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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)

**PROPOSED SUBDIVISION OF SHARES
AND
CHANGE OF BOARD LOT SIZE**

The Board proposes that each of the 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. The Share Subdivision will be subject to approval by the Shareholders at the SGM and the granting by the GEM Listing Committee of the listing of, and permission to deal in, the Subdivided Shares.

The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 4,000 Subdivided Shares.

The Board proposes to convene a SGM on 6 August 2007 to consider and, if thought fit, pass resolutions to approve the Share Subdivision.

A circular containing, among other things, details of the Share Subdivision, the change in board lot size, the trading arrangements in respect of the Subdivided Shares, the procedure for free exchange of Existing Share Certificates and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposes that each of the 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. The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 4,000 Subdivided Shares. No odd lots of Subdivided Shares will be resulted from the Share Subdivision and the change of the board lot size, other than those already existed before the Share Subdivision becoming effective.

Conditions of the Share Subdivision

The Share Subdivision is conditional, among other matters, upon:

- (a) the passing of an ordinary resolution by the Shareholders at the SGM for approving the Share Subdivision; and
- (b) the GEM Listing Committee granting the listing of, and permission to deal in, the Subdivided Shares.

Application will be made by the Company to the GEM Listing Committee for the granting of the listing of, and permission to deal in, the Subdivided Shares in issue and the Subdivided Shares to be issued under the Share Option Scheme and the convertible note upon the Share Subdivision becoming effective.

Reasons for the Share Subdivision

The Board believes that the Share Subdivision will improve the liquidity in trading of shares of the Company and thereby would attract more investors and broaden the Shareholders' base. Accordingly, the Board considers the Share Subdivision is in the best interests of the Company and the Shareholders as a whole.

Other than the expenses to be incurred in relation to the Share Subdivision, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders. The Subdivided Share will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in the relative rights of the Shareholders.

Share Capital of the Company

As at the date of this announcement, the authorised share capital of the Company is HK\$40,000,000 divided into 4,000,000,000 Shares with par value of HK\$0.01 each, of which 1,867,782,000 Shares are issued and fully paid and 2,132,218,000 Shares remain unissued. Assuming that no further Shares will be issued or repurchased after the date of this announcement, upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$40,000,000 divided into 16,000,000,000 Subdivided Shares with par value of HK\$0.0025 each, of which 7,471,128,000 Subdivided Shares will be issued and fully paid and 8,528,872,000 Subdivided Shares will remain unissued.

Adjustments to Share Options and Convertible Note

As at the date of this announcement,

- (a) there are outstanding options to subscribe for 78,980,000 Shares granted pursuant to the Share Option Scheme. The Share Subdivision may lead to adjustment to the exercise prices and the number of Subdivided Shares which may fall to be issued upon exercise of outstanding options and the limit on granting of options under the Share Option Scheme; and
- (b) there is an unsecured 8-year maturity zero coupon convertible note with a principal amount of HK\$550,000,000 issued at the initial conversion price of HK\$3.82 per Share (subject to adjustment) pursuant to the Subscription Agreement. The Share Subdivision may lead to adjustment to the conversion price and the number of Subdivided Shares which may fall to be issued upon conversion of convertible note.

Details of the above anticipated adjustments upon the Share Subdivision becoming effective will be disclosed in the circular to be issued by the Company, in relation to, among other things, the Share Subdivision.

Expected Timetable

The expected timetable for implementation of the Share Subdivision and the relevant trading arrangement are as follows:

2007

Circular relating to, among other things,
the Share Subdivision, the change of board lot size and
the notice of the SGM to be despatched on or before Friday, 20 July

Latest time for lodging forms of proxy for the SGM 10:00 a.m. on Saturday, 4 August

SGM 10:00 a.m. on Monday, 6 August

The following events are conditional upon the fulfillment of the conditions as set out in the section headed "Conditions of the Share Subdivision" above:

Publication on the GEM website of an announcement in relation to
the results of the SGM and the effectiveness of the Share Subdivision Tuesday, 7 August

Effective date of the Share Subdivision Tuesday, 7 August

Dealings in the Subdivided Shares commence 9:30 a.m. on Tuesday, 7 August

Original counter for trading in existing Shares in board
lots of 2,000 Shares temporarily closes 9:30 a.m. on Tuesday, 7 August

Temporary counter for trading in board lots of
8,000 Subdivided Shares (in the form of
Existing Share Certificates) opens 9:30 a.m. on Tuesday, 7 August

First day of free exchange of Existing Share Certificates
for New Share Certificates Tuesday, 7 August

Original counter for trading in Subdivided Shares in board
lots of 4,000 Subdivided Shares
(in the form of New Share Certificates) re-opens 9:30 a.m. on Tuesday, 21 August

Parallel trading in Subdivided Shares
(in the form of New Share Certificates and
Existing Share Certificates) commences 9:30 a.m. on Tuesday, 21 August

Parallel trading in Subdivided Shares

(in the form of New Share Certificates and the Existing Share Certificates) ends 4:00 p.m. on Tuesday, 11 September

Temporary counter for trading in board lots of

8,000 Subdivided Shares (in the form of Existing Share Certificates) closes 4:00 p.m. on Tuesday, 11 September

Last day for free exchange of Existing Share Certificates

for New Share Certificates Monday, 17 September

If the Share Subdivision becomes effective, the Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on 11 September 2007 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for 4 Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between 9:30 a.m. to 4:00 p.m. on 7 August 2007 and 17 September 2007 (both days inclusive); or on payment at a fee of HK\$2.50 per share certificate at any time after 4:00 p.m. on 17 September 2007. Shareholders are requested to submit their Existing Share Certificates to the Company's branch share registrars, Computershare Hong Kong Investor Services Limited of Shop Nos. 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. It is expected that the New Share Certificates will be available for collection within a period of 10 business days after submission of the Existing Share Certificates. The New Share Certificates will be issued in red colour in order to distinguish them from the Existing Share Certificates which are in green colour.

GENERAL

A circular containing, among other things, details of the Share Subdivision, the change in board lot size, the trading arrangements in respect of the Subdivided Shares, the procedure for free exchange of Existing Share Certificates and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of directors of the Company
“Company”	China LotSynergy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“Directors”	the directors of the Company
“Existing Share Certificates”	certificates of existing Shares

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the Stock Exchange with responsibility for GEM
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Share Certificates”	new certificates for the Subdivided Shares
“SGM”	the special general meeting of the Company to be held on 6 August 2007 to consider and, if thought fit, approve the Share Subdivision
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) or Subdivided Share(s) in issue
“Share Option Scheme”	the share option scheme adopted by the Company on 30 July 2002
“Share Subdivision”	the subdivision of every Share of HK\$0.01 each into four shares of HK\$0.0025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company upon completion of the Share Subdivision
“Subscription Agreement”	the agreement dated 1 May 2007 between the Company and International Game Technology in respect of, among other things, (i) the allotment and issue of the subscription shares and (ii) the issue of the convertible note by the Company to International Game Technology

By Order of the Board of
China LotSynergy Holdings Limited
Ng Man Fai, Matthew
Director

Hong Kong, 5 July 2007

As at the date of this announcement, the Board of Directors of the Company comprises Ms. Lau Ting, Mr. Sun Ho, Mr. Hoong Cheong Thard, Mr. Wang Taoguang, Mr. Chen Aizheng and Mr. Ng Man Fai, Matthew as 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 (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.

This announcement will remain on the “Latest Company Announcements” page of the website of the Growth Enterprise Market at www.hkgem.com for at least 7 days from the date of its posting.