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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)

EXERCISE OF SUBSCRIBER'S REDEMPTION RIGHT FOR CORICH AND UNUSUAL PRICE AND VOLUME MOVEMENTS

Exercise of the Subscriber's Redemption Right

On 4 April 2006, the Group completed the Subscription for 1,000,000 Corich Shares. Prior to the Subscription, Corich had in issue 1,000,000 Corich Shares and 1,000,000 Corich Preference Shares. The 1,000,000 Corich Preference Shares are redeemable and held by the Warrantors. As the management of the Group is satisfied with the performance of the Corich Group and is confident in the future development of the Corich Group's business, the Board has resolved that CLG will exercise on 28 April 2006 the Subscriber's Redemption Right to request Corich to redeem all (but not part) of the Corich Preference Shares in issue held by the Warrantors, where the Company will allot and issue the Consideration Shares to the Warrantors on a Pro Rata Basis. Upon the exercise of the Subscriber's Redemption Right, CLG will hold 50% of the total issued share capital of Corich, which will be accounted for as a subsidiary of the Group.

Unusual price and volume movements

The Board has noted the recent decrease in the trading price and increase in the trading volume of the Shares and wishes to state that, save for the exercise of the Subscriber's Redemption Right as disclosed herein and the proposed acquisition of interest in Octavian as announced by the Company on 11 January 2006, the Board is not aware of any reasons for such movements and confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Reference is made to the announcement of the Company dated 13 January 2006 and the circular of the Company dated 1 March 2006 (the "Circular"). Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Circular.

Background

On 13 January 2006, the Board announced the entering into of the Subscription Agreement whereby the Group conditionally agreed to subscribe for 1,000,000 Corich Shares for an aggregate consideration of HK\$980,000,000. The Consideration was agreed to be satisfied as to HK\$500 million by cash and as to HK\$480 million by the allotment and issue of 200,000,000 Consideration Shares. The Subscription constituted a major transaction for the Company under the GEM Listing Rules and was approved at the SGM held on 21 March 2006. Pursuant to the Subscription Agreement, CLG, a wholly-owned subsidiary of the Company, has the right within a period of three months from Completion to request Corich to redeem all (but not part) of the Corich Preference Shares held by the Warrantors. In the event that this right is exercised by CLG, Corich shall pay to the Warrantors HK\$500 million in cash, and instruct the Company to issue the Consideration Shares to the Warrantors, on a Pro Rata Basis.

Completion

Completion took place on 4 April 2006 and the final cash consideration of HK\$470 million was paid by CLG to Corich on the same day.

Exercise of the Subscriber's Redemption Right

As the management of the Group is satisfied with the performance of the Corich Group and is confident in the future development of the Corich Group's business, the Board has resolved that CLG will exercise on 28 April 2006 the Subscriber's Redemption Right to request Corich to redeem all (but not part) of the Corich Preference Shares in issue held by the Warrantors, where the Company will allot and issue the Consideration Shares to the Warrantors on a Pro Rata Basis.

Shareholding in the Company

Set out below is the shareholdings in the Company before and after the exercise of the Subscriber's Redemption Right:

Shareholders	Before the exercise of the Subscriber's Redemption Right		After the exercise of the Subscriber's Redemption Right	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Burwill	383,831,074	23.96	383,831,074	21.30
Mr. Chan	72,951,773	4.55	72,951,773	4.05
Mrs. Chan	51,288,803	3.20	51,288,803	2.84
Hang Sing	11,320,192	0.71	11,320,192	0.63
Strong Purpose	10,595,042	0.66	10,595,042	0.59
Sub-total	529,986,884	33.08	529,986,884	29.41
TPI (<i>Note</i>)	–	–	186,000,000	10.32
Win Key (<i>Note</i>)	–	–	14,000,000	0.78
Directors other than Mrs. Chan	5,956,000	0.37	5,956,000	0.33
Public Shareholders	1,066,009,116	66.55	1,066,009,116	59.16
Total	1,601,952,000	100.00	1,801,952,000	100.00

Note: Since each of Mr. Lim and Mr. Meng, being the sole shareholder and sole director of TPI and Win Key respectively, intends to remain as a director of Corich after the Subscriber's Redemption Right is exercised, the shareholdings of TPI and Win Key in the Company will not be counted for the purpose of public float of the Company.

Accounting treatment for Corich

After the exercise of the Subscriber's Redemption Right, the Group will be interested in 50% of the total issued share capital of Corich. Pursuant to the Subscription Agreement, so long as CLG is interested in 50% or more of the issued Corich Shares, CLG is entitled to appoint such number of directors to the board of directors of Corich whereby the total number of directors appointed by CLG will outnumber the number of remaining directors by one and therefore obtain control of the board of directors of Corich. The board of Corich currently comprises seven directors, where four of whom were appointed by CLG upon Completion on 4 April 2006. Accordingly, the Group's interest in Corich will be consolidated into the financial statements of the Group as a subsidiary hereafter.

Unusual price and volume movements

The following statement is made at the request of the Stock Exchange.

The Board has noted the recent decrease in the trading price and increase in the trading volume of the Shares and wishes to state that, save for the exercise of the Subscriber's Redemption Right as disclosed herein and the proposed acquisition of interest in Octavian as announced by the Company on 11 January 2006, the Board is not aware of any reasons for such movements and confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

General

As at the date of this announcement, the Board comprises Ms. Lau Ting, Mr. Sun Ho, Mr. Chen Aizheng and Mr. Ng Man Fai, Matthew as Executive Directors and Mr. Huang Shenglan and Mr. Li Xiaojun as Independent Non-Executive Directors.

By Order of the Board
China LotSynergy Holdings Limited
Ng Lai Ping, Grace
Company Secretary

Hong Kong, 25 April 2006

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (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.

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