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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)

ANNOUNCEMENT

UPDATE OF BUSINESS DEVELOPMENT

The board of directors (the “Directors”) of China LotSynergy Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) would like to update the shareholders of the Company on the latest development of the Group’s businesses.

Reference is made to an announcement of the Company dated 17 October 2011 in relation to the next generation dual-screen terminal for Welfare Lottery’s Video Lottery game (VLT) produced by the Group which was deployed to Hebei Province and Tianjin to be engaged in sales in certain VLT venues.

The Board is pleased to announce that impressive sales have been generated by the next generation VLT terminals, with average daily sales per terminal over RMB4,000 currently achieved in certain venues. The Management is pleased with the sales performance of the next generation VLT terminal and believes the average daily sales per terminal will increase consistently, ensuring growth momentum for the VLT business.

According to the Group’s internal data, sales of VLT nationwide are expected to climb to a new high for the full year of 2011 to reach RMB16.8 billion, representing a substantial growth of approximately 80% over the RMB9.3 billion for the previous year. Benefitting from the development of VLT business, the Management expects the sales turnover of the Group for year 2011 to reach HKD500 million, a new record high since 2005, representing a significant improvement from HKD280 million for 2010.

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company is still in the process of finalizing the Group's annual results for year 2011. The information contained in this announcement is only an initial assessment by the Management of the Company based on the currently available and unaudited management accounts. The Company will publish the Group's annual results for year 2011 as soon as reasonably practicable. **Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.**

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

Hong Kong, 21 December 2011

This announcement will remain on the "Latest Company Announcements" page of the GEM's website at www.hkgem.com for at least 7 days from the date of its posting and the Company's website at <http://www.chinalotsynergy.com>.

As at the date of this announcement, the Board comprises Ms. Lau Ting, Mr. Wu Jingwei, Mr. Liao Yuang-whang, Mr. Chan Shing and Mr. Li Zi Kui 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*