



REXCAPITAL Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL RESULTS

The board of directors (the “Board”) of REXCAPITAL Financial Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and jointly controlled entities (the “Group”) for the year ended 31 December 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

		2007	2006
	Notes	HK\$'000	HK\$'000
Turnover	3	434,652	173,883
Other income		5,561	5,503
Other gains, net		23,180	15,413
Bad debts recovery, net		2,208	3,014
Reversal of allowance for impairment of bad and doubtful debts, net		16,840	2,182
Gain on disposal of partial interests in subsidiaries		63,998	–
Changes in inventories of finished goods and work in progress		(6,899)	–
Raw materials consumed		(119,167)	(56,005)
Outsourcing costs for software development		(13,333)	–
Cost of trading of listed securities		(22,142)	(12,544)
Commission expenses		(9,978)	(3,057)
Research and development costs		(3,921)	(2,968)
Depreciation and amortisation expenses		(19,241)	(6,309)
Staff costs		(60,410)	(24,617)
Other operating expenses		(68,832)	(35,602)

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Operating profit		222,516	58,893
Finance costs		(2,506)	(17,260)
		<hr/>	<hr/>
Profit before taxation		220,010	41,633
Taxation	5	(26,369)	(11,001)
		<hr/>	<hr/>
Profit for the year		<u>193,641</u>	<u>30,632</u>
Attributable to:			
Equity holders of the Company		136,688	11,170
Minority interests		56,953	19,462
		<hr/>	<hr/>
		<u>193,641</u>	<u>30,632</u>
Earnings per share			
	7		
– Basic		<u>2.19 cents</u>	<u>0.26 cent</u>
– Diluted		<u>2.17 cents</u>	<u>0.25 cent</u>

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		89,445	43,139
Prepaid lease payments on land use rights		4,910	5,982
Investment properties		49,034	–
Goodwill		595,357	384,095
Intangible assets		95,638	11,945
Deposits for acquisition of leasehold land use rights and buildings		–	23,500
Statutory deposits		2,178	2,132
Deferred tax assets		2,111	3,715
Other receivables	8	168,620	–
Total non-current assets		1,007,293	474,508
Current assets			
Inventories		51,615	53,569
Trade and other receivables	8	824,554	429,784
Financial assets at fair value through profit or loss		30,072	20,288
Current tax refundable		2,698	3,181
Cash and bank balances		689,342	164,867
Total current assets		1,598,281	671,689
Total assets		2,605,574	1,146,197
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		71,380	59,170
Reserves		2,242,586	752,262
		2,313,966	811,432
Minority interests		127,437	118,612
Total equity		2,441,403	930,044

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Bank borrowings		12,675	12,777
Deferred tax liabilities		17,408	6,374
		<hr/>	<hr/>
Total non-current liabilities		30,083	19,151
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	9	125,546	67,642
Bank borrowings		1,381	125,667
Current tax liabilities		7,161	3,693
		<hr/>	<hr/>
Total current liabilities		134,088	197,002
		<hr/>	<hr/>
Total liabilities		164,171	216,153
		<hr/>	<hr/>
Total equity and liabilities		2,605,574	1,146,197
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		1,464,193	474,687
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		2,471,486	949,195
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRS and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s and the Company’s objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period.

3. TURNOVER

Turnover represents commission income and handling fee income, interest income, income from trading of listed securities and income from provision of lottery machines and related services.

An analysis of the Group's turnover is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover		
Commission income and handling fee income	20,812	7,827
Interest income from:		
– Banks	1,570	709
– Margin clients	7,388	10,223
– Loan receivables	9,481	10,943
Income from trading of listed securities	21,991	29,138
Income from provision of lottery machines and related services	373,410	115,043
	434,652	173,883

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is organised into the following four major operating divisions:

- i) Financial services
- ii) Money lending
- iii) Investment trading and holding
- iv) Lottery business

In accordance with the Group's internal financial and operating activities, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments.

The segment assets, liabilities at 31 December 2007 and segment results for the year ended 31 December 2007 are as follows:

	As at and for the year ended 31 December 2007					
	Financial services HK\$'000	Money lending HK\$'000	Investment trading and holding HK\$'000		Lottery business HK\$'000	Total HK\$'000
Turnover	<u>29,770</u>	<u>9,481</u>	<u>21,991</u>	<u>373,410</u>	<u>434,652</u>	
Segment results	(646)	11,864	1,441	243,380	256,039	
Net unallocated expenses					<u>(36,029)</u>	
Profit before taxation					220,010	
Taxation					<u>(26,369)</u>	
Profit for the year					<u>193,641</u>	
Assets						
Segment assets	74,231	316,092	30,033	1,692,892	2,113,248	
Unallocated assets					<u>492,326</u>	
Total assets					<u>2,605,574</u>	
Liabilities						
Segment liabilities	52,175	–	–	109,661	161,836	
Unallocated liabilities					<u>2,335</u>	
Total liabilities					<u>164,171</u>	

The segment assets, liabilities at 31 December 2006 and segment results for the year ended 31 December 2006 are as follows:

	As at and for the year ended 31 December 2006				
	Financial	Money	Investment	Lottery	Total
	services	lending	trading	business	
	and holding		and holding		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>18,107</u>	<u>10,943</u>	<u>29,790</u>	<u>115,043</u>	<u>173,883</u>
Segment results	1,065	(9,738)	21,097	39,676	52,100
Net unallocated expenses					<u>(10,467)</u>
Profit before taxation					41,633
Taxation					<u>(11,001)</u>
Profit for the year					<u>30,632</u>
Assets					
Segment assets	50,900	248,420	164,635	679,451	1,143,406
Unallocated assets					<u>2,791</u>
Total assets					<u>1,146,197</u>
Liabilities					
Segment liabilities	30,530	418	–	181,260	212,208
Unallocated liabilities					<u>3,945</u>
Total liabilities					<u>216,153</u>

Geographical segments

The Group's business segments operate in two main geographical areas.

	As at and for the year ended 31 December 2007				
	Segment results and profit/(loss)				
	before	Total	Total	Capital	
Turnover	taxation	assets	liabilities	expenditure	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Hong Kong	61,242	(23,352)	913,787	54,501	163
The PRC	373,410	243,362	1,691,787	109,670	438,130
	<u>434,652</u>	<u>220,010</u>	<u>2,605,574</u>	<u>164,171</u>	<u>438,293</u>

	As at and for the year ended 31 December 2006				
	Segment results and profit				
	before	Total	Total	Capital	
Turnover	taxation	assets	liabilities	expenditure	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Hong Kong	58,840	1,957	466,746	34,893	122
The PRC	115,043	39,676	679,451	181,260	392,737
	<u>173,883</u>	<u>41,633</u>	<u>1,146,197</u>	<u>216,153</u>	<u>392,859</u>

5. TAXATION

The provision for Hong Kong profits tax for 2007 is calculated at 17.5% (2006: Nil) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

One of the jointly controlled entities of the Group's lottery business in the PRC, 北京戈德利邦科技有限公司 (Beijing Guard Libang Technology Co Ltd), is eligible for application of tax holiday and concession which are in the form of three years tax exemption from the year 2003 to 2005 and followed by a 50% reduction of the applicable tax rate in the following three years commencing from 2006. The applicable income tax rate for this jointly controlled entity in the current year is 7.5% (2006: 7.5%). The applicable income tax rates for the remaining subsidiaries of the Group's lottery business in current year are ranging from 15% to 33% (2006: 15%) as their tax holiday and concession periods, if any, were expired.

The amount of taxation charged to the consolidated income statement represents:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax:		
– Hong Kong profits tax	276	–
– PRC income tax	14,917	3,726
	<u>15,193</u>	<u>3,726</u>
Deferred tax:		
Deferred taxation relating to the origination and reversal of temporary differences	11,176	7,275
	<u>11,176</u>	<u>7,275</u>
Taxation charge	<u><u>26,369</u></u>	<u><u>11,001</u></u>

6. DIVIDEND

The Board does not recommend the payment of a dividend in respect of the year ended 31 December 2007 (2006: Nil).

7. EARNINGS PER SHARE

(a) *Basic earnings per share*

The basic earnings per share is calculated by dividing the profit for the year attributable to the equity holders of the Company by the weighted average number of shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company (in thousand HK\$)	<u><u>136,688</u></u>	<u><u>11,170</u></u>
Weighted average number of ordinary shares in issue (in thousand)	<u><u>6,231,200</u></u>	<u><u>4,381,073</u></u>
Basic earnings per share	<u><u>2.19 cents</u></u>	<u><u>0.26 cent</u></u>

(b) *Diluted earnings per share*

The diluted earnings per share is calculated by dividing the profit for the year and on the weighted average number of ordinary shares, being the weighted average number of ordinary shares in issue during the year as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all share options outstanding during the year.

	2007	2006
Profit for the year, used in the basic and diluted earnings per share calculation (in thousand HK\$)	<u><u>136,688</u></u>	<u><u>11,170</u></u>
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (in thousand)	<u><u>6,231,200</u></u>	<u><u>4,381,073</u></u>
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all share options outstanding during the year (in thousand)	<u><u>82,671</u></u>	<u><u>131,923</u></u>
	<u><u>6,313,871</u></u>	<u><u>4,512,996</u></u>
Diluted earnings per share	<u><u>2.17 cents</u></u>	<u><u>0.25 cent</u></u>

8. TRADE AND OTHER RECEIVABLES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current		
Investment deposits	<u>168,620</u>	<u>–</u>
Current		
Trade receivables:		
Margin client receivables, net	9,342	3,611
Other client receivables, net	1,510	9,926
Broker receivables	17,378	5,431
Amounts due from clearing houses	–	1,358
Loan receivables, net	283,219	214,713
Loan interest receivables, net	12,211	6,709
Other trade debtors	168,583	81,353
Other receivables, deposits and prepayments	<u>332,311</u>	<u>106,683</u>
	<u>824,554</u>	<u>429,784</u>
	<u>993,174</u>	<u>429,784</u>

The investment deposits represent the amount paid on increase in interests of subsidiaries and are classified as non-current assets.

Margin client receivables are repayable on demand, bear interest at prevailing market rates and are secured by clients' securities listed on the SEHK with a market value of approximately HK\$66,274,000 as at 31 December 2007 (2006: HK\$136,737,000). No ageing analysis is disclosed for margin client receivables as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing and broking.

The settlement terms of other client receivables, broker receivables and amounts due from clearing houses are one to two days after the trade date or repayable on demand. The age of these balances is within 30 days.

The directors consider that the carrying amounts of trade receivables approximate to their fair values. The Group generally grants credit periods of up to 60 days to its other trade debtors.

The ageing analysis of loan receivables, loan interest receivables and other trade debtors is as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Three months or less	378,905	245,837
One year or less but over three months	85,108	56,938
	<u>464,013</u>	<u>302,775</u>

9. TRADE AND OTHER PAYABLES

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables:		
Margin client payables	4,365	7,303
Other client payables	44,879	17,117
Other trade payables	54,804	16,889
Other payables and accruals	21,498	26,333
	<u>125,546</u>	<u>67,642</u>

Margin client payables and other client payables are repayable on demand and bear interest at prevailing market rates.

No ageing analysis is disclosed for margin client payables and other client payables as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing and broking.

Trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The directors consider that the carrying amounts of trade and other payables approximate to their fair values.

The aged analysis of the Group's other trade payables as at 31 December 2007 are as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Three months or less	42,509	9,625
One year or less but over three months	12,295	7,264
	<hr/>	<hr/>
	54,804	16,889
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Welfare Lottery

Operationally, the Group's businesses in the lottery market have been strengthened since its foray into the industry in 2006.

Its subsidiary, Shenzhen Sinodata Technology Co Ltd ("Sinodata"), is the leading Computer Ticket Games ("CTG") system provider for welfare lottery in China, accounting for over 50% market shares in 2007 with coverage of 16 provinces. Extending its participation in welfare lottery market, the Group further acquired 18.94% interest in Sinodata to 64.75% during the year. In December 2007, the Group entered into an agreement to further acquire 20% interest in Sinodata.

On the side of instant lottery ("Scratch Cards") business, the Group's previously 70%-owned subsidiary, Beijing Guard Libang Technology Co Ltd ("Guard Libang") is the exclusive provider of systems and games for Scratch Cards in the Chinese welfare lottery market based on its proprietary 2D barcode anti-counterfeiting technology. The business of Guard Libang covers 23 provinces in China.

In July 2007, the Group announced that it would first acquire the remaining 30% interest in Guard Libang and then sell 50% interest in Guard Libang to US-listed Scientific Games Corporation ("Scientific Games"), the world renowned instant ticket system and games provider. The transaction was completed in November 2007 and derived a gain of HK\$63,998,000. The partnership enables the Group to access to the library of games of Scientific Games and its expertise and know-how which will help to bring international Scratch Cards games development, practices and technologies to the growing Scratch Cards market in China.

Sports Lottery

Another subsidiary, Shenzhen Kingsail Software Tech Co Ltd (“Kingsail”), is one of the few approved providers to the China sports lottery machines. It has already secured supply contracts for 4 provinces in China. In December 2007, the Group entered into an agreement to further acquire 26% interest in Kingsail and thereafter increased the controlling stake to 84%. The Group will continue its effort to increase the participation in the Sports CTG market.

Our lottery business had made significant contribution to turnover and profits in the respective amount of HK\$373,410,000 (2006: HK\$115,043,000) and HK\$243,380,000 (2006: HK\$39,676,000) for the year ended 31 December 2007. The Group firmly believed that PRC lottery business has great potential and will keep generating business growth and attractive returns for years to come.

Money Lending

Interest income from money lending slightly decreased by 13% to HK\$9,481,000 in 2007 (2006: HK\$10,943,000). In order to implement consistent control on risk, the Group will continue to adopt conservative financing policy on loan lending.

Investment Trading and Holding

The local stock market was volatile in 2007, recording historic high in October and retreating since the outburst of US sub-prime mortgage crisis in the last quarter. Turnover for the year decreased to HK\$21,991,000 (2006: HK\$29,790,000) and segment profit was HK\$1,441,000 (2006: HK\$21,097,000) which included the unrealised profit on securities amounting to HK\$1,673,000 (2006: HK\$15,413,000).

Financial Services

In the first half of 2007, turnover of local stock market registered a remarkable performance. Turnover of the Group’s financial services increased to HK\$29,770,000 (2006: HK\$18,107,000). However, due to high operating cost primarily caused by rental and staff cost, the performance of this segment was adversely affected and recorded a loss of HK\$646,000 for the year ended 31 December 2007 (2006: profit of HK\$1,065,000).

Looking Ahead

Citing robust and sustainable growth in lottery market in 2007, the annual sales of lotteries amounted to RMB100 billion in the PRC, of which welfare lotteries and sports lotteries accounted for 62% and 38% respectively. The Group has committed resources to provide comprehensive and professional services to the market, with an aim to consolidate its established foothold in the lottery market in China.

In February 2008, the Group has formed a strategic alliance with Scientific Games to further develop lottery business opportunities in China. Each party will contribute their respective expertise, know-how, local knowledge and distribution channels.

On sports lottery side, the Group has established a joint venture to focus on development and expansion of the Group's sports lottery distribution business in Eastern China, which includes Shanghai, Jiangsu and Zhejiang.

In April 2008, the Group extended its presence in sports lottery market by acquiring 90% stake in Guangzhou Latech Technology Co Ltd ("Guangzhou Latech"), which is one of the few approved providers for the development and production of sports lottery machines by China Sports Lottery Administration Center. Upon completion of the acquisition, the coverage of the Group's sports lottery business is expected to increase to 11 provinces/cities.

FINANCIAL REVIEW

Result

For the year ended 31 December 2007, the Group recorded a turnover of HK\$434,652,000 (2006: HK\$173,883,000), representing an increase of 150% over that of the last year. The increase was mainly attributable to the Group's lottery business in China which achieved a turnover of HK\$373,410,000 (2006: HK\$115,043,000).

Profit attributable to shareholders for the year was HK\$136,688,000 (2006: HK\$11,170,000). The earnings per share was 2.19 cents (2006: 0.26 cent). Fully diluted earnings per share was 2.17 cents (2006: 0.25 cent).

Liquidity, Financial Resources and Funding

At 31 December 2007, the Group's total equity amounted to HK\$2,441,403,000 as compared to HK\$930,044,000 at the end of the previous year. The net increase in equity was mainly attributed to the completion of the capital raising exercises by the Company during the year which included issue of consideration shares and a placement of shares. The net proceeds from the placing of 648,000,000 shares in November 2007 of approximately HK\$965.5 million were mainly used to finance the acquisition of the lottery business in China and to strengthen the working capital base of the Group.

At 31 December 2007, the Group had cash reserves of approximately HK\$689,342,000 (2006: HK\$164,867,000), which include approximately HK\$31,539,000 (2006: HK\$17,633,000) of clients' funds that were kept in designated segregated bank accounts.

The gearing ratio as at 31 December 2007 was 0.58% (2006: 14.89%). The gearing ratio was derived by dividing the aggregate of bank borrowings by the amount of shareholders' equity. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 1,192% (2006: 341%).

The Group had outstanding bank borrowings as at 31 December 2007 of HK\$14,056,000 (2006: HK\$138,444,000). The bank borrowings were denominated in Renminbi and Hong Kong dollars and interest bearing at prevailing commercial lending rates. The Group's investment properties were pledged to secure these bank borrowings. We expect that all these borrowings will be repaid by internal generated funds.

Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

Pledge of Assets

At 31 December 2007, the Group's investment properties with value of HK\$49,034,000 were pledged to banks to secure the bank borrowings granted to the Group. At 31 December 2006, the Group's bank deposit of HK\$123,304,000 and listed investments belonging to clients with total market value of approximately HK\$21,871,000 were pledged to banks to secure the bank borrowings granted to the Group. The charge on the pledged deposit has been released as a result of repayment of certain bank borrowings during the year.

Exposure to Fluctuation in Exchange Rate Risk and Interest Rate Risk

The Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollar or Renminbi. The Group did not enter into any foreign exchange forward contracts to hedge against exchange rates fluctuations. Foreign exchange risk arising from the normal course of operations is considered to be minimal and the management will closely monitor the fluctuation in the currency and take appropriate actions when condition arises.

In terms of the interest rate risk exposures, the Group does not have any significant interest rate risk as both the borrowings of the Group and the interest rates currently remain at low levels.

Material Acquisitions and Disposals of Subsidiaries

On 19 March 2007, the Company entered into a share purchase agreement with Excelot Assets Management Limited ("Excelot Assets") under which the Company has agreed to acquire 1 share of US\$1.00 in the share capital of Global Union Group Limited ("Global Union"), representing the entire issued share capital of Global Union, and the shareholder's loan due from Global Union to Excelot Assets at a consideration of HK\$119,487,500. The consideration has to be satisfied as to HK\$12,825,000 in cash and as to HK\$106,662,500 by issue of 152,375,000 ordinary shares of HK\$0.01 each of the Company at a price of HK\$0.7 per share to Excelot Assets or its nominees. Global Union indirectly holds approximately 9.62% of the registered capital of Sinodata. Details of the acquisition are set out in the Company's circular dated 29 June 2007. The transaction has been completed on 17 August 2007.

On 19 March 2007, the Company entered into a share purchase agreement with Sino Gateway International Limited ("Sino Gateway") under which the Company has agreed to acquire 1 share of US\$1.00 in the share capital of Huge Rich Enterprises Limited ("Huge Rich"), representing the entire issued share capital of Huge Rich, and the shareholder's loan due from Huge Rich to Sino Gateway at a consideration of HK\$115,762,500. The consideration has to be satisfied as to HK\$12,425,000 in cash and as to HK\$103,337,500 by issue of 147,625,000 ordinary shares of HK\$0.01 each of the Company at a price of HK\$0.7 per share to Sino Gateway or its nominees. Huge Rich indirectly holds approximately 9.32% of the registered capital of Sinodata. Details of the acquisition are set out in the Company's circular dated 29 June 2007. The transaction has been completed on 17 August 2007.

Upon completion of the acquisitions as stated above, the Group, together with its then existing interests in Sinodata, holds approximately 65% in the registered capital of Sinodata indirectly.

On 18 July 2007, Genius Nation Limited (“Genius Nation”), a direct wholly-owned subsidiary of the Company, entered into a share transfer contract (the “Gentleigh Share Transfer Contract”) with, among others, Cityhorizon International Limited pursuant to which Genius Nation has agreed to acquire the entire issued share capital of Gentleigh International Limited (“Gentleigh”), a company which was indirectly holding a 30% interest in the registered capital of Guard Libang. The consideration payable for the acquisition is the US dollar equivalent of RMB120,000,000. Details of the acquisition are set out in the Company’s circular dated 15 August 2007. The transaction was completed in 18 October 2007.

On 18 July 2007, the Company, Genius Nation, Scientific Games Luxembourg Holdings SARL (“Scientific Games Luxembourg”) and Scientific Games Corporation (“Scientific Games”) entered into a sale and purchase agreement (the “Happy Sun Sale and Purchase Agreement”) pursuant to which Scientific Games Luxembourg has agreed to acquire, and Genius Nation has agreed to sell, a 50% interest in the share capital of Happy Sun Technologies Ltd (“Happy Sun”) at the consideration of US dollar equivalent of RMB210,000,000. Happy Sun was indirectly interested in the entire interest in the registered capital of Guard Libang immediately before completion of the Happy Sun Sale and Purchase Agreement. Details of the disposal are set out in the Company’s circular dated 15 August 2007. The transaction was completed in 14 November 2007.

Immediately after completion of the Gentleigh Share Transfer Contract, the Group indirectly owned the entire interest in the registered capital of Guard Libang. After completion of the Happy Sun Sale and Purchase Agreement, Guard Libang became a jointly controlled entity of the Group.

On 24 December 2007, Huge Top Enterprises Inc. (“Huge Top”), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with, among others, Giga Step Limited (“Giga Step”) under which Huge Top has agreed to acquire the entire issued share capital of Jertford Development Ltd (“Jertford”) and the shareholder’s loan due from Jertford to Giga Step. Jertford shall upon completion be indirectly interested in 26% of the registered capital of Kingsail. The consideration payable for the acquisition is HK\$75,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company’s announcement dated 28 December 2007. The transaction has been completed in April 2008. Upon completion of this acquisition, the Group, together with its then existing interests in Kingsail, holds 84% in the registered capital of Kingsail indirectly.

On 31 December 2007, Multi Glory Limited (“Multi Glory”), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with, among others, Billion Invest Limited (“Billion Invest”) under which Multi Glory has agreed to acquire the entire issued share capital of Top Manage Group Limited (“Top Manage”) and the shareholder’s loan due from Top Manage to Billion Invest. Top Manage was indirectly interested in 20% of the registered capital of Sinodata. The consideration payable for the acquisition is HK\$600,000,000, which was to be satisfied as to HK\$240,000,000 by payment in cash and as to HK\$360,000,000 by the issue of 254,000,000 ordinary shares by the Company to Billion Invest (or its nominee) at a price of approximately HK\$1.4173 per share. Details of the acquisition are set out in the Company’s announcement dated 9 January 2008. The transaction has not yet been completed up to the date hereof.

Apart from the above, the Group had no material acquisition and disposal of subsidiaries during the year ended 31 December 2007.

Human Resources

As at 31 December 2007, the Group had 658 employees.

The Group remunerated its employee mainly based on the individual’s performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group’s performance as well as individual’s performance.

The Group will continue to emphasise on staff training and total quality management to better prepare its staff for the upcoming changes and challenges in the market and industry.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the year, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except that Code Provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election. Currently the independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation at the Company’s annual general meeting as specified in the bye-laws of the Company.

Further information is set out in the Corporate Governance Report contained in the 2007 annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2007, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding dealing in securities by the Directors. Having made specific enquiry, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the financial statements for the year ended 31 December 2007.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2007 is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (<http://finance.thestandard.com.hk/en/0555rexcapital>) respectively. The 2007 annual report and notice of the annual general meeting of the Company will be despatched to the shareholders and made available on the above websites on or before 30 April 2008.

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

Hong Kong, 28 April 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.