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REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

ANNOUNCEMENT

The Company refers to its announcement dated 22 March 2006 regarding the Acquisition. This announcement is made in response to the various press articles published on 11 May 2006 regarding an alleged litigation instituted by 甘肅莊勝投資發展公司 (Gan Su Zhuang Sheng Investment Development Company*) against CITIC Media (the “**Alleged Litigation**”) and the possible impact of the Alleged Litigation on the Acquisition. The press articles also appear to infer that the delay in despatch of the circular regarding the Acquisition is associated with the Alleged Litigation.

The Company is not in the position to comment on the information regarding the Alleged Litigation because none of the members of the Group or Sinodata Group is involved in, concerned with or is a party to the Alleged Litigation. However, the Company wishes to clarify and emphasise that it considers that the Alleged Litigation has no material impact on the Acquisition and the Alleged Litigation has never been a reason to the delay in despatch of the circular regarding the Acquisition.

The Company refers to its announcement dated 22 March 2006 (the “**Announcement**”) regarding the Acquisition. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless otherwise expressly defined.

This announcement is made in response to the various press articles published on 11 May 2006 regarding the Alleged Litigation and the possible impact of the Alleged Litigation on the Acquisition. The Company is not aware of the source of the information on which the contents of the press articles were based. After due enquiry, the Company has confirmed that none of

* *For identification purpose only*

the members of the Group or Sinodata Group is involved in, concerned with or is a party to the Alleged Litigation. The Company is therefore not in the position to comment on the information of the Alleged Litigation.

The Company considers that, (i) even if the Alleged Litigation is in fact instituted against CITIC Media and regardless of the outcome and/or impact on CITIC Media, CITIC Media will only be the 5.09% shareholder of Sinodata after completion of the Acquisition; (ii) the Alleged Litigation does not involve or concern any member of the Group or Sinodata Group; and (iii) as mentioned in the press articles, the Alleged Litigation is in respect of CITIC Media's involvement in the venue operation for the on-line games segment of the welfare lottery, which neither the Company nor Sinodata is or will operate (as disclosed in the Announcement, the product and services offered by Sinodata are only used for computer ticket games (電腦彩票) instead of on-line games (在線即開型彩票)). Accordingly, the Directors consider that the Alleged Litigation has no material impact on the Acquisition.

The Company also makes reference to the announcement of the Company dated 9 May 2006 in respect of the delay in despatch of the circular regarding the Acquisition. As stated in that announcement, the reason for the delay is due to the Company's auditors and the independent financial advisor requiring additional time to obtain necessary information to prepare respectively the accountants report and the letter of advice which will be included in the circular. As such, the despatch of the circular was further postponed to on or before 3 June 2006. The Company clarifies and emphasises that Alleged Litigation has not been a cause for the delay in despatch of the circular regarding the Acquisition.

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

As at the date of this announcement, the Board comprises three executive directors namely Mr. Chan How Chung, Victor, Ms. Lee Huei Lin and Mr. Boo Chun Lon and three independent non-executive directors namely Mr. Yuen Wai Ho, Mr. On Kien Quoc and Mr. Chow Siu Ngor.

Hong Kong, 15 May 2006

Please also refer to the published version of this announcement in The Standard.