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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 REDUCTION OF SHARE PREMIUM**

The Board intends to make a proposal to the Shareholders for a reduction of the share premium account of the Company pursuant to the Companies Act 1981 of Bermuda (as amended).

The Share Premium Reduction will be conditional upon, among other matters, the approval by the Shareholders at the AGM.

A circular containing, among other matters, details of the Share Premium Reduction, together with a notice of the AGM and the related proxy form, will be sent to the Shareholders as soon as practicable.

### **PROPOSED SHARE PREMIUM REDUCTION**

The board of directors (the "Board") of China LotSynergy Holdings Limited (the "Company") hereby announces that the Board intends to make a proposal to the shareholders of the Company (the "Shareholders") at the forthcoming 2011 annual general meeting of the Company (the "AGM") for a reduction of the share premium account of the Company pursuant to section 46 of the Companies Act 1981 of Bermuda (as amended). As at 31 December 2010, based on the audited financial statements of the Company, the amount of the share premium account of the Company was approximately HK\$1,546,166,000 and the amount of accumulated losses was approximately HK\$813,537,000. It is proposed that the share premium account of the Company be reduced by an amount of approximately HK\$813,537,000 ("Share Premium Reduction") from approximately HK\$1,546,166,000 to approximately HK\$732,629,000 and that this sum be applied to eliminate the accumulated losses of the Company of approximately HK\$813,537,000 as at 31 December 2010.

### **REASONS FOR SHARE PREMIUM REDUCTION**

The Board considers that the elimination of the accumulated losses of the Company in full will afford the Company more flexibility to declare dividends to its Shareholders at the earliest opportunity in the future as and when the Board considers appropriate.

### **EFFECTS OF SHARE PREMIUM REDUCTION**

Implementation of the Share Premium Reduction will not, of itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole, other than related expenses incurred which are immaterial.

## CONDITIONS OF SHARE PREMIUM REDUCTION

The Share Premium Reduction is conditional on:

- (i) the passing of a special resolution approving the Share Premium Reduction by the Shareholders at the AGM; and
- (ii) the proper compliance with the requirements of section 46(2) of the Companies Act 1981 of Bermuda (as amended), including (a) the publication of a notice in relation to the Share Premium Reduction in an designated newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Share Premium Reduction is to take effect, and (b) the Directors having satisfied that on the date the Share Premium Reduction takes effect, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction will be, unable to pay its liabilities as they become due.

Assuming that the above conditions are fulfilled, the Share Premium Reduction is expected to become effective on the day of the AGM, on which the relevant special resolution approving the Share Premium Reduction is passed by the Shareholders.

## GENERAL

A circular containing, among other matters, details of the Share Premium Reduction, together with a notice of the AGM and the related proxy form, will be sent to the Shareholders as soon as practicable.

By order of the Board  
**China LotSynergy Holdings Limited**  
**LAU Ting**  
*Chairperson*

Hong Kong, 18 March 2011

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

As at the date of this announcement, the Board comprises Ms. Lau Ting, Mr. Chan Shing, Mr. Wu Jingwei and Mr. Liao Yuang-whang as Executive Directors; Mr. Hoong Cheong Thard as a Non-executive Director; and Mr. Huang Shenglan, Mr. Chan Ming Fai and Mr. Cui Shuming as Independent Non-executive Directors.

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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

\* For identification purposes only