



China LotSynergy Holdings Limited

華彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8161)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

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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 Directors of China LotSynergy Holdings Limited (the “Company”) are pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2007, together with the comparative unaudited figures for the corresponding periods in 2006, as follows:

| | Notes | Unaudited Three months ended 30 September | | Unaudited Nine months ended 30 September | |
|---|-------|---|---------------------------------|--|---------------------------------|
| | | 2007 HK\$'000 | 2006 HK\$'000 As restated | 2007 HK\$'000 | 2006 HK\$'000 As restated |
| Continuing operations: | | | | | |
| Turnover | 2 | 74,273 | 24,004 | 176,996 | 37,070 |
| Cost of services | 3 | (9,696) | (3,653) | (23,680) | (6,041) |
| Gross profit | | 64,577 | 20,351 | 153,316 | 31,029 |
| General and administrative expenses | | (17,870) | (8,421) | (44,161) | (24,437) |
| Other income and gains | | 12,376 | 2,500 | 20,445 | 12,335 |
| Finance costs | 4 | (6,141) | - | (8,188) | - |
| Share options value | | (3,456) | (8,616) | (14,288) | (17,209) |
| Operating profit from continuing operations | 5 | 49,486 | 5,814 | 107,124 | 1,718 |
| Share of profit less loss of associates | | 524 | (4,237) | (5,985) | (3,325) |
| Profit/(Loss) before income tax | | 50,010 | 1,577 | 101,139 | (1,607) |
| Income tax | 6 | 109 | - | 146 | - |
| Profit/(Loss) for the period from continuing operations | | 50,119 | 1,577 | 101,285 | (1,607) |
| Discontinued operations: | | | | | |
| Loss for the period from discontinued operations | | - | - | - | (1,548) |
| Profit/(Loss) for the period | | 50,119 | 1,577 | 101,285 | (3,155) |
| Attributable to: | | | | | |
| Equity holders of the Company | | 20,734 | (8,337) | 31,733 | (17,371) |
| Minority interests | | 29,385 | 9,914 | 69,552 | 14,216 |
| | | 50,119 | 1,577 | 101,285 | (3,155) |
| Earnings/(Loss) per share for profit/(loss) from continuing operations attributable to the equity holders of the Company during the period | | | | | |
| - basic | 8 | 0.28 HK Cent | (0.12) HK Cent | 0.43 HK Cent | (0.23) HK Cent |
| - diluted | 8 | 0.27 HK Cent | N/A | 0.43 HK Cent | N/A |
| Loss per share for loss from discontinued operations attributable to the equity holders of the Company during the period | | | | | |
| - basic | 8 | N/A | N/A | N/A | (0.02) HK Cent |

Notes:

1. Basis of preparation and accounting policies

The unaudited consolidated results has 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 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 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 2006.

The Group has adopted the following standards, amendment and interpretations that have been issued and effective for the accounting periods beginning on or after 1 January 2007. The adoption of such standards, amendment and interpretations did not have material effect on these results.

| | |
|--------------------|--|
| HKAS 1 (Amendment) | Capital disclosure |
| HKFRS 7 | Financial instruments: Disclosures |
| HK(IFRIC) – Int 8 | Scope of HKFRS 2 |
| HK(IFRIC) – Int 10 | Interim Financial Reporting and Impairment |
| HK(IFRIC) – Int 11 | HKFRS 2: Group and Treasury Share Transactions |

The Group has not early adopted the following standards, revised standards and interpretations that have been issued but not yet effective. The adoption of such standards, revised standards and interpretations will not result in substantial changes to the Group’s accounting policies.

| | |
|--------------------|---|
| HKAS 23 (Revised) | Borrowing costs |
| HKFRS 8 | Operating segments |
| HK(IFRIC) – Int 12 | Service Concession Arrangements |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes |
| HK(IFRIC) – Int 14 | HKAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

2. Turnover from continuing operations

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 from continuing operations for the periods are as follows:

| | Unaudited | | Unaudited | |
|---|----------------------|-----------------|-----------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | As restated | | As restated |
| Turnover | | | | |
| Income from provision of lottery terminals | 74,247 | 23,985 | 176,937 | 37,041 |
| Income from provision of consultancy services | 26 | 19 | 59 | 29 |
| | <u>74,273</u> | <u>24,004</u> | <u>176,996</u> | <u>37,070</u> |

3. Cost of services

| | Unaudited | | Unaudited | |
|-----------------------------------|---------------------|-----------------|----------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | As restated | | As restated |
| Depreciation of lottery terminals | 5,062 | 2,186 | 11,587 | 3,112 |
| Business tax | 3,787 | 1,199 | 9,076 | 1,852 |
| Other cost of services | 847 | 268 | 3,017 | 1,077 |
| | <u>9,696</u> | <u>3,653</u> | <u>23,680</u> | <u>6,041</u> |

4. Finance costs

| | Unaudited | | Unaudited | |
|------------------------------|---------------------|-----------------|---------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest on convertible note | <u>6,141</u> | - | <u>8,188</u> | - |

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

5. Operating profit/(loss) from continuing operations

| | Unaudited | | Unaudited | |
|--|--------------------|-----------------|-------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | As restated | | As restated |
| Operating profit/(loss) from continuing operations is stated after charging: | | | | |
| Staff costs (excluding share options value) | 8,572 | 4,159 | 20,849 | 12,806 |
| Amortisation of intangible assets | 1,632 | - | 4,896 | - |
| Depreciation of property, plant and equipment | 251 | 228 | 718 | 469 |
| Operating lease rentals in respect of land and buildings | 1,038 | 616 | 2,525 | 1,728 |
| | <u>1,038</u> | <u>616</u> | <u>2,525</u> | <u>1,728</u> |

6. Income tax

| | Unaudited | | Unaudited | |
|---------------------|--------------------|-----------------|-------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Deferred income tax | (109) | - | (146) | - |
| | <u>(109)</u> | <u>-</u> | <u>(146)</u> | <u>-</u> |

No provision for Hong Kong and overseas profits tax has been made as the Group had no assessable profit during the three months and nine months ended 30 September 2007 (2006: Nil and Nil).

7. Earnings/(Loss) per share

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

| | Unaudited | | Unaudited | |
|--|---------------------------|----------------------|--------------------------|----------------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Profit/(Loss) for the period from continuing operations attributable to the equity holders of the Company for the purpose of calculating basic and diluted earnings/(loss) per share | 20,734 | (8,337) | 31,733 | (15,823) |
| Loss for the period from discontinued operations attributable to the equity holders of the Company for the purpose of calculating basic loss per share | - | - | - | (1,548) |
| Number of shares: | | | | |
| Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings/(loss) per share | 7,506,482,348 | 7,090,328,000 | 7,297,053,044 | 6,814,393,108 |
| Effect of dilutive potential ordinary shares: | | | | |
| - Share options | 171,736,830 | - | 144,165,278 | - |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share | 7,678,219,178 | 7,090,328,000 | 7,441,218,322 | 6,814,393,108 |

The computation of diluted earnings per share for the three months and nine months ended 30 September 2007 has not assumed the conversion of convertible note and the computation of diluted loss per share for the three months and nine months ended 30 September 2006 has not assumed the exercise of share options during the periods because their conversion and exercise would either increase the earnings per share or reduce the loss per share.

8. Share capital

| | Unaudited authorised ordinary shares | |
|---|---|-----------------|
| | Number of shares | HK\$'000 |
| As at 1 January 2006 (<i>ordinary shares of HK\$0.01 each</i>) | 2,000,000,000 | 20,000 |
| Increase of authorised share capital (<i>ordinary shares of HK\$0.01 each</i>) (<i>Note (i)</i>) | 2,000,000,000 | 20,000 |
| Subdivision of one share of HK\$0.01 each into four shares of HK\$0.0025 each (<i>Note (ii)</i>) | <u>12,000,000,000</u> | <u>-</u> |
| As at 30 September 2006, 1 January 2007 and 30 September 2007 (<i>ordinary shares of HK\$0.0025 each</i>) | <u>16,000,000,000</u> | <u>40,000</u> |

| | Unaudited issued and fully paid ordinary shares | |
|--|--|-----------------|
| | Number of shares | HK\$'000 |
| As at 1 January 2006 (<i>ordinary shares of HK\$0.01 each</i>) | 1,430,000,000 | 14,300 |
| Share options exercised (<i>ordinary shares of HK\$0.01 each</i>) (<i>Note (iii)</i>) | 120,000 | 1 |
| New issue of shares (<i>ordinary shares of HK\$0.01 each</i>) (<i>Note (iv)</i>) | 180,000,000 | 1,800 |
| New issue of consideration shares (<i>ordinary shares of HK\$0.01 each</i>) (<i>Note (v)</i>) | 200,000,000 | 2,000 |
| Repurchase of shares (<i>ordinary shares of HK\$0.01 each</i>) (<i>Note (vi)</i>) | (37,538,000) | (375) |
| Subdivision of one share of HK\$0.01 each into four shares of HK\$0.0025 each (<i>Note (ii)</i>) | <u>5,317,746,000</u> | <u>-</u> |
| As at 30 September 2006 (<i>ordinary shares of HK\$0.0025 each</i>) | <u>7,090,328,000</u> | <u>17,726</u> |
| As at 1 January 2007 (<i>ordinary shares of HK\$0.01 each</i>) | 1,772,582,000 | 17,726 |
| New issue of shares (<i>ordinary shares of HK\$0.01 each</i>) (<i>Note (vii)</i>) | 93,400,000 | 934 |
| Subdivision of one share of HK\$0.01 each into four shares of HK\$0.0025 each (<i>Note (ii)</i>) | 5,597,946,000 | - |
| Share options exercised (<i>ordinary shares of HK\$0.0025 each</i>) (<i>Note (viii)</i>) | <u>56,400,000</u> | <u>141</u> |
| As at 30 September 2007 (<i>ordinary shares of HK\$0.0025 each</i>) | <u>7,520,328,000</u> | <u>18,801</u> |

8. Share capital (*Cont'd*)

Notes:

- (i) Pursuant to the ordinary resolution passed by the Company's shareholders at the special general meeting held on 21 March 2006, the authorised share capital of the Company was increased from HK\$20,000,000 to HK\$40,000,000 by the creation of an additional 2,000,000,000 shares of HK\$0.01 each in the capital of the Company.
- (ii) Pursuant to the ordinary resolution passed by the Company's shareholders at the special general meeting held on 6 August 2007, every share of HK\$0.01 each in the issued and unissued share capital of the Company was subdivided into 4 shares of HK\$0.0025 each (the "Share Subdivision"). The Share Subdivision became effective on 7 August 2007.
- (iii) Share options were exercised by optionholders in January 2006 to subscribe for a total of 120,000 shares of HK\$0.01 each by payment of subscription monies of approximately HK\$235,000, of which approximately HK\$1,000 was credited to share capital and the balance of approximately HK\$234,000 was credited to the share premium account.
- (iv) Pursuant to the subscription agreements dated 17 January 2006, the Company allotted and issued a total of 180,000,000 new shares of HK\$0.01 each at a subscription price of HK\$3.675 each to the subscribers on 27 January 2006, following the completion of the placing agreements for the placing of 180,000,000 existing shares of HK\$0.01 each to more than six places at a placing price of HK\$3.675 each (the "2006 Top-up Placing"). The Company raised a sum of approximately HK\$631.9 million through the 2006 Top-up Placing and the fund was partly used to settle the balance of the cash consideration of HK\$470 million for the subscription of interest in Corich International Limited, and the remaining amount was used as the Group's general working capital.
- (v) Pursuant to the subscription agreement dated 9 January 2006, the Company issued and allotted a total of 200,000,000 new consideration shares of HK\$0.01 each at an issue price of HK\$2.40 per share to Toward Plan Investments Limited and Win Key Development Limited on 28 April 2006 as payment of part of the consideration for the subscription of interest in Corich International Limited.
- (vi) The Company purchased 37,538,000 of its own shares of HK\$0.01 each on the Stock Exchange in February and May 2006. The highest price and lowest price paid per share were HK\$2.95 and HK\$0.87 respectively. The total amount paid for the repurchase of shares was approximately HK\$53,648,000 and has been deducted from shareholders' equity. The shares repurchased were cancelled subsequently.
- (vii) Pursuant to the subscription agreement dated 1 May 2007, the Company issued and allotted a total of 93,400,000 new shares of HK\$0.01 each at an issue price of HK\$2.70 per share to International Game Technology on 31 May 2007.
- (viii) Share options were exercised by optionholders during the nine months ended 30 September 2007 to subscribe for a total of 56,400,000 shares of HK\$0.0025 each by payment of subscription monies of approximately HK\$25,786,000, of which approximately HK\$141,000 was credited to share capital and the balance of approximately HK\$25,645,000 was credited to the share premium account.

9. Reserves and retained profit / accumulated losses

Unaudited nine months ended 30 September 2006

| | Share premium <i>HK\$ '000</i> | Capital reserve <i>HK\$ '000</i> | Currency translation reserve <i>HK\$ '000</i> | Share-based compensation reserve <i>HK\$ '000</i> | Accumulated loss <i>HK\$ '000</i> | Total <i>HK\$ '000</i> |
|--|--------------------------------------|--|--|--|---|---------------------------|
| Balance as at | | | | | | |
| 1 January 2006 | 291,319 | 15,158 | 1 | 26,279 | (58,505) | 274,252 |
| Loss for the period | - | - | - | - | (17,371) | (17,371) |
| Currency translation differences of overseas subsidiaries/associate | - | - | (1,166) | - | - | (1,166) |
| Repurchase of shares | (53,273) | - | - | - | - | (53,273) |
| Share option scheme: | | | | | | |
| - value of employee services | - | - | - | 13,657 | - | 13,657 |
| - value of other participants' services | - | - | - | 3,552 | - | 3,552 |
| Vested share options forfeited | - | - | - | (347) | 347 | - |
| Issue of shares under share option scheme | 401 | - | - | (167) | - | 234 |
| Issue of shares under subscription agreements | 659,700 | - | - | - | - | 659,700 |
| Issue of consideration shares under a subscription agreement | 478,000 | - | - | - | - | 478,000 |
| Share issue expenses | (29,585) | - | - | - | - | (29,585) |
| Balance as at 30 September 2006 | <u>1,346,562</u> | <u>15,158</u> | <u>(1,165)</u> | <u>42,974</u> | <u>(75,529)</u> | <u>1,328,000</u> |

9. Reserves and retained profit / accumulated losses (Cont'd)

Unaudited nine months ended 30 September 2007

| | Share premium HK\$'000 | Capital reserve HK\$'000 | Currency translation reserve HK\$'000 | Share-based compensation reserve HK\$'000 | Convertible note equity reserve HK\$'000 | Retained profit/ (Accumulated losses) HK\$'000 | Total HK\$'000 |
|---|------------------------------|--------------------------------|--|--|---|--|-------------------|
| Balance as at 1 January 2007 | 1,346,562 | 15,158 | 3,038 | 49,588 | - | (87,346) | 1,327,000 |
| Profit for the period | - | - | - | - | - | 31,733 | 31,733 |
| Currency translation differences of overseas subsidiaries/ associate | - | - | 8,903 | - | - | - | 8,903 |
| Share option scheme: | | | | | | | |
| - value of employee services | - | - | - | 13,134 | - | - | 13,134 |
| - value of other participants' services | - | - | - | 1,154 | - | - | 1,154 |
| - issue of shares under share option scheme | 42,216 | - | - | (16,571) | - | - | 25,645 |
| - vested share options forfeited | - | - | - | (365) | - | 365 | - |
| Issue of shares under subscription agreement | 251,246 | - | - | - | - | - | 251,246 |
| Share issue expenses | (6,634) | - | - | - | - | - | (6,634) |
| Equity component arising on issue of convertible note | - | - | - | - | 24,842 | - | 24,842 |
| Deferred tax arising on issue of convertible note | - | - | - | - | (4,762) | - | (4,762) |
| Reduction of share premium to offset against accumulated loss | (87,346) | - | - | - | - | 87,346 | - |
| Balance as at 30 September 2007 | <u>1,546,044</u> | <u>15,158</u> | <u>11,941</u> | <u>46,940</u> | <u>20,080</u> | <u>32,098</u> | <u>1,672,261</u> |

10. Discontinued operations

The Group ceased the operations of metal exchange portals for metal trading and ancillary value-chain services, metal trading, provision of consultancy and logistics services in 2006. An analysis of the results of the discontinued operations is as follows:

| | Unaudited Three months ended 30 September | | Unaudited Nine months ended 30 September | |
|---|---|-------------------------|--|-------------------------|
| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
| Revenue | - | - | - | 7,335 |
| Expenses | - | - | - | (8,883) |
| Loss before income tax after discontinued operations | - | - | - | (1,548) |
| Income tax | - | - | - | - |
| Loss for the period from discontinued operations | - | - | - | (1,548) |

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: Nil).

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group's income from lottery business and the Group's operation in the production and provision of lottery terminals in the PRC achieved encouraging results.

For the first three quarters of 2007, the Group recorded a turnover of approximately HK\$177 million, representing a growth of 377% over the corresponding period in 2006. For the first three quarters of 2007, profit attributable to equity holders amounted to approximately HK\$31.73 million, as compared with the loss of HK\$17.37 million for the same period of 2006. The profit attributable to equity holders for the first three quarters of 2007, excluding the value of options granted under the share option scheme expensed and amortisation of intangible assets, was approximately HK\$48.47 million, as compared with the loss of HK\$160,000 for the same period of 2006.

During the period under review, the Group's business in the production and provision of Video Lottery Terminals ("VLT") continued to grow. As at the end of September 2007, the VLT sales amounted to RMB8,670 million, representing an increase of 205% over that of the corresponding period last year. The VLT sales in the third quarter amounted to approximately RMB3,620 million, representing an increase of 25.3% as compared with the sales of RMB2,890 million in the second quarter.

The Group achieved good progress in its efforts to seek acquisition targets in lottery related business in the PRC. On 12 September 2007, the Group announced the acquisition of the group of Champ Mark Investments Limited (the "CMIL Group"), which was approved by the shareholders at the special general meeting held on 22 October 2007. 廣州市三環永新科技有限公司 (Guangzhou San Huan Yong Xin Technology Company Limited*) ("GZSH") and 廣州洛圖終端技術有限公司 (Guangzhou Lottnal Terminal Technology Company Limited*) ("GZL"), the subsidiaries of CMIL Group, are principally engaged in the research and development, manufacturing, supply and maintenance of traditional computer lottery terminals in the PRC and possess a number of related patents and intellectual property rights. Currently, GZSH is one of the three largest suppliers in the PRC which specialise in the provision of lottery system and equipment to the provincial welfare lottery issuing authorities. GZL is a well-known corporation in the PRC which is engaged in the research and development and manufacturing of lottery ticket scanners. The CMIL Group is also a supplier of lottery terminal to the KENO project. The acquisition enables the Group to further expand its business beyond VLT and KENO lottery to include traditional computer lottery business and deepens the Group's involvement in the business segments in the PRC lottery market.

Tabcorp International Hong Kong Limited, a joint venture between the Group and Tabcorp Holdings Limited, is actively working with China Welfare Lottery Issuance and Administration Centre in finalising the rollout of KENO terminals. The Group believes that the sales of KENO will increase significantly after its national rollout outside of CLO (中福在線) halls.

The Group has established a strategic alliance with International Game Technology ("IGT"), one of the global leading consolidated enterprises in gaming industry, with the objective to introduce advanced international gaming technologies and systems, as well as operation and management expertise, in order to provide better services and facilitate the expansion of its business in the lottery market in China. Following the formation of the strategic alliance in May 2007, the Group and IGT, through their respective wholly-owned affiliates, entered into a shareholders' agreement on 6 August 2007 and incorporated a joint venture company to develop new lottery-related businesses.

The Group will continue to focus and commit more resources on public welfare lottery business. In line with the Group's business development requirement, the Group will further strengthen its team, and in particular on the build up of its technical team, in order to offer enhanced services for China's welfare lottery market. The Group will also, through acquisitions, enhance its business and expand the sources of its income base and profitability, and to strengthen its leadership position in China's welfare lottery market as well as to secure a long term stable returns for its shareholders.

** For identification only*

ISSUE OF SHARES

The Company issued a total of 56,400,000 new shares of HK\$0.0025 each of the Company upon the exercise of share options by the optionholders during the nine months ended 30 September 2007.

APPOINTMENTS OF DIRECTORS

On 16 July 2007, (i) Mr. CHAN Shing was appointed as the Chairman and an Executive Director of the Company; (ii) Mr. WU Jingwei was appointed as an Executive Director and the Deputy Chief Executive Officer of the Company; and (iii) Mr. Paulus Johannes Cornelis Aloysius KARSKENS was appointed as a Non-Executive Director of the Company.

RE-DESIGNATIONS OF DIRECTORS

On 16 July 2007, (i) Ms. LAU Ting was re-designated from the Chairman and an Executive Director of the Company to the Deputy Chairman and an Executive Director of the Company; (ii) Mr. HOONG Cheong Thard was re-designated from a Deputy Chairman, an Executive Director and the Chief Executive Officer of the Company to an Executive Director and the Chief Executive Officer of the Company; and (iii) Mr. SUN Ho was re-designated from a Deputy Chairman and an Executive Director of the Company to a Non-Executive Director of the Company.

On 23 October 2007, Mr. WANG Taoguang was re-designated from an Executive Director of the Company to a Non-Executive Director of the Company.

RESIGNATIONS OF DIRECTORS AND CHANGES OF COMPLIANCE OFFICER AND AUTHORISED REPRESENTATIVE

On 16 July 2007, (i) Mr. CHEN Aizheng resigned as an Executive Director of the Company and (ii) Mr. NG Man Fai, Matthew resigned as an Executive Director, the Compliance Officer and an Authorised Representative of the Company; and (iii) Mr. HOONG Cheong Thard was appointed as the Compliance Officer and an Authorised Representative of the Company.

On 23 October 2007, Mr. SUN Ho resigned as a Non-Executive Director of the Company.

SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

At the special general meeting of the Company held on 6 August 2007, an ordinary resolution approving the subdivision of shares of the Company, under which each of the then existing issued and unissued shares of HK\$0.01 each in the share capital of the Company be subdivided into 4 subdivided shares of HK\$0.0025 each, was passed by the shareholders. The share subdivision became effective on 7 August 2007, and with effect from 21 August 2007, the shares of the Company are traded in board lots of 4,000 shares.

MAJOR TRANSACTION – ACQUISITION OF INTERESTS IN TRADITIONAL COMPUTER LOTTERY SYSTEM AND EQUIPMENT SUPPLIERS

On 10 September 2007, Upmax Investments Limited, a wholly-owned subsidiary of the Company, Citibest Investments Limited and others entered into a conditional sale and purchase agreement (the “Acquisition Agreement”), pursuant to which the Group would acquire for the entire issued share capital of Champ Mark Investments Limited (“CMIL”) (the “Acquisition”). The principal asset of CMIL is its interests in Champ Technology Limited (“CTL”), which in turn holds 60% equity interests in each of 廣州市三環永新科技有限公司 (Guangzhou San Huan Yong Xin Technology Company Limited*) (“GZSH”) and Lottnal Holdings Limited (洛圖控股有限公司) (“LHL”) and its subsidiaries (“LHL Group”).

On the same date, CTL, a wholly-owned subsidiary of CMIL, as purchaser also entered into (i) a conditional sale and purchase agreement (“GZSH Acquisition Agreement”) for the acquisition of 20% of the total equity interests in GZSH (“GZSH Acquisition”); and (ii) a conditional sale and purchase agreement (the “LHL Acquisition Agreement”) for the acquisition of 20% of the total issued share capital of LHL (“LHL Acquisition”).

The Group, through entering into of the Acquisition Agreement, and the entering into of the GZSH Acquisition Agreement and the LHL Acquisition Agreement by CTL, had conditionally agreed to acquire an aggregate of 80% equity interests in GZSH and the LHL Group. The aggregate consideration of the Acquisition, the GZSH Acquisition and the LHL Acquisition amounted to HK\$224.0 million which would be satisfied as to (i) HK\$156.8 million by cash; and as to (ii) HK\$67.2 million by the allotment and issue of an aggregate of 67.2 million new ordinary shares of HK\$0.0025 each of the Company at an issue price of HK\$1.0 per share (the “Consideration Shares”).

The Acquisition, the GZSH Acquisition and the LHL Acquisition constituted a major transaction for the Company under 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”), details of the transaction were set out in the Company’s circular dated 4 October 2007.

The Acquisition, the GZSH Acquisition and the LHL Acquisition as well as the allotment and issue of the Consideration Shares were approved by the shareholders of the Company at the special general meeting held on 22 October 2007. All the conditions precedent to the completion of the Acquisition Agreement were fulfilled and/or waived on 30 October 2007. Pursuant to the letter of confirmation signed by all parties to the Acquisition Agreement on 30 October 2007, completion of the Acquisition Agreement took place on 30 October 2007. Following the completion of the Acquisition, CMIL becomes a wholly-owned subsidiary of the Company and the Company, through CMIL group of companies, holds 60% equity interests in each of GZSH and LHL Group.

** For identification only*

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

As at 30 September 2007, 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 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 standards 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

(A) The Company

| Name of Director | Number of ordinary shares of HK\$0.0025 each | | | | Approximate percentage interest in the Company's issued share capital |
|---------------------------|--|--------------------------------|---|----------------------------------|---|
| | Personal interests | Family interests | Corporate interests | Total | |
| CHAN Shing | 337,407,092 | 209,155,212 <i>(Note 1)</i> | 1,629,617,232 <i>(Notes 2&3)</i> | 2,176,179,536 <i>(Note 3)</i> | 28.94% |
| LAU Ting | 209,155,212 | 337,407,092 <i>(Note 4)</i> | 1,629,617,232 <i>(Notes 2&3)</i> | 2,176,179,536 <i>(Note 3)</i> | 28.94% |
| SUN Ho <i>(Note 5)</i> | 12,280,000 | 120,000 | - | 12,400,000 | 0.16% |
| LI Xiaojun | 2,000,000 | - | - | 2,000,000 | 0.03% |

Notes:

1. These shares were owned by Ms. LAU Ting, the spouse of Mr. CHAN Shing.
2. 45,280,768 shares were held by Hang Sing Overseas Limited ("Hang Sing") which is owned as to 51% by Orient Strength Limited ("Orient Strength"), a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 42,380,168 shares were held by Strong Purpose Corporation ("Strong Purpose"), a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 1,541,956,296 shares were owned by Burwill Holdings Limited ("Burwill"), which is owned as to 20.36% by Hang Sing, as to 19.05% by Strong Purpose, as to 3.42% by Mr. CHAN Shing and as to 2.88% by Ms. LAU Ting.
3. As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same shares.
4. These shares were owned by Mr. CHAN Shing.
5. Mr. SUN Ho resigned as a Non-Executive Director of the Company on 23 October 2007.

(B) Associated Corporation – Burwill Holdings Limited

| Name of Director | Number of ordinary shares | | | | Approximate percentage interest in the issued share capital of Burwill |
|--------------------|---------------------------|------------------------|----------------------------|-------------------------|--|
| | Personal interests | Family interests | Corporate interests | Total | |
| CHAN Shing | 37,999,472 | 32,058,072 (Note 1) | 438,304,701 (Notes 2&3) | 508,362,245 (Note 3) | 45.71% |
| LAU Ting | 32,058,072 | 37,999,472 (Note 4) | 438,304,701 (Notes 2&3) | 508,362,245 (Note 3) | 45.71% |
| SUN Ho (Note 5) | 200,000 | - | - | 200,000 | 0.02% |

Notes:

1. These shares were owned by Ms. LAU Ting, the spouse of Mr. CHAN Shing.
2. 226,403,853 shares were held by Hang Sing which is owned as to 51% by Orient Strength, a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 211,900,848 shares were held by Strong Purpose, a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting.
3. As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same shares.
4. These shares were owned by Mr. CHAN Shing.
5. Mr. SUN Ho resigned as a Non-Executive Director of the Company on 23 October 2007.

(2) Interests in Underlying Shares

| Name of Director | Date of grant | Exercise price per share HK\$ | Exercise period | | No. of ordinary shares of HK\$0.0025 each under the options held as at 30/9/2007 | Approximate percentage interest in the Company's issued share capital |
|------------------|---------------|----------------------------------|-----------------|------------|--|---|
| | | | from | until | | |
| CHAN Shing | 01/09/2005 | 0.490 | 31/10/2005 | 30/10/2007 | 2,000,000 | 0.027% |
| | 01/09/2005 | 0.490 | 31/10/2006 | 30/10/2007 | 2,000,000 | 0.027% |
| | 08/06/2006 | 0.305 | 08/06/2007 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2008 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2009 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2010 | 07/06/2011 | 600,000 | 0.008% |
| LAU Ting | 01/09/2005 | 0.490 | 31/10/2005 | 30/10/2007 | 2,000,000 | 0.027% |
| | 01/09/2005 | 0.490 | 31/10/2006 | 30/10/2007 | 2,000,000 | 0.027% |
| | 08/06/2006 | 0.305 | 08/06/2007 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2008 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2009 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2010 | 07/06/2011 | 600,000 | 0.008% |

| Name of Director | Date of grant | Exercise price per share HK\$ | Exercise period | | No. of ordinary shares of HK\$0.0025 each under the options held as at 30/9/2007 | Approximate percentage interest in the Company's issued share capital |
|-------------------|---------------|----------------------------------|-----------------|------------|--|---|
| | | | from | until | | |
| HOONG | 30/06/2006 | 0.285 | 16/08/2007 | 29/06/2016 | 17,600,000 | 0.234% |
| Cheong Thard | 30/06/2006 | 0.285 | 16/08/2008 | 29/06/2016 | 17,600,000 | 0.234% |
| | 30/06/2006 | 0.285 | 16/08/2009 | 29/06/2016 | 17,600,000 | 0.234% |
| | 30/06/2006 | 0.285 | 16/08/2010 | 29/06/2016 | 17,600,000 | 0.234% |
| WU Jingwei | 11/01/2007 | 0.445 | 01/01/2008 | 31/12/2011 | 2,000,000 | 0.027% |
| | 11/01/2007 | 0.445 | 01/01/2009 | 31/12/2011 | 2,000,000 | 0.027% |
| | 11/01/2007 | 0.445 | 01/01/2010 | 31/12/2011 | 2,000,000 | 0.027% |
| | 11/01/2007 | 0.445 | 01/01/2011 | 31/12/2011 | 2,000,000 | 0.027% |
| | 04/07/2007 | 0.975 | 01/01/2008 | 31/12/2013 | 1,200,000 | 0.016% |
| | 04/07/2007 | 0.975 | 01/01/2009 | 31/12/2013 | 1,200,000 | 0.016% |
| | 04/07/2007 | 0.975 | 01/01/2010 | 31/12/2013 | 1,200,000 | 0.016% |
| | 04/07/2007 | 0.975 | 01/01/2011 | 31/12/2013 | 1,200,000 | 0.016% |
| | 04/07/2007 | 0.975 | 01/01/2012 | 31/12/2013 | 3,200,000 | 0.043% |
| | 04/07/2007 | 0.975 | 01/01/2013 | 31/12/2013 | 3,200,000 | 0.043% |
| SUN Ho (Note) | 01/09/2005 | 0.490 | 31/10/2005 | 30/10/2007 | 27,600,000 | 0.367% |
| | 01/09/2005 | 0.490 | 31/10/2006 | 30/10/2007 | 27,600,000 | 0.367% |
| | 08/06/2006 | 0.305 | 08/06/2007 | 07/06/2011 | 3,800,000 | 0.051% |
| | 08/06/2006 | 0.305 | 08/06/2008 | 07/06/2011 | 3,800,000 | 0.051% |
| | 08/06/2006 | 0.305 | 08/06/2009 | 07/06/2011 | 3,800,000 | 0.051% |
| | 08/06/2006 | 0.305 | 08/06/2010 | 07/06/2011 | 3,800,000 | 0.051% |
| HUANG Shenglan | 01/09/2005 | 0.490 | 31/10/2005 | 30/10/2007 | 2,000,000 | 0.027% |
| | 01/09/2005 | 0.490 | 31/10/2006 | 30/10/2007 | 2,000,000 | 0.027% |
| | 08/06/2006 | 0.305 | 08/06/2007 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2008 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2009 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2010 | 07/06/2011 | 600,000 | 0.008% |
| CHAN Ming Fai | 08/06/2006 | 0.305 | 08/06/2008 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2009 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2010 | 07/06/2011 | 600,000 | 0.008% |
| LI Xiaojun | 08/06/2006 | 0.305 | 08/06/2007 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2008 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2009 | 07/06/2011 | 600,000 | 0.008% |
| | 08/06/2006 | 0.305 | 08/06/2010 | 07/06/2011 | 600,000 | 0.008% |

Note: Mr. SUN Ho resigned as a Non-Executive Director of the Company on 23 October 2007.

Save as disclosed above, as at 30 September 2007, 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 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 THE SHARES AND UNDERLYING SHARES

As at 30 September 2007, 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 short positions in the shares and underlying shares of the Company:

(1) Interests in Shares

| Name of shareholder | Number of ordinary shares of HK\$0.0025 each | | | | Approximate percentage interest in the Company's issued share capital |
|---|--|------------------|-------------------------|---------------|---|
| | Personal interests | Family interests | Corporate interests | Total | |
| Burwill (Note 1) | 1,535,324,296 | - | 6,632,000 | 1,541,956,296 | 20.50% |
| Atlantis Investment Management Limited | 616,200,000 | - | - | 616,200,000 | 8.19% |
| Legg Mason Inc (Note 2) | - | - | 566,952,000 | 566,952,000 | 7.54% |
| Lloyds TSB Group Plc (Note 3) | - | - | 536,716,800 | 536,716,800 | 7.14% |
| LIM Loong Keng (Note 4) | - | - | 464,000,000 | 464,000,000 | 6.17% |
| YU Man Yiu, Park | 176,834,000 | - | 260,000,400 (Note 5) | 436,834,400 | 5.81% |
| Ward Ferry Management (BVI) Limited (Note 6) | - | - | 432,792,000 | 432,792,000 | 5.75% |
| JPMorgan Chase & Co. (Note 7) | - | - | 389,656,000 | 389,656,000 | 5.18% |

Notes:

1. These shares formed part of the interests of Mr. CHAN Shing and Ms. LAU Ting. 6,632,000 shares were held by Hillot Limited, a company which is wholly-owned by Burwill HK Portfolio Limited (“BHKPL”). BHKPL is wholly-owned by Burwill.
2. These shares were held by Legg Mason International Equities (Singapore) Pte Limited, a company which is wholly-owned by LM International Holding LP (“LM International”). LM International is wholly-owned by Legg Mason International Holdings II, LLC, a company which is wholly-owned by Legg Mason Inc.
3. These shares were held by Scottish Widows Plc, a company which is wholly-owned by Lloyds TSB Group Plc.
4. 464,000,000 shares were held by Toward Plan Investments Limited which is wholly-owned by Mr. LIM Loong Keng.
5. 400 shares were held by Good Talent Trading Limited which is owned as to 35% by Mr. YU Man Yiu, Park and 260,000,000 shares were held by Centrix Investments Limited, a company which is wholly-owned by Mr. YU Man Yiu, Park.
6. 193,528,000 shares were held by WF Asia Fund Limited, 13,048,000 shares were held by Arrow WF Asia Fund, 61,048,000 shares were held by WF Japan Fund Limited, 78,920,000 shares were held by WF Asian Smaller Companies Fund Limited and 86,248,000 shares were held by WF Asian Reconnaissance Fund Limited. Ward Ferry Management (BVI) Limited is the investment manager of these funds or companies.
7. These shares were held by JPMorgan Chase Bank, N.A., a company which is wholly-owned by JPMorgan Chase & Co.

(2) Interests in Underlying Shares

As at 30 September 2007, International Game Technology had a derivative interest in 575,916,000 ordinary shares of HK\$0.0025 each in the share capital of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Save as disclosed above, as at 30 September 2007, there was no person (other than the Directors and chief executive 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 purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2007.

COMPETING INTERESTS

The Directors believe 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, Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. LI Xiaojun. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The unaudited consolidated results of the Group for the nine months ended 30 September 2007 have been reviewed by the Audit Committee.

On behalf of the Board
CHAN Shing
Chairman

Hong Kong, 2 November 2007

As at the date of this announcement, the Board of the Company comprises Mr. Chan Shing, Ms. Lau Ting, Mr. Hoong Cheong Thard and Mr. Wu Jingwei as Executive Directors; Mr. Paulus Johannes Cornelis Aloysius Karskens and Mr. Wang Taoguang as Non-Executive Directors; and Mr. Huang Shenglan, Mr. Chan Ming Fai and Mr. Li Xiaojun as Independent Non-Executive Directors.

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