



China LotSynergy Holdings Limited

華彩控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8161)**

**ANNOUNCEMENT OF FIRST QUARTERLY RESULTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2012**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This announcement, for which the directors (the “Directors”) of China LotSynergy Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purposes only

## RESULTS (UNAUDITED)

The board of directors (the “Board” or the “Directors”) of China LotSynergy Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2012, together with the comparative unaudited figures for the corresponding period in 2011, as follows:

### CONSOLIDATED INCOME STATEMENT

		Unaudited Three months ended 31 March	
	Notes	2012 HK\$'000	2011 HK\$'000
Turnover	2	154,787	111,619
Costs of sales and services	3	(28,664)	(19,967)
Gross profit		126,123	91,652
Other income and gains	4	2,162	12,216
General and administrative expenses		(42,840)	(32,965)
Share option expenses		(426)	(902)
Operating profit	5	85,019	70,001
Finance costs — imputed interest expense on convertible note		(1,765)	(5,116)
Finance costs — interest expenses on bank borrowings		(2,997)	(301)
Share of losses of jointly-controlled entities		(718)	(3,299)
Profit before income tax		79,539	61,285
Income tax	6	(16,039)	(12,826)
Profit for the period		63,500	48,459
<b>Profit attributable to:</b>			
Owners of the Company		22,677	19,532
Non-controlling interests		40,823	28,927
		63,500	48,459
<b>Earnings per share attributable to owners of the Company during the period</b>			
— basic	7	0.31 HK cents	0.26 HK cents
— diluted	7	0.30 HK cents	0.26 HK cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period	<b>63,500</b>	48,459
Other comprehensive (expense)/income:		
Fair value loss on available-for-sale financial assets	<b>(1,877)</b>	(8,664)
Currency translation differences	<b>129</b>	493
Other comprehensive expense for the period, net of tax	<b>(1,748)</b>	(8,171)
Total comprehensive income for the period	<b>61,752</b>	40,288
<b>Attributable to:</b>		
Owners of the Company	<b>20,929</b>	11,361
Non-controlling interests	<b>40,823</b>	28,927
<b>Total comprehensive income for the period</b>	<b>61,752</b>	40,288

Notes:

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These unaudited consolidated results have been prepared in accordance with Hong Kong Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules of the Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of these results are consistent with those used in the preparation of the Group’s audited financial statements for the year ended 31 December 2011.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting periods beginning on or after 1 January 2012. The adoption of such standards, amendments and interpretations did not have material effect on these results.

**2. TURNOVER**

The Group is a technology and service provider of lottery systems, terminal equipment, game products and operation in the lottery market in China. The principal businesses of the Group cover various lottery products ranging from video lottery, computer ticket game (CTG) and high frequency lottery, to new media lottery. An analysis of the Group’s turnover for the periods is as follows:

	<b>Unaudited Three months ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Turnover		
Income from provision of lottery terminals and lottery sale channels	<b>142,685</b>	101,230
Income from sales of equipment	<b>929</b>	9,565
Income from provision of consultancy and mobile internet value-added services	<b>11,173</b>	824
	<b>154,787</b>	111,619

**3. COSTS OF SALES AND SERVICES**

	<b>Unaudited Three months ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Depreciation of lottery terminals	<b>6,872</b>	8,232
Business tax	<b>8,379</b>	5,631
Cost of inventories recognised as expense	<b>343</b>	4,460
Other costs of sales and services	<b>13,070</b>	1,644
	<b>28,664</b>	19,967

#### 4. OTHER INCOME AND GAINS

	Unaudited Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Fair value gain on financial assets at fair value through profit or loss	—	11,510
Fair value gain on financial liabilities at fair value through profit or loss	1,206	—
Interest income from bank deposits	956	706
	<u>2,162</u>	<u>12,216</u>

#### 5. OPERATING PROFIT

	Unaudited Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Operating profit is stated after charging:		
Staff costs (excluding share option expenses)	22,291	16,249
Amortisation of intangible assets	1,632	1,632
Depreciation of other items of property, plant and equipment	2,028	2,154
	<u>22,951</u>	<u>19,035</u>

#### 6. INCOME TAX

	Unaudited Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Current tax		
— People's Republic of China ("PRC") Enterprise Income Tax	16,546	14,090
Deferred tax		
— Origination and reversal of temporary differences	(507)	(1,264)
	<u>16,039</u>	<u>12,826</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in or derived from Hong Kong for the three months ended 31 March 2012 (2011: Nil).

## 7. 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 periods.

	<b>Unaudited Three months ended 31 March</b>	
	<b>2012</b>	2011
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>22,677</u>	<u>19,532</u>
Weighted average number of ordinary share in issue	<u>7,411,964,000</u>	<u>7,403,784,000</u>
Basic earnings per share	<u>0.31 HK cents</u>	<u>0.26 HK cents</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.

	<b>Unaudited Three months ended 31 March</b>	
	<b>2012</b>	2011
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>22,677</u>	<u>19,532</u>
Weighted average number of ordinary share in issue	<u>7,411,964,000</u>	<u>7,403,784,000</u>
Effect of dilutive potential ordinary shares:		
— Share options	—	5,931,442
— Contingent consideration shares	<u>70,972,666</u>	<u>13,958,051</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>7,482,936,666</u>	<u>7,423,673,493</u>
Diluted earnings per share	<u>0.30 HK cents</u>	<u>0.26 HK cents</u>

The computation of diluted earnings per share for the three months ended 31 March 2012 and 2011 has not assumed the conversion of convertible note since its conversion would result in an increase in earnings per share. The computation of diluted earnings per share for the three months ended 31 March 2012 has not assumed the exercise of share options because their exercise would increase the earnings per share.

## 8. SHARE CAPITAL

	<b>Unaudited</b>	
	<b>Authorised ordinary shares</b>	
	<i>Number of</i>	<i>HK\$'000</i>
	<i>shares</i>	
At 1 January 2012 and 31 March 2012	<b>16,000,000,000</b>	<b>40,000</b>

	<b>Unaudited</b>	
	<b>Issued and fully paid</b>	
	<b>ordinary shares</b>	
	<i>Number of</i>	<i>HK\$'000</i>
	<i>shares</i>	
At 1 January 2012 and 31 March 2012	<b>7,411,964,000</b>	<b>18,530</b>

## 9. RESERVES AND RETAINED PROFIT/(ACCUMULATED LOSSES)

	Unaudited								
	Three months ended 31 March 2012								
	Share	Convertible	Capital	Currency	Share-based	Revaluation	Available-	Retained	Total
	premium	note	reserve	translation	compensation	reserve	for-sale	profit	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>reserve</i>	<i>reserve</i>	<i>reserve</i>	<i>investments</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 January 2012	735,484	11,670	15,158	51,591	46,460	11,653	5,462	109,896	987,374
Profit for the period	—	—	—	—	—	—	—	22,677	22,677
Share option scheme:									
— value of employee services	—	—	—	—	424	—	—	—	424
— value of other participants' services	—	—	—	—	2	—	—	—	2
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(1,877)	—	(1,877)
Currency translation differences									
— overseas jointly-controlled entities	—	—	—	129	—	—	—	—	129
Balance as at 31 March 2012	<u>735,484</u>	<u>11,670</u>	<u>15,158</u>	<u>51,720</u>	<u>46,886</u>	<u>11,653</u>	<u>3,585</u>	<u>132,573</u>	<u>1,008,729</u>

## 9. RESERVES AND RETAINED PROFIT/(ACCUMULATED LOSSES) (Cont'd)

	Unaudited								
	Three months ended 31 March 2011								
	Share premium	Convertible note	Capital reserve	Currency translation reserve	Share-based compensation reserve	Revaluation reserve	Available-for-sale investments	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2011	1,546,166	21,388	15,158	41,566	56,184	11,834	22,110	(808,897)	905,509
Profit for the period	—	—	—	—	—	—	—	19,532	19,532
Share option scheme:									
— value of employee services	—	—	—	—	898	—	—	—	898
— value of other participants' services	—	—	—	—	4	—	—	—	4
— share options exercised	1,093	—	—	—	(549)	—	—	—	544
Release of revaluation reserve upon depreciation of leasehold land and building	—	—	—	—	—	(60)	—	60	—
Disposal of available-for-sale financial assets	—	—	—	—	—	—	(7,149)	—	(7,149)
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(8,664)	—	(8,664)
Currency translation differences — overseas jointly-controlled entities	—	—	—	493	—	—	—	—	493
Balance as at 31 March 2011	<u>1,547,259</u>	<u>21,388</u>	<u>15,158</u>	<u>42,059</u>	<u>56,537</u>	<u>11,774</u>	<u>6,297</u>	<u>(789,305)</u>	<u>911,167</u>

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2012 (2011: Nil).



## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is engaged as a technology and service provider of lottery systems, terminal equipment, game products and operation in the lottery market in China. The principal businesses of the Group cover various lottery products ranging from video lottery, computer ticket game (CTG) and high frequency lottery, to new media lottery. With technical competencies and effective operational management, the Group has established a solid foundation and a reputable brand name providing the Group with comprehensive capability for sustainable development in the industry.

### **China Lottery Performance**

Strong growth momentum was maintained in the China Lottery market in the first quarter of 2012, with total sales of lottery in the nation amounting to RMB60.25 billion, or 30.1% growth compared to the same period of last year.

### **Business Review and Outlook**

In the first quarter of 2012, in which challenges and opportunities abound, the Group further strengthened its business portfolio by maintaining healthy growth in its established lottery business segments and at the same time reinforcing its development and competitive advantages in its new media lottery business segment.

### **Video Lottery Business**

#### *China Welfare Lottery Video Lottery Terminal (VLT) Business*

VLT continued to be one of the brightest spots in the China lottery market. In the first quarter of 2012, VLT maintained its strong momentum to achieve sales of RMB4.82 billion representing 30.2% growth compared to the same period of last year on a base of over 20,000 terminals connected in more than 860 sales venues across 28 provinces in the nation. Meanwhile, the average daily sales per VLT terminal reached an all-time high of approximately RMB2,900 or 25% growth YOY. This product has become a major growth driver for the rapid development of Welfare Lottery in China.

VLT was the fastest growing lottery product in the China lottery market in 2011 with more than 80% growth compared to 2010. The strong appeal of the product, the rapid ramp up of the terminal installed base and the dedication and combined promotion efforts made by the China Welfare Lottery Centre together with its provincial lottery authorities contribute to such success. Given VLT's continuous strong attractiveness, lottery authorities have attached great importance to this particular product. The next generation terminal or third-generation terminal for VLT developed by the Group was very successful after its trial run in the last two quarters in selected sales venues in Hebei Province and Tianjin. The Group has made full preparation in the procurement, production and transportation of the new terminals to be deployed to roll out in new VLT venues and to replace a portion of the first-generation terminals. There will be further increase in the total number of VLT terminals to boost sales. Driven by its unique characteristics, the strong growth in the rollout of the next-generation terminals and followed by the introduction of more interesting and interactive games, the Group believes VLT will continue to sustain impressive growth momentum. Recently, the Group has received order of 3,000 next-generation terminals, which will be produced and rolled out in the near term.

### **CTG Business (including High Frequency Lottery)**

#### *CTG Business*

The group has maintained its strong foothold in the CTG market. In the first quarter of 2012, total sales of the nation's Welfare Lottery CTGs reached RMB25.45 billion. Meanwhile Guangdong Welfare Lottery remained the top contributor with 37% growth compared to last year. As the exclusive terminal provider to the province's Welfare Lottery CTG, the Group will continue to enlarge the total number of terminals in the market as an effort to further boost sales. The Group has maintained its nationwide competitive advantage in its products ranging from betting terminal to lottery scanner and reader. With advanced technology and innovation capability in the terminal and system as well as exclusive intellectual property rights and product advantages, the Group will endeavor to compete for more provincial contracts in addition to Guangdong Province. Furthermore, the Group is expected to expand its presence in the Sports Lottery space by supplying terminals and services to Sports Lottery in various provinces in the near future. In developing overseas markets, the Group has been engaged in lottery cooperation project in Vietnam and provided terminals to be rolled out in the market. Other potential cooperation will allow the Group to further develop other Southeast Asian markets.

### *High Frequency Lottery Business (Keno)*

A 42% growth was recorded in the sales of Keno in the first quarter of this year compared to the same period of last year. Such steady growth was achieved in spite of the competition from other provincial high-frequency lottery games and the 50% payout ratio. This only proves that Keno, the only nationwide hi-frequency lottery product under Welfare Lottery, has demonstrated its unique appeal after being in trial operation for the last few years. Keno has been selected as a priority development product in the 12th Five-Year Plan of Welfare Lottery, and included together with CTG, scratch card and VLT as the four main lottery products under Welfare Lottery. In addition to lobbying for the increase of the payout ratio, the Group will continue to adopt other proactive measures to sustain a healthy development of this nationwide product.

### **New Media Lottery Business**

#### *Telephone Lottery and Internet Service Business*

The commencement of the Implementation Details of the Regulations on the Administration of Lottery from March 2012 represented a move by the lottery authorities to regulate and enhance the lottery market. Closely following the requirements of the lottery authorities, the Group has formed different partnerships to develop its telephone lottery business steadily. The sales generated by the Group's telephone lottery business have grown rapidly in the quarter under review with an impressive 360% growth compared to the same period of last year.

In the first quarter, the group made further efforts in addressing customers' requirements on product, technology and operation. The launch of the Group's new-version of lottery mobile client-end in all mainstream online application stores was widely appraised by customers and cooperation partners as evident in increasing downloads and sales. The cooperation with financial institutions including the China Merchants Bank, Bank of Communications and Union Pay on mobile client-end have been enhanced. The Group continued to cooperate closely with China Mobile, China Unicom and China Telecom to provide lottery information and related services to a large number of mobile phone users across the nation with optimized products and solutions.

On its Internet Service business, system upgrade has been made to the Groups' Internet Service platform to optimize its value-added services including data charts, expert advice and customized service on demand, and to extend such services to its cooperation projects.

Looking ahead, in close adherence to the requirements and planning of lottery authorities and enhancing the cooperation with various partners, the Group will continue to focus on promoting mobile lottery client-end products and optimize the internet service platform, in order to maintain the Group's leading position in the new media lottery market.

### *New-type Lottery Business*

In the first quarter, significant progress has been achieved in the Group's new-type lottery business. Currently, lottery authorities at all levels are introducing regulated management on new-type lottery business. In the face of new development opportunities, expansional efforts of the relevant businesses are being made at full speed to prepare for the early commencement of commercial operation.

On the technology side, the Group has sought to further enhance the functionality and performance of its system for the timely delivery of the most secure and reliable system to its customers. On the product side, the Group continues to innovate and aims to build a new-type lottery platform maximizing player experience and create new-type lottery games set to stun the market.

### **Conclusion**

The implementation details of the Regulations on the Administration of Lottery, announced in January and taking effect from 1 March this year, provide for the detailed operation of the subject Regulations. This represents a major milestone in the legal development and regulated management of lottery in China. While this is important in providing a better managed, regulated and orderly lottery market and promoting public welfare development, it has at the same time laid a solid foundation for the revolutionary development of the China Lottery industry by combining physical and new media channels and hence optimizing player structure. Adhering to its core values of being focused, pragmatic and innovative, the Group fully cooperates with lottery authorities with its predominant operational and technological capabilities. The Group aims to contribute to the next takeoff of the China lottery industry and strive to deliver outstanding results to its shareholders in the long run.

### **FINANCIAL REVIEW**

In the first quarter of 2012, the Group recorded a turnover of approximately HK\$154.8 million (first quarter of 2011: approximately HK\$111.6 million), representing an increase of approximately 39% over the same period of last year. Due to improving sales from VLT and CTG businesses, the Group recorded approximately HK\$22.7 million profit attributable to owners of the Company in the first quarter of 2012, as compared with approximately HK\$19.5 million profit attributable to owners of the Company in the same period of last year.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2012, the interests and short positions of the Directors and chief executive of the Company (including those interests and short positions which were taken or deemed to have interests and short positions under the provisions of the Securities and Futures Ordinance (the "SFO")) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of the listed issuer as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"), were as follows:

### (1) Interests in Shares of the Company

Name of Directors	Beneficial interests	Number of shares		Total	Approximate percentage of the Company's issued share capital
		Family interests	Corporate interests		
LAU Ting	259,974,373(L)	389,286,426(L)	867,762,948(L) 23,093,192(S)	1,517,023,747(L) 23,093,192(S) (Note 1)	20.47%(L) 0.31%(S)
WU Jingwei	20,000,000(L)	—	—	20,000,000(L)	0.27%(L)
LI Zi Kui	6,500,000(L)	—	—	6,500,000(L)	0.09%(L)
HUANG Shenglan	4,000,000(L)	—	—	4,000,000(L)	0.05%(L)

#### Notes:

- For the corporate interests, 147,162,496 shares, includes abovementioned 23,093,192 shares, were held by Hang Sing Overseas Limited ("Hang Sing") which was owned as to 51% by Orient Strength Limited ("Orient Strength"), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 137,735,546 shares were held by Strong Purpose Corporation ("Strong Purpose"), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 580,932,594 shares were held by Glory Add Limited ("Glory Add") which was wholly owned by Favor King Limited, a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 1,932,312 shares were held by Burwill Holdings Limited of which Ms. LAU Ting and Mr. CHAN Shing were the controlling shareholders. The shares of the family interests were owned by Mr. CHAN Shing. As Mr. CHAN Shing is the spouse of Ms. LAU Ting, the interests of each of Ms. LAU Ting and Mr. CHAN Shing were deemed to be the interests of each other.
- The letter "L" denotes long position(s) and the letter "S" denotes short position(s).

## (2) Interests in Underlying Shares of the Company

Participants	Date of grant	Exercise price per share HK\$	Exercise period		held as at 1/1/2012	No. of shares under the options				held as at 31/3/2012	Approximate Percentage of the Company's issued share capital
			from	until		granted during the period	exercised during the period	cancelled during the period	lapsed during the period		
<b>Directors</b>											
WU Jingwei	04/07/2007	0.975	01/01/2012	31/12/2013	800,000	—	—	—	—	800,000	0.011%
	25/08/2008	0.500	25/08/2011	24/08/2013	2,000,000	—	—	—	—	2,000,000	0.027%
	25/08/2008	0.500	25/08/2012	24/08/2013	2,000,000	—	—	—	—	2,000,000	0.027%
	02/10/2009	0.500	01/09/2011	31/08/2014	3,400,000	—	—	—	—	3,400,000	0.046%
	02/10/2009	0.500	01/09/2012	31/08/2014	3,400,000	—	—	—	—	3,400,000	0.046%
	02/10/2009	0.500	01/09/2013	31/08/2014	3,400,000	—	—	—	—	3,400,000	0.046%
	13/05/2011	0.216	13/05/2011	12/05/2013	11,500,000	—	—	—	—	11,500,000	0.155%
									26,500,000	0.358%	
LI Zi Kui	17/08/2009	0.500	17/02/2010	16/08/2014	5,000,000	—	—	—	—	5,000,000	0.067%
	17/08/2009	0.500	17/08/2010	16/08/2014	5,000,000	—	—	—	—	5,000,000	0.067%
									10,000,000	0.135%	
HOONG Cheong Thard	30/06/2006	0.285	16/08/2007	29/06/2016	17,600,000	—	—	—	—	17,600,000	0.237%
	30/06/2006	0.285	16/08/2008	29/06/2016	17,600,000	—	—	—	—	17,600,000	0.237%
	06/04/2009	0.500	12/09/2009	11/09/2012	6,000,000	—	—	—	—	6,000,000	0.081%
	06/04/2009	0.500	12/09/2010	11/09/2012	6,000,000	—	—	—	—	6,000,000	0.081%
	06/04/2009	0.500	12/09/2011	11/09/2012	6,000,000	—	—	—	—	6,000,000	0.081%
	13/05/2011	0.216	13/05/2011	12/05/2013	2,000,000	—	—	—	—	2,000,000	0.027%
									55,200,000	0.744%	
HUANG Shenglan	13/05/2011	0.216	13/05/2011	12/05/2013	2,000,000	—	—	—	—	2,000,000	0.027%
									2,000,000	0.027%	
CHAN Ming Fai	13/05/2011	0.216	13/05/2011	12/05/2013	2,000,000	—	—	—	—	2,000,000	0.027%
									2,000,000	0.027%	
CUI Shuming	13/05/2011	0.216	13/05/2011	12/05/2013	2,000,000	—	—	—	—	2,000,000	0.027%
									2,000,000	0.027%	

*Note:*

All interests in underlying shares were in long positions.

Save as otherwise disclosed above, as at 31 March 2012, none of the Directors or chief executive of the Company had, or were deemed under the SFO to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2012, according to the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company:

### (1) Interests in Shares of the Company

Name of Shareholder	Beneficial interests	Family interests	Number of shares		Custodian	Total	Approximate percentage interest in the Company's issued share capital
			Investment Manager	Corporate interests			
CHAN Shing	389,286,426(L)	259,974,373(L)	—	867,762,948(L) 23,093,192(S)	—	1,517,023,747(L) 23,093,192(S) (Note 1)	20.47%(L) 0.31%(S)
Atlantis Capital Holdings Limited	—	—	—	650,000,000(L)	—	650,000,000(L) (Note 2)	8.77%(L)
LIU Yang	—	—	—	650,000,000(L)	—	650,000,000(L) (Note 2)	8.77%(L)
Favor King Limited	—	—	—	582,864,906(L)	—	582,864,906(L) (Note 1)	7.86%(L)
FIL Limited	—	—	445,104,000(L)	—	—	445,104,000(L)	6.01%(L)
JP Morgan Chase & Co.	—	—	190,076,346(L)	—	250,212,000(L) 250,212,000(P)	440,288,346(L) 250,212,000(P) (Note 3)	5.94%(L) 3.38%(P)

#### Notes:

- For the corporate interests, 147,162,496 shares, includes abovementioned 23,093,192 shares, were held by Hang Sing Overseas Limited ("Hang Sing") which was owned as to 51% by Orient Strength Limited ("Orient Strength"), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 137,735,546 shares were held by Strong Purpose Corporation ("Strong Purpose"), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 580,932,594 shares were held by Glory Add Limited ("Glory Add") which was wholly owned by Favor King Limited, a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 1,932,312 shares were held by Burwill Holdings Limited of which Ms. LAU Ting and Mr. CHAN Shing were the controlling shareholders. The shares of the family interests were owned by Ms. LAU Ting. As Ms. LAU Ting is the spouse of Mr. CHAN Shing, the interests of each of Mr. CHAN Shing and Ms. LAU Ting were deemed to be the interests of each other.
- These shares represent the same block of interest held by Atlantis Capital Holdings Limited and Ms. Liu Yang. Atlantis Investment Management (Hong Kong) Limited interested in 650,000,000 shares among these shares. Atlantis Fund Management (Ireland) Limited and Atlantis Investment Management (London) Limited interested in 150,000,000 shares respectively among these shares. The above three companies were wholly-owned by Atlantis Capital Holdings Limited, which in turn was wholly-owned by Ms. Liu Yang.

3. 250,212,000 shares, represented the lending pool shares, were held by JPMorgan Chase Bank, N.A. which in turn was wholly-owned by JPMorgan Chase & Co.. 190,076,346 shares, represented the long position shares, were held by JPMorgan Asset Management (UK) Limited which in turn was wholly-owned by JPMorgan Asset Management Holdings (UK) Limited, a company which was wholly-owned by JPMorgan Asset Management International Limited. And JPMorgan Asset Management International Limited was wholly-owned by JPMorgan Asset Management Holdings Inc., which in turn was wholly-owned by JPMorgan Chase & Co..
4. The letter “L” denotes long position(s) and the letter “P” denotes lending pool(s).

## **(2) Interests in Underlying Shares of the Company**

As at 31 March 2012, International Game Technology had a derivative interest in 74,607,329 shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Save as disclosed above, as at 31 March 2012, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

### **CHANGES OF DIRECTORS, COMPLIANCE OFFICER AND AUTHORISED REPRESENTATIVE**

Ms. CHAN Tan Na, Donna has been appointed as an Executive Director and Chief Financial Officer of the Company since 16 February 2012.

Mr. CHAN Shing has resigned as an Executive Director of the Company with effect from 16 February 2012.

Mr. LIAO Yuang-whang has resigned as an Executive Director, Chief Financial Officer, Compliance Officer and Authorised Representative of the Company with effect from 16 March 2012. Ms. LAU Ting has been appointed as Compliance Officer and Authorised Representative of the Company with effect from 16 March 2012.

### **ESTABLISHMENT OF NOMINATION COMMITTEE**

The Board has established the Nomination Committee on 15 March 2012. The members of the Nomination Committee includes Ms. LAU Ting, Mr. HUANG Shenglan and Mr. CHAN Ming Fai, of which Ms. LAU Ting acts as the chairperson.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 March 2012.



## COMPETING INTERESTS

The Board believes that none of the Directors and their respective associates had an interest, directly or indirectly, in a business which competes or may compete with the business of the Group.

## 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 three months ended 31 March 2012 have been reviewed by the Audit Committee.

On behalf of the Board  
**LAU Ting**  
*Chairperson*

Hong Kong, 25 April 2012

*This announcement will remain on the "Latest Company Announcements" page of the GEM's website at <http://www.hkgem.com> for at least 7 days from the date of its posting and the Company's website at <http://www.chinalotsynergy.com/>.*

*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.*