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China LotSynergy Holdings Limited

華彩控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1371)

**PROPOSED OFFER TO EXCHANGE
THE EXISTING 5 PER CENT. HK\$650,000,000 CONVERTIBLE BONDS
DUE 2019 WITH AN AGGREGATE OUTSTANDING PRINCIPAL
AMOUNT OF HK\$550,000,000
FOR A COMBINATION OF CASH AND ISSUE OF NEW
CONVERTIBLE BONDS UNDER GENERAL MANDATE**

(Stock code: 5725)

The Company has made available today to Eligible Holders of the Existing Bonds the Offer Memorandum setting out, among other things, the terms and conditions of the Exchange Offer.

The Company proposes to invite Eligible Holders to tender their Existing Bonds, on the terms and subject to the conditions set out in the Offer Memorandum, in exchange for one of the following (at the election of the Holders):

(a) Option 1

a fixed combination of cash and New Option 1 Bonds; or

(b) Option 2

a fixed combination of cash and New Option 2 Bonds.

* for identification purposes only

The Exchange Offer begins today and expires at 6:00 p.m. (Hong Kong time) on 16 March 2017.

Under the Exchange Offer, Holders may elect either Option 1 or Option 2. The relevant Exchange Ratio, New Bonds Factor and Cash Factor of each of Option 1 and Option 2 are set out as follows:

Option	Description of the New Bonds	Exchange Ratio	New Bonds Factor (%)	Cash Factor (%)
OPTION 1	Hong Kong dollar denominated 7.5 per cent. convertible bonds due 2019 to be issued by the Company	1:1	57.5	42.5
OPTION 2	Hong Kong dollar denominated 8 per cent. convertible bonds due 2019 to be issued by the Company	1:1	50	50

Each Holder whose Existing Bonds are accepted by the Company for exchange pursuant to the Exchange Offer will receive on the Settlement Date the following:

- (A) New Option 1 Bonds or New Option 2 Bonds (as the case may be) in a principal amount equal to the product of (a) the aggregate principal amount of such Existing Bonds accepted by the Company for exchange, (b) the Exchange Ratio and (c) the relevant New Bonds Factor (as the case may be) (subject, in each case, to the provisions relating to any Exchange Rounding Amount as described below);
- (B) an amount in cash in Hong Kong dollar equal to the product of (a) the aggregate principal amount of such Existing Bonds accepted by the Company for exchange, (b) the Exchange Ratio and (c) the relevant Cash Factor (in each case, with the resulting amount rounded to the nearest cent, with half a cent being rounded upwards) (the “**Cash Consideration**”); and
- (C) an amount in cash in Hong Kong dollar equal to the amount of accrued interest in respect of such Existing Bonds accepted by the Company for exchange from (and including) the interest payment date as stipulated in the terms and conditions of the Existing Bonds immediately preceding the Settlement Date to (but excluding) the Settlement Date, calculated in accordance with (and subject to any rounding adjustments as provided under) the terms and conditions of the Existing Bonds.

The Exchange Offer is conditional upon the Listing Committee of the Stock Exchange granting the approval for, among other things, the listing of, and permission to deal in, the Shares to be issued upon conversion of the New Bonds. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Share to be issued upon conversion of the New Bonds on the Stock Exchange.

A brief summary of the principal terms and conditions of the Exchange Offer is set out in the section headed “SUMMARY OF THE PROPOSED EXCHANGE OFFER”. A brief summary of the principal terms and conditions of the New Bonds is set out in the section headed “SUMMARY OF THE MAJOR TERMS AND CONDITIONS OF THE NEW BONDS” below.

Reference is made to the Company’s announcements dated 8 April 2014, 17 April 2014, 25 April 2014, 2 May 2014, 5 June 2015 and 15 June 2015 relating to the Existing Bonds.

The Company has made available today to Eligible Holders of the Existing Bonds the Offer Memorandum setting out, among other things, the terms and conditions of the Exchange Offer.

SUMMARY OF THE PROPOSED EXCHANGE OFFER

Background

On 17 April 2014, the Company issued the Existing Bonds in an aggregate principal amount of HK\$580,000,000. On 2 May 2014, the Company further issued the Existing Bonds in aggregate principal amount of HK\$70,000,000, bringing the total issue size of the Existing Bonds to HK\$650,000,000. As at the date of this announcement, the outstanding principal amount of the Existing Bonds is HK\$550,000,000.

As at the date of this announcement, to the best of the Company’s knowledge, information and belief, having made all reasonable enquiry, each of the Holders is an independent third party of the Company and its connected persons.

The Proposed Exchange Offer

The Company proposes to invite Eligible Holders to tender their Existing Bonds, on the terms and subject to the conditions set out in the Offer Memorandum, in exchange for one of the following (at the election of the Holders):

(a) Option 1

a fixed combination of cash and New Option 1 Bonds; or

(b) Option 2

a fixed combination of cash and New Option 2 Bonds.

The Exchange Offer begins today and expires at 6:00 p.m. (Hong Kong time) on 16 March 2017, unless the Offer Period is extended or re-opened or the Exchange Offer is terminated by the Company as provided in the Offer Memorandum. Subject to applicable law and as provided in the Offer Memorandum, the Company reserves the right to extend, re-open, withdraw or terminate the Exchange Offer and to amend or waive any terms and conditions of the Exchange Offer.

Only Eligible Holders may participate in the Exchange Offer and tender their Existing Bonds for exchange in the Exchange Offer. Holders whose Existing Bonds are not accepted for exchange by the Company, or who do not participate in the Exchange Offer (including any Holder that is not eligible to participate in the Exchange Offer), will not be eligible to receive any New Bonds or cash payment pursuant to the Exchange Offer, and shall continue to hold their Existing Bonds subject to the terms and conditions thereof.

The terms of the Exchange Offer

Under the Exchange Offer, Holders may elect either Option 1 or Option 2. The relevant Exchange Ratio, New Bonds Factor and Cash Factor of each of Option 1 and Option 2 are set out as follows:

Option	Description of the New Bonds	Exchange Ratio	New Bonds Factor (%)	Cash Factor (%)
OPTION 1	Hong Kong dollar denominated 7.5 per cent. convertible bonds due 2019 to be issued by the Company	1:1	57.5	42.5
OPTION 2	Hong Kong dollar denominated 8 per cent. convertible bonds due 2019 to be issued by the Company	1:1	50	50

Subject to a Holder satisfying the relevant minimum submission amount condition as set out in the paragraph headed “Minimum Submission Amount”, each Holder whose Existing Bonds are accepted by the Company for exchange pursuant to the Exchange Offer will receive on the Settlement Date the following:

- (A) New Option 1 Bonds or New Option 2 Bonds (as the case may be) in a principal amount equal to the product of (a) the aggregate principal amount of such Existing Bonds accepted by the Company for exchange, (b) the Exchange Ratio and (c) the relevant New Bonds Factor (as the case may be) (subject, in each case, to the provisions relating to any Exchange Rounding Amount as described below);
- (B) an amount in cash in Hong Kong dollar equal to the product of (a) the aggregate principal amount of such Existing Bonds accepted by the Company for exchange, (b) the Exchange Ratio and (c) the relevant Cash Factor (in each case, with the resulting amount rounded to the nearest cent, with half a cent being rounded upwards) (the “**Cash Consideration**”); and
- (C) an amount in cash in Hong Kong dollar equal to the amount of accrued interest in respect of such Existing Bonds accepted by the Company for exchange from (and including) the interest payment date as stipulated in the terms and conditions of the Existing Bonds immediately preceding the Settlement Date to (but excluding) the Settlement Date, calculated in accordance with (and subject to any rounding adjustments as provided under) the terms and conditions of the Existing Bonds.

In addition, if, as a result of the application of the Exchange Ratio and the relevant New Bonds Factor, a Holder would be entitled to receive an aggregate principal amount of New Option 1 Bonds or New Option 2 Bonds (as the case may be) that is not an integral multiple of HK\$1,000, the Company will pay (or procure that there is paid) to such Holder on the Settlement Date an amount in cash in Hong Kong dollar equal to the product of (a) the fractional portion of such aggregate principal amount that is not such an integral multiple and (b) HK\$1,000 (with the resulting amount rounded to the nearest cent, with half a cent being rounded upwards) (the “**Exchange Rounding Amount**”).

The Exchange Ratio, the New Bonds Factor, the Cash Factor and the terms of the Exchange Offer are determined by the parties after arm’s length negotiation with reference to recent share price.

The Company will announce the results of the Exchange Offer as soon as reasonably practicable after Expiration Deadline.

As the Exchange Offer involves the issue of the New Bonds which will occur simultaneously with the redemption of the Existing Bonds, approval from the Stock Exchange would be required under Rule 10.06(3) of the Listing Rules. The Company has made an application to the Stock Exchange and the Stock Exchange has granted the approval under Rule 10.06(3) for the issue of the New Bonds within 30 days after redemption of the Existing Bonds.

Minimum Submission Amount

To receive New Option 1 Bonds or New Option 2 Bonds (as applicable) and the Cash Consideration pursuant to the Exchange Offer, a Holder must validly submit an offer in respect of a principal amount of Existing Bonds sufficient for such Holder to be eligible to receive, in exchange for such Existing Bonds pursuant to the Exchange Offer, a principal amount of New Option 1 Bonds or New Option 2 Bonds (as applicable) equal to at least the minimum denomination of HK\$1,000,000.

Under Option 1, based on an Exchange Ratio of 1:1 and a New Bonds Factor of 57.5 per cent., the minimum amount of Existing Bonds which the Holder must validly submit is HK\$2,000,000 in principal amount of Existing Bonds.

Under Option 2, based on an Exchange Ratio of 1:1 and a New Bonds Factor of 50 per cent., the minimum amount of Existing Bonds which the Holder must validly submit is HK\$2,000,000 in principal amount of Existing Bonds.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the New Bonds on the Stock Exchange.

A brief summary of the principal terms and conditions of each of the New Option 1 Bonds and the New Option 2 Bonds is set out in the section headed “SUMMARY OF THE TERMS AND CONDITIONS OF THE NEW BONDS” below.

CONDITIONS PRECEDENT TO THE EXCHANGE OFFER

The Exchange Offer is conditional upon the Listing Committee of the Stock Exchange granting the approval for, among other things, the listing of, and permission to deal in, the conversion shares to be issued upon conversion of the New Bonds.

In the event that such listing approvals are not obtained by the Company from the Listing Committee of the Stock Exchange, the Company will be required to terminate the Exchange Offer.

ANY SOLICITATION BY THE COMPANY OF ANY OFFER TO HOLDERS TO EXCHANGE THEIR EXISTING BONDS WOULD NOT BE MADE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, OR BY USE OF THE MAILS, OR BY ANY MEANS OR INSTRUMENTALITY (INCLUDING, WITHOUT LIMITATION, FACSIMILE TRANSMISSION, TELEX, TELEPHONE, E-MAIL AND OTHER FORMS OF ELECTRONIC TRANSMISSION) OF INTERSTATE OR FOREIGN COMMERCE, OR OF ANY FACILITY OF A NATIONAL SECURITIES EXCHANGE, OF THE UNITED STATES AND NO SUCH OFFER TO EXCHANGE MAY BE MADE BY ANY SUCH USE, MEANS, INSTRUMENTALITY OR FACILITY OR FROM WITHIN THE UNITED STATES.

IN ORDER TO BE ELIGIBLE TO MAKE A DECISION WITH RESPECT TO THE EXCHANGE OFFER IT IS EXPECTED (A) THAT HOLDERS OR ANY PERSON WHO IS ACTING ON BEHALF OF HOLDERS, EITHER DIRECTLY OR INDIRECTLY, WOULD NEED TO BE LOCATED AND RESIDENT OUTSIDE THE UNITED STATES AND NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED), (B) IF HOLDERS ARE RESIDENT OR LOCATED IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA THAT HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE, THE EXCHANGE OFFER WILL ONLY BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN THE RELEVANT MEMBER STATE, FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR ANY OFFER OF SECURITIES AND (C) HOLDERS ARE PERSONS TO WHOM IT IS LAWFUL TO SEND THE OFFER MEMORANDUM AND FOR THE COMPANY TO MAKE AN INVITATION PURSUANT TO THE EXCHANGE OFFER UNDER APPLICABLE LAWS AND REGULATIONS.

SUMMARY OF THE MAJOR TERMS AND CONDITIONS OF THE NEW BONDS

A. Terms of the New Option 1 Bonds

Issuer	The Company
New Option 1 Bonds Trustee	DB Trustees (Hong Kong) Limited
New Option 1 Bonds Agents	Deutsche Bank AG, Hong Kong Branch (as paying, transfer and conversion agent) and Deutsche Bank Luxembourg S.A. (as registrar) and the other paying agents, conversion agents and transfer agents appointed under it
Issue Date	The Settlement Date
Form and Denomination	<p>The New Option 1 Bonds are issued in registered form in the denomination of HK\$1,000,000 each and integral multiples of HK\$1,000 in excess thereof.</p> <p>Upon issue, the New Option 1 Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.</p>
Maturity Date	7 April 2019
Issue Price	100% of the principal amount
Status and Ranking	<p>The New Option 1 Bonds will constitute direct, unsubordinated, unconditional and (subject to the provision relating to the negative pledge) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.</p> <p>The payment obligations of the Company under the New Option 1 Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to the provision relating to the negative pledge, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.</p>

Negative Pledge

The Company undertakes that, so long as any of the New Option 1 Bonds remains outstanding or any amount is due under or in respect of any New Option 1 Bond or otherwise under a trust deed to be entered into on the issue date of the New Option 1 Bonds, it will not, and will procure that none of its subsidiaries will, create or permit to subsist or arise any security interest upon the whole or any part of its present or future undertakings, assets or revenues (including any uncalled capital) to secure any relevant indebtedness (or any guarantee or indemnity in respect of any relevant indebtedness) unless the outstanding New Option 1 Bonds are forthwith secured by the same security interest as is created as subsisting to secure any such relevant indebtedness, guarantees or indemnity equally and rateably or as such other security interest as either (x) the trustee may in its absolute discretion deem not materially less beneficial to the interests of the holders of New Option 1 Bonds or (y) shall be approved by an extraordinary resolution of the holders of New Option 1 Bonds.

where,

security interest means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

relevant indebtedness means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money and which are, or are intended to be or capable of being quoted, listed, dealt in or traded on any stock exchange or on any over-the-counter or other securities market (whether or not initially distributed by way of private placement) and for the avoidance of doubt, shall not include indebtedness under any bi-lateral loan, non transferable loan or loan facility or transferable loan or loan facility entered into with any financial institution.

extraordinary resolution means a resolution passed at a meeting duly convened and held in accordance with the trust deed to be entered into on the issue date by a majority of at least 75 per cent. of the votes cast.

Principal Repayment

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem the New Option 1 Bonds at principal amount together with any accrued but unpaid interest on the maturity date of the New Option 1 Bonds.

Interest

The New Option 1 Bonds bear interest from and including the issue date of the New Option 1 Bonds at the rate of 7.5 per cent. per annum of the principal amount of the New Option 1 Bonds. Interest is payable quarterly in arrear on 7 January, 7 April, 7 July and 7 October in each year commencing on 7 July 2017.

Conversion Right

Subject to the rights of the Company to exercise the cash settlement option as provided in the paragraph headed “Cash Settlement Option”, the conversion right attaching to any New Option 1 Bond may be exercised, at the option of the Holders, at any time on or after 18 May 2017 up to the close of business on the seventh day prior to the maturity date of the New Option 1 Bonds (both days inclusive) or, (a) if such New Option 1 Bond shall have been called for redemption by the Company before the said maturity date, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof or (b) in respect of a New Option 1 Bond where the holder shall have exercised its right to require the Company to redeem such New Option 1 Bonds pursuant to the terms and conditions thereof, then up to the close of business on the day prior to the giving of such notice.

Subject to the rights of the Company to exercise the cash settlement option as provided in the paragraph headed “Cash Settlement Option”, the number of conversion shares to be issued on conversion of a New Option 1 Bond will be determined by dividing the principal amount of the New Option 1 Bond to be converted by the conversion price in effect at the date of conversion.

Cash Settlement Option

Notwithstanding the conversion right of each holder of the New Option 1 Bonds in respect of each New Option 1 Bond, at any time when the delivery of Shares deliverable upon conversion of the New Option 1 Bond is required to satisfy its conversion right in respect of a conversion notice, the Company shall have the option to pay to the relevant holder of the New Option 1 Bonds an amount of cash as determined under the terms and conditions of the New Option 1 Bonds in order to satisfy such conversion right in whole or in part (and if in part, the other part shall be satisfied by the delivery of Shares).

If the Company is at any time otherwise (for any reason whatsoever) unable to issue sufficient Shares in satisfaction of the conversion right of any converting holder of the New Option 1 Bonds, the Company undertakes to exercise the cash settlement option in full, or to the extent required, to satisfy the conversion right of the holder of the New Option 1 Bonds.

Conversion Price

The price at which Conversion Shares will be issued upon conversion will initially be equal to:

Reference Price x (1 + Conversion Premium)

where:

“Conversion Premium” means 19% expressed as a fraction; and

“Reference Price” means the higher of:

- (a) the arithmetic average of the daily volume weighted average price of the Shares for the period of 15 consecutive trading days commencing from (and including) 6 March 2017; and
- (b) the closing price of the Shares on 10 March 2017 multiplied by 0.8.

provided that the initial conversion price shall be no less than the price permitted under Listing Rule 13.36(5) of the Listing Rules (the “**Initial Conversion Price Floor Price**”).

The formula for determining the initial conversion price of New Option 1 Bonds is determined by the parties after arms' length negotiations with reference to the recent share price.

As soon as reasonably practicable after 6:00 p.m. on 24 March 2017, the Company will announce the initial conversion price of the New Option 1 Bonds.

Adjustments to Conversion Price The Conversion Price is subject to adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, relevant cash dividend in excess of 0.3% of prevailing market capitalisation of the Company, rights issues of Shares or options over Shares at less than 95% of the then current market price, other issues at less than 95% of the then current market price, modification of rights of conversion where consideration is less than 95% of the then current market price, other offers to Shareholders and other dilutive events (together, the “**New Option 1 Bonds Adjustment Events**”), subject to certain exceptions.

The conversion price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment set out in the terms and conditions of the New Option 1 Bonds unless under applicable law then in effect the New Option 1 Bonds may be converted at such reduced conversion price into legally issued, fully paid and non-assessable Shares; and it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the conversion price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

Adjustment upon Change of Control If a Change of Control of the Company shall occur, the conversion price shall be adjusted in accordance with the terms and conditions of the New Option 1 Bonds.

Conversion Price Reset

If the arithmetic average of the daily volume weighted average price of the Shares for the period of 20 consecutive trading days ending on (but excluding) 7 November 2017 (the “**Reset Date**”) (the “**Reset Reference Price**”), is less than the Reference Price (as defined in the sub-paragraph headed “**Conversion Price**”) under the paragraph headed “A. Terms of the New Option 1 Bonds” or (where the initial conversion price equals to the Initial Conversion Price Floor Price) the Initial Conversion Price Floor Price, the conversion price shall be adjusted on a one-time basis in accordance with the following formula and shall become effective as of the Reset Date:

$$\text{Adjusted Conversion Price} = \text{Reset Reference Price} \times (1 + \text{CP})$$

Where “CP” means 19% expressed as a fraction

provided that:

- (a) any such adjustment to the conversion price shall be limited such that the adjusted conversion price shall be adjusted downward but only to the extent that it shall not fall below 80 per cent. of the initial conversion price (the “**Floor Price**”). Notwithstanding the preceding sentence, to the extent the prevailing conversion price immediately prior to this adjustment is below the Floor Price, such conversion price shall not be adjusted and shall remain effective; and
- (b) the New Option 1 Bonds Adjustment Events shall apply, *mutatis mutandis*, to adjustments that have been made according to aforesaid to ensure that appropriate adjustments shall continue to be made to any conversion price to reflect any New Option 1 Bonds Adjustment Events.

Ranking of conversion shares

The conversion shares to be issued upon conversion of the New Option 1 Bonds will be fully paid and in all respects rank *pari passu* with the Shares in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company.

Undertaking

The Company will undertake, *inter alia*, that so long as any New Option 1 Bond remains outstanding:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the conversion rights attaching to the New Option 1 Bonds on the Stock Exchange, and if the Company is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Company may from time to time determine;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the New Option 1 Bonds;
- (iii) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the New Option 1 Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the New Option 1 Bonds will be duly and validly issued as fully-paid;
- (iv) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the conversion price below the par value of the Shares of the Company, provided always that the Company shall not be prohibited from purchasing its Shares to the extent permitted by law;
- (v) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in an adjustment to the conversion price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made; and

(vi) it will not take any corporate or other action (including, without limitation, the issue of any Shares or any other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, any Shares) that would cause the conversion price of the New Option 1 Bonds to be adjusted in a manner that contravenes the applicable laws of Bermuda or the applicable listing rules of the Stock Exchange or other relevant stock exchanges or would result in the Company being unable to comply with the adjustment provisions as set out in the terms and conditions of the New Option 1 Bonds.

Redemption at Maturity

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the New Option 1 Bonds at principal amount together with any accrued but unpaid interest on the maturity date of the New Option 1 Bonds.

Redemption for taxation reasons

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the holders of New Option 1 Bonds (which notice will be irrevocable) redeem the New Option 1 Bonds in whole but not in part at the principal amount together with interest accrued but unpaid to the date fixed for redemption (if any), if (i) the Company satisfies the trustee of the New Option 1 Bonds immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of Bermuda or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 10 March 2017, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax were a payment in respect of the New Option 1 Bonds then due.

Redemption for delisting, suspension of trading, and Change of Control	Each holder of the New Option 1 Bonds shall have the right to require the Company to redeem all or some only of such New Option 1 Bonds at the principal amount together with interest accrued to such date (if any) when the following occurs: (i) when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 20 consecutive trading days on the Stock Exchange; or (ii) when there is a Change of Control.
Redemption at the option of the Holders	The Company will, at the option of the holder of any New Option 1 Bond, redeem all or some of that holder's New Option 1 Bonds on 7 April 2018, at the principal amount of the New Option 1 Bonds together with interest accrued to such date (if any).
Events of Default	The New Option 1 Bonds contain events of default provisions (including, among others, non-payment and cross default) as further set out in the terms and conditions of the New Option 1 Bonds.
Further Issues	The Company may from time to time, without the consent of the holders of the New Option 1 Bonds, create and issue further securities having the same terms and conditions as the New Option 1 Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the New Option 1 Bonds or upon such terms as the Company may determine at the time of their issue.
Transferability	The New Option 1 Bonds will be freely transferable, subject to certain restricted transfer periods and the terms and conditions thereof.
Listing	No application would be made to any stock exchange or competent listing authority for the New Option 1 Bond to be listed or admitted to trading upon issue. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the conversion shares on the Stock Exchange.
Ratings	None.

Governing Law	The New Option 1 Bonds, and all transaction documentation will be governed by English law (with submission to the jurisdiction of the English courts).
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B. Terms of the New Option 2 Bonds

Issuer	The Company
New Option 2 Bonds Trustee	DB Trustees (Hong Kong) Limited
New Option 2 Bonds Agents	Deutsche Bank AG, Hong Kong Branch (as paying, transfer and conversion agent) and Deutsche Bank Luxembourg S.A. (as registrar) and the other paying agents, conversion agents and transfer agents appointed under it
Issue Date	The Settlement Date
Form and Denomination	<p>The New Option 2 Bonds are issued in registered form in the denomination of HK\$1,000,000 each and integral multiples of HK\$1,000 in excess thereof.</p> <p>Upon issue, the New Option 2 Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream</p>
Maturity Date	7 April 2019
Issue Price	100% of the principal amount
Status and Ranking	<p>The New Option 2 Bonds will constitute direct, unsubordinated, unconditional and (subject to the provision relating to the negative pledge) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.</p> <p>The payment obligations of the Company under the New Option 2 Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to the provision relating to the negative pledge, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.</p>

Negative Pledge

The Company undertakes that, so long as any of the New Option 2 Bonds remains outstanding or any amount is due under or in respect of any New Option 2 Bond or otherwise under a trust deed to be entered into on the issue date of the New Option 2 Bonds, it will not, and will procure that none of its subsidiaries will, create or permit to subsist or arise any security interest upon the whole or any part of its present or future undertakings, assets or revenues (including any uncalled capital) to secure any relevant indebtedness (or any guarantee or indemnity in respect of any relevant indebtedness) unless the outstanding New Option 2 Bonds are forthwith secured by the same security interest as is created as subsisting to secure any such relevant indebtedness, guarantees or indemnity equally and rateably or as such other security interest as either (x) the trustee may in its absolute discretion deem not materially less beneficial to the interests of the holders of New Option 2 Bonds or (y) shall be approved by an extraordinary resolution of the holders of New Option 2 Bonds.

where,

security interest means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

relevant indebtedness means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money and which are, or are intended to be or capable of being, quoted, listed, dealt in or traded on any stock exchange or on any over the counter or other securities market (whether or not initially distributed by way of private placement) and for the avoidance of doubt, shall not include indebtedness under any bilateral loan, non transferable loan or loan facility or transferable loan or loan facility entered into with any financial institution.

extraordinary resolution means a resolution passed at a meeting duly convened and held in accordance with the trust deed to be entered into on the issue date by a majority of at least 75 per cent. of the votes cast.

Principal Repayment

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem the New Option 2 Bonds at 104.37% of the principal amount together with any accrued but unpaid interest on the maturity date of the New Option 2 Bonds.

Interest

The New Option 2 Bonds bear interest from and including the issue date of the New Option 2 Bonds at the rate of 8 per cent. per annum of the principal amount of the New Option 2 Bonds. Interest is payable quarterly in arrear on 7 January, 7 April, 7 July and 7 October in each year commencing on 7 July 2017.

Conversion Right

The conversion right attaching to any New Option 2 Bond may be exercised, at the option of the Holders, at any time on or after 18 May 2017 up to the close of business on the seventh day prior to the maturity date of the New Option 2 Bonds (both days inclusive) or, (a) if such New Option 2 Bond shall have been called for redemption by the Company before the said maturity date, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof or (b) in respect of a New Option 2 Bond where the holder shall have exercised its right to require the Company to redeem such New Option 2 Bonds pursuant to the terms and conditions thereof, then up to the close of business on the day prior to the giving of such notice.

The number of conversion shares to be issued on conversion of a New Option 2 Bond will be determined by dividing the principal amount of the New Option 2 Bond to be converted by the conversion price in effect on the date of conversion.

Conversion Price

The price at which conversion shares will be issued upon conversion will initially be HK\$0.92 per conversion share. The initial conversion price of HK\$0.92 represents: (i) a premium of approximately 269% over the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on 10 March 2017, being the date of this announcement; (ii) a premium of approximately 267% over the average closing price of HK\$0.2508 per Share as quoted on the Stock Exchange for the five trading days prior to the date of this announcement; and (iii) a premium of approximately 260% over the average closing price of HK\$0.2559 per Share as quoted on the Stock Exchange for the ten trading days prior to the date of this announcement.

The initial conversion price is determined by the parties after arm's length negotiations with reference to conversion price of Existing Bonds and the terms of Exchange Offer.

Adjustments to Conversion Price

The conversion price is subject to adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, relevant cash dividend in excess of 0.3% of prevailing market capitalisation of the Company, rights issues of Shares or options over Shares at less than 95% of the then current market price, other issues at less than 95% of the then current market price, modification of rights of conversion where consideration is less than 95% of the then current market price, other offers to Shareholders and other dilutive events subject to certain exceptions.

The conversion price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment set out in the terms and conditions of the New Option 2 Bonds unless under applicable law then in effect the New Option 2 Bonds may be converted at such reduced conversion price into legally issued, fully paid and non-assessable Shares. The Company shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the conversion price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

Adjustment upon Change of Control	If a Change of Control of the Company shall occur, the conversion price shall be adjusted in accordance with the terms and conditions of the New Option 2 Bonds.
Ranking of Conversion Shares	The conversion shares to be issued upon conversion of the New Option 2 Bonds will be fully paid and in all respects rank <i>pari passu</i> with the Shares in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company.
Undertaking	<p>The Company will undertake that so long as any New Option 2 Bond remains outstanding:</p> <ul style="list-style-type: none"> (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the conversion rights attaching to the New Option 2 Bonds on the Stock Exchange, and if the Company is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Company may from time to time determine; (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the New Option 2 Bonds; (iii) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the New Option 2 Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the New Option 2 Bonds will be duly and validly issued as fully-paid; (iv) it will not make any offer, issue, grant, or distribute or take any action the effect of which would be to reduce the conversion price below the par value of the Shares of the Company, provided always that the Company shall not be prohibited from purchasing its Shares to the extent permitted by law;

- (v) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in an adjustment to the conversion price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made; and
- (vi) it will not take any corporate or other action (including, without limitation, the issue of any Shares or any other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, any Shares) that would cause the conversion price of the New Option 2 Bonds to be adjusted in a manner that contravenes the applicable laws of Bermuda or the applicable listing rules of the Stock Exchange or other relevant stock exchanges or would result in the Company being unable to comply with the adjustment provisions as set out in the terms and conditions of the New Option 2 Bonds.

Redemption at Maturity

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the New Option 2 Bonds at 104.37% of the principal amount together with any accrued but unpaid interest on the maturity date of the New Option 2 Bonds.

Redemption at the option of the Company

On giving not less than 30 nor more than 60 days' notice to the New Option 2 Bonds Trustee in writing and to the holders in accordance with the New Option 2 Bonds Conditions, the New Option 2 Bonds may be redeemed by the Company on the date specified in the said notice at the Early Redemption Amount together with any interest accrued but unpaid to such date at any time on or after 7 April 2018 but not less than seven business days prior to the maturity date of the New Option 2 Bonds, in whole or in part.

Redemption for taxation reasons	At any time the Company may, having given not less than 30 nor more than 60 days' notice to the holders of New Option 2 Bonds (which notice will be irrevocable) redeem the New Option 2 Bonds in whole but not in part at the Early Redemption Amount together with interest accrued but unpaid to the date fixed for redemption, if (i) the Company satisfies the trustee of the New Option 2 Bonds immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of Bermuda or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 10 March 2017, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax were a payment in respect of the New Option 2 Bonds then due.
Redemption for delisting, suspension of trading, and Change of Control	Each holder of the New Option 2 Bonds shall have the right to require the Company to redeem all or some only of such New Option 2 Bonds at the Early Redemption Amount together with interest accrued to such date (if any) when the following occurs: (i) when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 20 consecutive trading days on the Stock Exchange; or (ii) when there is a Change of Control.
Redemption at the option of the holders	The Company will, at the option of the holder of any New Option 2 Bond, redeem all or some of that holder's New Option 2 Bonds on 7 April 2018, at 102.08% of the principal amount of the New Option 2 Bonds together with interest accrued to such date (if any).
Events of Default	The New Option 2 Bonds contain events of default provisions (including, among others, non-payment and cross default) as further set out in the terms and conditions of the New Option 2 Bonds.

Further Issues	The Company may from time to time, without the consent of the holders of the New Option 2 Bonds, create and issue further securities having the same terms and conditions as the New Option 2 Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the New Option 2 Bonds or upon such terms as the Company may determine at the time of their issue.
Transferability	The New Option 2 Bonds will be freely transferable, subject to certain restricted transfer periods and the terms and conditions thereof.
Listing	No application would be made to any stock exchange or competent listing authority for the New Option 2 Bonds to be listed or admitted to trading upon issue. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the conversion shares on the Stock Exchange.
Ratings	None.
Governing Law	The New Option 2 Bonds and all transaction documentation will be governed by English law (with submission to the jurisdiction of the English courts).

APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the conversion shares to be issued upon conversion the New Bonds on the Stock Exchange.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The issue of the New Bonds and the conversion shares is not subject to Shareholders' approval. The conversion shares will be issued pursuant to the General Mandate, subject to the limit of up to 1,711,061,466 Shares (representing 20% of the issued share capital of the Company on the date on which the General Mandate was granted). As at the date of this announcement, the General Mandate has not been utilised.

Assuming that (1) all Holders tender for New Option 1 Bonds and are accepted by the Company, and (2) the New Option 1 Bonds issued are fully converted, based on the Floor Price of New Option 1 Bond being HK\$0.19 (this assumes a Reference Price equal to HK\$0.249 x 0.8 (based on the closing price of the Shares on 10 March 2017 multiplied by (1+ Conversion Premium) and multiplied by 80 per cent), conversion shares will utilise a maximum of approximately 1,664,473,684 Shares under the General Mandate.

Assuming that (1) all Holders tender for New Option 2 Bonds and are accepted by the Company, and (2) the New Option 2 Bonds issued are fully converted, based on the initial conversion price of New Option 2 Bonds being HK\$0.92, conversion shares will utilise a maximum of approximately 298,913,043 Shares under the General Mandate.

SECURITIES LENDING ARRANGEMENT

In connection with the Exchange Offer, it is proposed that certain arrangements will be entered between Ms. Lau Ting, Mr. Wu Jingwei, Ms. Chan Tan Na, Donna each, being a director and/or substantial shareholder (as the case may be) of the Company, and Ms. Zhu Xinxin, a senior management of the Company as lender (each a “**Lender**”) and the borrower therein stated (the “**Borrower**”) to allow the Lender(s) to provide stock lending to the Borrower which such stock lending by all the Lenders for up to 366,200,000 Shares in aggregate upon and subject to the terms and conditions therein stated.

EFFECT OF SHAREHOLDING STRUCTURE

Assuming the New Option 1 Bonds are fully converted at the Floor Price being HK\$0.19, (this assumes a Reference Price equal to $\text{HK\$}0.249 \times 0.8$ (based on the closing price of the Shares on 10 March 2017 multiplied by (1+ Conversion Premium) and multiplied by 80 per cent), and assuming that all the Existing Bonds are exchanged for the New Option 1 Bonds pursuant to the terms of the Exchange Offer, an aggregate of 1,664,473,684 Shares will be issued, representing (i) approximately 19.46% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.29% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

Assuming the New Option 2 Bonds are fully converted at the initial conversion price of HK\$0.92, all the Existing Bonds are exchanged for the New Option 2 Bonds pursuant to the terms of the Exchange Offer, an aggregate of 298,913,043 Shares will be issued, representing (i) approximately 3.49% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.38% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares under the New Option 2 Bonds.

The table below sets forth the shareholding structure of the Company (1) as at the date of this announcement and (2) upon full conversion of the New Option 1 Bonds assuming that (1) the conversion price of the New Option 1 Bonds is the Floor Price, (2) all Holders tender for New Option 1 Bonds and are accepted by the Company, (3) the number of Shares held by each of the Shareholders below remain unchanged, and (4) there are no other changes to the issued share capital of the Company:

Shareholders	As at the date of this announcement		Assuming that the entire outstanding principal amount of New Option 1 Bonds are converted into conversion shares (subject to adjustment) at the Floor Price and assuming that all the Existing Bonds are exchanged for the New Option 1 Bonds pursuant to the terms of the Exchange Offer	
	No. of Shares	Approximately % of issued share capital of the Company	No. of Shares	Approximately % of issued share capital of the Company
Ms. Lau Ting and Mr. Chan Shing	1,236,674,125	14.46	1,236,674,125	12.10
Non-public Shareholders	159,300,000	1.86	159,300,000	1.56
Tencent Holdings Limited	594,034,513	6.94	594,034,513	5.81
Credit Suisse Group AG	440,355,534	5.15	440,355,534	4.31
Holder of New Bonds	0	0	1,664,473,684	16.29
Other Public Shareholders	6,124,943,161	71.59	6,124,943,161	59.93

Notes:

- 75,052,874 shares were held by Hang Sing Overseas Limited (“**Hang Sing**”) which was wholly owned by Orient Strength Limited (“**Orient Strength**”), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 137,735,546 shares were held by Strong Purpose Corporation (“**Strong Purpose**”), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 512,492,594 shares were held by Glory Add Limited (“**Glory Add**”) which was wholly owned by Favor King Limited, a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 1,932,312 shares were held by Burwill Holdings Limited of which Ms. LAU Ting and Mr. CHAN Shing were the controlling shareholders. 266,974,373 shares interest were held by Ms. LAU Ting and 242,486,426 shares interest were held by Mr. CHAN Shing. As Mr. CHAN Shing is the spouse of Ms. LAU Ting, the interests of each of Ms. LAU Ting and Mr. CHAN Shing were deemed to be the interests of each other.
- The shares held by non-public Shareholders consist of the Shares held by Directors other than Ms. LAU Ting.
- The shares held by Tencent Holdings Limited represent the same block of interest held by MIH TC Holdings Limited and Naspers Limited.
- Other public Shareholders refer to the public Shareholders other than the Holders or the holders of the New Bonds (as the case may be) who have converted the Existing Bonds or the New Bonds (as the case may be) into Shares.
- This shareholding structure of the Company is for illustration purposes only.

The table below sets forth the shareholding structure of the Company (1) as at the date of this announcement and (2) upon full conversion of the New Option 2 Bonds assuming that (1) the conversion price of the New Option 2 Bonds is the initial conversion price being HK\$0.92, (2) all Holders tender for New Option 2 Bonds and are accepted by the Company, (3) the number of Shares held by each of the Shareholders below remain unchanged, and (4) there are no other changes to the issued share capital of the Company:

Assuming that the entire outstanding principal amount of New Option 2 Bonds are converted into conversion shares (subject to adjustment) at the initial conversion price of HK\$0.92, all the Existing Bonds are exchanged for the New Option 2 Bonds pursuant to the terms of the Exchange Offer

Shareholders	As at the date of this announcement		Exchange Offer	
	No. of Shares	Approximately % of issued share capital of the Company	No. of Shares	Approximately % of issued share capital of the Company
Ms. Lau Ting and Mr. Chan Shing	1,236,674,125	14.46	1,236,674,125	13.97
Non-public Shareholders	159,300,000	1.86	159,300,000	1.80
Tencent Holdings Limited	594,034,513	6.94	594,034,513	6.71
Credit Suisse Group AG	440,355,534	5.15	440,355,534	4.97
Holder of New Bonds	0	0	298,913,043	3.38
Other Public Shareholders	6,124,943,161	71.59	6,124,943,161	69.18

Notes:

- 75,052,874 shares were held by Hang Sing Overseas Limited (“**Hang Sing**”) which was wholly owned by Orient Strength Limited (“**Orient Strength**”), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 137,735,546 shares were held by Strong Purpose Corporation (“**Strong Purpose**”), a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 512,492,594 shares were held by Glory Add Limited (“**Glory Add**”) which was wholly owned by Favor King Limited, a company which was wholly-owned by Ms. LAU Ting and Mr. CHAN Shing. 1,932,312 shares were held by Burwill Holdings Limited of which Ms. LAU Ting and Mr. CHAN Shing were the controlling shareholders. 266,974,373 shares interest were held by Ms. LAU Ting and 242,486,426 shares interest were held by Mr. CHAN Shing. As Mr. CHAN Shing is the spouse of Ms. LAU Ting, the interests of each of Ms. LAU Ting and Mr. CHAN Shing were deemed to be the interests of each other.
- The shares held by non-public Shareholders consist of the shares held by Directors other than Ms. LAU Ting.
- The shares held by Tencent Holdings Limited represent the same block of interest held by MIH TC Holdings Limited and Naspers Limited.
- Other public Shareholders refer to the public Shareholders other than the Holders or the holders of the New Bonds (as the case may be) who have converted the Existing Bonds or the New Bonds (as the case may be) into Shares.
- This shareholding structure of the Company is for illustration purposes only.

REASONS FOR AND BENEFITS OF THE EXCHANGE OFFER

The purpose of the Exchange Offer is to efficiently manage the refinancing of the Existing Bonds, which have an upcoming put option date on 17 April 2017, by exchanging them for (a) either New Option 1 Bonds or New Option 2 Bonds and (b) the Cash Consideration. The Exchange Offer provides the holders of the Existing Bonds with the opportunity to exchange any or all of their existing holding of Existing Bonds for (a) either New Option 1 Bonds or New Option 2 Bonds and (b) the Cash Consideration.

The Directors (including the independent non-executive Directors) consider the Exchange Offer and the terms and conditions of the New Bonds are fair and reasonable, and are in the interest of the Group and the Shareholders as a whole.

The proposed issue of the New Bonds pursuant to the Exchange Offer will not raise new cash for the Company.

FUND RAISING IN THE PAST 12 MONTHS

The Company has not conducted any other fund raising activities of the Company in the past 12 months preceding the date of this announcement.

INFORMATION OF THE GROUP

The Group is engaged in the provision of technology and operation services for lottery systems, terminal equipment and gaming products in China's lottery market. The principal businesses of the Group cover various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at the time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the shares are then listed or quoted or dealt in
“Board”	the board of Directors
“Cash Consideration”	has the meaning as ascribed thereto under the paragraph headed “The terms of the Exchange Offer”
“Cash Factor”	in relation to Option 1, means 42.5%; and in relation to Option 2, means 50%
“Change of Control”	occurs when: (i) any person or persons, other than Ms. Lau Ting or any of her affiliates, executors, administrators or successors, acting together acquires Control of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person or persons acting together, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity
“Clearstream”	Clearstream Banking S.A.

“Company”	China LotSynergy Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1371)
“Control”	means (a) the beneficial ownership or control of more than 50 per cent. of the voting rights of the issue share capital of the Company, or (b) the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Directors”	the directors of the Company
“Early Redemption Amount”	means, for each HK\$1,000 in principal amount of the New Option 2 Bonds, the amount determined by or on behalf of the Company to represent for the holder of the New Option 2 Bonds on the relevant redemption date for determination of the Early Redemption Amount a gross yield of 10% per annum calculated on a quarterly basis
“Eligible Holders”	for the purposes of the Exchange Offer will be those holders of the Existing Bonds who are not precluded from participating in the Exchange Offer as a result of the application of certain jurisdictional restrictions which will be set out in full in the Offer Memorandum
“Euroclear”	Euroclear Bank S.A./N.V.
“Exchange Offer”	the voluntary exchange offer to Eligible Holders to tender their Existing Bonds for exchange by the Company for the New Bonds on the terms and subject to the conditions set out in the Offer Memorandum
“Exchange Ratio”	the ratio that (together with the relevant New Bonds Factor and the relevant Cash Factor) will determine the principal amount of (i) New Option 1 Bonds or New Option 2 Bonds (as the case may be) and (ii) the Cash Consideration, that each Holder whose Existing Bonds are accepted for exchange pursuant to the Exchange Offer will receive on the Settlement Date, being 1:1

“Exchange Rounding Amount”	in relation to Existing Bonds validly offered for exchange by each Holder and accepted by the Company for exchange, the amount in cash to be paid by the Company to such Holder on the Settlement Date for any fractional portion of the aggregate principal amount of New Option 1 Bonds or New Option 2 Bonds (as the case may be) which such Holder would otherwise be entitled to receive, as a result of the application of the Exchange Ratio and the relevant New Bonds Factor, that is not an integral multiple of HK\$1,000, such amount being equal to the product of (a) the fractional portion of such aggregate principal amount that is not such an integral multiple and (b) HK\$1,000 (with the resulting amount rounded to the nearest cent, with half a cent being rounded upwards)
“Existing Bonds”	Hong Kong dollar denominated 5% convertible bonds due 2019 with an initial aggregate principal amount of HK\$580,000,000 issued by the Company on 17 April 2014 and an additional aggregate principal amount of HK\$70,000,000 issued by the Company on 2 May 2014, with an aggregate outstanding principal amount of HK\$550,000,000 as at the date of this announcement
“Expiration Deadline”	6:00 p.m. (Hong Kong time) on 16 March 2017
“Floor Price”	has the meaning as ascribed thereto under the paragraph headed “Conversion Price Reset” under the paragraph headed “A. Terms of the New Option 1 Bonds”
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the general meeting of the Company held on 6 June 2016
“Group”	the Company and its subsidiaries
“Holders”	holders of the Existing Bonds
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Conversion Price Floor Price”	has the meaning as ascribed thereto under the paragraph headed “Conversion Price” under the paragraph headed “A. Terms of the New Option 1 Bonds”
“Launch Date”	10 March 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Bonds”	the New Option 2 Bonds or the New Option 1 Bonds (as the case may be)
“New Bonds Factor”	in relation to Option 1, means 57.5%; and in relation to Option 2, means 50%
“New Option 1 Bonds”	the Hong Kong dollar denominated 7.5 per cent. unsecured convertible bonds due 7 April 2019 to be issued by the Company on the Settlement Date in connection with the Exchange Offer
“New Option 1 Bonds Adjustment Event”	has the meaning as ascribed thereto under the paragraph headed “Adjustments to Conversion Price” under the paragraph headed “A. Terms of the New Option 1 Bonds”
“New Option 2 Bonds”	the Hong Kong dollar denominated 8 per cent. unsecured convertible bonds due 7 April 2019 to be issued by the Company on the Settlement Date in connection with the Exchange Offer
“Offer Memorandum”	the memorandum dated 10 March 2017 setting out the detailed terms of the Exchange Offer prepared by the Company and delivered to Eligible Holders
“Offer Period”	the period from and including the Launch Date to and including the Expiration Deadline
“Option 1”	the election of the Holders to receive the New Option 1 Bonds as set out in paragraph headed “The terms of the Exchange Offer”
“Option 2”	the election of the Holders to receive the New Option 2 Bonds as set out in paragraph headed “The terms of the Exchange Offer”
“Reset Date”	has the meaning as ascribed thereto under the paragraph headed “Conversion Price Reset” under the paragraph headed “A. Terms of the New Option 1 Bonds”
“Reset Reference Price”	has the meaning as ascribed thereto under the paragraph headed “Conversion Price Reset” under the paragraph headed “A. Terms of the New Option 1 Bonds”
“Settlement Date”	7 April 2017, being the date on which the New Bonds will be delivered to the relevant Eligible Holders in exchange for the Existing Bonds validly tendered and accepted by the Company for exchange pursuant to the Exchange Offer
“Shares”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” or “Hong Kong dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 10 March 2017

As at the date of this announcement, the Board comprises Ms. LAU Ting, Mr. WU Jingwei, Ms. CHAN Tan Na, Donna 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.