of the Company as disclosed in the Company’s circular dated 1 June 2012 and adopted on 28 June 2012;

DEFINITIONS

“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 Managers dated 9 April 2014 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 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;
“Trust Deed”	the trust deed constituting the Bonds dated 17 April 2014 entered into between the Company and the Trustee (as amended or supplemented from time to time);
“Trustee”	The Bank of New York Mellon, London Branch;
“US” or “United States”	the United States of America;

DEFINITIONS

“VC”	Mr. Chan How Chung, Victor, a Director and Substantial Shareholder of the Company and thus a connected person of the Company;
“VC Bonds”	the bonds in an aggregate principal amount of HK\$300,000,000 to be issued by the Company to Kingly Profits, subject to Independent Shareholders’ approval;
“VC 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 Bonds, or such later date as the Company and the Managers may agree; and
“%”	per cent.

LETTER FROM THE BOARD

REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

Executive Directors:

Mr. Chan How Chung, Victor

Mr. Boo Chun Lon

Independent non-executive Directors:

Mr. Yuen Wai Ho

Mr. Chow Siu Ngor

Mr. 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 2601, 26/F., Sino Plaza

255-257 Gloucester Road

Causeway Bay

Hong Kong

23 May 2014

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION:
ISSUE OF 4.5% CONVERTIBLE BONDS DUE 2019
IN THE PRINCIPAL AMOUNT OF HK\$300,000,000
TO KINGLY PROFITS**

INTRODUCTION

Reference is made to the announcement of the Company dated 10 April 2014, in which the Board announced that on 9 April 2014, the Company and the Managers entered into the Subscription Agreement whereby the Company agreed to issue up to HK\$1,900,000,000 in aggregate principal amount of 4.5% convertible bonds due 2019. The VC Bonds in the principal amount of HK\$300,000,000 shall be issued by the Company to Kingly Profits, a company indirectly wholly-owned by Mr. Chan How Chung, Victor, a Director and Substantial Shareholder of the Company, subject to, among other conditions precedent, the Independent Shareholders' approval. By virtue of VC being a connected person of the Company, Kingly Profits as VC's associate is also a connected person of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details of the issue of the VC Bonds and the transactions contemplated thereunder; (ii) a letter of recommendation 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.

THE SUBSCRIPTION AGREEMENT

A. Date: 9 April 2014 (after trading hours)

B. Parties: The Company and the Managers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, each of the Managers is an independent third party not connected with the Company and any of its connected persons.

C. Proposed Issue of the Firm Bonds: The Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds in an aggregate principal amount of HK\$1,200,000,000 at the Issue Price. Such payment shall be made by a depositary on behalf of the Managers in Hong Kong Dollars in same day settlement funds on the Firm Bonds Closing Date to such Hong Kong dollar account as shall be notified by the Company to the Managers not later than three days prior to the Firm Bonds Closing Date. The completion of the issue of the Firm Bonds took place on 17 April 2014.

LETTER FROM THE BOARD

- D. Proposed Placing of the VC Bonds: The Company has appointed the Managers as agents to the exclusion of all others and the Managers have agreed to act as agents for the Company in respect of the proposed placing of the VC Bonds in an aggregate principal amount of up to HK\$300,000,000 to, subject to Independent Shareholders' approval, Kingly Profits, which is a connected person of the Company, at the Issue Price plus an amount corresponding to the accrued interest on the VC Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the VC Bonds Closing Date. Such payment shall be made or come to be made by VC to the Company on or before the VC Bonds Closing Date. For further details of Kingly Profits and the VC Bonds, please refer to the section headed "Connected Transaction" below.
- E. Option to issue Option Bonds: In addition, the Company has granted to the Managers the Option to subscribe for all or some of the Option Bonds up to an additional aggregate principal amount of HK\$400,000,000, and the Option shall be exercisable in whole or part, on one occasion only, solely at the discretion of the Managers (acting jointly), at any time on or before the 30th day following the Firm Bonds Closing Date. The Option Bonds will be subscribed at the Issue Price plus accrued interest on the Option Bonds, if any, from and including, the Firm Bonds Closing Date to, but excluding, the Option Bonds Closing Date. Such payment shall be made by a depositary on behalf of the Managers in Hong Kong Dollars in same day settlement funds on the Option Bonds Closing Date to such Hong Kong dollar account as shall be notified by the Company to the Managers not later than three days prior to the Option Bonds Closing Date. The Option was exercised in full by the Managers on 9 April 2014. The completion of the issue of the Option Bonds took place on 17 April 2014.

LETTER FROM THE BOARD

- F. Conditions Precedent of the VC Bonds: The completion of the issue of the VC Bonds is subject to, among other things, conditions 1 to 8 below (the following conditions precedents are collectively referred to as, the “**Conditions**”):
1. **Due Diligence:** the Managers being satisfied with the results of their due diligence investigations with respect to the Company and its subsidiaries for the purposes of preparation of the Offering Circular in compliance with applicable laws and regulations, and the Offering Circular having been prepared in form and content reasonably satisfactory to the Managers and having been delivered to the Managers;
 2. **Contracts:** the execution and delivery (on or before the VC Bonds Closing Date) of a supplemental trust deed and a supplemental paying and conversion agency agreement relating to the Bonds, as the case may be, each in a form reasonably satisfactory to the Managers, by the respective parties;
 3. **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 Bonds Closing Date (if any);
 4. **Compliance:** on the Firm Bonds Closing Date and the Option Bonds 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 Managers a certificate, dated as of such date, of a duly authorised officer of the Company to such effect;

LETTER FROM THE BOARD

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 Bonds Closing Date (if any) with reference to the facts and circumstances then subsisting;
6. **Other consents:** on or prior to the Firm Bonds Closing Date and the Option Bonds Closing Date (if any), there shall have been delivered to the Managers 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 Contracts and the Bonds (including the consents and approvals required from all lenders), if applicable;
7. **Certificate of No Default:** on the date of the Subscription Agreement, the Firm Bonds Closing Date and the Option Bonds Closing Date (if any), there having been delivered to the Managers a certificate of no default, dated as of such date, of a director or a duly authorised signatory of the Company;
8. **Listing:** the Hong Kong Stock Exchange having agreed to list the New Shares upon conversion of the Bonds and the SGX-ST having agreed, subject to the issue of the Bonds, to list the Bonds (or, in each case, the Managers being satisfied that such listing will be granted);

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

LETTER FROM THE BOARD

VC may, at his discretion and upon such terms as he thinks fit, waive compliance with the whole or any part of the Conditions (other than Conditions 2 (Contracts) and 8 (Listing)) in respect of the VC Bonds.

G. Completion:

Completion of the subscription and issue of the Firm Bonds will, subject to the satisfaction or waiver of the Conditions, 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 Bonds Closing Date. The completion of the issue of the Firm Bonds and the Option Bonds took place on 17 April 2014.

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

H. Distribution:

The Bonds and the New Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. 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 Bonds which are proposed to be issued 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 or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

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.

LETTER FROM THE BOARD

I. Company's
Lock-up
Undertaking:

The Company has undertaken with the Managers 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 Managers 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 (if any Option Bonds are issued) the Option Bonds Closing Date (both dates inclusive); except for the Bonds, the Shares issued on conversion of the Bonds and for the Shares issued on exercise of the option granted under the Share Option Scheme and the Old Share Option Scheme and except for the grant of options under the Share Option Scheme, the Shares issued upon conversion of the 6.00% convertible bonds due 2016 of the Company and the scrip dividend alternative in respect of the final dividend for the year ended 31 December 2013, payable in cash with a scrip dividend alternative, to shareholders of the Company as referred to in the Company's announcement dated 27 March 2014.

LETTER FROM THE BOARD

J. Shareholder's
Lock-up
Undertaking:

VC undertakes that, for a period from the date of the Subscription Agreement up to 90 calendar days after later of the Firm Bonds Closing Date and (if any Option Bonds are issued) the Option Bonds 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 Managers,

- (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 the Bonds or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares, the Lock-up Shares or other instruments representing interests in the Bonds, the Lock-up Shares or other securities of the same class as the Lock-up Shares;
- (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

LETTER FROM THE BOARD

- (d) announce or otherwise make public an intention to do any of the foregoing,

provided that for the avoidance of doubt, any conversion of the Bonds or any 6.00% convertible bonds due 2016 into Shares of the Company shall not be subject to any restriction to the above undertaking.

K. Termination:

The Managers 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 Managers 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 Managers on or prior to the Firm Bonds Closing Date or the Option Bonds Closing Date, as the case may be;
3. if in the opinion of the Managers, 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;

LETTER FROM THE BOARD

4. if, in the opinion of the Managers, 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 Inc, 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 New Shares to be issued upon conversion of the Bonds or the transfer thereof; or
5. if, in the opinion of the Managers, 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.

LETTER FROM THE BOARD

- L. Conversion Shares and Conversion Price:
- Based on the initial Conversion Price of HK\$1.4070 per Share and assuming full issuance (including issuance of the Option Bonds and the VC Bonds) and full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 1,350,390,902 New Shares, representing:
- (i) approximately 15.02% of the issued ordinary share capital of the Company as at the Latest Practicable Date, and
 - (ii) approximately 13.06% of the issued ordinary share capital of the Company, as enlarged.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds (including the VC Bonds) are summarised as follows:

- Issuer: REXLot Holdings Limited
- Managers: Daiwa Capital Markets Hong Kong Limited
- Merrill Lynch Far East Limited
- Principal amount of the Bonds: Up to HK\$1,900,000,000 principal amount of its 4.5% convertible bonds due 2019, 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 Firm Bonds: HK\$1,200,000,000 principal amount of the Bonds
- Principal amount of the Option Bonds: The Company has granted to the Managers the Option to subscribe for all or some of the Option Bonds up to an additional aggregate principal amount of HK\$400,000,000, and the Option shall be exercisable in whole or part, on one occasion only, solely at the discretion of the Managers (acting jointly), at any time on or before the 30th day following the Firm Bonds Closing Date. The Option was exercised in full by the Managers on 9 April 2014

LETTER FROM THE BOARD

Principal amount of VC Bonds:	Up to HK\$300,000,000 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
Initial Bondholders:	<p>In relation to the Firm Bonds and the Option 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</p> <p>In relation to VC Bonds, Kingly Profits is a connected person of the Company</p>
Issue Price:	100% of the principal amount of the Bonds
Form and Denomination:	The Bonds are and will be issued in registered form, in the denomination of HK\$2,000,000 each
Interest:	The Bonds bear interest at the rate of 4.5% per annum payable semi-annually in arrear on 17 April and 17 October in each year
Maturity date:	17 April 2019

LETTER FROM THE BOARD

- 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 guarantee 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, assets or revenues of a subsidiary incorporated in the PRC to secure any Relevant Indebtedness or any guarantee of the Relevant Indebtedness where such Relevant Indebtedness is issued, offered or provided in the PRC
- Conversion period: On or after 27 May 2014 up to the close of business on the 10th day prior to the Maturity Date
- Conversion price: The initial Conversion Price is HK\$1.4070 per Share, representing:
- (i) a premium of approximately 34.00% over the Closing Price of HK\$1.05 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
 - (ii) a premium of approximately 36.02% over the volume weighted average price of HK\$1.0344 per Share for the last five consecutive trading days up to and including the Last Trading Day; and

LETTER FROM THE BOARD

- (iii) a premium of approximately 44.43% over volume weighted average price of HK\$0.9742 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 Managers with reference to the closing price of the Shares quoted on the Hong Kong Stock Exchange on 9 April 2014

The Conversion Price will be subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, capitalisation of profits or reserves, distributions, rights issue of shares or options over shares at less than 95% of the then current market price, rights issue of other securities, other issues at less than 95% of the then current market price, modification of conversion rights to less than 95% of the then current market price, other offers to shareholders and other dilutive events as detailed in the terms and conditions of the Bonds. The Conversion Price may also be subject to a downward adjustment for a certain period of time after the occurrence of a Change of Control (such adjustment to be determined with reference to the initial conversion premium and the number of days remaining till maturity). 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

LETTER FROM THE BOARD

- 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 and 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 17 April 2017 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 and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled

LETTER FROM THE BOARD

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 9 April 2014, 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:

If the Company 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 17 April 2017 (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

LETTER FROM THE BOARD

Redemption for
Delisting, Suspension
of Trading or Change
of Control:

If at any time:

- (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
- (b) there is a Change of Control,

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 Firm Bonds and the Option Bonds are listed on the SGX-ST and are traded on the SGX-ST in a minimum board lot size of S\$200,000, or its equivalent in foreign currencies, for so long as the Firm Bonds and Option Bonds are listed on the SGX-ST. Approval has been received from the SGX-ST for the listing of the VC Bonds. The VC Bonds will be traded on the SGX-ST in a minimum board lot size of S\$200,000, or its equivalent in foreign currencies, for so long as the VC Bonds are listed on the SGX-ST

Approval has been received from the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares issuable upon conversion of the Firm Bonds and the Option Bonds. Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares issuable upon conversion of the VC Bonds

LETTER FROM THE BOARD

Clearing Systems:	<p>The Bonds, once all issued, will be represented by global bond certificate(s)</p> <p>Title to the Bonds have been registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank S.A./N.V. (“Euroclear”), and Clearstream Banking, <i>société anonyme</i> (“Clearstream, Luxembourg”)</p>
Voting rights:	<p>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</p>
Transferability:	<p>The Bonds are freely transferable</p>
Status:	<p>The Bonds constitute direct, unconditional, unsubordinated and (subject to the terms and conditions) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> 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</p>

LETTER FROM THE BOARD

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 Latest Practicable Date; (2) the shareholding structure assuming all the outstanding Existing Bonds are not converted and the Bonds (save for the VC Bonds) are fully issued and converted into Shares at the initial Conversion Price of HK\$1.4070 per Share each; and (3) the shareholding structure assuming all the outstanding Existing Bonds are converted into Shares at the conversion price of HK\$0.6000 per Share each and the Bonds (including the VC Bonds) are fully issued and converted into Shares at the initial Conversion Price of HK\$1.4070 per Share each, on the assumptions that (a) there will be no other change to the share capital of the Company from the Latest Practicable Date until the completion of the conversion of the Bonds in full, save for the issue of the New Shares as a result of the conversion of the outstanding Existing Bonds and the Bonds in full; (b) the Bondholders (excluding VC and his associates) do not and will not hold any Shares other than the Shares as a result of the conversion of the outstanding Existing Bonds and the New Shares as a result of the conversion of the Firm Bonds and the Option Bonds in full (as the case may be):

Shareholder	Existing shareholding structure as at the Latest Practicable Date		Assuming all the outstanding Existing Bonds are not converted and the Bonds (save for the VC Bonds) are fully issued and converted into Shares at the initial Conversion Price of HK\$1.4070 per Share each		Assuming all the outstanding Existing Bonds are converted into Shares at the conversion price of HK\$0.6000 per Share each and the Bonds (including the VC Bonds) are fully issued and converted into Shares at the initial Conversion Price of HK\$1.4070 per Share each	
	a	b	a	b	a	b
VC and his associates (<i>Note 1</i>)	1,230,539,822	13.68%	1,230,539,822	12.15%	1,638,426,104	13.89%
Holders of the Existing Bonds	–	–	–	–	1,259,833,333	10.68%
Bondholders (excluding VC and his associates)	–	–	1,137,171,286	11.22%	1,137,171,286	9.63%
Public	7,762,399,036	86.32%	7,762,399,036	76.63%	7,762,399,036	65.80%
	<u>8,992,938,858</u>	<u>100.00%</u>	<u>10,130,110,144</u>	<u>100.00%</u>	<u>11,797,829,759</u>	<u>100.00%</u>

LETTER FROM THE BOARD

Note:

In this table: “a” means the number of Shares; and “b” means % of share capital (or enlarged share capital) of the Company (as the case may be).

1. VC is taken to be interested in 1,127,065,711 Shares held by Keen Start Limited and 103,474,111 Shares held by Kingly Profits. As at the Latest Practicable Date, each of Keen Start Limited and Kingly Profits is wholly owned by Smart Ease Corporation, which in turn, is wholly owned by VC. Kingly Profits holds HK\$116,800,000 in principal amount of 6.00% convertible bonds due 2016 (the “**Existing VC Bonds**”), and it agreed to purchase the VC Bonds at the initial conversion price in accordance with the terms of the Subscription Agreement. Accordingly, VC through Kingly Profits, is also deemed to be interested in 194,666,666 underlying Shares to be derived from conversion of the Existing VC Bonds at the applicable conversion price of HK\$0.6000 per share, and 213,219,616 underlying Shares to be derived from conversion of the VC Bonds at the initial conversion price of HK\$1.4070 per Share, which in aggregate represents 4.54% of the Company’s existing issued share capital.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in lottery system and games development business and distribution and marketing of lottery products 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.

REASONS AND BENEFITS OF THE ISSUE OF THE VC BONDS

The Directors consider that entry into the Subscription Agreement and the issue of the Bonds (including the VC Bonds) will further provide a strong capital support for the Group’s rapid growth going forward. The subscription of the VC Bonds indicates a strong commitment from Kingly Profits to the Company and its long-term outlook. 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.

LETTER FROM THE BOARD

USE OF PROCEEDS OF THE BONDS

The total gross proceeds from the issue of the Bonds will be approximately HK\$1,900 million (assuming the maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full) and the net proceeds from the issue of Bonds will amount to approximately HK\$1,855 million (assuming the maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full). The net price for each New Share is expected to be approximately HK\$1.3737 (assuming the maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full). As at the Latest Practicable Date, the Group has utilized the net proceeds from the issue of the Firm Bonds and the Option Bonds as to approximately HK\$45,000,000 for the general working capital of the Group (including operating expenses such as employee benefit expenses, office expenses and utilities, professional fees and general administration costs). It is expected that approximately 70% of the total net proceeds will be used to finance the Group's business expansion through organic growth and potential joint venture and acquisition opportunities that may arise in the future. The remainder will be used for general corporate and working capital. The balances currently not used are placed in bank deposits.

The gross proceeds from the issue of the VC Bonds will be HK\$300 million. The net proceeds from the issue of the VC Bonds will be approximately HK\$299 million. The net price for each New Share is expected to be approximately HK\$1.4023 (assuming the maximum number of VC Bonds are issued in full).

The Company intends to use approximately 70% of the net proceeds from the issue of the VC Bonds to finance the Group's business expansion through organic growth and potential joint ventures and acquisition opportunities that may arise in the future and approximately 30% of the net proceeds from the issue of the VC Bonds for general corporate and working capital needs, including operating expenses such as employee benefit expenses, office expenses and utilities, professional fees and general administration costs. As at the Latest Practicable Date, the Group has not entered into any binding agreement in relation to any such potential joint ventures and acquisition opportunities.

LETTER FROM THE BOARD

FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

Details of the fund raising exercise conducted by the Company in the past 12 months immediately preceding the Latest Practicable Date are set out below:

Date of announcement	Description	Net proceeds	Intended use of net proceeds as announced	Actual use of proceeds
10 April 2014	Issue of the Firm Bonds and the Option Bonds	Approximately HK\$1,556,000,000	To finance the Group's business expansion through organic growth and potential joint ventures and acquisition opportunities that may arise in the future and for general corporate and working capital needs	Approximately HK\$45,000,000 for the general working capital of the Group (including operating expenses such as employee benefit expenses, office expenses and utilities, professional fees and general administration costs)

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, VC is a Director and a Substantial Shareholder of the Company, indirectly holding 1,230,539,822 Shares which represent approximately 13.68% of the issued ordinary share capital of the Company. As VC is a connected person of the Company and the entire issued share capital of Kingly Profits is held indirectly by VC, Kingly Profits being an associate of VC is also a connected person of the Company.

Accordingly, the issue of the VC Bonds and the transactions contemplated thereunder constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements therein.

LETTER FROM THE BOARD

SGM

The SGM will be convened on Wednesday, 11 June 2014 at 3:30 p.m. at Suite 2601, 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong at which an ordinary resolution shall be proposed to seek approval from the Independent Shareholders of, amongst others, the issue of the VC Bonds and the grant of a specific mandate for the allotment and issue of the New Shares upon the exercise of the conversion rights attaching to the VC Bonds. A notice convening the SGM, together with the resolution to be proposed at the SGM, is set out on pages 61 to 63 of this circular.

As VC has a material interest in the issue of the VC Bonds and the transactions contemplated thereunder, VC and his associates shall abstain from voting on the relevant resolution at the SGM. In addition, he had abstained from voting in the Board meeting held on 9 April 2014 in relation to the Bond Issue.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder, other than VC and his associates, is required to abstain from voting on the relevant resolution in respect of the issue of the VC Bonds and the transactions contemplated thereunder at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company at its Hong Kong branch share registrar at Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the enclosed form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, established for the purpose of advising the Independent Shareholders in relation to the issue of the VC Bonds and the transactions contemplated thereunder, comprises all the independent non-executive Directors, namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun.

Ample Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the issue of the VC Bonds and the transactions contemplated thereunder.

A letter of advice from the Independent Financial Adviser is set out on pages 33 to 53 of this circular, and a letter of recommendation from the Independent Board Committee is set out on page 32 of this circular.

RECOMMENDATION

The Board (including the independent non-executive Directors) is of the opinion that the terms and conditions of the Subscription Agreement and the VC Bonds are fair and reasonable and that the issue of the VC Bonds is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders vote in favour of the resolution, as set out on pages 61 to 63 of this circular, to be proposed at the SGM to approve the issue of the VC Bonds and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of the Board of
REXLot Holdings Limited
Ng Yuen Yee
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

23 May 2014

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION:
ISSUE OF 4.5% CONVERTIBLE BONDS DUE 2019
IN THE PRINCIPAL AMOUNT OF HK\$300,000,000
TO KINGLY PROFITS**

We refer to the circular of the Company dated 23 May 2014 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board to consider and advise the Independent Shareholders as to whether the terms of the issue of the VC Bonds and the transactions contemplated thereunder, as set out in the letter from the Board contained on pages 8 to 31 of the Circular, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the principal reasons and factors considered by, and the advice of the Independent Financial Adviser as set out on pages 33 to 53 of the Circular, we are of the opinion that the terms of the issue of the VC Bonds and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM, as set out on pages 61 to 63 of the Circular, to approve the issue of the VC Bonds and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Yuen Wai Ho

Independent

non-executive Director

Chow Siu Ngor

Independent

non-executive Director

Lee Ka Lun

Independent

non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Ample Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

23 May 2014

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**CONNECTED TRANSACTION:
ISSUE OF 4.5% CONVERTIBLE BONDS DUE 2019
IN THE PRINCIPAL AMOUNT OF HK\$300,000,000 TO KINGLY PROFITS**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the issuance of the VC Bonds and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” in the circular dated 23 May 2014 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 9 April 2014, the Company and the Managers entered into the Subscription Agreement in relation to the proposed issue of the Bonds. The Bonds, when issued, will be denominated in Hong Kong Dollars and have a principal amount of up to HK\$1,900,000,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Up to HK\$300,000,000 in principal amount of the VC Bonds shall be issued by the Company to Kingly Profits, a company indirectly wholly-owned by VC, a Director and Substantial Shareholder who indirectly holds 1,230,539,822 Shares representing approximately 13.68% of the issued ordinary share capital of the Company as at the Latest Practicable Date, subject to, among other conditions precedent, the Independent Shareholders' approval. By virtue of VC being a connected person of the Company, Kingly Profits as VC's associate is also a connected person of the Company. As such, the proposed issue of the VC Bonds constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is therefore subject to the approval by the Independent Shareholders at the SGM. VC and his associates will abstain from voting at the SGM.

The Independent Board Committee, established for the purpose of advising the Independent Shareholders in relation to the issue of the VC Bonds and the transactions contemplated thereunder, comprises all the independent non-executive Directors, namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun.

We, Ample Capital Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the VC Bonds are fair and reasonable so far as the Independent Shareholders are concerned and as to how the Independent Shareholders should vote at the SGM.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information, facts and opinions are true and accurate and will remain true up to the time of the SGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth or accuracy of the information provided. We have however not conducted an independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied.

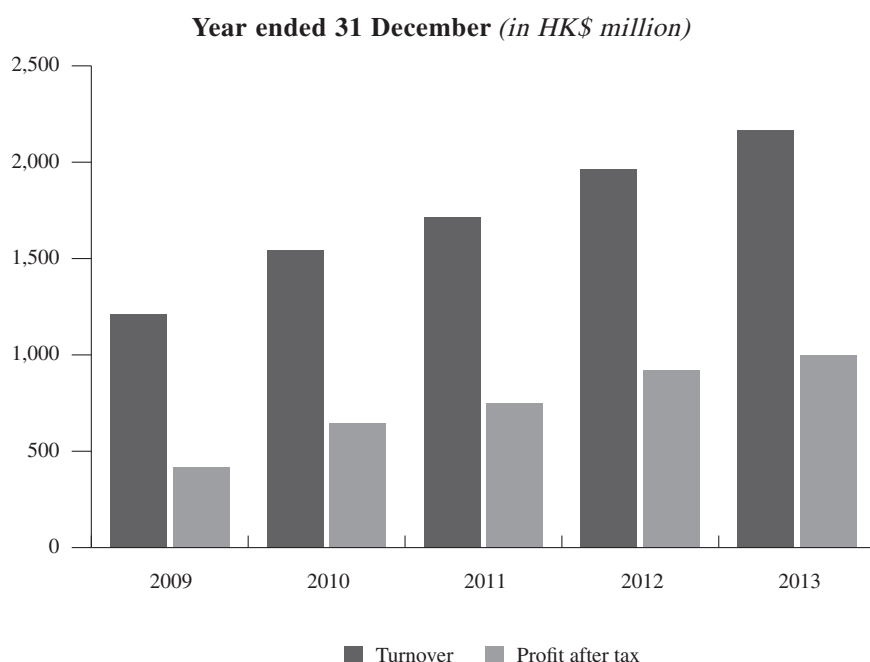
BACKGROUND AND REASONS FOR THE BONDS

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 well diversified business portfolio with nationwide network that covers almost all types of lotteries in the PRC. The Group's lottery business can be broadly divided into System and Games Development Business and Distribution and Marketing Business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table and graphs below set out the financial information of the Group for the five financial years ended 31 December 2013.

<i>In HK\$ million</i>	Year ended 31 December				
	2009 (restated)	2010 (restated)	2011 (restated)	2012 (restated)	2013
Turnover	1,214	1,546	1,717	1,962	2,165
Profit after tax	416	644	752	867	926



Turnover of the Group increased by about 78% from approximately HK\$1,214 million to approximately HK\$2,165 million for the five years ended 31 December 2013. Profit after taxation recorded a growth of about 123% from approximately HK\$416 million to approximately HK\$926 million for the five years ended 31 December 2013. In 2013, the Group extended its operations in Welfare Computer Ticket Game market with a total of 17 lottery provinces in China providing lottery system and specialized equipment. The Group commercial launch of its Mobile Electronic Lottery Platform in 2012. The Directors believe that new lottery products and the evolution of lottery distribution channels will be the key for lottery market to achieve sustainable growth via expanding the size of lottery players, hence an increased lottery spending. The Directors see great potential of the electronic channels such as mobile and internet because these channels will lead the Group to a large group of untapped customers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The internet distribution channel has been an ideal marketplace to promote and market the Group's Single Match Games products in China. The Group will focus on increasing its exposure and investment to this market over the internet distribution channel which is believed to experience strong long-term growth. While the Group is working on strategies to enhance the value of its internet lottery services and growing the brand of its internet lottery portal, the Directors are also examining all opportunities for capital deployment that enable the Group to exploit the growth opportunities occurred amid market consolidation.

The Directors believe that following the maturation of mobile lottery channel, the lottery products to be developed will no longer be a simple transplant of traditional offline product but rather it will contain a lot of interactive and engaging elements which is expected to create the next wave of exponential growth. The Group focuses ahead will be continuing to explore opportunities on this channel which will include collaboration with other key market leaders to further broaden its customer base and attract new markets like the younger demographic and high end customers. In addition, in order to integrate gamification and socialization capabilities as part of the core components of its mobile lottery solution, the Group will continue to focus on comprehensive and systematic review with the goal of identifying noble products or solutions for the Group to acquire.

The Directors believe innovation on lottery products and distribution channels will continue to create impetus to the lottery market and it has been the Group's long-term initiative to reach out to existing and potential lottery consumers with reliable and innovative lottery services and products. The Group will further capitalize on its development competencies through strategic merger and acquisition program to increase returns to its shareholders.

The Directors consider that entry into the Subscription Agreement and the issue of the Bonds is not the ordinary and usual course of business of the Company, however, such issuance will further provide a strong capital support for the Group's rapid growth going forward.

The total gross proceeds from the issue of the Bonds will be HK\$1,900 million (assuming maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full), The net proceeds from the issue of the Bonds will be approximately HK\$1,855 million (assuming maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full). The net price for each New Share is expected to be approximately HK\$1.3737 (assuming maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full). The Company intends to use approximately 70% of the net proceeds from the Bond Issue to finance the Group's business expansion through organic growth and potential joint venture and acquisition opportunities that may arise in the future. The remainder will be used for general corporate and working capital needs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE BONDS (THE FIRM BONDS, THE VC BONDS AND THE OPTION BONDS)

On 9 April 2014, the Company and the Managers entered into the Subscription Agreement whereby the Company agreed to issue up to HK\$1,900,000,000 in aggregate principal amount of 4.50% convertible bonds due 2019. Out of which,

- (a) an aggregate principal amount of HK\$1,200,000,000 are the Firm Bonds which the Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, at the Issue Price. The completion of the issue of the Firm Bonds took place on 17 April 2014;
- (b) an aggregate principal amount of up to HK\$300,000,000 are the VC Bonds which are proposed to be issued to, subject to Independent Shareholders' approval, Kingly Profits, which is a connected person of the Company, at the Issue Price plus an amount corresponding to the accrued interest on the VC Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the VC Bonds Closing Date; and
- (c) an aggregate principal amount of up to HK\$400,000,000 are the Option Bonds which may be issued by the Company upon exercise of the Option by the Managers in whole or part at any time on or before the 30th day following the Firm Bond Closing Date at the Issue Price plus accrued interest on the Option Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the Option Bonds Closing Date. The Option was exercised in full by the Managers on 9 April 2014. The completion of the issue of the Option Bonds took place on 17 April 2014.

The Bond Issue up to an aggregate principal amount of HK\$1,900,000,000

Firm Bonds	VC Bonds	Option Bonds
Principal amount of HK\$1,200,000,000	Principal amount of up to HK\$300,000,000	Principal amount of up to HK\$400,000,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Only up to approximately 15.8% of the Bond Issue (assuming maximum number of Bonds (including the Option Bonds and the VC Bonds) are issued in full) will be issued to VC, the remaining which represents about 84.2% of the total Bond Issue will be issued to 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. The Directors consider that entry into the Subscription Agreement and the issue of the Bonds (including the VC Bonds) will further provide a strong capital support for the Group's rapid growth going forward. The subscription of the VC Bonds indicates a strong commitment from Kingly Profits to the Company and its long-term outlook.

PRINCIPAL TERMS OF THE BOND ISSUE

The details of the principal terms of the Bonds are summarised under the paragraph headed "Principal Terms of the Bonds" in the "Letter from the Board" of the Circular. Extract of the principal terms are stated as follow:

Issue Price:	100% of the principal amount of the Bonds
Subscription Price:	Firm Bonds: Issue Price VC Bonds: Issue Price plus accrued interest of the VC Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the VC Bonds Closing Date Option Bonds: Issue Price plus accrued interest on the Option Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the Option Bonds Closing Date
Interest:	The Bonds bear interest at the rate of 4.5% per annum payable semi-annually in arrear on 17 April and 17 October in each year
Maturity Date:	17 April 2019
Conversion period:	On or after 27 May 2014 up to the close of business on the 10th day prior to the Maturity Date

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conversion Price: The initial Conversion Price is HK\$1.4070 per Share. The Conversion Price will be subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, capitalisation of profits or reserves, distributions, rights issues of shares or options over shares at less than 95% of the then current market price, rights issue of other securities, other issues at less than 95% of the then current market price, modification of conversion rights to less than 95% of the then current market price, other offers to shareholders and other dilutive events as detailed in the terms and conditions of the Bonds.

The Conversion Price may also be subject to a downward adjustment for a certain period of time after the occurrence of a Change of Control (such adjustment to be determined with reference to the initial conversion premium and the number of days remaining till maturity).

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 17 April 2017 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

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- (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 and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled

Redemption at
the option of
the Bondholders:

On 17 April 2017 (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

SUBSCRIPTION PRICE

Firm Bonds:

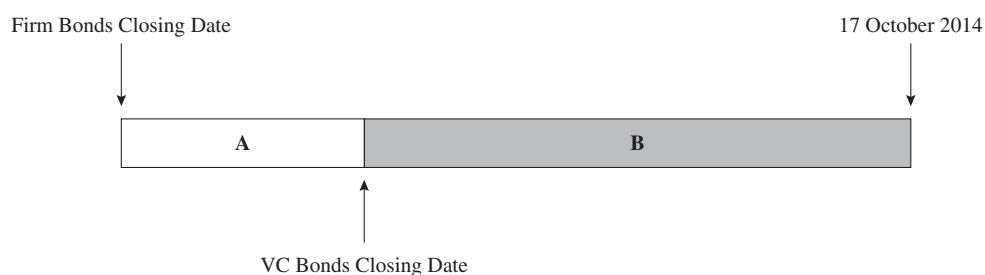
Issue Price which is 100% of the principal amount of the Bonds

VC Bonds:

Issue Price *plus* accrued interest of the VC Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the VC Bonds Closing Date.

The VC Bonds, which is subject to Independent Shareholders’ approval, will be issued after Firm Bonds Closing Date. As at the VC Bonds first interest payment date i.e. 17 October 2014, holder(s) of the VC Bonds will be entitled to interest payment from the VC Bonds Closing Date to, but excluding, 17 October 2014 (i.e. **B** – see diagram below). However, since the VC Bonds will become part of the Bonds, the Company will pay all Bondholders (including the holder(s) of the VC Bonds) interest payment from the Firm Bonds Closing Date to, but excluding, 17 October 2014 (**A+B**, see diagram below). Therefore, an extra interest of **A** (being the 4.5% interest accrued from the Firm Bonds Closing Date up to, but excluding, the VC Bonds Closing Date) to be paid by the Company to the holder(s) of the VC Bonds is required to return to the Company in form of an adjustment to the subscription price. Therefore, the subscription price of the VC Bonds will be the Issue Price plus A.

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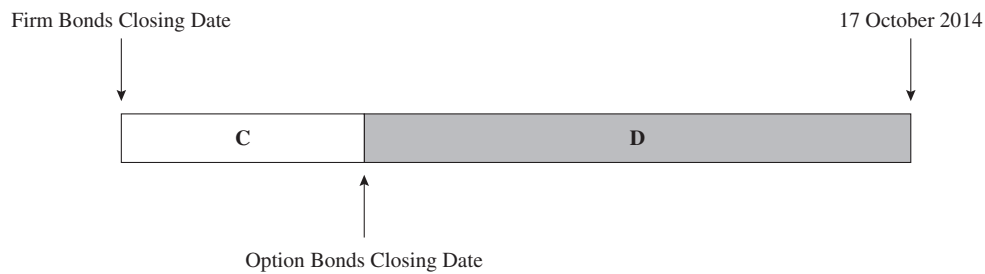
Notes:

- A – an amount corresponding to the accrued interest of the VC Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the VC Bonds Closing Date.
- B – an amount corresponding to the accrued interest of the VC Bonds from, and including the VC Bonds Closing Date to, but excluding, 17 October 2014.

Option Bonds: Issue Price *plus* accrued interest on the Option Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the Option Bonds Closing Date

On 9 April 2014, the Managers exercised the Option in full to subscribe for, and the Company shall, subject to the conditions precedent prescribed by the Subscription Agreement, issue, the Option Bonds in the principal amount of HK\$400,000,000. As at the Option Bonds first interest payment date i.e. 17 October 2014, holder(s) of the Option Bonds will be entitled to interest payment from the Option Bonds Closing Date to, but excluding, 17 October 2014 (i.e. **D** – see diagram below). However, since the Option Bonds will become part of the Bonds, the Company will pay all Bondholders (including the holder(s) of the Option Bonds) interest payment from the Firm Bonds Closing Date to, but excluding, 17 October 2014 (**C+D**, see diagram below). Therefore, an extra interest of **C** (being the 4.5% interest accrued from the Firm Bonds Closing Date up to, but excluding, the Option Bonds Closing Date) to be paid by the Company to the holder(s) of the Option Bonds is required to return to the Company in form of an adjustment to the subscription price. Therefore, the subscription price of the Option Bonds will be the Issue Price plus C.

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Notes:

- C – an amount corresponding to the accrued interest of the Option Bonds from, and including, the Firm Bonds Closing Date to, but excluding, the Option Bonds Closing Date.
- D – an amount corresponding to the accrued interest of the Option Bonds from, and including the Option Bonds Closing Date to, but excluding, 17 October 2014.

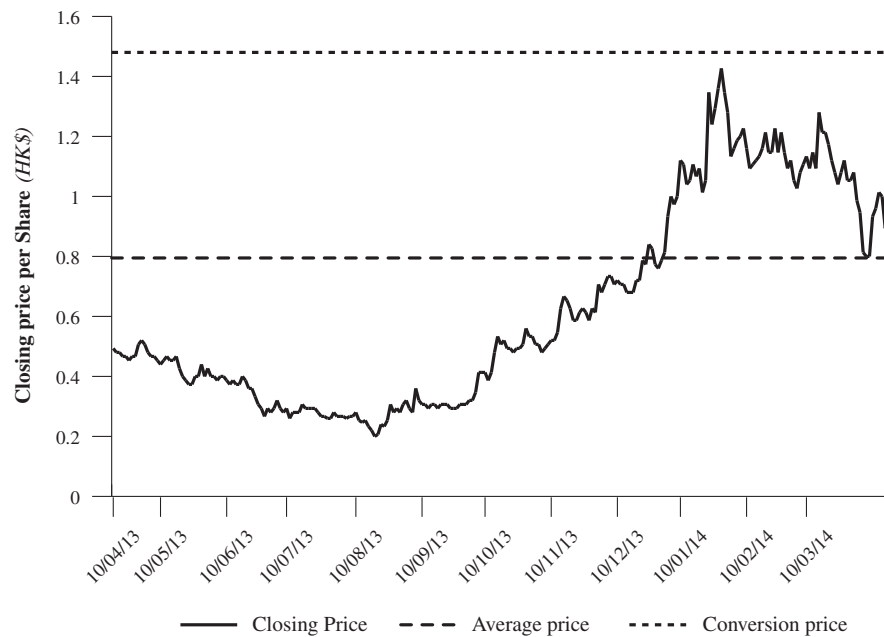
CONVERSION PRICE

The initial Conversion Price of the Bonds is HK\$1.4070 per Shares. This initial Conversion Price was determined after arm's length negotiations between the Company and the Managers with reference to the closing price of the Shares quoted on the Hong Kong Stock Exchange on 9 April 2014 when the Subscription Agreement was signed. To assess whether the initial Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned, we have reviewed the recent trading activities of the Shares.

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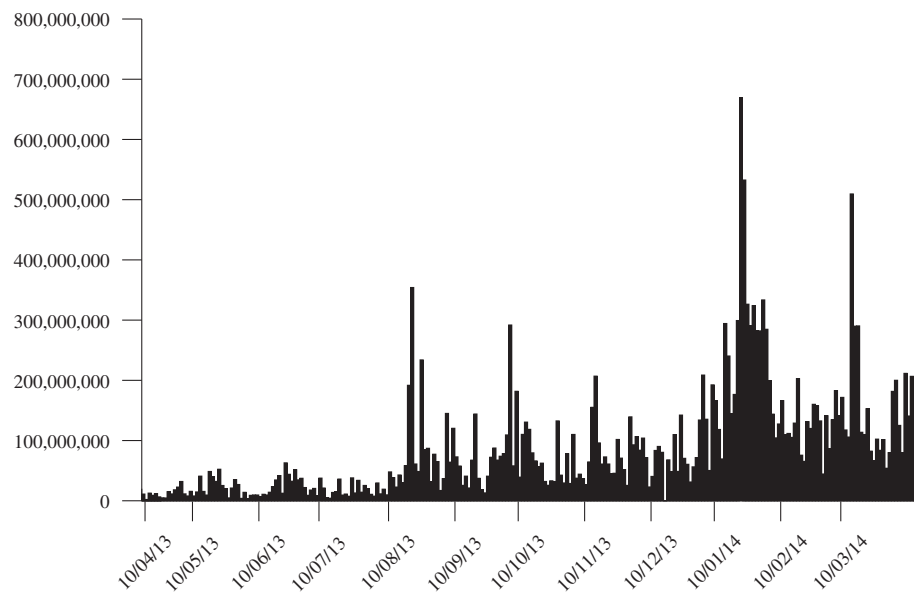
Set out below are charts showing the closing price and daily trading volume of the Shares on the Hong Kong Stock Exchange one year ended 9 April 2014 (the “**Review Period**”), being the Last Trading Day.

Closing price per Share on the Hong Kong Stock Exchange



Source: <http://www.hkex.com.hk/>

Trading Volume



Source: <http://www.hkex.com.hk/>

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The initial Conversion Price of HK\$1.4070 per Share representing:

	Initial Conversion Price of HK\$1.4070 representing a premium of
(i) Highest closing price of HK\$1.3700 per Share for the Review Period	2.70%
(ii) Average closing price of HK\$0.7696 per Share for the Review Period	82.73%
(iii) Lowest closing price of HK\$0.4500 per Share for the Review Period	212.67%
(iv) Volume weighted average closing price of HK\$0.9742 per Share for the last ten consecutive trading days up to and including the Last Trading Day	44.43%
(v) Volume weighted average closing price of HK\$1.0344 per Share for the last five consecutive trading days up to and including the Last Trading Day	36.02%
(vi) Closing price of HK\$1.0500 per Share on the Last Trading Day	34.00%

Based on the initial Conversion Price of HK\$1.4070 per Share and assuming full issuance (including issuance of the Option Bonds and the VC Bonds) and full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 1,350,390,902 New Shares, representing:

- (i) approximately 15.02% of the issued ordinary share capital of the Company as at the Latest Practicable Date, and
- (ii) approximately 13.06% of the issued ordinary share capital of the Company, as enlarged.

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To assess the fairness and reasonableness of the initial Conversion Price, we have also identified a number of Hong Kong listed companies (“Comparable Companies”) which have issued convertible instruments during the one month ended the Last Trading Day. The Comparable Companies constitute an exhaustive list of all of the issuance of the convertible instruments announced by listed companies on either the Main Board or the Growth Enterprise Market of the Hong Kong Stock Exchange within the one month period up to and including the Last Trading Day, i.e. 9 April 2014 based on our search on a best effort basis.

We have also considered limiting the sample of comparable to companies that are engaged in similar business as the Group. But having considered that (i) the conversion price and the interest rate of the convertible instruments are generally determined with reference to a discount or premium to recent market price of the shares and (ii) the magnitude of the discount or premium do not appear to have a strong correlation with the industry sector and there is no established “industry norm” for a particular industry sector, we are of the view that limiting the sample of comparable using the aforementioned approach would not be meaningful within the scope of our analysis. As the Comparable Companies reflect the recent trend of issuance of convertible instruments in the market, we are of the view that the Comparable Companies are collectively a fair and representative sample.

Name of company (stock code)	Date of announcement	Premium/(discount)
		of conversion price to the closing price as at the last trading day prior to the release of the announcement
Jun Yang Solar Power Investments Limited (397)	10-Apr-14	8.91%
China LotSynergy Holdings Limited (1371)	8-Apr-14	22.40%
China HealthCare Holdings Limited (673)	8-Apr-14	(44.40)%
Kingdee International Software Group Company Limited (268)	8-Apr-14	34.02%

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Name of company (stock code)	Date of announcement	Premium/(discount) of conversion price to the closing price as at the last trading day prior to the release of the announcement
Sheen Tai Holdings Group Company Limited (1335)	4-Apr-14	(14.90)%
Kingsoft Corporation Limited (3888)	3-Apr-14	40.00%
China Household Holdings Limited (692)	2-Apr-14	0.00%
Chinese Food and Beverage Group Limited (8272)	1-Apr-14	1.82%
Crosby Capital Limited (8088)	1-Apr-14	12.68%
China Merchants Holdings (International) Company Limited (144)	31-Mar-14	13.55%
Intime Retail (Group) Company Limited (1833)	31-Mar-14	(9.39)%
Starlight International Holdings Limited (485)	21-Mar-14	(33.80)%
Sinopoly Battery Limited (729)	20-Mar-14	7.14%
China Huiyuan Juice Group Limited (1886)	20-Mar-14	14.38%
United Gene High-Tech Group Limited (399)	18-Mar-14	73.61%

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Name of company (stock code)	Date of announcement	Premium/(discount) of conversion price to the closing price as at the last trading day prior to the release of the announcement
SMI Corporation Limited (198)	14-Mar-14	(1.67)%
Prosperity International Holdings (H.K.) Limited (803)	14-Mar-14	70.00%
Johnson Electric Holdings Limited (179)	12-Mar-14	37.50%
	Average	11.43%
The Company	10-Apr-14	34.00%
	Minimum	(44.40)%
	Maximum	73.61%

Source: <http://www.hkex.com.hk/>

The initial Conversion Price represented a premium of 34.00% over the Share price of the Last Trading Day which is higher than the average premium of 11.43% of the Comparable Companies. It is also within the range of a discount of about 44.40% and a premium of about 73.61% of conversion price to the last closing price prior to the release of the announcement of the Comparable Companies. Therefore, we are of the view that the initial Conversion Price is fair and reasonable as far as the Independent Shareholders are concerned.

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INTEREST RATE COMPARISON

The table below shows the interest rate of the convertible instruments issued by the Comparable Companies.

Name of company (stock code)	Date of announcement	Term (Years)	Interest rate
Jun Yang Solar Power Investments Limited (397)	10-Apr-14	2	5.00%
China LotSynergy Holdings Limited (1371)	8-Apr-14	5	5.00%
China HealthCare Holdings Limited (673)	8-Apr-14	3	0.00%
Kingdee International Software Group Company Limited (268)	8-Apr-14	5	4.00%
Sheen Tai Holdings Group Company Limited (1335)	4-Apr-14	3	3.00%
Kingsoft Corporation Limited (3888)	3-Apr-14	5	1.25%
China Household Holdings Limited (692)	2-Apr-14	3	3.00%
Chinese Food and Beverage Group Limited (8272)	1-Apr-14	3.5	3.00%
Crosby Capital Limited (8088)	1-Apr-14	3	5.00%
China Merchants Holdings (International) Company Limited (144) (<i>Note 1</i>)	31-Mar-14	3	6.00%
Intime Retail (Group) Company Limited (1833)	31-Mar-14	3	1.50%

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Name of company (stock code)	Date of announcement	Term (Years)	Interest rate
Starlight International Holdings Limited (485)	21-Mar-14	3	3.00%
Sinopoly Battery Limited (729)	20-Mar-14	3	8.00%
China Huiyuan Juice Group Limited (1886)	20-Mar-14	5	4.00%
United Gene High-Tech Group Limited (399)	18-Mar-14	7	3.50%
SMI Corporation Limited (198)	14-Mar-14	5	8.00%
Prosperity International Holdings (H.K.) Limited (803) <i>(Note 2)</i>	14-Mar-14	2.375	8.25%
Johnson Electric Holdings Limited (179)	12-Mar-14	7	1.00%
	Average	3.9	4.03%
The Company	10-Apr-14	5	4.5%
	Minimum	2	0.00%
	Maximum	7	8.25%

Note 1: The convertible securities' interest rate of China Merchants Holdings (International) Company Limited is 8.0%, 6.0% and 4.0% for Year 1, Year 2 and Year 3 respectively. The average interest rate is 6%.

Note 2: Prosperity International Holdings (H.K.) Limited has issued convertible securities with 2 maturity dates, which is 1.75 years and 3 years. The average life of the convertible securities is 2.375 years.

Although the interest rate of the Bonds (including the VC Bonds) of 4.5% is slightly higher than the average interest rate of 4% of the Comparable Companies, it is within the range of 0%-8.25%, interest rates of the Comparable Companies.

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Most importantly, the VC Bonds share the same initial Conversion Price and interest rate as those of the Firm Bonds and the Option Bonds which are placed to independent third parties. Therefore, we are of the view that the initial Conversion Price and the interest rate are fair and reasonable as far as the Independent Shareholders are concerned.

POTENTIAL DILUTION TO THE SHAREHOLDINGS OF THE SHAREHOLDERS UPON FULL CONVERSION OF THE VC BONDS

The following table illustrates (1) the shareholding structure assuming all Existing Bonds and all the Bonds (except the VC Bonds) are converted into the Shares at the applicable conversion price of HK\$0.6000 per Share and the initial Conversion Price of HK\$1.4070 per Share respectively; and (2) the shareholding structure assuming all the Existing Bonds and the Bonds are fully issued and converted into Shares at the applicable conversion price of HK\$0.6000 per Share and the initial Conversion Price of HK\$1.4070 per Share each respectively, on the assumptions that (a) there will be no other change to the share capital of the Company from the Latest Practicable Date until the completion of the conversion of the Bonds in full, save for the issue of the New Shares as a result of the conversion of the Bonds in full; (b) the Bondholders (excluding VC and his associates) do not and will not hold any Shares other than the Shares as a result of the conversion of the outstanding Existing Bonds and the New Shares as a result of the conversion of the Firm Bonds and the Option Bonds in full (as the case may be):

Shareholder	(1) Assuming all the Existing Bonds are fully converted into Shares at the conversion price of HK\$0.6000 each and the Bonds (except VC Bonds) are fully converted into New Shares at the initial Conversion Price of HK\$1.4070 each		(2) Assuming the Existing Bonds are fully converted into Shares at the conversion price of HK\$0.6000 each and the Bonds are fully converted into New Shares at the initial Conversion Price of HK\$1.4070 each	
		% of		% of
		issued share		enlarged share
	No. of Shares	capital of the Company	No. of Shares	capital of the Company
VC and his associates (Note 1)	1,425,206,488 (Note 2)	12.30%	1,638,426,104 (Note 3)	13.89%
Holders of the Existing Bonds	1,259,833,333	10.88%	1,259,833,333	10.68%
Bondholders (excluding VC and his associates)	1,137,171,286	9.81%	1,137,171,286	9.63%
Public	7,762,399,036	67.01%	7,762,399,036	65.80%
	11,584,610,143	100.00%	11,797,829,759	100.00%

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Notes

1. As at the Latest Practicable Date, VC indirectly holding 1,230,539,822 Shares which represent approximately 13.68% of the issued ordinary share capital of the Company. VC is taken to be interested in 1,127,065,711 Shares held by Keen Start Limited and 103,474,111 Shares held by Kingly Profits. As at the Latest Practicable Date, each of Keen Start Limited and Kingly Profits is wholly owned by Smart Ease Corporation, which in turn, is wholly owned by VC.
2. Kingly Profits holds HK\$116,800,000 in principal amount of 6.00% convertible bonds due 2016 (the “**Existing VC Bonds**”). Accordingly, VC through Kingly Profits, is also deemed to be interested in 194,666,666 underlying Shares to be derived from conversion of the Existing VC Bonds at the applicable conversion price of HK\$0.6000 per share, Assuming all Existing VC Bonds are fully exercised, VC and his associates will hold 1,425,206,488 Shares.
3. Kingly Profits agreed to purchase the VC Bonds at the initial conversion price in accordance with the terms of the Subscription Agreement. Accordingly, VC through Kingly Profits, is also deemed to be interested in 213,219,616 underlying Shares to be derived from conversion of the VC Bonds at the initial conversion price of HK\$1.4070 per Share. Assuming all Existing VC Bonds and VC Bonds are fully exercised, VC and his associates will hold 1,638,426,104 Shares.

If we assume all the holders of the Bonds, including the Existing Bonds, exercise their rights to convert the Bonds into the Shares, upon full conversion of the VC Bonds, the shareholding of the public shareholders will be diluted slightly from 67.01% to 65.80%. Therefore, the dilution impact of full conversion of the VC Bonds on the public shareholdings is considered minimal.

FINANCIAL IMPACT OF THE VC BONDS

The issuance of the HK\$300 million face value of VC Bonds will result in:

- (i) an increase in current assets in the form of cash or cash equivalent by HK\$299 million being the net proceed of the VC Bonds; and
- (ii) an increase in non-current liabilities of HK\$299 million – ER* (see table below) caused by the VC Bonds;

* *the calculation of ER is subject to various factors such as an interest rate that cannot be ascertained as at the Latest Practicable Date*

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Accounting Treatment of the Issuance of VC Bonds

Net Proceed of the VC Bonds = HK\$299 million	
Liability component of the VC Bonds (Non-current liabilities)	Equity component of the VC Bonds (Convertible bond reserve)
HK\$299 million – ER	ER

Impact of the Issuance of VC Bonds on the Balance Sheet

<i>Current Assets</i>	<i>Non-Current Liabilities</i>
– increase by HK\$299 million (Net Proceed of VC Bonds)	– increase by (HK\$299 million – ER) (Liability component of the VC Bonds)
	<i>Equities</i>
	– increase by ER (Equity component of the VC Bonds)

1) Net assets

The issuance of the VC Bonds will result in increase in current asset by HK\$299 million while an increase in non-current liabilities by HK\$299 million – ER. Therefore, there will be an increase of net asset by the amount of ER. As $0 < ER < \text{HK\$299 million}$, therefore the increase in net asset will be not more than HK\$299 million which represent approximately 4.805% of the Group's net asset of about HK\$6,223 million as at 31 December 2013. Therefore, it is expected that the issue of the VC Bonds will not have any material impact on the Group's net asset value.

2) Liquidity

The issue of the VC Bonds will increase the Group's cash or cash equivalent by HK\$299 million. Since the issuance will not affect the current liabilities, the net current asset will be increased by the same amount. Therefore, the Group's liquidity will be improved.

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3) Gearing

The Group's total borrowing will increase by HK\$299 million – ER whereas the Group's total equity will increase by ER. Therefore, the Group's gearing (total borrowings/total equity) will increase only if ER is less than HK\$259 million. In other words, if ER is greater than HK\$259 million, the gearing ratio will be improved. In the worst case scenario, if ER=0, total borrowings will increase by about HK\$299 million while the total equity will remain unchanged and the Group's gearing ratio will be increased slightly from 15.51%* (as at 31 December 2013) to 20.31%**. Therefore, it is expected that the issue of the VC Bonds will not have any negative material impact on the Group's gearing ratio.

* *gearing ratio as at 31 December 2013 = HK\$965m/HK\$6,223m = 15.51%*

** *gearing ratio in the worst scenario = HK\$1,264m/HK\$6,223m = 20.31%*

4) Earnings

The annual interest payment of about HK\$13.5 million will be incurred on the VC Bonds, which represents approximately 1.5% of the net profit of the Group for the financial year ended 31 December 2013 of approximately HK\$926 million. The cost of issuance of the VC Bonds represents about 0.1% of the Group's 2013 net profit.

The size of the VC Bonds is relatively small as compared with the Group's net asset value as at 31 December 2013 (less than 5%), and the financial impact of the VC Bonds on the Group is not significant.

OPINION ON THE VC BONDS

Having taken into consideration the above principal factors and reasons, we are of the view that the terms of the VC Bonds are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the proposed resolution to approve the issuance of the VC Bonds at the upcoming SGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited

Jenny Chan
President
Investment Banking

H. W. Tang
President

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Long position in the Shares and underlying Shares

Name of Director	Nature of interest	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of existing issued share capital the Company
Chan How Chung, Victor	Interest of controlled corporation	1,230,539,822	407,886,282	1,638,426,104	18.22%

Note: VC is taken to be interested in 1,127,065,711 Shares held by Keen Start Limited and 103,474,111 Shares held by Kingly Profits. As at the Latest Practicable Date, each of Keen Start Limited and Kingly Profits is wholly owned by Smart Ease Corporation, which in turn, is wholly owned by VC. Kingly Profits holds HK\$116,800,000 in principal amount of 6.00% convertible bonds due 2016 (the “Existing VC Bonds”), and it agreed to purchase the VC Bonds at the initial conversion price in accordance with the terms of the Subscription Agreement. Accordingly, VC through Kingly Profits, is also deemed to be interested in 194,666,666 underlying Shares to be derived from conversion of the Existing VC Bonds at the applicable conversion price of HK\$0.6000 per share, and 213,219,616 underlying Shares to be derived from conversion of the VC Bonds at the initial conversion price of HK\$1.4070 per Share, which in aggregate represents 4.54% of the Company’s existing issued share capital. VC is a director of Keen Start Limited, Kingly Profits and Smart Ease Corporation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial shareholders

Interest in the Company

So far as is known to the Directors, as at the Latest Practicable Date, the persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5 per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who were substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follow:

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
Keen Start Limited	Beneficial owner	1,127,065,711 (L) (Note 1)	12.53%
Discovery Capital Management, LLC	Investment manager	677,874,830 (L) (Note 2)	7.54%
Capital Research and Management Company	Investment manager	677,129,500 (L)	7.53%

APPENDIX

GENERAL INFORMATION

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
Citrone Robert	Interest of controlled corporation	676,639,980 (L) (Note 3)	7.52%
Morgan Stanley	Interest of controlled corporation	588,402,528 (L) 446,492,127 (S) (Note 4)	6.54% (L) 4.96% (S)
Mutual Fund Elite	Custodian corporation/ approved lending agent	567,732,407 (L)	6.31%
Discovery Global Opportunity Master Fund, Ltd.	Beneficial owner	526,548,793 (L) (Note 5)	5.86%
Kingly Profits Corporation	Beneficial owner	511,360,393 (L) (Note 6)	5.69%
UBS AG	Beneficial owner	57,792,721 (L) 48,047,133 (S)	
	Person having a security interest in shares	285,237,895 (L)	
	Interest of controlled corporation	110,131,023 (L) 12,050,000 (S)	
	Total	453,161,639 (L) 60,097,133 (S) (Note 7)	5.04% 0.67%

Remarks: (L) – Long Position, (S) – Short Position

Notes:

- These Shares are held by Keen Start Limited as beneficial owner. Keen Start Limited is wholly owned by Smart Ease Corporation, which in turn, is wholly owned by VC. The interest disclosed herein was included in the interest of VC as disclosed under “Disclosure of Interests – Directors and chief executive” in this appendix.
- Among the aggregate interests of long position, 160,323,887 Shares were held as derivatives.

3. Among the aggregate interests of long position, 242,914,980 Shares were held as derivatives.

4. Among the aggregate interests of long position, 7,875,000 Shares were held as derivatives.

Among the aggregate interests of short position, 1,375,000 Shares were held as derivatives.

5. Among the aggregate interests of long position, 193,665,892 Shares were held as derivatives.

6. These Shares are held by Kingly Profits Corporation as beneficial owner. Kingly Profits Corporation is wholly owned by Smart Ease Corporation, which in turn, is wholly owned by VC. The interest disclosed herein was included in the interest of VC as disclosed under “Disclosure of Interests – Directors and chief executive” in this appendix.

Among the aggregate interests of long position, 407,886,282 Shares were held as derivatives.

7. Among the aggregate interests of long position, 145,979,814 Shares were held as derivatives.

Among the aggregate interests of short position, 11,025,000 Shares were held as derivatives.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Ample Capital Limited	a licensed corporation to carry out Types 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO

Ample Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice and references to its name and logo, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Ample Capital Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. DIRECTORS' AND EXPERT'S INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors and Ample Capital Limited had, or have, any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2013, the date to which the latest published audited financial statements of the Company were made up. None of the Directors and Ample Capital Limited is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

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

Name of company	Competing business
RPI Finance Limited (“RPI”)	Money lending

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

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

- (i) The company secretary of the Company is Ms. Ng Yuen Yee, who is an associate member of The Hong Kong Institute of Chartered Secretaries.
- (ii) The registered office of the Company is located at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal place of business of the Company is located at Suite 2601, 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (iv) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong, Suite 2601, 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the SGM:

- (i) the Subscription Agreement;
- (ii) the written consent from Ample Capital Limited as referred to in section 4 headed “Expert and Consent” in this appendix;
- (iii) the letter from the Independent Board Committee, the text of which is set out on page 32 in this circular;
- (iv) the letter of advice from Ample Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 33 to 53 in this circular; and
- (v) this circular.

NOTICE OF SGM

REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

NOTICE IS HEREBY GIVEN that a special general meeting of REXLot Holdings Limited (the “**Company**”) will be held on Wednesday, 11 June 2014 at 3:30 p.m. at Suite 2601, 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong for the purposes of considering, and if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the terms of the subscription agreement dated 9 April 2014 (the “**Subscription Agreement**”) entered into between the Company as Issuer and Daiwa Capital Markets Hong Kong Limited and Merrill Lynch Far East Limited as Managers (details relating to the Subscription Agreement are set out in the circular of the Company dated 23 May 2014 and a copy of the Subscription Agreement marked “A” has been produced to the SGM and initialled by the chairman of the SGM for the purpose of identification), to the extent that they are related to the VC Bonds (as defined below), be and are hereby approved, confirmed and ratified;
- (b) the creation and issue by the Company, pursuant to the Subscription Agreement, of the principal amount of HK\$300,000,000 of its 4.5% convertible bonds due 2019 (the “**VC Bonds**”) to Kingly Profits Corporation, be and are hereby approved;
- (c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the New Shares (as defined below) to be allotted and issued upon the conversion of the VC Bonds, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue, credited as fully paid, such number of ordinary shares (the “**New Shares**”) in the capital of the Company as may be required to be issued upon the exercise of the conversion rights attaching to the VC Bonds at an initial conversion price of HK\$1.4070 per Share (subject to adjustment pursuant to the terms of the VC Bonds), on and subject to the terms and conditions of the VC Bonds, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 11 June 2013 or the general mandate proposed to be granted to the Directors by the

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shareholders of the Company in the annual general meeting of the Company to be held on 11 June 2014 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution;

- (d) all the transactions contemplated under the Subscription Agreement in connection with the issue of the VC Bonds (collectively referred to as the “**Transactions**”) be and are hereby approved; and
- (e) the Directors be and are hereby authorised to do all such acts and things and sign and execute all such documents as they consider necessary or expedient in connection with the issue of the VC Bonds, the allotment and issue of the New Shares upon conversion of the VC Bonds and/or to give effect to the terms of, or the Transactions contemplated by, the Subscription Agreement.”

For and on behalf of the Board of
REXLot Holdings Limited
Ng Yuen Yee
Company Secretary

Hong Kong, 23 May 2014

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place of
business in Hong Kong:*

Suite 2601, 26/F., Sino Plaza
255-257 Gloucester Road
Causeway Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed herewith. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, at the Company's Hong Kong branch share registrar at Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof should he/she so wish, and in such event, the form of proxy will be deemed to be revoked.

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3. In the case of joint holders of shares, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
4. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting on the ordinary resolution as set out above will be conducted by way of poll.