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China LotSynergy Holdings Limited

華彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8161)

ANNOUNCEMENT

ENTERING INTO A TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION

The Board is pleased to announce that on 4 August 2011, Huacai Yingtong, a subsidiary of the Company, entered into an Acquisition Term Sheet with the Vendors in relation to the Proposed Acquisition, pursuant to which the Vendors have expressed their intention to sell, and Huacai Yingtong has expressed its intention to acquire 70% of the equity interests in the Target Company for an aggregate consideration not exceeding RMB28,000,000, which shall be satisfied by cash payment and the allotment and issue of Consideration Shares at an issue price of HK\$0.45 per Consideration Share.

The Target Group is a group of innovative technology companies engaged in mobile Internet value-added business and dedicated to providing premium services to their customers. It offers a wide variety of content and services covering news, entertainment, finance, streaming media and online games through its own products and service platform. Based in Guangdong province, the province with China's largest mobile phone user population, the Target Group has built and operated new media sales and marketing platforms which have great potential in the telecom value-added business area. The Vendors shall guarantee Huacai Yingtong of profit before tax not less than RMB18,500,000 in aggregate of the Target Group for 2011 and for 2012 if the Proposed Acquisition proceeds.

This announcement is made in accordance with Rule 17.10 of the GEM Listing Rules.

The Board wishes to emphasize that the Proposed Acquisition is subject to, among others, the signing of the Formal Transfer Agreement the terms and conditions of which are yet to be agreed. As the Proposed Acquisition may or may not proceed, investors and shareholders of the Company are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules should any formal transfer agreement be entered into and the Proposed Acquisition may constitute a notifiable transaction for the Company.

Acquisition Term Sheet

The Board is pleased to announce that on 4 August 2011, Huacai Yingtong, a subsidiary of the Company, entered into the Acquisition Term Sheet with the Vendors, pursuant to which the Vendors have expressed their intention to sell, and Huacai Yingtong has expressed its intention to acquire 70% of the equity interests in the Target Company.

Parties are i) Huacai Yingtong (as Purchaser); ii) Mr. Wang (as Vendor A); and iii) Mr. Ma (as Vendor B). To the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are independent third parties of the Company and Connected Person of the Company.

Profit Guarantee

Vendors shall guarantee Huacai Yingtong of profit before tax not less than RMB18,500,000 in aggregate of the Target Group for 2011 and for 2012 if the Proposed Acquisition proceeds.

Proposed Consideration

The proposed aggregate consideration for the Proposed Acquisition shall not exceed RMB28,000,000, which shall be satisfied by payment of RMB12,000,000 in cash and the allotment and issue of Consideration Shares valued at RMB16,000,000, at an issue price of HK\$0.45 per Consideration Share (or such number to be adjusted proportionally if the above mentioned profit guarantee for year 2011 and 2012 is not met).

Information on the Target Company and Reasons for the Proposed Acquisition

According to the information provided by the Vendors, the Target Group is a group of innovative technology companies engaged in mobile Internet value-added business and dedicated to providing premium services to their customers. It offers a wide variety of content and services covering news, entertainment, finance, streaming media and online games through its own products and service platform. Based in Guangdong province, the province with China's largest mobile phone user population, the Target Group has built and operated new media sales and marketing platforms which have great potential in the telecom value-added business area.

The Target Group works closely with China Mobile Guangdong on the latter's self-operated mobile newspaper business. In 2007, the Target Group launched the mobile new media business, becoming the sole partner of the mobile newspaper of "People's Daily", China's most authoritative and widely circulated newspaper, for Guangdong province. The Group has developed and operated a sales and marketing platform for mobile newspaper, and built up its customer base on innovations and services. It has developed a new market of mobile Internet applications, and established a valued brand image. In addition, the Target Group is also a strategic cooperation partner of the mobile newspaper business of several reputable press media including "WenWeiPo Daily News", "Zhuhai Daily" and "Xinkuaibao".

The China Mobile Group Guangdong Co., Ltd. is the largest provincial company in the China information and telecommunication industry, and the leading telecommunication operator in Guangdong province. In terms of network capacity, number of customers, revenue and net profit, it is currently contributing 1/6, 1/6, 1/5 and 1/4 respectively to the China Mobile Group. For five consecutive years, it has been the top taxpayer in Guangdong province. By the end of 2010, the number of mobile phone users in Guangdong province has reached 70.50 million, generating RMB71.7 billion in revenue. Mobile newspaper is a self-operated business of China Mobile in partnership with mainstream media in China, providing users with timely information services (covering news, sports, entertainment, culture, life style) in the form of multimedia message and WAP.

This acquisition allows the Group to access the strong user base, operation system and important business partnerships of the Target Group, and represents a seamless combination of such resources with the Group's Internet and Telephone lottery sales business. While enhancing the Group's overall positioning for its Internet and Mobile Internet lottery business, it will help to enhance the Group's technical service and marketing capabilities.

Due Diligence Review

Huacai Yingtong will perform due diligence review in relation to the Proposed Acquisition, which shall cover the financial, business and legal aspects of the Target Group. The Vendors undertake to provide all reasonable assistance to Huacai Yingtong in relation to the due diligence review.

Formal Transfer Agreement

The Formal Transfer Agreement and any other documents (if any) in relation to the Proposed Acquisition are expected to be negotiated by the parties to finalize the concrete terms for the sale and purchase of the equity interests in the Target Company with the Vendors upon acceptance of the due diligence review on the Target Group by Huacai Yingtong.

The aggregate consideration for the proposed acquisition shall be determined with reference to the profit guarantee provided by the Vendors and the business prospect and profitability of the Target Group as well as its overall business value.

Binding effect

Entering into the Acquisition Term Sheet does not constitute legally binding commitment by the parties in relation to the Proposed Acquisition. The Acquisition Term Sheet shall remain valid for six months from the date of its signing.

This announcement is made in accordance with Rule 17.10 of the GEM Listing Rules.

The Board wishes to emphasize that the Proposed Acquisition is subject to, among others, the signing of the Formal Transfer Agreement the terms and conditions of which are yet to be agreed. As the Proposed Acquisition may or may not proceed, investors and shareholders of the Company are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules should any formal transfer agreement be entered into and the Proposed Acquisition may constitute a notifiable transaction for the Company.

TERMS AND DEFINITIONS USED IN THIS ANNOUNCEMENT

Acquisition Term Sheet	means the Acquisition Term Sheet dated 4 August 2011 entered into by Huacai Yingtong, Vendor A and Vendor B in relation to the Proposed Acquisition
Board	means the board of directors of the Company for the time being
Company	means China LotSynergy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
Connected Person	has the same meaning ascribed to it in the GEM Listing Rules
Consideration Shares	means shares to be allotted and issued by the Company as part of the consideration of the Proposed Acquisition under the Formal Transfer Agreement
Directors	means the directors of the Company from time to time
Formal Transfer Agreement	means a formal share transfer agreement which may be entered into by Huacai Yingtong and the Vendors in relation to the Proposed Acquisition
GEM Listing Rules	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
Group	means the Company together with its subsidiaries
Hong Kong	means The Hong Kong Special Administrative Region of the People's Republic of China
Huacai Yingtong	means Beijing Huacai Yingtong Technology Company Limited (北京華彩贏通科技有限公司), an indirectly-owned subsidiary of the Company

PRC	means The People's Republic of China
Proposed Acquisition	means the proposed acquisition by Huacai Yingtong from the Vendors of 70% of the equity interests in the Target Company
RMB	means Renminbi, the lawful currency of the PRC
Share(s)	means ordinary shares of HK\$0.0025 each in the share capital of the Company
Stock Exchange	means The Stock Exchange of Hong Kong Limited
Target Company	means 廣州頂尚信息科技有限公司, a company incorporated in PRC with limited liabilities
Target Group	means the Target Company together with its subsidiaries
Vendors	means Vendor A and Vendor B collectively

By order of the Board
China LotSynergy Holdings Limited
Lau Ting
Chairperson of the Board

Hong Kong, 4 August 2011

This announcement will remain on the "Latest Company Announcements" page of the GEM's website at 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, Mr. Liao Yuang-whang and Mr. Chan Shing 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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*