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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)

**DISCLOSEABLE TRANSACTION -**

**ACQUISITION OF 67% EQUITY INTEREST IN TIHK**

**FORMATION OF A JOINT VENTURE WITH GTECH**

**AND**

**RESUMPTION OF TRADING**

**THE ACQUISITION**

On 19 December 2007, the Company Entities entered into the Tabcorp SPA with the Tabcorp Entities pursuant to which the Company Entities agreed to acquire and the Tabcorp Entities agreed to sell (i) the Tabcorp Sale Shares representing 67% of the total issued share capital of TIHK; (ii) the Assets and (iii) the Business Intellectual Property for a total consideration of A\$15,000,000. Acquisition Completion took place on the same date. Immediately before the Acquisition Completion, TIHK was owned as to 33% by CLSL, a wholly-owned subsidiary of China LotSynergy, and as to 67% by the Tabcorp Share Vendor. Immediately after the Acquisition Completion, TIHK was wholly-owned by CLSL.

**THE FORMATION OF A JOINT VENTURE WITH GTECH**

Immediately after the Acquisition Completion and on 19 December 2007, CLSL also entered into the GTECH SPA with GTECH and TIHK pursuant to which, CLSL agreed to sell and GTECH agreed to purchase the CLSL Sale Shares representing 50% of the total issued share capital of TIHK for a total consideration of US\$20,000,000.

The Disposal Completion took place immediately after the Acquisition Completion on 19 December 2007. Upon the Disposal Completion, TIHK has become a joint venture between CLSL and GTECH, under which TIHK was owned as to 50% by CLSL and as to 50% by GTECH. Following the Disposal Completion, the name of TIHK will be changed from "Tabcorp International Hong Kong Limited" to "CLS-GTECH Company Limited".

The TIHK Group is principally engaged in providing certain lottery operating systems, terminals, proprietary intellectual property rights and related technical support services to CLO for its engagement of lottery related businesses in the PRC.

China LotSynergy believes that the Acquisition and the formation of the Joint Venture are of strategic importance to the Group as they will enable China LotSynergy to attain the long-term value of the nationwide KENO Business which TIHK and TIHK Subsidiary have undertaken since their incorporation in April 2005 and February 2007 respectively. KENO is the first lottery product built and developed under the technical co-operation between TIHK and CLO. At present, the trial run of KENO has shown satisfactory business prospect. The Directors anticipate that the long-term business revenue of the TIHK Group will be increased once KENO is publicly rolled out nationwide in the PRC on a significant scale. China LotSynergy also expects that, leveraging on the experience of the GTECH Group, the TIHK Group will be able to drive the development of the nationwide lottery related business in the PRC. The Acquisition and the formation of the Joint Venture are consistent with the Group's development strategy and China LotSynergy believes that they will enhance the Group's leading position in the high frequency lottery games market in the PRC.

Based on the announcement made by Lottomatica, S.p.A. regarding this transaction, the GTECH Group (Lottomatica, S.p.A. and its subsidiaries including GTECH) is the world's largest commercial lottery operators and the market leader in the Italian gaming industry. GTECH is a leading gaming technology and services company, providing innovative technology, creative content, and superior service delivery. The GTECH Group creates a fully integrated lottery operator and gaming technology solutions provider – a combined company with worldwide scale, considerable financial strength, and industry-leading customer solutions. The GTECH Group is also the largest provider of KENO systems to operators worldwide. Lottomatica, S.p.A. is listed on the Italian Stock Exchange under the trading symbol LTO, with over US\$5 billion in market value as at 18 December 2007.

The alliance with the GTECH Group is China LotSynergy's second international cooperation with global leaders in the industry. China LotSynergy had previously formed a strategic alliance with IGT, through entering into a subscription agreement and a technical cooperation agreement on 1 May 2007, following which, IGT became a strategic investor in China LotSynergy.

IGT is the largest gaming systems, equipment and content provider in the world and the GTECH Group is the world's largest system provider for KENO and instant computerised lottery tickets, China LotSynergy believes that cooperating with the two parties will facilitate the healthy development of the China lottery market as well as strengthen China LotSynergy's current business positions and extend its business to new growth areas.

## **GENERAL**

The Acquisition and the Disposal constitutes a discloseable transaction for China LotSynergy under the GEM Listing Rules. A circular containing, amongst other things, details of the Acquisition and the Disposal will be dispatched to the Shareholders as soon as practicable.

## **RESUMPTION OF TRADING**

The Directors consider the Acquisition and the formation of the Joint Venture is price sensitive under Rule 17.10 of the GEM Listing Rules and as such the trading in the Shares of China LotSynergy on the Stock Exchange was suspended with effect from 2:30 p.m. on 19 December 2007 at the request of China LotSynergy pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares of China LotSynergy with effect from 9:30 a.m. on 21 December 2007.

## **(A) THE ACQUISITION**

On 19 December 2007, the Company Entities entered into the Tabcorp SPA with the Tabcorp Entities pursuant to which the Company Entities agreed to acquire and the Tabcorp Entities agreed to sell (i) the Tabcorp Sale Shares representing 67% of the total issued share capital of TIHK; (ii) the Assets and (iii) the Business Intellectual Property for a total consideration of A\$15,000,000. Acquisition Completion took place on the same date.

Immediately before the Acquisition Completion, TIHK was owned as to 33% by CLSL and as to 67% by the Tabcorp Share Vendor and each of CLSL and the Tabcorp Share Vendor owed TIHK the principal amount under the Old CLS Promissory Note and the Tabcorp Promissory Note respectively. Immediately after the Acquisition Completion, TIHK was wholly-owned by CLSL, the Tabcorp Promissory Note was released by TIHK and CLSL issued in favour of TIHK the New CLS Promissory Notes.

The Directors believe that the terms of the Tabcorp SPA are fair and reasonable and in the interests of the Shareholders as a whole.

### **THE TABCORP SPA**

The principal terms of the Tabcorp SPA are set out below:

#### **Date**

19 December 2007

#### **Parties**

- (i) the Tabcorp Share Vendor;
- (ii) TI;
- (iii) TIST;
- (iv) Jupiters Gaming;
- (v) Jupiters;
- (vi) Tabcorp;
- (vii) CLSL;
- (viii) CLS Australia;
- (ix) China LotSynergy, as guarantor of the Acquisition Purchasers; and
- (x) TIHK.

Each of the Tabcorp Share Vendor, TI, TIST, Jupiters Gaming and Jupiters is a wholly-owned subsidiary of Tabcorp. At the time when the parties entered into the Tabcorp SPA, each of CLSL and CLS Australia was a wholly-owned subsidiary of China LotSynergy.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, all the Tabcorp Entities and their respective associates are third parties independent of China LotSynergy and of any connected persons of China LotSynergy as defined in the GEM Listing Rules.

China LotSynergy has agreed to guarantee to the Warrantors the performance of the Acquisition Purchasers of all their obligations under the Tabcorp SPA and to indemnify the Warrantors against liabilities incurred or sustained by the Warrantors in connection with the failure by any one of the Acquisition Purchasers to perform its obligations under the Tabcorp SPA.

### **Assets and Business Intellectual Property**

The Assets include computer room equipment, test bed, engineering equipment, and various terminals. CLS Australia and TIHK are the transferees of the Assets under the Tabcorp SPA.

The Business Intellectual Property largely comprises the intellectual property rights in the Atlas Materials owned by the IP Owners as at the Acquisition Completion. TIHK, subject to various consents and rights of third parties, is the transferee of the Business Intellectual Property worldwide (excluding Australia).

### **Shares acquired**

CLSL acquired from the Tabcorp Share Vendor the Tabcorp Sale Shares which represented 67% of the entire issued share capital of TIHK.

### **Summary of financial information of TIHK**

Set out below is the audited results of the TIHK Group for the period from 26 April 2005 to 30 June 2006 and the year ended 30 June 2007 and the audited net asset value of the TIHK Group as at 30 June 2006 and 30 June 2007, as extracted from TIHK Group's audited financial statements, which were prepared in accordance with generally accepted accounting principles in Australia and the International Financial Reporting Standards:

	<b>For the year ended 30 June 2007</b>	<b>For the period from 26 April 2005 to 30 June 2006</b>
	A\$'000	A\$'000
Revenue	110	16
Net loss before taxation	(4,296)	(1,026)
Net loss after taxation	(4,296)	(1,026)
	<b>As at 30 June 2007</b>	<b>As at 30 June 2006</b>
	A\$'000	A\$'000
Total assets	29,305	31,255
Total liabilities	(4,627)	(2,281)
Net assets	24,678	28,974

## Employees

Under the Tabcorp SPA, Tabcorp and Jupiters have agreed to second the Employees to CLS Australia to perform the Services on a full time basis for a continuous period of 12 months after the Acquisition Completion (the “**Secondment Period**”). CLS Australia will, within one month of the Acquisition Completion, make an offer of employment to those Employees that it wishes to employ and Tabcorp and Jupiters will release those Employees who accept the offer of employment.

## Consideration

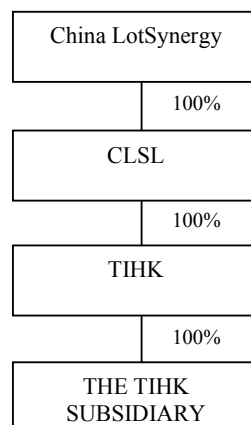
The total consideration paid by CLSL to the Tabcorp Entities for the Acquisition is A\$15,000,000. A\$240,270 of the consideration was allocated to the Assets. The balance of the consideration was allocated to the Tabcorp Sale Shares and the Business Intellectual Property. As China LotSynergy considers commercially it will not acquire the Tabcorp Sale Shares without the Business Intellectual Property, the value of the Business Intellectual Property cannot be segregated from that of the Tabcorp Sale Shares. China LotSynergy financed the Acquisition from internal resources. Further, at Completion, pursuant to the Deed of Termination and Release, TIHK discharged each of CLSL and the Tabcorp Share Vendor from all of its obligations under the Old CLS Promissory Note and Tabcorp Promissory Note respectively. At the same time, CLSL issued in favour of TIHK the New CLS Promissory Notes.

The consideration was arrived at after arm’s length negotiations amongst the Company Entities and the Tabcorp Entities. The Directors have taken into consideration, amongst other things, the equity investment costs in TIHK, and the book value of the Assets in determining the consideration. As at 31 October 2007, the equity investment costs of the Tabcorp Share Vendor in TIHK was approximately A\$16,000,000 and as at 30 June 2007, the book value of the Assets was approximately A\$240,270.

## Completion

The Acquisition Completion took place on 19 December 2007. The consideration for the Acquisition was satisfied by payment in cash by CLSL (for and on behalf of itself and CLS Australia) to the Tabcorp Share Vendor (for and on behalf of itself, the Assets Vendors and the IP Owners) upon the Acquisition Completion.

## Corporate Structure of TIHK immediately after the Acquisition Completion



## **Other Material Documents Executed at the Acquisition**

The following agreements were entered into amongst the relevant Company Entities and the Tabcorp Entities at the Acquisition Completion:

### **The Transitional Services Agreement**

On 19 December 2007, Tabcorp, the Facilities Licensor, CLS Australia, TIHK and China LotSynergy entered into the Transitional Services Agreement pursuant to which (i) Tabcorp has agreed to provide certain services to CLS Australia and TIHK, including the use of computers, hardware and software, access to information, data and records and the provision of services by various employees; and (ii) the Facilities Licensor has agreed to grant a license to CLS Australia and TIHK to use certain office space; for the purpose of facilitating TIHK's smooth transition of its operation for the period immediately after the Acquisition Completion. China LotSynergy guarantees the performance of the obligations of CLS Australia and TIHK under the Transitional Services Agreement for nil consideration.

As consideration for such services to be provided by Tabcorp and the Facilities Licensor, CLS Australia and TIHK shall pay to Tabcorp and the Facilities Licensor, a fee calculated based on the number of persons performing the services and using the licensed facilities. The term of the Transitional Services Agreement is for 12 months after the Acquisition Completion.

### **Deed of Termination and Release**

On 19 December 2007, the Tabcorp Share Vendor, TI, TIST, Tabcorp, CLSL, China LotSynergy, TIHK and the TIHK Subsidiary entered into a Deed of Termination and Release pursuant to which the parties have agreed to terminate the Transaction Documents and each of the Tabcorp Share Vendor, TI, TIST, Tabcorp, CLSL, China LotSynergy and TIHK has agreed to release the other parties to the Deed of Termination and Release from all liability in relation to the Transaction Documents other than for breach arising before the date of the Deed of Termination and Release for nil consideration.

### **TCA Novation Deed**

On 19 December 2007, TIHK, TI and CLO entered into the TCA Novation Deed pursuant to which TI novates and assigns all of its past, present and future rights and obligations under the TCA to TIHK with effect from the date of the deed for nil consideration. Further, CLO consents to such novation and assignment under the TCA Novation Deed.

The Directors believe that the terms of the Transitional Services Agreement, the Deed of Termination and Release and the TCA Novation Deed are fair and reasonable and in the interests of the Shareholders as a whole.

## **(B) THE FORMATION OF A JOINT VENTURE WITH GTECH**

On 19 December 2007 immediately after the Acquisition Completion, CLSL entered into the GTECH SPA with GTECH pursuant to which CLSL agreed to sell and GTECH agreed to acquire the CLSL Sale Shares representing 50% of the total issued share capital of TIHK for a total consideration of US\$20,000,000. The Disposal Completion took place on the same date. Upon the Disposal Completion, TIHK has become a joint venture between GTECH and CLSL, under which TIHK was owned as to 50% by CLSL and as to 50% by GTECH. Following the Disposal Completion, the name of TIHK will be changed from “Tabcorp International Hong Kong Limited” to “CLS-GTECH Company Limited”.

### **THE GTECH SPA**

The principal terms of the GTECH SPA are set out below:

#### **Date**

19 December 2007

#### **Parties**

- (i) CLSL;
- (ii) GTECH; and
- (iii) TIHK.

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, GTECH and its respective associates are third parties independent of China LotSynergy and of any connected persons of China LotSynergy as defined in the GEM Listing Rules.

#### **Shares sold**

GTECH acquired from CLSL the CLSL Sale Shares which represent 50% of the entire issued share capital of TIHK.

#### **Consideration**

The total consideration paid by GTECH to CLSL for the Disposal is US\$20,000,000. The consideration was arrived at after arm’s length negotiations between the Group and the GTECH Group.

Further, pursuant to the GTECH SPA, upon the Disposal Completion, TIHK released and discharged CLSL of all its obligations under one of the New CLS Promissory Notes and at the same time, GTECH issued in favour of TIHK the GTECH Promissory Note.

## **Transfer of East Luck**

Immediately before the Disposal Completion, East Luck was a wholly owned subsidiary of CLSL set up on 3 April 2007 for the purpose of holding the entire equity interest in CLS Australia. CLS Australia is a special purpose vehicle set up on 16 July 2007 solely for the purpose of acquiring the Services under the Tabcorp SPA.

As a reorganisation step following the formation of the Joint Venture, pursuant to the GTECH SPA, CLSL also agreed, for nil consideration, to transfer to TIHK the entire issued share capital of East Luck, the holding company of CLS Australia. TIHK is the entity which owns the Business Intellectual Property and part of the Assets immediately after the Acquisition Completion and CLS Australia is the entity which owns substantively all the Assets and is entitled to receive the Services from the Employees immediately after the Acquisition Completion.

## **Completion**

The Disposal Completion took place immediately after the Acquisition Completion on 19 December 2007.

## **The Shareholders' Agreement**

At the Disposal Completion, CLSL, GTECH and TIHK also entered into the Shareholders' Agreement.

Under the Shareholders' Agreement, CLSL and GTECH agree that they will each repay TIHK the outstanding principal under the New CLS Promissory Note and the GTECH Promissory Note at such times as the board of directors of TIHK determines capital is required for the operation and capital expenditure needs of TIHK on a pro rata basis until such time, the notes are fully repaid. The shareholders shall make available such additional funds as are required to fund TIHK's operation or capital needs from time to time as requested by TIHK on a pro rata basis.

China LotSynergy will comply with the GEM Listing Rules if it is required to make further contribution to the Joint Venture.

## **Use of Proceeds and Gain arising from the Disposal**

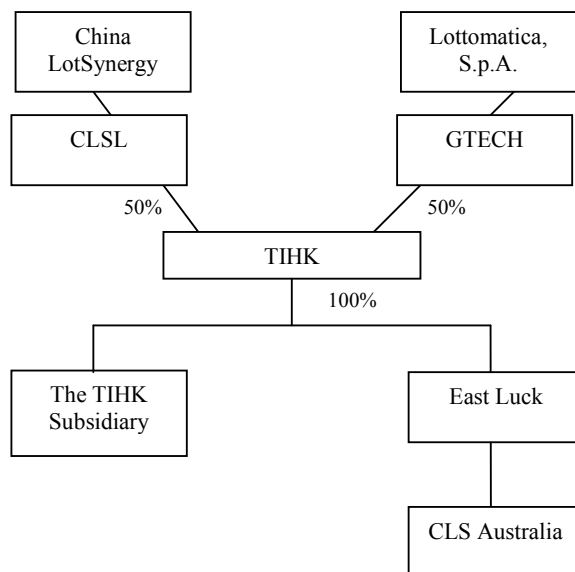
It is expected that the net proceeds from the Disposal will amount to approximately HK\$70 million and China LotSynergy intends to apply the net proceeds for working capital purposes.

The gain from the Disposal is expected to amount to approximately HK\$70 million which represent the proceeds from the Disposal of approximately HK\$207 million (which represent the sum of US\$20,000,000 as consideration for the Disposal and A\$7,500,000 from the GTECH Promissory Note) minus the relevant portion of the costs of the Acquisition of approximately HK\$129 million and the estimated expenses associated with the Acquisition and the Disposal of approximately HK\$8 million.

Upon Disposal Completion, TIHK is a joint venture and will be equity accounted in the financial statements of China LotSynergy.



## CORPORATE STRUCTURE OF TIHK IMMEDIATELY AFTER THE DISPOSAL COMPLETION



## REASONS FOR THE ACQUISITION AND THE JOINT VENTURE

China LotSynergy believes that the Acquisition and the formation of the Joint Venture are of strategic importance to the Group as they will enable China LotSynergy to attain the long-term value of the nationwide KENO Business which TIHK and TIHK Subsidiary have undertaken since their incorporation in April 2005 and February 2007 respectively. KENO is the first lottery product built and developed under the technical co-operation between TIHK and CLO. At present, the trial run of KENO has shown satisfactory business prospect. The Directors anticipate that the long-term business revenue of the TIHK Group will be increased once KENO is publicly rolled out nationwide in the PRC on a significant scale. China LotSynergy also expects that, leveraging on the experience of the GTECH Group, the TIHK Group will be able to drive the development of a nationwide lottery related business in the PRC. The Acquisition and the formation of the Joint Venture are consistent with the Group's development strategy and China LotSynergy believes that they will enhance the Group's leading position in the high frequency lottery games market in the PRC.

Sales in the China lottery market is expected to be approximately RMB100 billion in 2007, representing a significant increase from the previous year. The Group possess extensive experience in China lottery market operations, and is an important player in the China welfare lottery industry value chain. In addition to being the exclusive provider of the nationwide VLT and KENO lottery system and terminals in the China Welfare Lottery market, the Group is also one of the three largest suppliers in China which specialises in the provision of lottery system and equipment to the provincial welfare lottery issuing authorities.

The alliance with the GTECH Group is China LotSynergy's second international cooperation with global leaders in the industry. China LotSynergy had previously formed a strategic alliance with IGT, through entering into a subscription agreement and a technical cooperation agreement on 1 May 2007, following which, IGT became a strategic investor in China LotSynergy.

IGT is the largest gaming system, equipment and content provider in the world and the GTECH Group is the world's largest system provider for KENO and instant computerised lottery tickets. China LotSynergy believes that cooperating with the two parties will facilitate the healthy development of the China lottery market as well as strengthen China LotSynergy's current business positions and extend its business to new growth areas.

#### **INFORMATION ABOUT CHINA LOTSYNERGY, THE GTECH GROUP, THE TABCORP GROUP AND THE TIHK GROUP**

China LotSynergy is principally engaged in investment, project development and the provision of technologies and equipment and consultancy services in the public welfare lottery business and related sectors in China. China LotSynergy is added to the list of constituents of MSCI Hong Kong Small Cap Indices, effective 31 May 2007.

Based on the announcement made by Lottomatica, S.p.A. regarding this transaction, the GTECH Group (Lottomatica, S.p.A. and its subsidiaries including GTECH) is the world's largest commercial lottery operators and the market leader in the Italian gaming industry. GTECH is a leading gaming technology and services company, providing innovative technology, creative content, and superior service delivery. The GTECH Group creates a fully integrated lottery operator and gaming technology solutions provider – a combined company with worldwide scale, considerable financial strength, and industry-leading customer solutions. The GTECH Group is also the largest provider of KENO systems to operators worldwide. Lottomatica, S.p.A is listed on the Italian Stock Exchange under the trading symbol LTO, with over US\$5 billion in market value as at 18 December 2007.

The Tabcorp Group is a well known gaming and entertainment group and is principally engaged in wagering and gaming in Australia.

The TIHK Group is principally engaged in providing certain lottery operating systems, terminals, proprietary intellectual property rights and related technical support services to CLO for its engagement of a lottery related business in the PRC.

#### **GENERAL**

The Acquisition and the Disposal constitutes a discloseable transaction for China LotSynergy under the GEM Listing Rules. A circular containing, amongst other things, details of the Acquisition and the Disposal will be dispatched to the Shareholders as soon as practicable.

#### **RESUMPTION OF TRADING**

The Directors consider the Acquisition and the formation of the Joint Venture is price sensitive under Rule 17.10 of the GEM Listing Rules and as such the trading in the Shares of China LotSynergy on the Stock Exchange was suspended with effect from 2:30 p.m. on 19 December 2007 at the request of China LotSynergy pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares of China LotSynergy with effect from 9:30 a.m. on 21 December 2007.

## DEFINITIONS

In this announcement, unless stated otherwise, the following terms shall have the following meanings:

“Acquisition”	the acquisition by the Company Entities of the Tabcorp Sale Shares, the Assets and the Business Intellectual Property from the Tabcorp Entities under the Tabcorp SPA
“Acquisition Completion”	completion of the Tabcorp SPA
“Acquisition Purchasers”	CLSL, CLS Australia and TIHK
“Assets”	the assets owned by the Asset Vendors used for conducting the Business as at the Acquisition Completion, other than the Excluded Assets
“Assets Vendors”	TI, the Tabcorp Share Vendor and Jupiters Gaming
“associates”	has the meaning given to it under the GEM Listing Rules
“Atlas Materials”	certain specified source codes and object codes and documentation relating to software which have been, or are to be, provided by the Tabcorp Group Companies or TIHK to CLO at any time pursuant to the TCA
“Board”	the board of Directors
“Business”	the business operated by the TIHK Group
“Business Intellectual Property”	intellectual property rights owned by the IP Owners in the Atlas Materials and the Derivative Products as at the Acquisition Completion
“China LotSynergy”	China LotSynergy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“CLO”	北京中彩在線科技有限責任公司 (Beijing Lottery Online Technology Co., Ltd), a company established in the PRC

“CLS Australia”	CLS Australia Pty Ltd, a company registered in Victoria, Australia and a wholly-owned subsidiary of China LotSynergy and which is the purchaser of the Assets and the entity which the Employees will be seconded to or employed by after the Acquisition Completion
“CLSL”	China LotSynergy Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of China LotSynergy
“CLSL Sale Shares”	15,000,000 Shares representing 50% of the entire issued share capital of TIHK
“Company Entities”	China LotSynergy, CLSL, CLS Australia, TIHK and the TIHK Subsidiary
“connected person(s)”	has the meaning given to it under the GEM Listing Rules
“Deed of Termination and Release”	the deed of termination and release entered into by the Tabcorp Share Vendor, TI, TIST, Tabcorp, CLSL, China LotSynergy, TIHK and the TIHK Subsidiary on the date of the Tabcorp SPA in relation to the termination of the Transaction Documents
“Derivative Products”	computer programs in object code or source code which are developed by or on behalf of CLO
“Directors”	directors of China LotSynergy
“Disposal”	the disposal by CLSL of the CLSL Sale Shares to GTECH under the GTECH SPA
“Disposal Completion”	completion of the Disposal pursuant to the GTECH SPA
“East Luck”	East Luck Investments Limited, a company incorporated in the British Virgin Islands
“Employees”	employees specified in the Tabcorp SPA
“Excluded Assets”	certain specified assets and assets not owned by the Tabcorp Group Companies
“Facilities Licensor”	Sydney Harbour Casino Properties Pty Ltd, a company registered in Victoria, Australia

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	China LotSynergy and its subsidiaries and TIHK
“GTECH”	GTECH Global Services Corporation Ltd., whose registered office is at 27 Gregory Afxentiou Street, 6021 Larnaca, Cyprus
“GTECH Group”	Lottomatica, S.p.A., a company whose shares are listed on the Italian Stock Exchange, and its subsidiaries
“GTECH Promissory Note”	a promissory note dated 19 December 2007 for a principal amount of A\$7,500,000 issued by GTECH in favour of TIHK
“GTECH SPA”	the agreement for the sale and purchase of shares entered into amongst CLSL, GTECH and TIHK on 19 December 2007
“IGT”	International Game Technology, a company registered in the State of Nevada, the United States of America
“IP Owners”	the Tabcorp Share Vendor, TI and TIST
“Joint Venture”	TIHK becoming a joint venture between CLSL and GTECH upon the Disposal Completion
“Jupiters”	Jupiters Limited, a company registered in Victoria, Australia
“Jupiters Gaming”	Jupiters Gaming Pty Ltd, a company registered in Victoria, Australia
“KENO Business”	business relating to KENO, a high frequency lottery game
“New CLS Promissory Notes”	two promissory notes dated 19 December 2007 each for a principal amount of A\$7,500,000 issued by CLSL in favour of TIHK
“Old CLS Promissory Note”	a promissory note dated 27 January 2006 for a principal amount of A\$4,950,000 issued by CLSL in favour of TIHK as part consideration for the issuance of shares in the capital of TIHK to CLSL

“PRC” or “China”	the People’s Republic of China
“Related Bodies Corporate”	has the meaning given in the Corporations Act 2001 (Cth) (Australia)
“Services”	the duties and functions the same or similar to those which the relevant Employees performed for Tabcorp in relation to the Business prior to the Acquisition Completion
“Shareholders”	the holders of Shares of China LotSynergy
“Shareholders’ Agreement”	the shareholders’ agreement relating to TIHK entered into amongst CLSL, GTECH and TIHK on 19 December 2007
“Shares”	ordinary shares of A\$1.00 each in the share capital of TIHK
“Shares of China LotSynergy”	ordinary shares of HK\$0.0025 each in the share capital of China LotSynergy
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tabcorp”	Tabcorp Holdings Limited, a company registered in Victoria, Australia, the issued shares of which are listed on the Australian Stock Exchange
“Tabcorp Entities”	the Tabcorp Share Vendor, TI, TIST, Jupiters Gaming, Jupiters and Tabcorp
“Tabcorp Group Companies”	Tabcorp and its Related Bodies Corporate
“Tabcorp Sale Shares”	20,100,000 Shares representing 67% of the entire issued share capital of TIHK
“Tabcorp Share Vendor”	Tabcorp International No. 1 Pty Ltd, a company registered in Victoria, Australia and a wholly-owned subsidiary of Tabcorp
“Tabcorp SPA”	the share and assets sale agreement entered into amongst the Company Entities and the Tabcorp Entities on 19 December 2007
“Tabcorp Promissory Note”	a promissory note dated 27 January 2006 for a principal amount of A\$10,050,000 issued by the Tabcorp Share Vendor in favour of TIHK as part consideration for the issuance of shares in the capital of TIHK to the Tabcorp Share Vendor

“TCA”	the technical co-operation agreement entered into between TI, TIHK, and CLO dated 23 July 2005
“TCA Novation Deed”	the novation and amendment agreement to the TCA entered into amongst TIHK, TI and CLO on 19 December 2007 in relation to the assignment and novation of all the rights and obligations of TI under the TCA to TIHK
“TI”	Tabcorp International Pty Ltd, a company registered in Victoria, Australia and a wholly-owned subsidiary of Tabcorp
“TIHK”	Tabcorp International Hong Kong Limited, a company incorporated in the British Virgin Islands and owned as to 67% by the Tabcorp Share Vendor and 33% by CLSL immediately before the Acquisition Completion
“TIHK Group”	TIHK and its subsidiaries
“TIHK Subsidiary”	泰科華彩科技(北京)有限公司 (Tabcorp LotSynergy Technology (Beijing) Co., Ltd.), a company established in the PRC which has been a wholly-owned subsidiary of TIHK during the time immediately before and after the Acquisition and the Disposal
“TIST”	Tabcorp International Services and Technology Pty Ltd, a company registered in Victoria, Australia, and a wholly-owned subsidiary of Tabcorp
“Transaction Documents”	the following: <ul style="list-style-type: none"> <li>(i) the shareholders agreement dated 8 June 2005 between the Tabcorp Share Vendor, TI, CLSL, TIHK, China LotSynergy and Tabcorp in relation to TIHK as amended by an amendment agreement between the same parties on 28 October 2005;</li> <li>(ii) the intellectual property agreement dated 28 October 2005 between TI and TIHK (“Tabcorp IP Agreement”);</li> <li>(iii) the services agreement dated 28 October 2005 between TIST and TIHK (“Tabcorp Services Agreement”);</li> </ul>

- (iv) the services agreement dated 28 October 2005 between CLSL and TIHK;
- (v) the letter dated 8 November 2006 sent for and on behalf of the Tabcorp Share Vendor, TI and TIST to CLSL regarding TI's obligation under the Tabcorp IP Agreement and the services provided by TIST to TIHK under the Tabcorp Services Agreement and the terms and conditions of which were agreed by CLSL and TIHK on 8 November 2006;
- (vi) the Tabcorp Promissory Note;
- (vii) the Old CLS Promissory Note; and
- (viii) the confidentiality agreement dated 12 June 2007 entered into between TI and CLSL

“Transitional Services Agreement”

the agreement entered into amongst Tabcorp, the Facilities Licensor, CLS Australia, TIHK and China LotSynergy in respect of the provision of services to CLS Australia on a transitional basis, on 19 December 2007

“VLT”

Video Lottery Terminal

“Warrantors”

the Tabcorp Share Vendor, the Assets Vendors, the IP Owners, Jupiters and Tabcorp

“A\$”

Australian dollars, the lawful currency of Australia

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“US\$”

United States dollars, the lawful currency of the United States of America

“%”

per cent.

By order of the Board of  
**China LotSynergy Holdings Limited**  
**Liao Yuang-whang**  
*Director*

Hong Kong, 20 December 2007



As at the date of this announcement, the Board of Directors of China LotSynergy comprises Mr. Chan Shing, Ms. Lau Ting, Mr. Hoong Cheong Thard, Mr. Wu Jingwei and Mr. Liao Yuang-whang as Executive Directors, Mr. Paulus Johannes Cornelis Aloysius Karsken 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.

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to China LotSynergy. 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*