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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)

**PROPOSED SHARE CONSOLIDATION
AND
PROPOSED CHANGE IN BOARD LOT SIZE**

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the AGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the AGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

The AGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size, and the notice convening the AGM is expected to be despatched to the Shareholders on or about Tuesday, 30 April 2019.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed “Conditions of the proposed Share Consolidation” below. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share.

Conditions of the proposed Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the AGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the next Business Day immediately following the date of passing the ordinary resolution approving the Share Consolidation at the AGM.

Effects of the proposed Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$40,000,000 divided into 16,000,000,000 Existing Shares with par value of HK\$0.0025 each.

Upon the Share Consolidation becoming effective and assuming that no changes on the authorized share capital of the Company from the date hereof until the Effective Date, the authorised share capital of the Company will become HK\$40,000,000 divided into 1,600,000,000 Consolidated Shares with par value of HK\$0.025 each.

As at the date of this announcement, 9,929,807,333 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the Effective Date, not less than 992,980,733 Consolidated Shares will be in issue.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Listing application

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Friday, 14 June 2019, being the Business Day immediately after the date of the AGM, the Shareholders may during the period from Friday, 14 June 2019 to Tuesday, 23 July 2019 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of pink) to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of yellow) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:00 p.m. on Friday, 19 July 2019, trading will only be in Consolidated Shares. Share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to other securities of the Company

As at the date of this announcement, options carrying rights to subscribe for 189,250,000 Shares remain outstanding and yet to be exercised under the share option scheme of the Company adopted on 18 May 2012, and assuming full conversion of the New Option 1 Bonds, an aggregate of 874,000,000 conversion shares of the Company may be issued by the Company pursuant to the general mandate granted to the Directors on 6 June 2018.

Save as the share options and New Option 1 Bonds mentioned above, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be. The Share Consolidation may cause adjustments to the exercise prices of the share options and the conversion price of New Option 1 Bonds. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.078 per Existing Share (equivalent to the theoretical closing price of HK\$0.78 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$1,560; (ii) the value of each board lot of 20,000 Consolidated Shares would be HK\$15,600 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 10,000 Consolidated Shares would be HK\$7,800 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

According to the rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

The Board considers that the proposed Share Consolidation, resulting in HK\$0.78 per Consolidated Share (based on the current closing price of HK\$0.078 per Existing Share as at the date of the announcement), would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the Listing Rules.

It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. With a higher trading price of the Consolidated Share, the Board considers that the Change in Board Lot Size will reduce the overall transaction and handling costs of dealings in each board lot of the Consolidated Shares which would improve the liquidity of the Consolidated Shares. Accordingly, the Board considers that the Share Consolidation and the Change in Board Lot Size is the most feasible option.

In view of the above reasons, the Company considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

The Company has also taken into account the effect of possible equity fund raising in the coming twelve months when determining the basis of the Share Consolidation and Change in Board Lot. Subject to prevailing market conditions in coming twelve months, the Group may consider fund raising activities to replenish its general working capital and/or to finance any potential business opportunities after completion of the Share Consolidation and Change in Board Lot. As at the date of this announcement, there is no understanding, agreement or arrangement for any such fund raising activity nor is there any plan or conclusion for the format of any such corporate actions or arrangements for such fund raising.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is as follows:

Event	Time and Date
Despatch date of circular with notice of the AGM	Tuesday, 30 April 2019
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the AGM	4:30 p.m. on Thursday, 6 June 2019
Closure of the register of members for the entitlement to attend and vote at the AGM	Monday, 10 June 2019 to Thursday, 13 June 2019 (both days inclusive)
Latest date and time for lodging the proxy forms for the AGM.	10:00 a.m. on Tuesday, 11 June 2019
Date and time of the AGM	10:00 a.m. on Thursday, 13 June 2019
Publication of announcement of voting results of the AGM	Thursday, 13 June 2019
Effective date of the Share Consolidation	Friday, 14 June 2019
Dealing in the Consolidated Shares commence	9:00 a.m. on Friday, 14 June 2019

Event	Time and Date
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Friday, 14 June 2019
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares temporarily closes	9:00 a.m. on Friday, 14 June 2019
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 14 June 2019
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 28 June 2019
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Friday, 28 June 2019
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Friday, 28 June 2019
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on Friday, 19 July 2019
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) ends	4:00 p.m. on Friday, 19 July 2019
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Friday, 19 July 2019
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 23 July 2019

The expected timetable set out above is subject to the results of the AGM and is therefore for indicative purpose only. All times and dates in this announcement refer to Hong Kong local times and dates. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the AGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

The AGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size, and the notice convening the AGM is expected to be despatched to the Shareholders on or about Tuesday, 30 April 2019.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" above. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at The Function Room 1-2, 2/F, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 13 June 2019
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system, which is established and operated by the HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares
“Company”	China LotSynergy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Consolidation shall become effective, being the next Business Day immediately following the date of the passing of the ordinary resolution approving the Share Consolidation at the AGM

“Existing Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company before the Share Consolidation becomes effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“New Option 1 Bonds”	the convertible bonds due 7 November 2019 issued by the Company, the outstanding, principal amount of which as at the date of this announcement is HK\$174,800,000, as amended from time to time
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Shareholder(s)”	registered holders of the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Consolidation”	the share consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Stock Exchange	The Stock Exchange of Hong Kong Limited

By order of the Board
China LotSynergy Holdings Limited
CHAN Tan Na, Donna
Chairperson of the Board

Hong Kong, 18 April 2019

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

** For identification purposes only*