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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China LotSynergy Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.



China LotSynergy Holdings Limited

華彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8161)

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME,
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of China LotSynergy Holdings Limited to be held at Oasis Room, 8/F., Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 18 May 2012 is set out on pages 22 to 26 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of China LotSynergy Holdings Limited at Unit 3308, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting.

* For identification purposes only

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Oasis Room, 8/F., Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Friday, 18 May 2012 at 10:00 a.m.
“associates”	shall have the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Bye-laws”	the Bye-laws of the Company as amended, supplemented or modified from time to time
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“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
“Eligible Participant”	any employee (whether full time or part time), senior executive, manager, director (including executive, non-executive and independent non-executive director), officer, buying agent, selling agent, consultant, sales representative or marketing representative of, or supplier or provider of goods or services to the Company, any of its affiliates or any Invested Entity, or their respective controlled entities, chief executives, or substantial shareholders, or any person who satisfies the criteria set out in the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 30 July 2002
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Grantee(s)”	any Eligible Participant(s) who accept(s) the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) any person(s) entitled under the New Share Option Scheme to exercise any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“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

DEFINITIONS

“Invested Entity”	any entity in which any member of the Group holds an equity interest;
“Latest Practicable Date”	23 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New Repurchase Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to permit the repurchase of Shares of up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“New Share Option Scheme”	the new share option scheme proposed to be conditionally approved and adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix III of this circular
“Notice of AGM”	the notice to convene the Annual General Meeting dated 30 March 2012
“Option(s)”	a right granted to subscribe for Shares pursuant to New Share Option Scheme
“RMB”	Renminbi, the lawful currency of the China. For the purpose of this circular, an exchange rate of RMB0.81 to HK\$1 has been adopted for illustrative purpose only
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.0025 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company
“Share Issue Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to permit the allotment and issue of new Shares or other securities in the Company of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“Shareholders”	registered holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of Section 2 of the Companies Ordinance or Section 86 of the Companies Act) of the Company whether incorporated in Hong Kong, Bermuda or elsewhere;
“Takeover Code”	The Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



China LotSynergy Holdings Limited

華彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8161)

Executive Directors:

LAU Ting (*Chairperson and Chief Executive Officer*)

WU Jingwei (*Co-Chief Executive Officer*)

CHAN Tan Na, Donna (*Chief Financial Officer*)

LI Zi Kui

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Non-Executive Directors:

HOONG Cheong Thard

Independent Non-Executive Directors:

HUANG Shenglan

CHAN Ming Fai

CUI Shuming

*Head office and principal place
of business:*

Unit 3308, Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

30 March 2012

*To the Shareholders and, for information only,
holder of convertible note and options of the Company*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the information on the resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of Directors; (ii) the grant of the New Repurchase Mandate to the Directors; (iii) the grant of the Share Issue Mandate to the Directors; and (iv) the adoption of the New Share Option Scheme.

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LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with bye-law 99 of the Bye-laws, Mr. WU Jingwei, Mr. HOONG Cheong Thard and Mr. HUANG Shenglan shall retire from office by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Code A.4.3 of the Principles of Good Governance, Code Provisions and Recommended Best Practices serving more than nine years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

Mr. HUANG Shenglan was appointed as Independent Non-executive Director for more than nine years since 1 October 2002. The Company has received from Mr. HUANG a confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Mr. HUANG has not engaged in any daily operational or management role of the Group. Taking into consideration of Mr. HUANG's independent scope of works in the past years and his extensive experience, the Board considers Mr. HUANG to be independent under the GEM Listing Rules and should be re-elected despite the fact that he has served the Company for more than nine years. Accordingly, Mr. HUANG shall be subject to retirement rotation and re-election by way of a separate resolution to be approved by the Shareholders in the Annual General Meeting.

In accordance with bye-law 102(B) of the Bye-laws, Ms. CHAN Tan Na, Donna and Mr. LI Zi Kui shall retire from office by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

A brief biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the annual general meeting of the Company held on 26 May 2011, resolutions were passed giving general mandates to the Directors (i) to exercise the powers of the Company to repurchase Shares of the Company on the Stock Exchange or other recognised stock exchanges up to 10% of the issued share capital of the Company as at 26 May 2011, and (ii) to allot, issue and deal with additional Shares of the Company up to a limit equal to the aggregate of (a) 20% of the issued share capital of the Company as at 26 May 2011 and (b) the aggregate nominal amount of any Shares repurchased by the Company pursuant to the general mandate as described in paragraph (i) above. These general mandates will lapse at the conclusion of the Annual General Meeting of the Company.

The Directors wish to seek your approval of the resolutions as set out in Ordinary Resolutions (7) to (9) to be proposed at the Annual General Meeting to renew these general mandates to the Directors to repurchase Shares and to issue additional Shares subject to the limitations and conditions of the GEM Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 7,411,964,000 Shares. Subject to the passing of the proposed resolution for the Share Issue Mandate and on the basis that there will be no variation in the number of issued Shares prior to the date of the Annual General Meeting, the Directors would be allowed to issue additional Shares up to a maximum of 1,482,392,800 Shares.

An explanatory statement as required by the GEM Listing Rules to provide you with the requisite information on the proposed general mandate to repurchase Shares is set out in Appendix II to this circular.

ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Shareholders on 30 July 2002. The Existing Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption and shall expire on 29 July 2012 accordingly.

Under the terms of the Existing Share Option Scheme, the Company may at any time terminate the operation of the Existing Share Option Scheme by ordinary resolution in general meeting. It is proposed by the Directors that at the Annual General Meeting, an ordinary resolution will be proposed for the Company to terminate the operation of the Existing Share Option Scheme (such that no further Options could thereafter be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect and all options granted prior to such termination and not exercised at the date of termination shall remain valid) and to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the Annual General Meeting subject to the Stock Exchange granting approval for the listing of and dealing in the Shares fall to be allotted and issued upon the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

As at the Latest Practicable Date, there were options for a total of 1,151,600,000 Shares granted under the Existing Share Option Scheme, of which options for 145,600,000 Shares were exercised and options for 701,700,000 Shares remain outstanding. The Board has no present intention to grant further option under the Existing Share Option Scheme up to the date of Annual General Meeting.

The Board proposes to recommend to the Shareholders to approve the New Share Option Scheme so that Options may be granted to the Eligible Participants pursuant to the terms thereof. A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting to approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and to authorize the Board to grant the Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Share Options Scheme;
- (ii) the GEM Listing Committee of the Stock Exchange granting approval to the listing of and permission to deal in such number of Shares to be issued by the Company pursuant to the exercise of Options which may be granted under the New Share Option Scheme; and

LETTER FROM THE BOARD

- (iii) the Bermuda Monetary Authority granting consent in respect of the issue of Options under the New Share Option Scheme (if required).

No Director is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee of the New Share Option Scheme, if any.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participant to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. The Board considers that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

The Board considers that it is inappropriate to state the value of the Options as if they had been granted on the Latest Practicable Date given that a number of variables which are necessary for the calculation of the value of the Options cannot be ascertained at this stage. Such variables include the exercise price, exercise period, interest rate and other relevant variables. The Board believes that any calculation of such value of the Options on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would instead be misleading the Shareholders.

As at the Latest Practicable Date, there were an aggregate of 7,411,964,000 Shares in issue. Assuming no Shares will be issued or repurchased within the period from the Latest Practicable Date to the date of the Annual General Meeting on which the New Share Option Scheme is expected to be conditionally approved and adopted by the Shareholders, the maximum number of Shares that can be issued upon exercise of the Options that may be granted under the New Share Option Scheme and any other scheme(s) is 741,196,400 Shares, representing 10% of the Shares in issue.

An application will be made to the Stock Exchange of the listing and permission to deal in the Shares that may be issued pursuant to the exercise of Options that may be granted under the New Share Option Scheme.

As at the Latest Practicable Date, no Shareholder has a material interest in the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

A copy of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit 3308, 33/F, Office Tower, Convention Plaza 1 Harbour Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

LETTER FROM THE BOARD

NOTICE OF ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is set out on pages 22 to 26 in Appendix IV to this circular and a form of proxy for the Annual General Meeting is enclosed. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at Unit 3308, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof (as the case may be) should you so wish.

VOTING BY POLL

Under Rule 17.47(4) of the GEM Listing Rules, vote(s) of shareholders at general meeting(s) must be taken by poll. As such, poll shall be demanded for all resolutions put to vote at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular, 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 the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

RECOMMENDATION

The Directors consider that (i) the re-election of Directors; (ii) the grant of the New Repurchase Mandate to the Directors; (iii) the grant of the Share Issue Mandate to the Directors; and (iv) the adoption of the new share option scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully
For and on behalf of the Board
China LotSynergy Holdings Limited
LAU Ting
Chairperson

To enable the Shareholders to make an informed decision on the re-election of the retiring Directors, we set out below the biographical details of the retiring Directors for Shareholders' information.

Mr. WU Jingwei, aged 40, is an Executive Director and the Co-Chief Executive Officer of the Company. The main role of Mr. Wu is to assist the Chief Executive Officer in implementation of the Group's overall strategies for development. He is responsible for the marketing and the operation management of the Group. Mr. Wu has over fifteen years of experience in information technology. Prior to joining the Group in July 2007, Mr. Wu had held senior management positions in PKU Founder Group and Hisense Group. Mr. Wu holds a bachelor's degree in Mechanical Engineering from Beijing Technology and Business University. Mr. Wu did not hold any directorships in any other listed public companies in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Wu has a personal interest of 20,000,000 Shares of the Company within the meaning of Part XV of the SFO. Mr. Wu is also interested in options to subscribe for 26,500,000 Shares. Mr. Wu does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company. Mr. Wu has entered into a service agreement with the Company with no specified term of office after he has finished an initial term of three years. Mr. Wu is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Mr. Wu is currently entitled to an annual emolument of HK\$4,739,280 under his service contract with the Company. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors of the Company are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.

Mr. HOONG Cheong Thard, aged 43, currently is a Non-Executive Director and the Consultant of the Company. Mr. Hoong joined the Group in September 2006 and had been an Executive Director and the Chief Executive Officer of the Company until September 2008. Mr. Hoong has over ten years of experience in investment banking and has extensive experience in international capital markets and mergers and acquisitions. Mr. Hoong was a Director in Equity Capital Markets at Deutsche Bank responsible for Greater China. He was also previously an Executive Director in Equity Capital Markets at UBS and has held senior positions in Corporate Finance at Barclays Group and a major international accounting firm where he was involved in auditing. Mr. Hoong is currently the Managing Director of Far East Consortium International Limited, a company listed in Hong Kong, and the Director and President of Tokai Kanko Co. Limited, a company listed in Tokyo, Japan. Mr. Hoong is also a non-executive director of Kosmopolito Hotels International Limited, a company listed in Hong Kong and a non-executive director of Land General Berhad, a company listed in Malaysia. He is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London. Saved as disclosed above, Mr. Hoong did not hold any directorships in other listed public companies in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Hoong was interested in options to subscribe for 55,200,000 Shares of the Company within the meaning of Part XV of the SFO. Mr. Hoong does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company. Mr. Hoong has entered into a service contract with the Company with no

specified term of office after he has finished an initial term of three years. Mr. Hoong is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Mr. Hoong is currently entitled to an annual emolument of HK\$520,000 under his service contract with the Company. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors of the Company are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.

Mr. HUANG Shenglan, aged 60, joined the Group in October 2002 and is an Independent Non-Executive Director. Mr. Huang was an executive director and the deputy governor of China Everbright Bank, Head Office and was an executive director and the general manager of China Everbright Technology Limited. Mr. Huang holds a diploma in Arts from Huazhong Normal University and in International Economics from Huadong Normal University and a certificate in International Economic Law from Xiamen University and in Advanced Management Programme from the Business School of Harvard University, USA. Mr. Huang is also an independent non-executive director of two Hong Kong Listed companies, namely Burwill Holdings Limited and Symphony Holdings Limited and an independent director of a Shanghai listed company, namely Chongqing Road & Bridge Co. Limited. Save as disclosed above, Mr. Huang did not hold any directorships in any other listed public companies in the past 3 years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Hung has a personal interest of 4,000,000 Shares of the Company, within the meaning of Part XV of the SFO. Mr. Huang is also interested in an option to subscribe for 2,000,000 Shares. Mr. Huang does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company. There is no service contract between Mr. Huang and the Company but Mr. Huang is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Huang shall be entitled to a Director fee of HK\$438,840 per annum which will be reviewed on annual basis with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions. Mr. HUANG is the chairperson of the audit committee and remuneration committee and a member of the nomination committee of the Company. Save as disclosed above, he does not hold any position with the Group.

Ms. CHAN Tan Na, Donna, aged 31, joined the Group in February 2012 and is an Executive Director and Chief Financial Officer. Ms. Chan is responsible for the management of several departments of the Group including finance, investor relations and company secretarial. She holds a Bachelor degree in Economics and Finance from the University of Hong Kong and a Master degree in Economics from Boston University, USA. She is a qualified Chartered Financial Analyst (CFA) and holds licenses in relation to asset management from the Hong Kong Securities Institute. From 2005 to early 2012, Ms. Chan held positions at Deutsche Bank's Corporate Finance department and Atlantis Investment Management (Hong Kong) Limited, where she was involved in several initial public offerings, share placements, mergers and acquisitions, and bond issuances. Her experiences span across different sectors including technology, media, telecommunication, real estate, natural resources and consumer goods. In her capacity as a fund manager, she was in charge of equity investments in listed and unlisted companies in the Greater China region. She has also worked with a diverse portfolio of

clients from Europe and the USA including sovereign wealth funds, mutual funds, endowment funds as well as other institutional investors. Ms. Chan did not hold any directorships in any other listed public companies in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Ms. Chan is not interested in any Shares of the Company within the meaning of Part XV of the SFO. Save as Ms. Chan is the daughter of Ms. LAU Ting, Ms. Chan does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company. Ms. Chan has entered into a service agreement with the Company with no specified term of office after an initial term of three years. Ms. Chan is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Ms. Chan is currently entitled to an annual emolument of HK\$2,255,000 (including a portion paid in RMB) under her service contract with the Company. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors of the Company are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.

Mr. LI Zi Kui, aged 48, is an Executive Director, Vice President and General Manager of the Group's CTG Business Unit. Mr. Li joined the Group in 2011. Mr. Li has over twenty-five years of solid management experience in the information technology sector. For near twenty years, he had been engaged in the China Welfare lottery space as a chief engineer with technical management responsibility, gaining extensive experience with proven track record in various lottery segments including computer ticket game, video lottery and instant lottery. Mr. Li holds a bachelor's degree in computer science and engineering from The PLA Information Engineering University and an EMBA from Beijing Institute of Technology and holds a senior engineer qualification. Mr. Li did not hold any directorships in any other listed public companies in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Li has a personal interest of 6,500,000 Shares of the Company within the meaning of Part XV of the SFO. Mr. Li is also interested in options to subscribe for 10,000,000 Shares. Mr. Li does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company. Mr. Li has entered into a service agreement with the Company with no specified term of office after an initial term of three years. Mr. Li is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Mr. Li is currently entitled to an annual emolument of HK\$1,520,988 (including a portion paid in RMB) under his service contract with the Company. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors of the Company are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.

Save as disclosed above, there is no other information which is discloseable nor are/were the above retiring Executive Directors/Non-Executive Directors/Independent Non-Executive Directors involved in any matters required to be disclosed pursuant to the requirements under Rule 17.50(2)(h) to Rule 17.50(2)(v) of the GEM Listing Rules. There is no other matters that need to be brought to the attention of the Shareholders in relation to the re-election of the above retiring Directors.

This Appendix serves as the explanatory statement required by the GEM Listing Rules to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the New Repurchase Mandate.

THE REPURCHASE PROPOSAL

The New Repurchase Mandate will authorise the Directors to repurchase on the Stock Exchange, or on another exchange recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Hong Kong Code on Share Repurchases, Shares of the Company up to a maximum of 10% of the issued share capital of the Company as at the date on which the resolution approving the New Repurchase Mandate is passed.

Based on the 7,411,964,000 Shares in issue as at the Latest Practicable Date, the Company would be allowed under the New Repurchase Mandate to repurchase a maximum of 741,196,400 Shares on the basis that there will be no variation in the number of issued Shares prior to the date of the Annual General Meeting.

The authority conferred on the Directors by the New Repurchase Mandate would continue in force until: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by law; or (iii) the variation or revocation of the New Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

REASONS FOR REPURCHASES

The Directors consider that it is in the best interests of the Company and its Shareholders to have the New Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share and/or dividend per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

SOURCE OF FUNDS

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. Pursuant to the Companies Act, any Share repurchased under the New Repurchase Mandate would be purchased out of the capital paid up on the repurchased Shares, the funds of the Company which would otherwise be available for dividend or distribution, the proceeds of a fresh issue of Shares made for the purpose of the repurchase. The premium, if any, payable on the repurchase will be provided out of the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company before the shares are repurchased.

EFFECT ON WORKING CAPITAL

The Directors consider that there might be an adverse impact on the working capital or the gearing position of the Company as compared with the position disclosed in the audited financial statements as at 31 December 2011 in the event that the New Repurchase Mandate is exercised in full. However, the

Directors do not propose to exercise the New Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, have any present intention to sell Shares to the Company under the New Repurchase Mandate in the event that the New Repurchase Mandate is approved by the Shareholders.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the New Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Bermuda.

TAKEOVER CODE

If as a result of a Share repurchased by the Company such that a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase in his/their shareholding interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, the aggregate interest of Ms. Lau Ting and Mr. Chan Shing (the spouse of Ms. Lau Ting), through their personal interests of 8.76%, corporate interests of 11.71%, in the Shares of the Company were approximately 20.47% of the Company's issued share capital. In the event that the Directors exercised in full the power to repurchase Shares which is proposed to be granted pursuant to the New Repurchase Mandate, the aggregate interests held by Ms. Lau Ting and Mr. Chan Shing would be increased to approximately 22.74% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeover Code as a consequences of any repurchase made under the New Repurchase Mandate.

SHARE PURCHASES MADE BY THE COMPANY

The Company had not purchased any Shares on the GEM during the six months preceding the Latest Practicable Date.

CONNECTED PERSONS

The Company has not been notified by any connected persons (as defined in the GEM Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the New Repurchase Mandate is approved by the Shareholders.

MARKET PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve calendar months preceding the Latest Practicable Date were as follows:

	Share Price	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
March 2011	0.310	0.260
April 2011	0.285	0.208
May 2011	0.280	0.175
June 2011	0.245	0.208
July 2011	0.232	0.196
August 2011	0.208	0.125
September 2011	0.146	0.095
October 2011	0.145	0.090
November 2011	0.123	0.094
December 2011	0.131	0.095
January 2012	0.140	0.113
February 2012	0.152	0.122
March 2012 (up to the Latest Practicable Date)	0.135	0.110

The following is a summary of the principal terms of the New Share Option Scheme.

In this Appendix, “Shares” shall mean ordinary shares of HK\$0.0025 each in the capital of the Company (or of such other nominal amount as shall result from sub-division, consolidation or reduction of the share capital of the Company from time to time).

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to provide incentives to Eligible Participants to contribute to the Group or Invested Entities and to enable the Group and its Invested Entities to recruit high-calibre employees and attract resources that are valuable to the Group or Invested Entities.

(b) Who may join

The Board may grant (subject to acceptance by the Grantee in accordance with the terms of the New Share Option Scheme) to any Eligible Participant who, the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his performance and/or years of service, or is regarded as valuable resources of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the price determined in accordance with paragraph (c) below provided that no such grants shall be made except to such number of Eligible Participants and in such circumstances that the Company will not be required under the applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof; and will not result in the breach by the Company or its Directors of any applicable securities laws and regulations or in any filing or other requirements arising.

(c) Subscription price and acceptance period

The subscription price for the Shares under the New Share Option Scheme shall be a price determined by the Board and notified to an Eligible Participant at the time the grant of the Option(s) (subject to any adjustments made pursuant to paragraph (n) is made to (and subject to acceptance by) the Eligible Participant and shall be at least the highest of: (1) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date of grant (subject to acceptance) of the Option, which must be a business day; (2) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date; of grant (subject to acceptance) of the Option and (c) the nominal value of the Shares.

The Eligible Participant must accept any such offer notified to him or her within 28 days from the date of offer, failing which it shall be deemed to have been rejected. Upon acceptance of the offer, the Grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(d) Maximum number of Shares subject to the New Share Option Scheme

The limit on the total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company and/or any Subsidiary, must not exceed 30 per cent. (30%) of the number of issued Shares from time to time. No Options may be granted if such grant will result in the said 30-per cent. limit being exceeded. Options lapsed or cancelled in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the said 30-per cent. limit.

In addition, subject as provided below in this paragraph (d), the total number of Shares which may be issued upon exercise of all Options to be granted, together with all options to be granted under any other share option scheme(s) of the Company and/or any Subsidiary, must not in aggregate represent more than 10 per cent. (10%) of the nominal amount of all the issued Shares as at the date of approval of the New Share Option Scheme by the Shareholders of the Company (the "10% Limit"). Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the 10% Limit. The Company may seek approval by its Shareholders in general meeting for "refreshing" the 10 per cent. limit under the Scheme in accordance with the provisions of the relevant Listing Rules, provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary must not exceed 10 per cent. (10%) of the number of issued Shares as at the date of approval of the refresher mandate by the Shareholders (the "Refreshed Limit"). Options previously granted to (and subject to acceptance by) an Eligible Participant under the New Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary (including those outstanding, cancelled or lapsed in accordance with the New Share Option Scheme or such other scheme(s) of the Company and/or any Subsidiary and those that have been exercised) shall not be counted for the purpose of calculating the Refreshed Limit.

The Company may also seek separate approval by the Shareholders in general meeting for granting options beyond the 10% Limit under the New Share Option Scheme to specifically identified Eligible Participants in accordance with the provisions of the relevant Listing Rules (which include the issue of circular containing information prescribed by the relevant Listing Rules). Accordingly, if the prior approval of the Shareholders of the Company in general meeting is obtained in accordance with the relevant procedural requirements of the relevant Listing Rules, the Board may grant Options to such Eligible Participants in respect of such number of Shares and on such terms as may be specified in the said shareholders' approvals.

If any grant of Options is proposed to be made to an Eligible Participant which, if accepted and exercised in full, would result in the Shares issued and which may fall to be issued upon the exercise of such options proposed to be granted and all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other share option scheme(s) of the Company and/or any Subsidiary in the 12-month period immediately preceding the proposed date of grant of such Options would exceed

one per cent. (1%) of the number of Shares in issue as at the proposed date of grant, then such grant of Options must first be approved by the Shareholders of the Company, at which meetings such Eligible Participant and his associates shall abstain from voting on the relevant resolution.

(e) Maximum entitlement of each Grantee who is a connected person

Where any grant of Options is proposed to be made to an Eligible Participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant must first be approved by the independent non-executive directors of the Company, in each case excluding any independent non-executive director who is the proposed Grantee of such Options:

Where any grant of Options is proposed to be made to an Eligible Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the Shares issued and which may fall to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the proposed date of grant (subject to acceptance) for such Options: (a) representing in aggregate over 0.1 per cent. (0.1%) of the number of Shares then in issue; and (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such Options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of \$5 million, then such grant of Options must first be approved by the Shareholders of the Company in general meeting, at which meetings all the connected persons of the Company shall abstain from voting on the relevant resolution, except that any such connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the relevant circular required to be issued pursuant to the relevant Listing Rules. Any vote taken at the meetings to approve the proposed grant of such Options must be taken on a poll. In addition, where any change is proposed to be made in the terms of Options granted to an Eligible Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, such proposed change must first be approved by the Shareholders of the Company in general meeting on a similar basis (as to abstention and voting by poll) as stated above.

(f) Exercise of Option

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period of not exceeding of 10 years to be notified by the Board to the Grantee, such period to commence on the date of grant or such later date as the Board may determine and expiring on the last day of the said period. Under the New Share Option Scheme, the Board may, at its discretion, prescribe a minimum period for which an option must be hold before it can be exercised.

The right to exercise an Option is not subject to or conditional upon the achievement of any performance target.

(g) Non-transferability

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option, or any part thereof, in favour of such Grantee.

(h) Rights on ceasing to be an Eligible Participant

In the event of the Grantee ceasing to be an Eligible Participant for any reason, other than his death or the termination of his employment, engagement, office, agency, consultancy, representation or relationship or cessation of his directorship on one or more of the grounds specified in the New Share Option Scheme (and summarized in sub-paragraph (v) of paragraph (m) below), then, if the option period has not at the date of such cessation commenced, the Option shall lapse; and if the option period has commenced, the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent not already exercised) from the date of such cessation until whichever is the earlier of the date of expiry of the option period or the last day of the period of 3 months (or such longer or shorter period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment, directorship, engagement, office, agency, consultancy, representation or relationship with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable), and the Board's decision in that regard shall be conclusive.

(i) Rights on death

In the event of the Grantee dies before exercising the Option and none of the events which would be a ground for termination of his employment, engagement, office, agency, consultancy, representation or relationship or cessation of his directorship specified in the New Share Option Scheme (and summarized in sub-paragraph (v) of paragraph (m) below) has occurred, the legal personal representative(s) of the Grantee shall be entitled after commencement of the option period until whichever is the earlier of the date of expiry of the option period or the last day of the period of 12 months from the date of death (or such longer or shorter period as the Board may determine) to exercise (to the extent not already exercised) in full or to the extent specified in the notice to exercise such Option;

(j) Rights on winding-up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representative(s)) shall, even if the option period has not yet commenced, be entitled to exercise all or any of his Options at any time not later than two business days immediately prior to the record date for ascertaining entitlements to attend and vote at the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in

any event, no later than the record date for ascertaining entitlements to attend and vote at the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(k) Rights on takeover

If a general offer to acquire Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall, even though the option period has not yet commenced, be entitled to exercise the Option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the option period or the last day of the period of 14 days after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse.

(l) Rights on compromise or arrangement with members or creditors

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its members or creditors to convene a meeting for the purposes of considering, and if thought fit, approving such a compromise or arrangement, the Company shall on the same date as or soon after it despatches such notice to each member or creditor of the Company give notice thereof to all Grantees, and thereupon, each Grantee (or his legal personal representative(s)) shall, even if the option period has not yet commenced, be entitled to exercise all or any of his Options at any time not later than two business days immediately prior to the record date for ascertaining entitlements to attend and vote at the proposed meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the record date for ascertaining entitlements to attend and vote at the proposed meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(m) Lapse of Option

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the other periods referred to in paragraph (h), (i), or (k);
- (iii) subject to paragraph (j), the earliest of the close of business on the second business day prior to the record date for ascertaining entitlements to attend and vote at the general meeting referred to in paragraph (j) or the date of commencement of the winding-up of the Company;

- (iv) save as otherwise provided in paragraph (l) or by the Court in relation to the scheme in question, upon the sanctioning pursuant to the Companies Act by the Supreme Court of Bermuda of a compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (v) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his employment, engagement, office, agency, consultancy, representation or relationship or cessation of his directorship on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal or party would be entitled to terminate his employment, engagement, office, agency, consultancy, representation, relationship or cease his or her directorship at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, or agency, consultancy, or representation or other agreement or arrangement with the Company or the relevant Subsidiary;
- (vi) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his employment, engagement, office, agency, consultancy, representation or relationship or cessation of his or her directorship on any one or more of the grounds that he has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally;
- (vii) the date on which the Grantee ceases to be an Eligible Participant for any reason other than death if the option period has not then commenced; or
- (viii) where the Grantee commits a breach of Clause 6.1, the date on which the Board shall exercise the Company's right to cancel the Option because of a breach of the Grantee of the rules summarized in paragraph (g) above.

(n) Effects of alterations to capital

Subject to the limits on the number of Shares subject to the New Share Option Scheme described in paragraph (d) above, in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) whilst an Option remains outstanding in that it is granted and yet to be exercised (and has not lapsed or been cancelled), corresponding adjustments (if any) shall be made in (i) the number of Shares subject to the New Share Option Scheme; (ii) the number of Shares subject to outstanding Options; (iii) the subscription price in relation to each outstanding Option; and/or (iv) the method of exercise of the Options, provided that any such adjustments must give the Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was entitled immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value. In respect of any adjustment required by foregoing provisions, other than any made on a capitalisation issue, an independent financial adviser or the Auditors must also confirm to the Board in writing that the adjustments satisfy the foregoing provisions.

(o) Ranking and voting rights of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Company's Bye-Laws and will rank pari passu with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the grantee (or any other person) as the holder thereof.

(p) Cancellation of Options

The Board may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any Options granted but not exercised and grants new Options to the same Grantee, such grant of new Options may only be made under the New Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within each of the 10% Limits as referred to in paragraph (d) above.

(q) Alteration to the New Share Option Scheme

The terms of the New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules and, if applicable, Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Eligible Participants unless with the prior sanction of a resolution of the Shareholders.

Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must first be approved by the Shareholders of the Company in general meeting, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme.

The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules and, if applicable, Chapter 17 of the Listing Rules.

Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must first be approved by the Shareholders of the Company in general meeting.

(r) Termination of the New Share Option Scheme

The Company by resolution passed at a general meeting of the Shareholders or at a meeting of the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be granted or accepted but the provisions of the New Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

(s) Period of New Share Option Scheme

Subject to termination as referred to in paragraph (r) above, the New Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of approval of the New Share Option Scheme by the Shareholders, after which period no further Options will be granted or accepted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects.

(t) Conditions

The adoption of the New Share Option Scheme is conditional upon: (a) the passing by the Shareholders of the Company in general meeting of an ordinary resolution to approve the adoption of this New Share Option Scheme and the termination of the existing share option scheme adopted by the Company on 30 July 2002; (b) the GEM Listing Committee granting the listing of and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of Options under this New Share Option Scheme; and (c) the Bermuda Monetary Authority granting consent in respect of the issue of Options under this New Share Option Scheme (if required).

(u) Restriction on the timing of grant of Option

The Board shall not grant an Option to any Eligible Participant after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision, until such price sensitive information has been announced in accordance with the requirements of the relevant Listing Rules; or within the period commencing one month immediately preceding the earlier of: (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the relevant Listing Rules) for the approval of the Company's financial results; and (b) the deadline for the Company to publish an announcement of its results for any financial period under the relevant Listing Rules, and ending on the date of such results announcement, and ending on the date of the results announcement.



China LotSynergy Holdings Limited

華彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8161)

Notice is hereby given that the Annual General Meeting of China LotSynergy Holdings Limited (the “Company”) will be held at Oasis Room, 8/F., Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Friday, 18 May 2012 at 10:00 a.m. for the following purposes:

1. To receive the Audited Financial Statements of the Company and the Reports of the Directors and Auditors for the year ended 31 December 2011.
2. To re-elect the following retiring Directors:
 - (i) Mr. WU Jingwei;
 - (ii) Mr. HOONG Cheong Thard;
 - (iii) Ms. CHAN Tan Na, Donna; and
 - (iv) Mr. LI Zi Kui.
3. To re-elect Mr. HUANG Shenglan as a Director.
4. To authorise the Board of Directors to fix the remuneration of Directors.
5. To re-appoint Auditors and authorise the Board of Directors to fix their remuneration.
6. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** the maximum number of Directors be fixed at fifteen and that the Directors be authorised to appoint Directors up to such maximum number in addition to those in office at the close of the 2012 Annual General Meeting.”

* For identification purposes only

7. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“THAT:

- (i) the exercise by the Directors during the Relevant Period (as hereinafter defined in this Resolution) of all powers of the Company to purchase issued shares of HK\$0.0025 each in the capital of the Company (“Shares”), subject to paragraph (ii) below, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares which may be purchased by the Company on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) or of any other stock exchange as amended from time to time, pursuant to the approval in paragraph (i) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;
- (iii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as defined below) to procure the Company to purchase its Shares, subject to and in accordance with all applicable laws and requirements of the GEM Listing Rules or of any other stock exchange as amended from time to time, at such prices as the Directors at their discretion may determine; and
- (iv) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; and
 - (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

8. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“THAT:

- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined in this Resolution) of all the powers of the Company to allot, issue or deal with additional shares in the share capital of the Company or securities convertible into shares, options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements and options, which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted or issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (i), otherwise than pursuant to (a) a Rights Issue (as hereinafter defined in this Resolution), (b) any share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to its eligible participants of shares or rights to acquire shares of the Company, (c) the exercise of rights of subscription or conversion under the terms of any warrants or convertible bonds issued by the Company or any securities which are convertible into shares of the Company, or (d) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the approval in paragraph (i) shall be limited accordingly;
- (iv) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; and
 - (c) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

9. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** conditional upon the passing of Resolutions numbered 7 and 8 set out in the notice of annual general meeting dated 30 March 2012, the aggregate nominal amount of the shares of the Company that the Directors may allot, issue or deal with additional shares or securities convertible into shares, options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements and options under the general mandate granted to the Directors pursuant to such Resolution numbered 8 be and is hereby increased by the aggregate nominal amount of shares in the share capital of the Company repurchased by the Company pursuant to and in accordance with Resolution numbered 7, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

10. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** conditional upon (i) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the shares of HK\$0.0025 each in the capital of the Company (the “Shares”) which may fall to be issued pursuant to the share option scheme (a copy of which is produced to the meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) (the “New Share Option Scheme”), and (ii) the Bermuda Monetary Authority granting consent in respect of the issue of Options under the New Share Option Scheme (if required):

- (a) the New Share Option Scheme be and is hereby approved and adopted;
- (b) the Directors of the Company be and are hereby authorized to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme; and

- (c) the existing share option scheme of the Company adopted on 30 July 2002 be and is hereby terminated in accordance with its terms.”

11. To transact any other business of the Company.

By Order of the Board
TAN Yung Kai, Richard
Company Secretary

Hong Kong, 30 March 2012

Notes:

- (1) A shareholder who is the holder of two or more shares and who is entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company. In the event that a member appoints more than one proxy, on a show of hands, all such proxies shall collectively have one vote unless otherwise provided for in the Bye-laws of the Company.
- (2) A form of proxy for use at the Annual General Meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be deposited at the principal place of business of the Company at Unit 3308, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the meeting. Completion and deposit of the form of proxy will not preclude a member from attending and voting in person.
- (3) If two or more persons are joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the share.