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REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

CLARIFICATION ANNOUNCEMENT

This announcement is made in response to a press article appearing on 18 February 2008 regarding new restrictions imposed on video lottery terminals (VLTs) under welfare lottery in China. The Company considers that such restrictions will not have any material adverse impact on the Group's existing business as the Group's products and services are not used for VLTs.

This clarification announcement is made by REXCAPITAL Financial Holdings Limited (the "Company") in response to an article appearing in the South China Morning Post on 18 February 2008 (the "Article"). It was stated in the Article, among other things, that central government has introduced new restrictions on video lottery terminals (VLTs) under welfare lottery in China, and that such new rules have led to a broad-based sell-down in shares of lottery-focused companies, including among others, the Company.

The board of directors of the Company (the "Board") noted that recently there has been recent news reporting on new regulations and changes on VLTs. The Board would like to clarify the Company's position as follows.

By way of background, the lottery market in China can be classified into two major categories, namely welfare lottery and sports lottery. Games under welfare lottery can broadly be divided into three types, namely i) computer ticket games (CTG); ii) instant lottery games or scratch cards (SC); and iii) VLTs and Keno. The Board clarifies that the principal business of the Company and its subsidiaries (the "Group") is in the provision of lottery related system, machines and services only for (a) CTG and SC under welfare lottery (b) CTG under sports lottery in China, and the Group's products and services are not used for VLTs. As such, the

Company considers that the said new regulations on VLTs will not have any material adverse impact on the Group's existing business.

Shareholders of the Company and investors are advised to exercise caution when dealing with the shares of the Company.

By order of the Board
Ng Yuen Yee
Company Secretary

Hong Kong, 18 February 2008

As at the date of this announcement, the Board comprises two executive directors namely Mr. Chan How Chung, Victor and Mr. Boo Chun Lon and three independent non-executive directors namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun.