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China LotSynergy Holdings Limited

華彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1371)

**VOLUNTARY ANNOUNCEMENT OF
THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QUARTERLY FINANCIAL STATEMENTS

The board of directors (the “Board” or the “Directors”) of China LotSynergy Holdings Limited (the “Company”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2013, together with the comparative unaudited figures for the corresponding periods in 2012, as follows:

* For identification purposes only

CONSOLIDATED INCOME STATEMENT

		Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2013	2012	2013	2012
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	181,351	152,665	522,990	444,321
Costs of sales and services	3	(45,698)	(29,403)	(130,718)	(121,661)
Gross profit		135,653	123,262	392,272	322,660
Other income and gains	4	3,132	9,215	14,335	12,685
General and administrative expenses		(52,461)	(36,908)	(134,242)	(124,189)
Research and development expenses		(12,871)	(1,005)	(14,100)	(2,663)
Share options (expenses)/ income		(1,076)	(235)	(6,020)	442
Operating profit	5	72,377	94,329	252,245	208,935
Finance costs	6	(6,056)	(6,278)	(16,522)	(15,617)
Share of losses of jointly-controlled entities		(1,446)	(1,252)	(5,088)	(2,298)
Profit before income tax		64,875	86,799	230,635	191,020
Income tax	7	(13,234)	(23,088)	(57,590)	(48,742)
Profit for the period		51,641	63,711	173,045	142,278
Profit attributable to:					
Owners of the Company		19,430	22,335	60,027	46,009
Non-controlling interests		32,211	41,376	113,018	96,269
		51,641	63,711	173,045	142,278
Earnings per share attributable to owners of the Company during the period					
— basic — <i>HK Cent</i>	8	0.26	0.30	0.80	0.62
— diluted — <i>HK Cent</i>	8	0.26	0.30	0.80	0.61

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	51,641	63,711	173,045	142,278
Other comprehensive income/ (expenses):				
Fair value gain/(loss) on available-for-sale financial assets	3,103	2,552	3,826	(331)
Currency translation differences	1,271	(152)	13,943	(2,116)
Other comprehensive income/ (expenses) for the period	4,374	2,400	17,769	(2,447)
Total comprehensive income for the period	56,015	66,111	190,814	139,831
Attributable to:				
Owners of the Company	23,738	24,735	73,416	45,411
Non-controlling interests	32,277	41,376	117,398	94,420
Total comprehensive income for the period	56,015	66,111	190,814	139,831

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with Hong Kong Accounting Standards 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Listings Rules of the Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of these unaudited consolidated results are consistent with those used in the preparation of the Group’s audited financial statements for the year ended 31 December 2012.

The Group has adopted the standards, amendments and interpretations of that have been issued and effective for the accounting periods beginning on or after 1 January 2013. The adoption of such standards, amendments and interpretations did not have material effect on these results.

2. TURNOVER

The Group’s revenue and contribution to profit were mainly derived from the provision of technology and services for lottery systems, terminal equipment, game products and operation in the lottery market in China. An analysis of the Group’s turnover for the periods is as follows:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Income from provision of lottery terminals and lottery sales channels	179,480	151,679	520,450	437,945
Income from sales of equipment	1,675	714	2,309	5,661
Income from provision of consultancy services	196	272	231	715
	<u>181,351</u>	<u>152,665</u>	<u>522,990</u>	<u>444,321</u>

3. COSTS OF SALES AND SERVICES

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of lottery terminals	21,485	9,175	56,197	22,309
Business tax	9,469	6,628	27,813	22,132
Cost of inventories recognised as expense	912	685	1,184	3,335
Repairs and maintenance	1,177	2,322	4,799	6,542
Commission	487	3,512	13,011	22,130
Handling charges	10,427	3,236	21,368	6,269
Other costs of sales and services	1,741	3,845	6,346	9,155
Impairment loss of accounts receivable recognized as maintenance fee	—	—	—	29,789
	<u>45,698</u>	<u>29,403</u>	<u>130,718</u>	<u>121,661</u>

4. OTHER INCOME AND GAINS

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value adjustment of contingent consideration	—	121	(44)	1,894
Interest income from bank deposits	3,132	9,094	14,379	10,791
	<u>3,132</u>	<u>9,215</u>	<u>14,335</u>	<u>12,685</u>

5. OPERATING PROFIT

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating profit is stated after charging:				
Staff costs (excluding share options expenses)	22,324	19,198	76,777	61,499
Amortisation of intangible assets	1,632	1,632	4,896	4,896
Depreciation of other items of property, plant and equipment	1,835	2,020	5,682	6,220
Foreign exchange differences, net	1,068	256	(14,449)	885
	<u>26,859</u>	<u>23,106</u>	<u>72,906</u>	<u>73,500</u>

6. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on bank borrowings	6,056	6,278	16,522	12,674
Imputed interest expense on convertible note	—	—	—	2,943
	<u>6,056</u>	<u>6,278</u>	<u>16,522</u>	<u>15,617</u>

7. INCOME TAX

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
— People's Republic of China ("PRC")				
Enterprise Income Tax	12,445	18,892	56,599	45,390
— Adjustments in respect of prior periods	(148)	4,412	(148)	4,485
Deferred tax				
— Origination and reversal of temporary differences	937	(216)	1,139	(1,133)
	<u>13,234</u>	<u>23,088</u>	<u>57,590</u>	<u>48,742</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit during the three months and nine months ended 30 September 2013 (2012: Nil and Nil).

Taxation on the PRC has been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates.

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Three months ended 30 September 2013		Unaudited Nine months ended 30 September 2013	
		2012		2012
Profit attributable to owners of the Company (HK\$'000)	<u>19,430</u>	<u>22,335</u>	<u>60,027</u>	<u>46,009</u>
Weighted average number of ordinary shares in issue	<u>7,461,472,820</u>	<u>7,452,584,666</u>	<u>7,458,282,201</u>	<u>7,438,797,360</u>
Basic earnings per share — HK Cent	<u>0.26</u>	<u>0.30</u>	<u>0.80</u>	<u>0.62</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Unaudited Three months ended 30 September 2013		Unaudited Nine months ended 30 September 2013	
		2012		2012
Profit attributable to owners of the Company (HK\$'000)	<u>19,430</u>	<u>22,335</u>	<u>60,027</u>	<u>46,009</u>
Weighted average number of ordinary shares in issue	<u>7,461,472,820</u>	<u>7,452,584,666</u>	<u>7,458,282,201</u>	<u>7,438,797,360</u>
Effect of dilutive potential ordinary shares:				
— Share options	<u>2,354,909</u>	<u>—</u>	<u>38,381,024</u>	<u>—</u>
— Contingent consideration shares	<u>—</u>	<u>30,352,000</u>	<u>—</u>	<u>44,287,557</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>7,463,827,729</u>	<u>7,482,936,666</u>	<u>7,496,663,225</u>	<u>7,483,084,917</u>
Diluted earnings per share — HK Cent	<u>0.26</u>	<u>0.30</u>	<u>0.80</u>	<u>0.61</u>

As at 30 September 2013, the Company did not have any outstanding contingent consideration shares. The computation of diluted earnings per share for the three months and nine months ended 30 September 2012 has not assumed the exercise of share options because their exercise would increase the earnings per share.

9. SHARE CAPITAL

	Unaudited Authorised ordinary shares <i>Number of</i> <i>shares</i> <i>HK\$'000</i>	
At 1 January 2013 and 30 September 2013	16,000,000,000	40,000
	Unaudited Issued and fully paid ordinary shares <i>Number of</i> <i>shares</i> <i>HK\$'000</i>	
At 1 January 2013	7,452,584,666	18,631
Consideration shares issued (<i>Note (i)</i>)	8,888,154	23
At 30 September 2013	7,461,472,820	18,654

Note:

- (i) Pursuant to a Transfer Agreement dated 2 November 2011 and entered into by the Company's subsidiary, 43,360,000 consideration shares (subject to adjustment if the vendors cannot fulfill the Profit Guarantee for 2011 and Profit Guarantee for 2012) would be conditionally allotted and issued by the Company at an issue price of HK\$0.45 per consideration share as partial settlement of the relevant acquisition. The Company has allotted and issued the total of 8,888,154 shares of the Company on 9 April 2013 in accordance with the terms of that Transfer Agreement.

10. RESERVES AND RETAINED PROFITS

	Unaudited Nine months ended 30 September 2013							Total HK\$'000
	Share premium HK\$'000	Capital reserve HK\$'000	Currency translation reserve HK\$'000	Share-based compensation reserve HK\$'000	Revaluation reserve HK\$'000	Available- for-sale investments HK\$'000	Retained profits HK\$'000	
Balance as at 1 January 2013	739,973	15,158	51,755	40,512	11,351	7,728	196,344	1,062,821
Profit for the period	-	-	-	-	-	-	60,027	60,027
Issuance of consideration shares	1,115	-	-	-	-	-	-	1,115
Share option scheme:								
— value of employee services	-	-	-	4,588	-	-	-	4,588
— value of other participants' services	-	-	-	1,432	-	-	-	1,432
— vested share options forfeited and expired	-	-	-	(17,365)	-	-	17,365	-
2012 final dividend	-	-	-	-	-	-	(13,415)	(13,415)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	3,826	-	3,826
Release of revaluation reserve upon depreciation of leasehold land and building	-	-	-	-	(180)	-	180	-
Currency translation differences								
— overseas subsidiaries	-	-	7,202	-	-	-	-	7,202
— overseas jointly controlled entities	-	-	2,361	-	-	-	-	2,361
Balance as at 30 September 2013	741,088	15,158	61,318	29,167	11,171	11,554	260,501	1,129,957

	Unaudited Nine months ended 30 September 2012							Total HK\$'000
	Share premium HK\$'000	Convertible note HK\$'000	Capital reserve HK\$'000	Currency translation reserve HK\$'000	Share-based compensation reserve HK\$'000	Revaluation reserve HK\$'000	Available- for-sale investments HK\$'000	
Balance as at 1 January 2012	735,484	11,670	15,158	51,591	46,460	11,653	5,462	987,374
Profit for the period	-	-	-	-	-	-	-	46,009
Release of convertible note equity reserve upon redemption of convertible note	-	(11,670)	-	-	-	-	-	-
Issuance of consideration shares	4,488	-	-	-	-	-	-	4,488
Share option scheme:								
— value of employee services	-	-	-	-	(444)	-	-	(444)
— value of other participants' services	-	-	-	-	2	-	-	2
— vested share options forfeited and expired	-	-	-	-	(2,628)	-	-	-
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(331)	(331)
Currency translation differences								
— overseas jointly controlled entities	-	-	-	(267)	-	-	-	(267)
Balance as at 30 September 2012	739,972	-	15,158	51,324	43,390	11,653	5,131	1,036,831

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is engaged as a technology and operation service provider of lottery systems, terminal equipment and game products for the lottery market in China. The principal businesses of the Group cover Video Lottery (“VLT”), Computer-generated Ticket Game (“CTG”) and Keno-type lottery as well as New Media Lottery. Backed by technical competencies, proactive operational management and sound corporate governance, the Group has established a solid foundation and a reputable brand name providing the Group with comprehensive capability for sustainable development in the industry. On 16 October 2013, the Group transferred its listing venue from the Growth Enterprise Market to the Main Board of The Stock Exchange of Hong Kong Limited.

China Lottery Performance

According to lottery sales data published by the Ministry of Finance (“MOF”), in the first three quarters of 2013, growth momentum was maintained in the Chinese lottery market with total lottery sales of RMB224.45 billion, representing 18.5% growth year on year (“YOY”). Welfare Lottery and Sports Lottery contributed RMB128.06 billion and RMB96.39 billion respectively, up 15.3% and 23.0% YOY respectively. All lottery types showed double-digit sales growth except Scratch Cards in both lottery space. VLT grew 31.3%, still the fastest growing lottery type, followed by Single Match Game and the Lotto type which grew 23.6% and 21.9% respectively.

Business Review and Outlook

All business segments of the Group continued to progress steadily in the first three quarters of 2013. VLT, which grew 31.3% YOY in the period, remained the fastest growing lottery type as the Group continued to roll out the third generation terminals to the provinces, with its quality and service highly recognized by central and provincial lottery authorities. A total installed base of 30,000 units of the third generation terminals are expected to be connected across the country by the end of this year. In its CTG business, in addition to steady sales growth in Guangdong Welfare Lottery, sales in Chongqing have picked up strongly after terminals were deployed for the municipality since June. The Group started to receive income based on a revenue-sharing arrangement from the third quarter. In Sports Lottery, the Group won bids for the provision of lottery terminals in Guizhou and Gansu in July and September this year respectively. Meanwhile, the Group has continued its efforts in the new media lottery business covering telephone lottery and new type lottery with emphasis on new distribution channels and new products on strengthened ties with channel distributors and lottery authorities, in a bid to maintain its leading position in the new media lottery space. The Group is well positioned to become a competitive market participant with involvement in the entire Chinese lottery value chain.

Video Lottery Business

China Welfare Lottery VLT Business (中福在線/VLT)

Using advanced technology as a backbone, VLT continues to play a vital role in the country's lottery market. The Group is the exclusive equipment provider for VLT nationwide. Sales of VLT amounted to RMB21.05 billion in the first three quarters of 2013, up 31.3% YOY, which was substantially higher than the overall industry growth of 18.5% YOY. Such figures maintained the leading position of VLT as the fastest growing lottery type of all in the country, revealing its strong vitality and growth potential. The top selling VLT province by sales in the first three quarters of 2013 was Zhejiang (RMB2.69 billion), followed by Shandong (RMB2.04 billion), Guangdong (RMB1.77 billion), Jiangsu (RMB1.75 billion) and Hubei (RMB1.32 billion). Anhui and Hunan were catching up fast with VLT sales over RMB1 billion. The fastest growing VLT provinces were Henan, Gansu, Sichuan, Jiangxi, Inner Mongolia, Hainan and Guizhou, where sales of VLT achieved over 40% growth YOY. On the other hand, in eighteen provinces including Zhejiang, Shandong, Guangdong, Jiangsu, Hubei, Anhui, Hunan, Liaoning, Guangxi, Fujian, Shaanxi, Yunnan, Jilin, Shanxi, Shanghai, Ningxia, Qinghai and Heilongjiang, sales of VLT recorded over 20% growth YOY. In seven provinces including Zhejiang, Shandong, Hubei, Anhui, Hunan, Henan and Gansu, VLT already contributed over 20% of the total sales of all Welfare Lottery games in the relevant province. Undoubtedly, VLT has become a key growth driver for Welfare Lottery in the provinces.

As requested by China Welfare Lottery Centre ("CWLC"), the Group had delivered approximately 27,000 units of the third-generation terminals out of approximately 30,000 units produced, on a cumulative basis, as at 30 September 2013. At the same time, in accordance with the deployment arrangement of CWLC, the Group has worked closely with both CWLC and provincial Welfare Lottery centres on system registration, testing and upgrade without affecting the operation of the venues. The Group expects to complete the delivery of a total number of 30,000 units of the third-generation terminals by the end of this year. With the on-going deployment of the third-generation terminals, the Group believes the sales of VLT are expected to hit a record high of RMB29.0 billion for the whole year of 2013.

The continued increase in lottery funds attributable to higher sales of VLT have allowed more welfare related initiatives including social assistance and charitable programs to be launched, benefitting many individuals and disadvantaged groups in need in 2013. Various programs and campaign including providing financial aids to people living in substandard conditions, caring for orphans, handicapped children and blind and deaf people were implemented by Welfare Lottery authorities in the provinces including Linyi City and Jinan City in Shandong, in Hubei, and in Wuxi City in Jiangsu. With favorable feedback received from the community, these programs and campaign represent the realization of the mission and values of Welfare Lottery emphasizing on good causes, charity, health, happiness and innovation, promoting wellbeing across the community.

CTG and Keno-type Lottery Business

CTG Business

Total sales of Welfare Lottery CTGs in the country amounted to RMB93.49 billion and RMB31.36 billion in the first three quarters and third quarter of 2013 respectively. Guangdong Welfare Lottery CTGs contributed RMB8.23 billion in the first three quarters, and RMB2.87 billion in the third quarter, up approximately 8% YOY, accounting for approximately 9% market share of total Welfare Lottery CTGs sales in 31 provinces. The Group rolled out additional CTG terminals in economically more developed regions in the province including Guangzhou, Dongguan, and Foshan from the end of 2012 through the second quarter of 2013 as an effort to assist Guangdong Welfare Lottery to enlarge its market share to secure its leadership position in Welfare Lottery. Such initiative has been successful as Guangdong Welfare Lottery CTGs achieved record high sales of over RMB1 billion in October of 2013, the best month ever. The sales of Welfare Lottery CTGs in Chongqing in the first three quarters amounted to RMB1.44 billion including RMB490 million in the third quarter. 2,000 units of the terminals provided by the Group have been deployed since the commencement of rollout on 1st June this year. The group has started to receive the monthly service fee, based on a revenue-sharing arrangement, since the third quarter of 2013. Meanwhile, the cooperation with Shenzhen Welfare Lottery on terminal maintenance service continued.

Subsequent to its first win in the bid for the provision of lottery terminals for Guizhou Sports Lottery Centre in July 2013, the Group won the bid for the provision of lottery terminals for Gansu Sports Lottery Centre in September where the Group will provide the standard type CTG terminals and relevant technical services.

The Group's cooperation with other domestic and overseas terminal producers continued in the third quarter. The sales of specialized terminals and core terminal components such as readers also improved.

Keno-type Lottery Business (開樂彩/KENO)

The responsibility for 開樂彩/KENO was assigned to the division in CWLC in charge of all CTGs in the country in the first half of 2013. Keno-type lottery is a mature fast-paced or hi-frequency draw based game played around the world. The planned rollout of 開樂彩/KENO, a nationwide game in Welfare Lottery, across the country requires policy support from issuance and regulatory authorities. The approval of MOF for a virtual game in Jiangsu Sports Lottery in October sent a positive message that the development of hi-frequency lottery games is supported by the authority.

New Media Lottery Business

Telephone Lottery Business

In the first three quarters of 2013, the Group's cooperation with provincial lottery authorities on telephone lottery sales business increased further after securing contracts with Shanghai Sports Lottery, Shanghai Welfare Lottery and Anhui Welfare Lottery. Such achievement represents wider recognition being given by government authorities to the Group's ability in operating telephone sales of lottery. Meanwhile, the Group launched a series of promotional campaign for mobile applications and cooperation channels to boost sales. Sales of the Group's telephone lottery in the first three quarters and third quarter recorded growth of 200% and 300% YOY respectively.

On its cooperation with financial institutions, the Group's cooperation with Shanghai Pudong Development Bank on telephone lottery sales via mobile application was launched in September this year. By the end of the third quarter, a total of six financial institutions have established lottery related business cooperation with the Group. Discussions with several others including China Minsheng Bank have made good progress. These efforts have further strengthened the Group's leading position in offering telephone lottery in partnership with financial institutions.

On its cooperation with telecom operators, the Group has worked closely with China Mobile supported by the latter's mobile payment refining product offering and business model. As part of an extended cooperation with the telecom giant at the provincial level, the Group has established cooperation with each of its Beijing, Hunan and Hainan branches.

In the fourth quarter, the Group will target telephone lottery business with additional provincial lottery authorities, and launch more promotional activities with distribution channels to ensure continued sales growth. The substantial growth in the telephone lottery business expected for the whole year of 2013 will help lay a solid foundation for 2014.

New Type Lottery Business

In the third quarter, the Group continued to work closely with lottery authorities on the new type lottery initiative on system infrastructure, project application and preparation for trial run. The new type lottery integrated management system and games developed by the Group are industry leading and designed to target the addressable market of millions of white-collar consumers.

The lottery system built based on State technical specifications has passed the stringent testing and auditing performed by a State testing organization, and the operating environment for the system has been made available. Technical preparations are in place. Growing market demand for new type lottery has resulted in lottery authorities competing for the trial run opportunity.

Within the broader context of enhanced regulation for lottery distribution on new channels, policy support and encouragement provide protection and ensure prospect for the development of new type lottery. The Group believes new type lottery will play a crucial role in developing new distribution channels and new player groups, as well as promoting product innovation and healthy development. It is set to become a new growth driver for the Chinese lottery market.

Conclusion

The lottery sales data for the first three quarters of this year published by MOF reveal a slowdown in growth. Even the fastest growing VLT, with 31.3% growth YOY, is behind the industry average 46.9% CAGR for the last 26 years (based on data from MOF: total sales of lottery were RMB17.395 million and RMB261.52 billion in 1987 and 2012 respectively).

As the growth of existing lottery types is slowing down on a nationwide level and paper-based scratch card games in both Welfare and Sports Lottery are showing a declining trend, it is time for the industry to consider and plan the development of the lottery industry in China from a macro perspective. Under the pretext that nationwide and provincial games can co-exist, traditional types need to be carried on with innovation and enhancement while more attention and efforts are needed for specialty types. The provisional regulation on Internet and telephone distribution of lottery promulgated in 2010 is setting the stage for the launch of new media lottery.

The need for the development of new media lottery taking advantage of Internet and telephone distribution is imminent. The right combination of online and offline lottery distribution (O2O) will drive lottery growth. For the lottery eco-system to grow in magnitude and substance, the concerted efforts of regulatory, issuance and distribution authorities as well as specialized companies are required.

The Company is the first company in the specialised lottery sector to move from the GEM to the Main Board of The Stock Exchange of Hong Kong Limited. We believe the Chinese lottery industry will continue to play an important role in the country due to the significant contribution the industry makes to good causes, and we are confident about the company's strategic planning and business prospects. As the regulations, revenue model and business prospect for new media lottery have gradually gained market recognition, the Group will capture such new opportunities capitalizing its own technology, operating experience and innovation capabilities. We endeavour to create greater values for shareholders by strengthening our existing businesses and profitability while securing new opportunities in accordance with the relevant laws and regulations of the State.

Financial Review

In the first three quarters of 2013, the Group recorded a turnover of approximately HK\$523.0 million (2012: HK\$444.3 million), representing an increase of approximately 17.7% over the same period of last year. Profit attributable to owners of the Company for the first three quarters of 2013 amounted to approximately HK\$60.0 million, representing an increase of approximately 30.5% over the same period of last year.

TRANSFER OF LISTING FROM THE GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE

On 25 March 2013, the Company made an application to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the transfer of listing of the shares of the Company from the Growth Enterprise Market of the Stock Exchange ("GEM") to the Main Board pursuant to the transfer of listing procedures under Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Transfer of Listing").

On 4 October 2013, the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange. The last day of dealings in the shares of the Company on GEM was 15 October 2013. Dealing in the shares of the Company on the Main Board (under stock code: 1371) commenced at 9:00 a.m. on 16 October 2013 following the Transfer of Listing. The Company has adopted “CHINA LOTSYN” as its English stock short name and “華彩控股” as its Chinese stock short name for trading purpose on the Main Board. The Transfer of Listing has not involved any issue of new shares by the Company. No change has been made to the existing share certificates, the trading currency and the share registrar of the shares of the Company in connection with the Transfer of Listing.

The Board believes that the listing of the shares of the Company on the Main Board can help enhance the profile of the Group and increase the trading liquidity of the shares of the Company by attracting more institutional and retail investors. The Board considers that the Transfer of Listing can be beneficial to the financing flexibility, future growth and business development of the Group.

CHANGE IN BOARD LOT SIZE

The board lot size of the shares of the Company for trading on the Stock Exchange has been changed from 4,000 Shares to 20,000 Shares with effect from 30 October 2013 (the “Change in Board Lot Size”). The Change in Board Lot Size will not affect any of the relevant rights of the shareholders of the Company.

REGULAR PUBLICATION OF RESULTS

After the Transfer of Listing, the Company will follow the relevant requirements of the Listing Rules which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively and that no quarterly reporting of financial results is required.

AUDIT COMMITTEE

The Company’s Audit Committee currently comprises the three Independent Non-executive Directors of the Company, namely Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. CUI Shuming. The unaudited interim results of the Group for the nine months ended 30 September 2013 have been reviewed by the Audit Committee.

On behalf of the Board
LAU Ting
Chairperson

Hong Kong, 19 November 2013

As at the date of this announcement, the Board comprises Ms. LAU Ting, Mr. WU Jingwei, Ms. CHAN Tan Na, Donna and Mr. LI Zi Kui as Executive Directors; Mr. HOONG Cheong Thard as a Non-executive Director; and Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. CUI Shuming as Independent Non-executive Directors.