

[For Immediate Release]



Integrate Excellence

**China LotSynergy Reports Net Profit From Core Businesses
Increased Approximately 59 Times To HKD 66 Million**

Turnover Exceeded HKD 528 Million

Video lottery recorded growth of over 80%

Continued to expand its presence in all parts of the lottery chain in China

<u>Financial Highlights</u>	For the 12 months ended 31 December (HK\$'000)		
	2011	2010	Change
Turnover	528,136	282,577	+87%
Gross Profit	431,676	220,340	+96%
Profit to Equity Holders	66,485	*1,100	+59 times

*Profit to equity holders in 2010 was HKD152 million, taking out the net gain on early redemption of the convertible note, would be HKD1.1 million.

(Hong Kong, 16 March 2012) – China LotSynergy Holdings Limited (HKEx: 8161) (“China LotSynergy” or “the Group”) yesterday announced its audited annual results for 12 months ended 31 December 2011 (“the Period”). During the Period, the Group recorded a turnover of approximately HKD 528 million (2010: HKD 282,577,000), representing a year-on-year growth of 87%. Profit to equity holders derived from core businesses was approximately HKD 66 million, up approximately 59 times from 2010 (after taking out the extraordinary gain on early redemption of convertible note).

The spokesperson of China LotSynergy Limited stated: “We are glad to deliver satisfactory results in our businesses in 2011. The Implementation Details of the Regulations on the Administration of Lottery, taking effect from March 2012, will allow the lottery market to continue to have a healthy, steady and rapid development with more regulated supervision. As a dedicated, reliable and advanced lottery solutions provider, China LotSynergy will leverage on its excellent business planning and strong technological capabilities to stand out from its competitors and commit to deliver outstanding returns to our shareholders in the long run.”

Video lottery (VLT) business recorded growth of over 80%

The Group is the exclusive equipment provider for VLT, the only video lottery in China and the fastest growing lottery in the market. VLT generated sales of over RMB 17 billion in 2011, representing a year-on-year growth of 82.8%, far exceeding the 33% growth of China lottery market as a whole. The VLT sales contributed over 13% of the total sales of welfare lottery in 2011. During the year, the Group successfully developed the third-generation terminal, a new generation terminal which comes with dual screens and supports more fun games. The third-generation terminals deployed in Hebei Province and Tianjin have produced impressive performance.

The Group expects to roll out 15,000 units of third generation terminals nationwide in 2012. Some will be deployed to new venues while the rest will replace certain first-generation terminals. The Group anticipates VLT will maintain its fast growing momentum in 2012.

Guangdong province remained number 1 welfare lottery province with CTG sales exceeded RMB 10 billion

In 2011, total sales of the country's computer terminal games (CTG) reached RMB90.7 billion, representing a 24% increase year-on-year. The Group is the exclusive terminal provider to Guangdong province, which remained the top performing welfare lottery province with RMB10.1 billion sales, outperforming other provinces.

In 2012, the Group will work with Guangdong Welfare Lottery Centre on rolling out additional CTG betting terminals to help expand the province's presence in the country's CTG market. Meanwhile the Group continued to provide terminal maintenance services to Shenzhen Welfare Lottery Centre. The Group maintains its competitive advantage in providing terminals and component products to domestic customers and expands to overseas market such as Vietnam and Russia. As contracts for CTG system and terminal supply under Welfare Lottery in several provinces will become due in 2012, the Group will strive to compete for such contracts by leveraging on its experience in Guangdong province and in CTG system and terminal integration. Furthermore, the Group is planning to expand into Sports Lottery market by actively participating in the bidding of China Sports Lottery Administration Centre to provide terminal and services.

High frequency lottery business (KENO) recorded 37% year-on-year growth

During the Period, sales of KENO increased 37% year-on-year. Hebei province and Liaoning province remained the best performers with average daily sales per terminal ("ADSPT") in excess of RMB 2,200 which is the best ADSPT among all traditional computer ticket games including high frequency lottery games in the country. As KENO is the only nationwide high frequency lottery game in Welfare Lottery and an incremental lottery product in the market, the Group expects the business will have breakthrough and grow rapidly nationwide in 2012 once there a higher payout ratio is approved followed by more terminals to roll out.

The Group continues to develop new media lottery; new-type lottery will become another main growth engine for lottery market in China

In 2011, the sales of the Group's telephone lottery business increased substantially compared with the previous year. The Group has been in cooperation with a number of provincial lottery authorities in this business. With authorizations from several provincial lottery authorities, the Group has partnered closely with all three telecom operators in the country as well as financial institutions in promoting the business. Committed to becoming a major participant in the telephone lottery and internet service business in China, the Group has consistently improved its business structure by making necessary acquisitions in related business operations in addition the above efforts. A new version of the Group's telephone lottery client-end product was launched in the third quarter of 2011, the first of its kind supporting high definition screen ever introduced in China.

Taking advantage of its experience in the sector backed by technological strength and innovations, the Group has developed the new-type lottery business on new media channels including the mobile, internet and video platform. This encompasses new electronic lottery, interactive lottery game and mobile lottery game and etc.

The Group has developed an all-in solution in support of multiple sales channels and different types of lottery games, and promoted to lottery authorities at various levels and was highly regarded. The Group has entered into exclusive cooperation agreements or reached intent on cooperation with several major provincial lottery authorities. It is expected the new-type lottery will become a main growth driver for the lottery industry in China. It is a new market with tremendous potential given the huge target customer base in China (with over 900 million mobile phone users and 510 million Internet users respectively in China).

The Company spokesperson concluded: “The Implementation Details of the Regulations on the Administration of Lottery will enhance the supervision and management of the lottery market, contributing to the healthy and steady development of the industry as a whole. With well-planned business strategy, strong technological capabilities and established ties with its customers, the Group the Group will endeavor to develop its new business while strengthening its mature businesses.”