



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 2009**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## RESULTS (UNAUDITED)

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 ended 31 March 2009, together with the comparative unaudited figures for the corresponding period in 2008, as follows:

|  |              | <b>Unaudited<br/>Three months ended<br/>31 March</b> |                 |
|--|--------------|--|-----------------|
|  |              | <b>2009</b>  | <b>2008</b>     |
|  | <i>Notes</i> | <i>HK\$'000</i>                                      | <i>HK\$'000</i> |
| Turnover   | 2            | <b>11,574</b>  | 57,490          |
| Costs of sales and services  | 3            | <b>(11,936)</b>                                      | (15,483)        |
| Gross (loss)/profit  |              | <b>(362)</b>   | 42,007          |
| Other income and gains   | 4            | <b>3,129</b>   | 9,928           |
| General and administrative expenses  |              | <b>(21,991)</b>                                      | (18,027)        |
| Finance costs  | 5            | <b>(6,606)</b>                                       | (6,309)         |
| Share option expenses  |              | <b>(3,184)</b>                                       | (7,168)         |
| Operating (loss)/profit  | 6            | <b>(29,014)</b>                                      | 20,431          |
| Share of losses of jointly-controlled entities   |              | <b>(2,446)</b>                                       | (2,223)         |
| (Loss)/Profit before income tax  |              | <b>(31,460)</b>                                      | 18,208          |
| Income tax   | 7            | <b>(49)</b>  | (1,786)         |
| (Loss)/Profit for the period   |              | <b>(31,509)</b>                                      | 16,422          |
| <b>Attributable to:</b>  |              |  |                 |
| Equity holders of the Company  |              | <b>(27,307)</b>                                      | 1,027           |
| Minority interests   |              | <b>(4,202)</b>                                       | 15,395          |
|  |              | <b>(31,509)</b>                                      | 16,422          |
| <b>(Loss)/Earnings per share for (loss)/profit<br/>attributable to the equity holders of the<br/>Company during the period</b> |              |  |                 |
| – basic  | 8            | <b>(0.37) HK cents</b>                               | 0.01 HK cents   |
| – diluted  | 8            | <b>N/A</b>   | 0.01 HK cents   |

*Notes:*

**1. Basis of preparation and accounting policies**

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

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 2008.

The Group has adopted the standards, amendment and interpretations that have been issued and effective for the accounting periods beginning on or after 1 January 2009. The adoption of such standards, amendment and interpretations did not have material effect on these results.

**2. Turnover**

The Group is principally engaged in investment, project development and the provision of technologies, equipment and consultancy services in public welfare lottery business and related sectors. An analysis of the Group’s turnover for the periods is as follows:

|   | <b>Unaudited</b>          |                 |
|---|---------------------------|-----------------|
|   | <b>Three months ended</b> |                 |
|   | <b>31 March</b>           |                 |
|   | <b>2009</b>               | <b>2008</b>     |
|   | <b>HK\$’000</b>           | <b>HK\$’000</b> |
| Turnover                                      |                           |                 |
| Income from provision of lottery terminals    | <b>9,027</b>              | 56,075          |
| Income from sales of equipment                | <b>2,547</b>              | 1,339           |
| Income from provision of consultancy services | <b>–</b>                  | 76              |
|   | <b>11,574</b>             | 57,490          |

**3. Costs of sales and services**

|   | <b>Unaudited</b>          |                 |
|---|---------------------------|-----------------|
|   | <b>Three months ended</b> |                 |
|   | <b>31 March</b>           |                 |
|   | <b>2009</b>               | <b>2008</b>     |
|   | <b>HK\$’000</b>           | <b>HK\$’000</b> |
| Depreciation of lottery terminals         | <b>8,468</b>              | 8,130           |
| Business tax                              | <b>451</b>                | 2,626           |
| Cost of inventories recognised as expense | <b>929</b>                | 455             |
| Other cost of sales and services          | <b>2,088</b>              | 4,272           |
|   | <b>11,936</b>             | 15,483          |

**4. Other income and gains**

|  | <b>Unaudited</b>          |                 |
|--|---------------------------|-----------------|
|  | <b>Three months ended</b> |                 |
|  | <b>31 March</b>           |                 |
|  | <b>2009</b>               | <b>2008</b>     |
|  | <b>HK\$'000</b>           | <b>HK\$'000</b> |
| Financial assets at fair value through profit or loss                    | <b>209</b>                | 321             |
| Dividend income on financial assets at fair value through profit or loss | <b>154</b>                | –               |
| Interest income from bank deposits                                       | <b>2,526</b>              | 5,225           |
| Rental income  | <b>240</b>                | 240             |
| Reversal of impairment on other receivables                              | <b>–</b>                  | 4,142           |
|  | <b>3,129</b>              | <b>9,928</b>    |

**5. Finance costs**

|  | <b>Unaudited</b>          |                 |
|--|---------------------------|-----------------|
|  | <b>Three months ended</b> |                 |
|  | <b>31 March</b>           |                 |
|  | <b>2009</b>               | <b>2008</b>     |
|  | <b>HK\$'000</b>           | <b>HK\$'000</b> |
| Accrued interest expense on convertible note | <b>6,606</b>              | 6,309           |

Interest expense on the convertible note is calculated using effective interest method by applying the effective interest rate of 4.7% per annum.

**6. Operating (loss)/profit**

|  | <b>Unaudited</b>          |                 |
|--|---------------------------|-----------------|
|  | <b>Three months ended</b> |                 |
|  | <b>31 March</b>           |                 |
|  | <b>2009</b>               | <b>2008</b>     |
|  | <b>HK\$'000</b>           | <b>HK\$'000</b> |
| Operating (loss)/profit is stated after charging:            |                           |                 |
| Staff costs (excluding share option expenses)                | <b>9,973</b>              | 11,055          |
| Amortisation of intangible assets                            | <b>1,632</b>              | 1,632           |
| Depreciation of other items of property, plant and equipment | <b>908</b>                | 559             |

## 7. Income tax

|  | Unaudited<br>Three months ended<br>31 March |                  |
|--|---|------------------|
|  | 2009<br>HK\$'000                            | 2008<br>HK\$'000 |
| Current income tax   |   |                  |
| – People's Republic of China ("PRC") Enterprise Income Tax | 367   | 4,186            |
| Overprovision in prior year                                |   |                  |
| – PRC Enterprise Income Tax                                | –   | (2,291)          |
| Deferred income tax  | (318)                                       | (109)            |
|  | <u>49</u>                                   | <u>1,786</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 2009 (2008: Nil).

## 8. (Loss)/Earnings per share

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

|  | Unaudited<br>Three months ended<br>31 March |                      |
|--|---|----------------------|
|  | 2009  | 2008                 |
| (Loss)/Profit for the period attributable to the equity holders of the Company (HK\$'000)                          | <u>(27,307)</u>                             | <u>1,027</u>         |
| <b>Number of shares:</b>   |   |                      |
| Weighted average number of ordinary shares in issue for the purpose of calculating basic (loss)/earnings per share | 7,402,164,000                               | 7,575,752,571        |
| Effect of dilutive potential ordinary shares:  |   |                      |
| – Share options  | <u>–</u>                                    | <u>67,854,851</u>    |
| Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share        | <u>7,402,164,000</u>                        | <u>7,643,607,422</u> |

The computation of diluted (loss)/earnings per share for the three months ended 31 March 2008 and 2009 has not assumed the conversion of convertible note because its conversion would reduce/increase the (loss)/earnings per share.

## 9. Share capital

|  | Unaudited                                |                 |
|--|--|-----------------|
|  | Authorised ordinary shares               |                 |
|  | <i>Number<br/>of shares</i>              | <i>HK\$'000</i> |
| As at 1 January 2009 and 31 March 2009<br>(ordinary shares of HK\$0.0025 each) | <b>16,000,000,000</b>                    | <b>40,000</b>   |
|  |  |                 |
|  | Unaudited                                |                 |
|  | Issued and fully paid<br>ordinary shares |                 |
|  | <i>Number<br/>of shares</i>              | <i>HK\$'000</i> |
| As at 1 January 2008 (ordinary shares<br>of HK\$0.0025 each)                   | 7,656,760,000                            | 19,142          |
| Repurchase of shares (ordinary shares<br>of HK\$0.0025 each) (Note)            | (254,596,000)                            | (637)           |
| As at 1 January 2009 and 31 March 2009<br>(ordinary shares of HK\$0.0025 each) | <b>7,402,164,000</b>                     | <b>18,505</b>   |

*Note:*

The Company repurchased 254,596,000 of its own shares of HK\$0.0025 each on the Stock Exchange during the year ended 31 December 2008. The highest and lowest price paid per share were HK\$0.96 and HK\$0.35 respectively. The total amount paid for the repurchase of shares was approximately HK\$128,586,000 and has been deducted from shareholders' equity. The shares repurchased were subsequently cancelled.

## 10. Reserves and retained profit/accumulated losses

| Unaudited<br>Three months ended 31 March 2008   |                                     |  |                                       |   |   |                                       |                          |
|---|-------------------------------------|--|---------------------------------------|---|---|---------------------------------------|--------------------------|
|   | Share<br>premium<br><i>HK\$'000</i> | Convertible<br>note<br><i>HK\$'000</i> | Capital<br>reserve<br><i>HK\$'000</i> | Currency<br>translation<br>reserve<br><i>HK\$'000</i> | Share-based<br>compensation<br>reserve<br><i>HK\$'000</i> | Retained<br>profit<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| Balance as at   |                                     |  |                                       |   |   |                                       |                          |
| 1 January 2008  | 1,674,115                           | 20,080                                 | 15,158                                | 17,808  | 25,934  | 132,823                               | 1,885,918                |
| Profit for the period   | –                                   | –                                      | –                                     | –   | –   | 1,027                                 | 1,027                    |
| Currency translation<br>differences of<br>overseas subsidiaries/<br>jointly-controlled entities | –                                   | –                                      | –                                     | 7,430   | –   | –                                     | 7,430                    |
| Share option scheme:  |                                     |  |                                       |   |   |                                       |                          |
| – value of employee<br>services   | –                                   | –                                      | –                                     | –   | 6,959   | –                                     | 6,959                    |
| – value of other<br>participants' services  | –                                   | –                                      | –                                     | –   | 209   | –                                     | 209                      |
| Repurchase of shares  | (123,831)                           | –                                      | –                                     | –   | –   | –                                     | (123,831)                |
| Balance as at   |                                     |  |                                       |   |   |                                       |                          |
| 31 March 2008   | <u>1,550,284</u>                    | <u>20,080</u>                          | <u>15,158</u>                         | <u>25,238</u>   | <u>33,102</u>   | <u>133,850</u>                        | <u>1,777,712</u>         |

  

| Unaudited<br>Three months ended 31 March 2009 |                                     |  |                                       |   |   |   |  |  |                          |
|---|-------------------------------------|--|---------------------------------------|---|---|---|--|--|--------------------------|
|   | Share<br>premium<br><i>HK\$'000</i> | Convertible<br>note<br><i>HK\$'000</i> | Capital<br>reserve<br><i>HK\$'000</i> | Currency<br>translation<br>reserve<br><i>HK\$'000</i> | Share-based<br>compensation<br>reserve<br><i>HK\$'000</i> | Revaluation<br>reserve<br><i>HK\$'000</i> | Available-<br>for-sale<br>investments<br><i>HK\$'000</i> | Accumulated<br>losses<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| Balance as at                                 |                                     |  |                                       |   |   |   |  |  |                          |
| 1 January 2009                                | 1,546,166                           | 20,080                                 | 15,158                                | 31,257  | 36,145  | 11,974                                    | (12,860)   | (795,177)                                | 852,743                  |
| Loss for the period                           | –                                   | –                                      | –                                     | –   | –   | –   | –  | (27,307)                                 | (27,307)                 |
| Share option scheme:                          |                                     |  |                                       |   |   |   |  |  |                          |
| – value of employee services                  | –                                   | –                                      | –                                     | –   | 3,075   | –   | –  | –  | 3,075                    |
| – value of other participants'<br>services    | –                                   | –                                      | –                                     | –   | 109   | –   | –  | –  | 109                      |
| Balance as at                                 |                                     |  |                                       |   |   |   |  |  |                          |
| 31 March 2009                                 | <u>1,546,166</u>                    | <u>20,080</u>                          | <u>15,158</u>                         | <u>31,257</u>   | <u>39,329</u>   | <u>11,974</u>                             | <u>(12,860)</u>  | <u>(822,484)</u>                         | <u>828,620</u>           |

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2009 (2008: Nil).

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Review**

The Group is principally engaged in the business of provision of lottery gaming systems, terminal equipment and related technologies and consultancy services to the welfare lottery market in China.

### **VLT (Video Lottery Terminals) Business**

The Group's VLT supply business has been affected by the adjustments implemented in China Lottery Online (中福在線) ("CLO") nationwide VLT halls since February 2008, including shortening of operating hours, reduction of game offerings and limit imposed on total daily bet; consequently, sales of video lottery is yet to recover. Therefore, the management made a non-cash write-down of HK\$840 million on the value of intangible assets relating to CLO video lottery business, which has been reflected in the 2008 Annual Report. Nevertheless, the management remains optimistic that VLT will enjoy a bright prospect in China. Last year the State Council approved the issuance of CLO video lottery as a disaster relief lottery; new games have been submitted and approval is currently pending. The Group believes that once the new games are launched after approval, VLT supply business will achieve healthier and more sustainable development.

### **KENO High Frequency Lottery Business**

KENO, a nationwide high frequency lottery, which is operated by CLS-GTECH Company Limited, a joint venture company of the Group and GTECH Corporation ("GTECH"), obtained the state approval to implement the terminal equipment rollout in public venues in China in 2008. Currently, KENO is connected and operating in seven provinces, including Hunan, Shandong, Liaoning, Gansu, Sichuan, Hebei and Shanxi. Since the beginning of this year, sales in the above provinces achieved satisfactory performance. The Group will actively work with the lottery issuance authorities and will continue to expand the KENO market. The management believes that this business will generate steady revenue for the Group.

### **Computer Lottery Tickets Business**

The Group is the major supplier of traditional computer lottery terminal equipment in Guangdong province and it also provides lottery scanners and readers for corporate clients. Sales revenue of the welfare lottery market (including computer lottery tickets and other lottery products) in Guangdong province exceeded RMB six billion in 2008, which made Guangdong the first province with sales exceeding six billion since the issuance of the China welfare lottery tickets over two decades ago. A continued growth was recorded from this business as compared to the same period last year, which brought in a stable cash flow for the Group.

In addition, the Group is now actively exploring overseas markets opportunities of multi-functional lottery terminals, with the aim of obtaining relevant orders from Europe.



## **Outlook**

The Group remains positive and optimistic about the prospect of China lottery business. China, being one of the major lottery markets in the world, is closing the gap with other countries with developed lottery business, and is well positioned on the new stage of rapid development. On 22 April this year, the State Council deliberated and passed the Lottery Law (Draft) in principle, which is a positive step in the legislation process of China lottery business.

With respect to its existing businesses, the Group is making great effort on improving every lottery terminal and equipment supply business, including proactively working with the government to issue CLO video lottery as a disaster relief lottery product, and striving to achieve better performance in the supply of video lottery terminals. For the mass rollout and sales of the high-frequency lottery product KENO in public venues in provinces including Hunan, Shandong and Liaoning, the Group is proactively working on enhancing the system and terminal supply and service. The Group continues to provide lottery terminal equipment for provincial welfare lottery issuance authorities in China. In the meantime, the Group is actively exploring other lottery-related businesses opportunities in China.

The Group believes that the cooperation with international strategic partners will bring in advanced lottery-related technology and management strategies to China lottery market. The Group believes that our cooperation with International Game Technology and GTECH will help benefit the China lottery industry in terms of improving the standards of research and development of lottery systems, manufacture of terminals, as well as operation and maintenance, while also improving and enriching the variety and content of games, thereby contributing to the safe operation and healthy development of the China lottery market.

The Group will remain focus on the China lottery business. We will continue to actively explore new lottery-related business opportunities in China and seek to create new revenue streams by extending to and participating in various parts of the lottery value chain. At the same time, the Group will endeavour to enhance its business portfolio and strengthen its revenue base and profitability by exploring investment opportunities with return potentials, including those business that will be in shareholders' interests and with strategic values, in order to provide long-term and stable returns to its shareholders.

## **FINANCIAL REVIEW**

In the first quarter of 2009, the Group recorded a turnover of approximately HK\$11.6 million (first quarter of 2008: approximately HK\$57.5 million). Loss attributable to equity holders for the period amounted to approximately HK\$27.3 million, as compared with the profit of approximately HK\$1.0 million in the first quarter of 2008.

During the period under review, the Group's business performance had been continuously affected by the major adjustments made by CLO video lottery since February 2008.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2009, the interests and short positions of the Directors and chief executives 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 and 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 standard of dealings by directors of the listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

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

| Name of Director | Number of shares     |                            |                     |                  | Approximate percentage interest in the Company's issued share capital |
|------------------|----------------------|----------------------------|---------------------|------------------|---|
|                  | Beneficial interests | Family interests           | Corporate interests | Total            |   |
| LAU Ting         | 213,155,212(L)       | 341,407,092(L)<br>(Note 1) | 1,629,617,232(L)    | 2,184,179,536(L) | 29.51%(L)   |
|                  |                      |                            | 23,093,192(S)       | 23,093,192(S)    | 0.31%(S)  |
|                  |                      |                            | (Notes 2 & 3)       | (Note 3)         |   |
| CHAN Shing       | 341,407,092(L)       | 213,155,212(L)<br>(Note 4) | 1,629,617,232(L)    | 2,184,179,536(L) | 29.51%(L)   |
|                  |                      |                            | 23,093,192(S)       | 23,093,192(S)    | 0.31%(S)  |
|                  |                      |                            | (Notes 2 & 3)       | (Note 3)         |   |
| HUANG Shenglan   | 4,000,000(L)         | -                          | -                   | 4,000,000(L)     | 0.05%(L)  |

#### Notes:

- These shares were owned by Mr. CHAN Shing, the spouse of Ms. LAU Ting.
- 45,280,768 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. 42,380,168 shares were held by Strong Purpose Corporation (“Strong Purpose”), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 1,541,956,296 shares were held by Burwill Holdings Limited (“Burwill”), which was owned as to 7.27% by Hang Sing, as to 6.81% by Strong Purpose, as to 3.34% by Ms. LAU Ting, as to 3.42% by Mr. CHAN Shing and as to 41.48% by Glory Add Limited, a company which was indirectly wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 23,093,192 shares held by Hang Sing were in short positions.
- As the interests of each of Ms. LAU Ting and Mr. CHAN Shing were deemed to be the interests of each other, the figures referred to the same shares.
- These shares were owned by Ms. LAU Ting.
- The letter “L” denotes long position(s) and the letter “S” denotes short position(s).

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

| Name of Director | Date of grant | Exercise price per share<br>HK\$ | Exercise period |            | No. of shares under the options |                           |                      | Approximate percentage interest in the Company's issued share capital |
|------------------|---------------|----------------------------------|-----------------|------------|---------------------------------|---------------------------|----------------------|---|
|                  |               |                                  | from            | until      | held as at 1/1/2009             | granted during the period | held as at 31/3/2009 |   |
| LAU Ting         | 08/06/2006    | 0.305                            | 08/06/2007      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                            | 08/06/2008      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                            | 08/06/2009      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                            | 08/06/2010      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  |               |                                  |                 |            |                                 |                           | <u>2,400,000</u>     | <u>0.032%</u>   |
| CHAN Shing       | 08/06/2006    | 0.305                            | 08/06/2007      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                            | 08/06/2008      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                            | 08/06/2009      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                            | 08/06/2010      | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  |               |                                  |                 |            |                                 |                           | <u>2,400,000</u>     | <u>0.032%</u>   |
| WU Jingwei       | 11/01/2007    | 0.445                            | 01/01/2008      | 31/12/2011 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 11/01/2007    | 0.445                            | 01/01/2009      | 31/12/2011 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 11/01/2007    | 0.445                            | 01/01/2010      | 31/12/2011 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 11/01/2007    | 0.445                            | 01/01/2011      | 31/12/2011 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 04/07/2007    | 0.975                            | 01/01/2008      | 31/12/2013 | 1,200,000                       | –                         | 1,200,000            | 0.016%  |
|                  | 04/07/2007    | 0.975                            | 01/01/2009      | 31/12/2013 | 1,200,000                       | –                         | 1,200,000            | 0.016%  |
|                  | 04/07/2007    | 0.975                            | 01/01/2010      | 31/12/2013 | 1,200,000                       | –                         | 1,200,000            | 0.016%  |
|                  | 04/07/2007    | 0.975                            | 01/01/2011      | 31/12/2013 | 1,200,000                       | –                         | 1,200,000            | 0.016%  |
|                  | 04/07/2007    | 0.975                            | 01/01/2012      | 31/12/2013 | 3,200,000                       | –                         | 3,200,000            | 0.043%  |
|                  | 04/07/2007    | 0.975                            | 01/01/2013      | 31/12/2013 | 3,200,000                       | –                         | 3,200,000            | 0.043%  |
|                  | 13/11/2007    | 0.960                            | 01/01/2008      | 31/12/2011 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 13/11/2007    | 0.960                            | 01/01/2009      | 31/12/2011 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 13/11/2007    | 0.960                            | 01/01/2010      | 31/12/2011 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 13/11/2007    | 0.960                            | 01/01/2011      | 31/12/2011 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 25/08/2008    | 0.500                            | 25/08/2009      | 24/08/2013 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 25/08/2008    | 0.500                            | 25/08/2010      | 24/08/2013 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 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%  |
|                  |               |                                  |                 |            |                                 |                           | <u>59,200,000</u>    | <u>0.800%</u>   |

| Name of Director | Date of grant | Exercise price per share HK\$ | Exercise period from until |            | No. of shares under the options |                           |                      | Approximate percentage interest in the Company's issued share capital |
|------------------|---------------|-------------------------------|----------------------------|------------|---------------------------------|---------------------------|----------------------|---|
|                  |               |                               |                            |            | held as at 1/1/2009             | granted during the period | held as at 31/3/2009 |   |
| LIAO             | 18/09/2007    | 0.904                         | 18/09/2008                 | 17/09/2011 | 3,200,000                       | –                         | 3,200,000            | 0.043%  |
| Yuang-whang      | 18/09/2007    | 0.904                         | 18/09/2009                 | 17/09/2011 | 3,200,000                       | –                         | 3,200,000            | 0.043%  |
|                  | 18/09/2007    | 0.904                         | 18/09/2010                 | 17/09/2011 | 5,600,000                       | –                         | 5,600,000            | 0.076%  |
|                  | 13/11/2007    | 0.960                         | 18/09/2008                 | 17/09/2012 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 13/11/2007    | 0.960                         | 18/09/2009                 | 17/09/2012 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 13/11/2007    | 0.960                         | 18/09/2010                 | 17/09/2012 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 13/11/2007    | 0.960                         | 18/09/2011                 | 17/09/2012 | 8,000,000                       | –                         | 8,000,000            | 0.108%  |
|                  | 25/08/2008    | 0.500                         | 25/08/2009                 | 24/08/2013 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 25/08/2008    | 0.500                         | 25/08/2010                 | 24/08/2013 | 2,000,000                       | –                         | 2,000,000            | 0.027%  |
|                  | 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%  |
|                  |               |                               |                            |            |                                 |                           | 52,000,000           | 0.702%  |
| HOONG Cheong     | 30/06/2006    | 0.285                         | 16/08/2007                 | 29/06/2016 | 17,600,000                      | –                         | 17,600,000           | 0.238%  |
| Thard (Note 2)   | 30/06/2006    | 0.285                         | 16/08/2008                 | 29/06/2016 | 17,600,000                      | –                         | 17,600,000           | 0.238%  |
|                  |               |                               |                            |            |                                 |                           | 35,200,000           | 0.476%  |
| HUANG Shenglan   | 08/06/2006    | 0.305                         | 08/06/2007                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                         | 08/06/2008                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                         | 08/06/2009                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                         | 08/06/2010                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  |               |                               |                            |            |                                 |                           | 2,400,000            | 0.032%  |
| CHAN             | 08/06/2006    | 0.305                         | 08/06/2008                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
| Ming Fai         | 08/06/2006    | 0.305                         | 08/06/2009                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  | 08/06/2006    | 0.305                         | 08/06/2010                 | 07/06/2011 | 600,000                         | –                         | 600,000              | 0.008%  |
|                  |               |                               |                            |            |                                 |                           | 1,800,000            | 0.024%  |

*Notes:*

1. All interests in underlying shares were in long positions.
2. On 6 April 2009, share option to subscribe for 18,000,000 ordinary shares of HK\$0.0025 each in the capital of the Company was granted pursuant to the share option scheme of the Company to Mr. HOONG Cheong Thard.

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executives 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 standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 March 2009, 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 executives of the Company) had interests and short positions in the shares and underlying shares of the Company:

### (1) Interests in Shares

| Name of Shareholder  | Number of shares     |                    |                     |                              | Approximate percentage interest in the Company's issued share capital |
|--|----------------------|--------------------|---------------------|------------------------------|---|
|  | Beneficial interests | Investment Manager | Corporate interests | Total                        |   |
| Burwill  | 1,535,324,296(L)     | –                  | 6,632,000(L)        | 1,541,956,296(L)<br>(Note 1) | 20.83%(L)   |
| Burbank John H.  | –                    | –                  | 1,419,630,800(L)    | 1,419,630,800(L)<br>(Note 2) | 19.18%(L)   |
| Passport Capital, LLC  | –                    | 1,419,630,800(L)   | –                   | 1,419,630,800(L)<br>(Note 2) | 19.18%(L)   |
| Passport Management, LLC   | –                    | 1,419,630,800(L)   | –                   | 1,419,630,800(L)<br>(Note 2) | 19.18%(L)   |
| Passport Global Master Fund SPC Ltd for and on behalf of portfolio A - global strategy | 963,464,800(L)       | –                  | –                   | 963,464,800(L)<br>(Note 2)   | 13.02%(L)   |
| Atlantis Investment Management Limited   | –                    | 923,500,000(L)     | –                   | 923,500,000(L)               | 12.48%(L)   |
| Ward Ferry Management (BVI) Limited  | –                    | 730,322,000(L)     | –                   | 730,322,000(L)<br>(Note 3)   | 9.87%(L)  |
| Legg Mason Inc   | –                    | 439,440,000(L)     | –                   | 439,440,000(L)<br>(Note 4)   | 5.94%(L)  |
| Passport Special Opportunities Master Fund, LP   | 448,910,000(L)       | –                  | –                   | 448,910,000(L)<br>(Note 2)   | 6.06%(L)  |
| International Game Technology  | 373,600,000(L)       | –                  | –                   | 373,600,000(L)               | 5.05%(L)  |

*Notes:*

1. 1,535,324,296 shares were held by Burwill and 6,632,000 shares were held by Hillot Limited, a company indirect wholly-owned by Burwill. These shares formed part of the interests of Mr. CHAN Shing and Ms. LAU Ting.
2. Passport Management, LLC was the investment manager of various funds. One of these funds was Passport Global Master Fund SPC Ltd for and on behalf of portfolio A - global strategy and Passport Special Opportunities Master Fund, LP. Passport Capital, LLC was the sole managing member to Passport Management, LLC and Burbank John H. was the sole managing member to Passport Capital, LLC. The above information was notified by Passport Capital, LLC.
3. 368,988,000 shares were held by WF Asia Fund Limited, 15,484,000 shares were held by Arrow WF Asia Fund, 115,120,000 shares were held by WF Asian Reconnaissance Fund Limited and 230,730,000 shares were held by WF Asian Smaller Companies Fund Limited. Ward Ferry Management (BVI) Limited was the investment manager of these funds or companies.
4. These shares were held by Legg Mason International Equities (Singapore) Pte Limited which was wholly-owned by LM International Holding LP ("LM International"). LM International was wholly-owned by Legg Mason International Holdings II, LLC, a company which was wholly-owned by Legg Mason Inc.
5. The letter "L" denotes long position(s) and the letter "S" denotes short position(s).

**(2) Interests in Underlying Shares**

As at 31 March 2009, International Game Technology had a derivative interest in 575,916,228 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 2009, there was no person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and 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 other members of the Group.

**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 shares during the three months ended 31 March 2009.

## COMPETING INTERESTS

The Board believes that none of the Directors, the management shareholders of the Company (as defined in the GEM Listing Rules) 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 has established an Audit Committee which 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 first quarterly results of the Group for the three months ended 31 March 2009 have been reviewed by the Audit Committee.

On behalf of the Board

**LAU Ting**

*Chairman*

Hong Kong, 12 May 2009

*As at the date of this announcement, the Board comprises Ms. LAU Ting, Mr. CHAN Shing, Mr. WU Jingwei and Mr. LIAO Yuang-whang as Executive Directors, Mr. HOONG Cheong Thard and Mr. Paulus Johannes Cornelis Aloysius KARSKENS as Non-executive Directors, and Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. CUI Shuming as Independent Non-executive Directors.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*