

CITIC KA WAH BANK LTD SUES MR TO SHU FAI FOR \$HK20 MILLION

The former Chairman of [REXCAPITAL Financial Holdings Ltd \(\)](#) (Code: 555, Main Board, The Stock Exchange of Hongkong Ltd) has just been sued for about \$HK20 million by CITIC Ka Wah Bank Ltd ().

He is Mr To Shu Fai () who is well known in financial circles in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) as will become more evident as Subscribers read further in this report.

According to the allegations of CITIC Ka Wah Bank, Mr To Shu Fai was the Guarantor for cash advances, made to Man Fai Tai Holdings Ltd (), Hongkong Yau Hing Electrical Steel and Cores Ltd () and New Smart Enterprise Ltd, that Guarantee, dating back to November 19, 2002.

On reliance of Mr To Shu Fai's purported Guarantee, it is alleged, at Paragraph 4 of the Statement of Claim, attached to Action Number 1354, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), that CITIC Ka Wah Bank granted banking facilities to the 3 corporate entities, all of which are completely controlled by Mr To Shu Fai.

However, today, it is alleged that the 3 private companies have failed to honour their respective financial commitments to the bank.

CITIC Ka Wah Bank is wholly owned by CITIC International Financial Holdings Ltd () (Code: 183, Main Board, The Stock Exchange of Hongkong Ltd).

In turn, CITIC International Financial Holdings Ltd is controlled by a corporate entity, owned and operated by the Government of the PRC.

As at April 30, 2006, it is alleged that the PRC, State-owned bank is owed \$HK19,311,049.83 by Mr To Shu Fai; and, interest on that amount of money is mounting at the rate of 6 percent per annum over The **Hongkong Interbank Offered Rate** (The HIBOR Rate).

Paragraph 8 of the Statement of Claim alleges that Mr To Shu Fai *'has failed and/or refused to comply with the demand'* of CITIC Ka Wah Bank Ltd to honour his Guarantee.

Mr To Shu Fai was the Chairman of REXCAPITAL Financial Holdings Ltd until September 21, 2004, when he resigned *'due to personal reasons'*, according to an official company announcement, also dated September 21, 2004.

He was replaced by his former Number Two Man, at that time, Mr Victor Chan How Chung (), who remains the Chairman of REXCAPITAL Financial Holdings to this day.

Mr To Shu Fai resigned as the Chairman of REXCAPITAL Financial Holdings in spite of the fact that he held, as at the date of his resignation, legally, 46.76 percent of the Issued and Fully Paid-Up Share Capital of the company; that position is confirmed to be the case, up to December 31, 2005, according the database of **TOLFIN** ().

REXCAPITAL Financial Holdings has been a consistent loser over the past 5 Financial Years, with the aggregate Losses Attributable To Shareholders, being about \$HK196 million.

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