

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in TLT Lottotainment Group Limited (the "Company"), you should at once hand this Prospectus to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in the securities of the Company and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents registered with the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



**TLT LOTTOTAINMENT GROUP LIMITED**

**彩娛集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(STOCK CODE: 8022)**

**RIGHTS ISSUE  
ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY TWO SHARES HELD  
ON THE RECORD DATE**

**Underwriter of the Rights Issue**



**FREEMAN SECURITIES LIMITED**

The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Thursday, 6 September 2012. The procedures for acceptance of and payment for the Rights Shares are set out on pages 13 to 14 of this Prospectus.

**Shareholders and potential investors of the Company should note the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "TERMINATION OF THE UNDERWRITING AGREEMENTS" on pages 18 to 19 of this Prospectus). Accordingly, the Rights Issue may or may not proceed.**

It should be noted that the Shares have been dealt on an ex-rights basis from Thursday, 14 June 2012. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 27 August 2012 to Monday, 3 September 2012 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any Shareholders or other persons contemplating selling or purchasing Rights Shares in the nil-paid Rights Shares during the period from Monday, 27 August 2012 to Monday, 3 September 2012 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Monday, 27 August 2012 to Monday, 3 September 2012 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or does not proceed. **Any Shareholders or other persons contemplating dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.**

This Prospectus will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of posting and on the Company's website at [www.lottotainment.com.hk](http://www.lottotainment.com.hk).

23 August 2012

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

## TERMINATION OF THE UNDERWRITING AGREEMENTS

The Underwriter may terminate the arrangements set out in the Underwriting Agreements by notice in writing issued to the Company by the Underwriter at any time prior to 4:00 p.m. on the Latest Termination Date or such other date as agreed between the Company and the Underwriter if one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- A. the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreements is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- B. there shall be:
  - i. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - ii. any change in local, national or international financial, political, industrial or economic conditions;
  - iii. any change of an exceptional nature in local, national or international equity securities or currency markets;
  - iv. any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - v. any moratorium, suspension or material restriction on trading in securities generally on the GEM of the Stock Exchange; or
  - vi. any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which event or events is or are, in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares “taken up”; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company, terminate the Underwriting Agreements.

## TERMINATION OF THE UNDERWRITING AGREEMENTS

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreements shall cease and determine and no party to the Underwriting Agreements shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreements except that the Company shall remain liable to pay all expenses, fees, costs and charges (other than the underwriting commission) relating to the Rights Shares and the Rights Issue.

If the Underwriter exercise such right, the Rights Issue will not proceed.

The risks in dealing in the Shares and the Rights Shares are disclosed in the paragraph headed "Warning of the Risks of dealing in Shares and Rights Shares" under the section headed "Letter from the Board".

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## EXPECTED TIMETABLE

*The timetable of the proposed Rights Issue, the Share Consolidation and Change in Board Lot Size is as follows:*

**2012**

*(Hong Kong time)*

Prospectus Documents to be posted . . . . .	Thursday, 23 August
First day of dealings in nil-paid Rights Shares . . . . .	Monday, 27 August
Despatch of circular and proxy form of EGM in respect of the Share Consolidation . . . . .	Monday, 27 August
Latest time for splitting of nil-paid Rights Shares . . . . .	4:30 p.m. on Wednesday, 29 August
Last day of dealings in nil-paid Rights Shares . . . . .	Monday, 3 September
Latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares . . . . .	4:00 p.m. on Thursday, 6 September
Latest time for the termination of the Underwriting Agreement . . . . .	4:00 p.m. on Tuesday, 11 September
Announcement of allotment results . . . . .	Thursday, 13 September
Despatch of certificates for fully-paid Rights Shares and refund cheques . . . . .	Friday, 14 September
Latest time for lodging proxy form of EGM in respect of the Share Consolidation . . . . .	9:00 a.m. on Sunday, 16 September
Expected first date of dealings in fully-paid Rights Shares . . . . .	Monday, 17 September
Record date for attendance and voting at the EGM in respect of the Share Consolidation . . . . .	Tuesday, 18 September
Expected time and date of the EGM in respect of the Share Consolidation . . . . .	9:00 a.m. on Tuesday, 18 September
Announcement of result of the EGM in respect of the Share Consolidation . . . . .	Tuesday, 18 September
Effective date of the Share Consolidation . . . . .	Wednesday, 19 September
Dealings in the Consolidated Shares commences . . . . .	9:00 a.m. on Wednesday, 19 September

## EXPECTED TIMETABLE

Original counter for trading in Shares  
(in board lots of 5,000 Shares) closes . . . . . 9:00 a.m. on Wednesday, 19 September

Temporary counter for trading in the  
Consolidated Shares in board lots of  
500 Consolidated Shares  
(in form of existing share certificates  
in Red colour) opens . . . . . 9:00 a.m. on Wednesday, 19 September

Free exchange of existing share certificates for  
new share certificates for the Consolidated  
Shares commences . . . . . Wednesday, 19 September

Original counter for trading in the  
Consolidated Shares (in board lots of  
3,000 Consolidated Shares) re-opens . . . . . 9:00 a.m. on Friday 5 October

Parallel trading in the Consolidated Shares  
(in form of new share certificates in  
Green colour and existing share certificates  
in Red colour) begins . . . . . 9:00 a.m. on Friday 5 October

Designated broker starts to stand in the market  
to provide matching services for the sale and  
purchase of odd lots of the Consolidated Shares . . . . . 9:00 a.m. on Friday 5 October

Temporary counter for trading in the  
Consolidated Shares in board lots of  
500 Consolidated Shares (in form of  
existing share certificates in  
Red colour) closes . . . . . 4:00 p.m. on Friday, 26 October

Parallel trading in the Consolidated Shares  
(in form of new share certificates in Green colour  
and existing share certificates in Red colour) ends . . . . 4:00 p.m. on Friday, 26 October

Designated broker ceases to stand in the market  
to provide matching services for the sale and  
purchase of odd lots of the Consolidated Shares . . . . . 4:00 p.m. on Friday, 26 October

Free exchange of existing share certificates for  
new share certificates in Green colour ends . . . . . 4:30 p.m. on Tuesday, 30 October

All times and dates specified in this timetable refer to Hong Kong local times. Dates stated in this timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue, the Share Consolidation and Change in Board Lot Size will be announced as appropriate in accordance with the GEM Listing Rules.

## EXPECTED TIMETABLE

### EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above; or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares (if any) does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## DEFINITIONS

*In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:*

“Acceptance Date”	6 September 2012 or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“associate(s)”	the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular in relation to the Rights Issue dated 25 July 2012
“Companies Ordinance”	The Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	TLT Lottotainment Group Limited (Stock Code: 8022), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the GEM of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.50 each upon the Share Consolidation becoming effective
“Convertible Notes”	the Zero Coupon Convertible Notes due 2013 issued by the Company on 28 March 2011 with total outstanding principal amount of HK\$28,080,000 as at the Latest Practicable Date
“Director(s)”	director(s) of the Company from time to time

## DEFINITIONS

“EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company convened at 9:00 a.m. on Wednesday, 22 August 2012 in respect of the Rights Issue
“Freeman Securities”	Freeman Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity under the SFO
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities of GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than Directors (excluding independent non- executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	8 June 2012, being the date of the Underwriting Agreement dated 8 June 2012
“Latest Practicable Date”	18 August 2012, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Termination Date”	the third Business Day after the Acceptance Date or such other date as the Underwriter may agree in writing with the Company

## DEFINITIONS

“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on opinion provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Option(s)”	The option(s) to subscribe for Shares under the Share Option Scheme(s)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close business as the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriter
“Posting Date”	23 August 2012 or such other date as the Underwriter may agree in writing with the Company, as the expected date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders for information only (as the case may be)
“Prospectus”	this prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders other than the Non-Qualifying Shareholders
“Record Date”	22 June 2012, as the date by reference to which entitlements to the Rights Issue to be determined
“Registrar”	the share registrar of the Company in Hong Kong, being Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

## DEFINITIONS

“Rights Issue”	the proposed issue by way of rights on the basis of one Rights Share for every two Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreements and the Prospectus
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being 196,941,341 Shares based on the Company’s issued share capital as at the Record Date
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every ten (10) Shares of HK\$0.05 each into one (1) Consolidated Share of HK\$0.50 each
“Share Option Scheme(s)”	the share option scheme adopted by the Company on 30 July 2001, amended on 2 December 2008, and terminated on 9 May 2011 and the share option scheme adopted by the Company on 9 May 2011
“Share(s)”	existing ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.05 per Rights Share
“Underwriter”	Freeman Securities, the underwriter of the Rights Issue
“Underwriting Agreement(s)”	the underwriting agreement dated 8 June 2012 and/or the supplementary underwriting agreement dated 20 June 2012 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares
“%” or “per cent.”	percentage or per centum



**TLT LOTTOTAINMENT GROUP LIMITED**

**彩娛集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(STOCK CODE: 8022)**

*Executive Directors:*

Ms. Yip Man Yi (*Chairman*)  
Mr. Chan Yun Fai  
Mr. Au Yeung Yiu Chung

*Independent non-executive Directors:*

Mr. Lau Shu Yan  
Mr. Li Kwok Chu  
Mr. Chiu Koon Shou

*Registered office:*

Room A, 9th Floor  
Fortis Tower  
77-79 Gloucester Road  
Wanchai  
Hong Kong

*Head office and principal place of  
business in Hong Kong*

Room A, 9th Floor  
Fortis Tower  
77-79 Gloucester Road  
Wanchai  
Hong Kong

23 August 2012

*To the Shareholders*

Dear Sir/Madam,

**RIGHTS ISSUE  
ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY TWO SHARES HELD  
ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the announcements of the Company issued on 8 June 2012, 20 June 2012, 4 July 2012, 6 July 2012, 18 July 2012 and 3 August 2012 and the Circular of the Company issued on 25 July 2012 in relation to the Rights Issue, the Share Consolidation and Change in Board Lot Size. The Board proposed, inter alia, to raise approximately HK\$9.85 million before expenses by issuing 196,941,341 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at a Subscription Price of HK\$0.05 per Rights Share on the basis of one Rights Share for every two Shares held on the Record Date. The Rights Issue will not be available to the Non-Qualifying Shareholders.

## LETTER FROM THE BOARD

The Board also proposed, inter alia, to (i) effect the Share Consolidation on the basis that every ten (10) Shares of HK\$0.05 each be consolidated into one (1) Consolidated Share of HK\$0.50 each; and (ii) change the board lot size of the Consolidated Shares to 3,000 each upon the Share Consolidation becoming effective (the Shares are currently traded in board lots of 5,000 each).

The implementation and completion of the Rights Issue and the Share Consolidation are not conditional on each other and are to be implemented and completed separately. In view of the current extremely volatile market conditions, the Underwriter has required that the Rights Issue be completed as soon as possible. Consequently, the Company shall not effect the Share Consolidation prior to the completion of the Rights Issue in accordance with the Underwriting Agreements. The Board considers the aforesaid terms of the Underwriting Agreements (i.e. the Company shall not effect the Share Consolidation prior to completion of the Rights Issue) fair and reasonable on the grounds that (i) such terms were at the request of the Underwriter whose request was, in the Board's view, fair and reasonable in view of, inter alia, the Underwriter's liability to underwrite the Underwritten Shares at the Subscription Price under the current extremely volatile market conditions; (ii) the terms of the Underwriting Agreements were determined after arm's length negotiations between the Company and the Underwriter; and (iii) no prejudice will be caused to the interest of the Company and the Shareholders as a whole for the Share Consolidation to be implemented after the completion of the Rights Issue.

The purpose of this Prospectus is to provide you with further details regarding the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares, and certain financial and other information in respect of the Group.

### **RIGHTS ISSUE**

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreements. The Underwriter and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) and have no relationships with any of the vendors of the previous transactions of the Company.

As the proposed Rights Issue will increase the market capitalization of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders and was approved by the Independent Shareholders by way of poll at the EGM.

## LETTER FROM THE BOARD

### Issue statistics

Basis of the Rights Issue	:	One Rights Share for every two Shares held on the Record Date
Number of Shares in issue as at the Record Date	:	393,882,682 Shares
Number of Rights Shares	:	196,941,341 Rights Shares
Subscription Price	:	HK\$0.05 per Rights Share
Number of Rights Shares underwritten by the Underwriter	:	All the Rights Shares

Save for the Convertible Notes and the Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Reference is made to the announcements of the Company dated 8, 23 and 29 August 2011, 28 October 2011, 7 and 27 May 2012, 6 and 14 June 2012 and 3 August 2012 and the circular of the Company dated 3 October 2011 relating to the HK\$50 million convertible bonds (the "Bonds") issued by the Company to Sun Finance Company Limited ("Sun Finance") and the Instrument dated 28 October 2011 constituting the Bonds. On 3 August 2012, the Company reached a full and final settlement with Sun Finance in respect of, inter alia, all of the claims by Sun Finance against the Company arising from the Bonds and the Company paid a sum of HK\$56,885,245.90 to Sun Finance on 3 August 2012 in full settlement of the principal amount of HK\$50 million of the Bonds and the interest accrued thereon up to and including 2 August 2012 whereupon all liabilities of the Company towards Sun Finance arising from the Bonds shall be discharged. Accordingly, as at the Latest Practicable Date, there are no outstanding convertible bonds issued to Sun Finance.

The 196,941,341 nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the Company's issued share capital as at the date of this Prospectus and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the 196,941,341 Rights Shares. The aggregate nominal value of the 196,941,341 Rights Shares will be HK\$9,847,067.05.

As at the Latest Practicable Date, the Directors have not received any information from the Company's substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted or offered to them.

### QUALIFYING SHAREHOLDERS

The Company has sent the Prospectus Documents to the Qualifying Shareholders only. For Non-Qualifying Shareholders (if any), the Company has sent copies of the Prospectus to them for their information only, but the Company has not sent any PAL or EAF to the Non-Qualifying Shareholders.

## LETTER FROM THE BOARD

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

### RIGHTS OF OVERSEAS SHAREHOLDERS

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company, as at the Record Date, there were no Overseas Shareholders.

### SUBSCRIPTION PRICE

The Subscription Price is HK\$0.05 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a premium of approximately 11.11% to the closing price of HK\$0.045 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 1.96% to the average closing price of approximately HK\$0.051 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day; and
- (c) a premium of approximately 16.28% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on 17 August 2012, i.e. the last trading day immediately prior to the Latest Practicable Date;

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole, having regard to, inter alia, the following grounds:

- (a) The Subscription Price of HK\$0.05 was determined after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions for the five consecutive trading days ended on the Last Trading Day and historical share price performance in the past six months up to the Last Trading Day. In particular, the Subscription Price roughly equals to the five day average closing price ended on the Last Trading Day, which is a good benchmark for setting the Subscription Price;

## LETTER FROM THE BOARD

- (b) Since the Subscription Price represents a premium of the prevailing market price of the Shares, the net liabilities of the Company and the net liabilities per Share will be improved irrespective of whether the Qualifying Shareholders take up their entitlements or not, and all Independent Shareholders would benefit from the Rights Issue. With reference to the Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Liabilities of the Group as disclosed in Appendix II to this Prospectus, the net tangible liabilities will be reduced from HK\$98,917,000 (as at 30 June 2012) to HK\$90,217,000 and the net tangible liabilities per Share will be reduced from HK\$0.251 (as at 30 June 2012) to HK\$0.153 as a result of the Rights Issue; and
- (c) The Share price fluctuated within a range of HK\$0.045 to HK\$0.38 during the 6 months period from 9 December 2011 up to and including the Last Trading Day. It is noted that there were only 2 out of the total 121 trading days during such period at which the closing price of Shares were below the Subscription Price. The Share price had been trading above the Subscription Price for most of the time during the said period. The Company adopted the six months period up to the Last Trading Day as a benchmark because it is more prudent for the Company to determine the fair Subscription Price with reference to the market price of the Shares traded over a period of time and the length of 6 months is, in the Company's opinion, sufficient to provide a comprehensive reference for such purpose.

The net price per Rights Share would be approximately HK\$0.044.

### **BASIS OF PROVISIONAL ALLOTMENT**

The basis of the provisional allotment shall be one Rights Share for every two Shares in issue and held at the close of business on the Record Date, being 196,941,341 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreements. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

### **FRACTIONS OF RIGHTS SHARES**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and allotted to a nominee appointed by the Company and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expense) can be achieved, the Company will retain the proceeds for such sale(s) for its benefit. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders.

## LETTER FROM THE BOARD

### STATUS OF RIGHTS SHARES

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

### PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares indicated on the PAL. If the Qualifying Shareholders wish to exercise the right to subscribe for all the Rights Shares specified in the enclosed PAL, the Qualifying Shareholders must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance of the number of Rights Shares provisionally allotted to the Qualifying Shareholders, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Thursday, 6 September 2012. All remittances must be made in Hong Kong dollars and cheques or cashier orders must be drawn on a bank Account in Hong Kong and made payable to "TLT Lottotainment Group Limited — Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Thursday, 6 September 2012, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAF by the Qualifying Shareholders.

If the Qualifying Shareholders wish to accept only part of their provisional allotment and/or to transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Wednesday, 29 August 2012 to the Registrar who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or a part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of a PAL with a cheque or a cashier order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company

## LETTER FROM THE BOARD

reserves the right to reject any PAL in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the rights to terminate the Underwriting Agreements or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

### APPLICATION FOR EXCESS RIGHTS SHARES

Qualifying Shareholders may apply, by way of excess application, for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

**Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his provisional allotment must complete and sign the EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Thursday, 6 September 2012. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "TLT Lottotainment Group Limited — Excess Application Account" and crossed "Account Payee Only". The Registrar will notify the applicants of any allotment of excess Rights Shares made to them.**

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares) and with board lot allocations to be made on a best effort basis.

## LETTER FROM THE BOARD

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Further announcement will be made in relation to the results of acceptance and excess application of the Rights Issue on Thursday, 13 September 2012. If no excess Rights Shares are allotted to the Qualifying Shareholder who has applied for excess Rights Shares, it is expected that a cheque for the amount tendered on application in full without interest will be posted to his/her/its registered address by ordinary post at his/her/its own risk on Friday, 14 September 2012. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be posted to his/her/its registered address by ordinary post at his/her/its own risk on Friday, 14 September 2012.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it, have been, or will be, duly complied with. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for the amounts due, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate the Underwriting Agreements or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

### **SHARE CERTIFICATES AND REFUND CHEQUES FOR RIGHTS ISSUE**

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on Friday, 14 September 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on Friday, 14 September 2012 by ordinary post to the applicants at their own risk.

Applicant(s) will receive one share certificate for all the Rights Shares issued to him/her/it.

## LETTER FROM THE BOARD

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Monday, 17 September 2012.

### APPLICATION FOR LISTING

The Company has obtained the approval from the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on 9 August 2012.

Subject to the compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000 Shares when they commence dealing. The first day of dealings in Rights Shares in their fully-paid form is expected to commence on Monday, 17 September 2012. The Company proposes (i) to effect the Share Consolidation on Wednesday, 19 September 2012 subject to the passing of an ordinary resolution by the Shareholders in the general meeting; and (ii) to change the board lot size of the Consolidated Shares to 3,000 each upon the Share Consolidation becoming effective. The Rights Shares will form part of the share capital of the Company that will be consolidated pursuant to the Share Consolidation.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 5,000), which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and any other applicable fees and charges in Hong Kong.

No odd lot matching services are to be provided to the Shareholders in respect of the Rights Shares. However, preference will be given to those who apply for excess Rights Shares to round up odd-lot holdings to whole-lot holdings as disclosed in the paragraph headed "Application for Excess Rights Shares". Further, the Company has appointed Freeman Securities as the designated broker to provide matching services for sale and purchase of odd lots of the Consolidated Shares. The particulars of the contact person of Freeman Securities for the aforesaid matching services are as follows:-

Name : Ms. May Hong  
Tel : 3513 8002  
Address : Room 1601, 16th Floor, China United Centre, 28 Marble Road,  
North Point, Hong Kong.

## LETTER FROM THE BOARD

### CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the following conditions being fulfilled:

- (a) the delivery to the Stock Exchange and the filing and registration of the Prospectus (will all documents required to be attached thereto by the Companies Ordinance), the PAL and the EAF (all having been duly authorized for registration by the Stock Exchange and certified by any two (2) Directors or their respective authorized agents) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date;
- (c) the GEM Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms), either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant) before 8:00 a.m. on the first day of dealings in nil-paid Rights Shares and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the first day of dealings in fully-paid Rights Shares;
- (d) the obligations of the Underwriter under the Underwriting Agreements not being terminated by the Underwriter in accordance with the terms in the Underwriting Agreements; and
- (e) the passing of the relevant resolution by the Independent Shareholders approving the Rights Issue at the EGM of the Company in accordance with the GEM Listing Rules.

As at the Latest Practicable Date, (c) and (e) above have been satisfied.

The implementation and completion of the Rights Issue and the Share Consolidation are not conditional on each other and are to be implemented and completed separately. The Company shall not effect the Share Consolidation prior to the completion of the Rights Issue in accordance with the Underwriting Agreements.

In the event that the above conditions have not been satisfied on or before 4:00 p.m. on 20 September 2012 (or such later date as the Underwriter and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreements shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreements and the Rights Issue will not proceed.

## LETTER FROM THE BOARD

### THE UNDERWRITING AGREEMENTS

Date	:	8 June 2012 and 20 June 2012
Underwriter	:	Freeman Securities
Total number of Rights Shares being underwritten by the Underwriter	:	All the Rights Shares, being 196,941,341 Rights Shares have been fully underwritten by the Underwriter
Commission	:	3% of the aggregate Subscription Price of the Underwritten Shares actually issued on the Record Date

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreements.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreements (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### TERMINATION OF THE UNDERWRITING AGREEMENTS

If at any time between the date of the Underwriting Agreement dated 8 June 2012 and 4:00 p.m. on the Latest Termination Date or such other date as agreed between the Company and the Underwriter, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- A. the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreements is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- B.
  - i. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - ii. any change in local, national or international financial, political, industrial or economic conditions;
  - iii. any change of an exceptional nature in local, national or international equity securities or currency markets;
  - iv. any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

## LETTER FROM THE BOARD

- v. any moratorium, suspension or material restriction on trading in securities generally on the GEM of the Stock Exchange; or
- vi. any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which event or events is or are, in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreements.

Upon giving of notice pursuant to the Underwriting Agreements, all obligations of the Underwriter under the Underwriting Agreements shall cease and determine and no party to the Underwriting Agreements shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreements provided that the Company shall remain liable to pay to the Underwriter all expenses, fees, costs and charges (other than the underwriting commission) relating to the Rights Shares and the Rights Issue. If the Underwriter exercises such right, the Rights Issue will not proceed.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES**

**The Shares have been dealt in on an ex-rights basis from Thursday, 14 June 2012. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 27 August 2012. If the conditions of the Underwriting Agreements are not fulfilled or the Underwriting Agreements are terminated by the Underwriter, the Rights Issue will not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from Monday, 27 August 2012 to Monday, 3 September 2012 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreements ceases) and any persons dealing in the nil-paid Rights Shares during the period from Monday, 27 August 2012 to Monday, 3 September 2012 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and the Public are reminded to exercise caution when dealing in the securities of the Company.**

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and the date immediately after completion of the Rights Issue, assuming there is no change in the shareholding structure of the Company from the Latest Practicable Date to the date immediately after completion of the Rights Issue.

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming the Rights Shares are fully taken up by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders takes up any of the Rights Shares and the Underwriter and sub-underwriters and subscribers procured by them take up the Rights Shares to the maximum extend	
	<i>No. of Shares</i>	<i>approx. %</i>	<i>No. of Shares</i>	<i>approx. %</i>	<i>No. of Shares</i>	<i>approx. %</i>
Mr. Luk Wing Kwong, Quintin	50,351,800	12.78	75,527,700	12.78	50,351,800	8.52
The Underwriter and sub-underwriters and subscribers procured by them	–	–	–	–	196,941,341	33.33
Other Shareholders	343,530,882	87.22	515,296,323	87.22	343,530,882	58.15
<b>Total</b>	<b>393,882,682</b>	<b>100</b>	<b>590,824,023</b>	<b>100</b>	<b>590,824,023</b>	<b>100</b>

*Notes:*

The Underwriter has undertaken with the Company that (i) that it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and (ii) that it shall, in fulfillment of its obligations pursuant to the Underwriting Agreements to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue.

In addition, the Underwriter undertakes to the Company that in fulfillment of its obligations pursuant to the Underwriting Agreements to procure subscribers for any Underwritten Shares not taken up, it shall ensure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s) are independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates such that the Company will be able to comply with the minimum public float requirement set out in Rule 11.23 of the GEM Listing Rules.

The Company received a confirmation from the Underwriter that none of the Underwriter and/or any subscribers procured by it/sub-underwriters will become a substantial shareholder of the Company upon the completion of the Rights Issue.

## LETTER FROM THE BOARD

### PROPOSED USE OF PROCEEDS

The Group is principally engaged in the provision of travel agent services, artist management services, advertising and marketing services, operation of stage drama and securities investment.

The gross proceeds from the Rights Issue will be approximately HK\$9.85 million. The estimated net proceeds from the Rights Issue will be approximately HK\$8.70 million. The Company intends to apply the net proceeds from the Rights Issue in full to the payment of the interest and/or the principal due under the “Loan Facility” as defined in the paragraph headed “Reasons for the Rights Issue”.

With reference to the Circular, the Company intended to apply the net proceeds from the Rights Issue in full to the payment of the interest on the said principal amount of HK\$50 million of the Bonds owing to Sun Finance. The Company has all along been assessing the implication that the litigation with Sun Finance has on the Company, as well as exploring whether or not to reach a settlement with Sun Finance. During the weekend of 28 and 29 July 2012, the Board came to the view that reaching some form of settlement with Sun Finance would be in the best interest of the Company and its shareholders as a whole, particularly in view of the fact that the debt owing to Sun Finance would in any event become due and payable in less than 3 months even if the Company wins the legal battle. The Company then started negotiating a settlement with Sun Finance on 30 July 2012 and finally agreed the arrangement of the settlement by signing a Settlement Agreement with Sun Finance on 3 August 2012. The Company made the drawdown under the Loan Facility on 3 August 2012 and repaid the principal and interest in full to Sun Finance on the same day. Given that the Company has already paid the said interest prior to the completion of the Rights Issue, the Company now intends to apply the net proceeds of the Rights Issue to the payment of the interest and/or the principal due under the Loan Facility as aforesaid.

The Directors are of the view that the new usage of net proceeds of the Rights Issue does not, in substance, deviate from the intended usage as disclosed in the Circular because in either way the net proceeds are to be used to pay the debts owed by the Company to an independent third party. Further, the funding needs of the Company remain unchanged since all the drawdown loans under the Loan Facility are repayable on or before 30 May 2013. The “Reasons for the Rights Issue” as disclosed in the Circular, therefore, still apply despite the new usage of net proceeds as aforesaid. The Directors believe that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### REASONS FOR THE RIGHTS ISSUE

The net proceeds raised from previous fund raising activities in the past twelve months immediately preceding the date of the Prospectus have been fully utilized. The Company had cash position of approximately HK\$4.53 million as at 10 August 2012.

On 30 May 2012, the Company entered into a loan agreement with a lender, a party independent of the Company and its connected persons, in respect of a loan facility in a principal amount of HK\$165 million (the "Loan Facility"). The purpose of entering into the Loan Facility is to provide a safe net to the Company for repayment of its liabilities and other general working capital needs.

The Company made a drawdown under the Loan Facility on 11 June 2012 in an amount of HK\$100 million and applied the same to the repayment of the promissory note issued on 15 April 2011 by the Company to Premier Capital in a principal amount of approximately HK\$106 million. The discount of HK\$6 million was offered by Premier Capital in consideration of the early repayment by the Company.

On 3 August 2012, the Company reached a Settlement Agreement with Sun Finance and made a further drawdown under the Loan Facility in an amount of HK\$65 million and paid a sum of HK\$56,885,245.90 of which to Sun Finance in full settlement of the principal amount of HK\$50 million and the interest accrued thereon up to and including 2 August 2012 whereupon all liabilities of the Company towards Sun Finance were discharged. The balance of the HK\$65 million drawdown will be used to repay the interest of the loan under the Loan Facility. The Company reached the Settlement Agreement with Sun Finance due to the following reasons:

- (1) the Settlement would save legal costs and time of the Company in handling the litigation with Sun Finance;
- (2) the annual interest rate of the debt owing to Sun Finance is equivalent to that of the loan under the Loan Facility. The Settlement will not increase the interest expense of the Company;
- (3) the loan under the Loan Facility has a longer term for repayment which provides the Company with more flexibility in future financial planning, whereas the debt owing to Sun Finance would in any event become due and payable in less than 3 months even if the Company wins the litigation with Sun Finance; and
- (4) the Settlement would ease Shareholders' doubts and concerns over the litigation and consequently enhance the Company's corporate image.

## LETTER FROM THE BOARD

As for the Convertible Notes due on 28 March 2013, the Company will finance the outstanding principal amount of HK\$28.08 million of the Convertible Notes by actively exploring fund raising measures such as additional larger-sized equity fund raising and entering into longer-term bank borrowing or other borrowing arrangements. As of the Latest Practicable Date, there is no discussion, negotiation or arrangements in respect of any fund raising plan or timetable (including issue of new Shares) and no contracts or agreements has been entered into in respect of any fund raising plan.

The Company has genuine funding needs due to the following reasons:

- (a) The Company had cash position of approximately HK\$4.53 million as at 10 August 2012;
- (b) The estimated operating expenses (including rent, building management fee, salaries and interest expenses) for next twelve months are approximately HK\$33.9 million;
- (c) Capital requirements of the Company for next twelve months will be (i) the repayment of the Convertible Notes in an outstanding principal amount of HK\$28 million due on 28 March 2013 if the holder of the Convertible Notes does not convert any of the principal into Shares on or before the maturity date; and (ii) the repayment of the total drawdown amount of the Loan Facility on or before 30 May 2013 (as at the Latest Practicable Date, the drawdown amount of the Loan Facility is HK\$165 million and the interest thereon is HK\$2.475 million per month and the interest incurred up to the Latest Practicable Date is approximately HK\$3.73 million); and
- (e) As announced by the Company on 26 June, 4 July 2012, 24 July 2012 and 14 August 2012, the matter relating to the refundable deposit of HK\$41 million has been in negotiation and it may or may not materialize into a final settlement.

Given the Company's heavy burden of liabilities, it is prudent for the Company to raise funds from equity market when the market conditions are conducive and there are underwriters or placing agents willing to take part in the fund raising activities on terms agreeable to the Company. Equity financing would enhance the Company's financial position by reducing its gearing ratio as well as broaden the Company's shareholder base. The Directors are in the view that the Company should capture the opportunities for equity fund raising and lower the usage of debt financing in order to maintain a better financial position of the Group. In addition, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Rights Issue provides equal opportunities to each

## LETTER FROM THE BOARD

Qualifying Shareholder to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. The Board considers the terms of the Rights Issue to be fair and reasonable and in the interests of the Company and the Shareholders as a whole, having regard to, inter alia, the following grounds:

- (a) The Subscription Price of HK\$0.05 was determined after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions for the five consecutive trading days ended on the Last Trading Day and historical share price performance in the past six months up to the Last Trading Day. In particular, the Subscription Price roughly equals to the five day average closing price ended on the Last Trading Day, which is a good benchmark for setting the Subscription Price;
- (b) Since the Subscription Price represents a premium of the prevailing market price of the Shares, the net liabilities of the Company and the net liabilities per Share will be improved irrespective of whether the Qualifying Shareholders take up their entitlements or not, and all Independent Shareholders would benefit from the Rights Issue. With reference to the Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Liabilities of the Group as disclosed in Appendix II to this Prospectus, the net tangible liabilities will be reduced from HK\$98,917,000 (as at 30 June 2012) to HK\$90,217,000 and the net tangible liabilities per Share will be reduced from HK\$0.251 (as at 30 June 2012) to HK\$0.153 as a result of the Rights Issue; and
- (c) The Share price fluctuated within a range of HK\$0.045 to HK\$0.38 during the 6 months period from 9 December 2011 up to and including the Last Trading Day. It is noted that there were only 2 out of the total 121 trading days during such period at which the closing price of Shares were below the Subscription Price. The Share price had been trading above the Subscription Price for most of the time during the said period. The Company adopted the six months period up to the Last Trading Day as a benchmark because it is more prudent for the Company to determine the fair Subscription Price with reference to the market price of the Shares traded over a period of time and the length of 6 months is, in the Company's opinion, sufficient to provide a comprehensive reference for such purpose.

## LETTER FROM THE BOARD

### FUND RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
23 May 2012	Placing of 65,647,113 new Shares under general mandate	HK\$7,320,000	For financing the general working capital needs of the Group	Fund of HK\$7.32 million were used for payment of operating expenses of the Group including the payment of rent, building management fee, salary, legal and professional fee and interest expenses.
8 August 2011, 23 August 2011 and 3 October 2011	Issue of HK\$50 million convertible notes	HK\$49,600,000	For financing (i) the subscription for a new joint venture company as announced on 25 August 2011 at a consideration of approximately HK\$1.5 million, details of which have been set out in the announcement made by the Company on 25 August 2011; (ii) acquisition and investment within the scope of major business of the Group when suitable opportunity arises; and (iii) the general working capital of the Group, including but not limited to the operation and/or expansion of the Group's existing operating business	Funds of HK\$20 million were used for acquisition of 100% issued share capital of Creative Star Limited, details of which were set out in the Company's announcement dated 14 November 2011 and 28 February 2012. Funds of around HK\$5.5 million were used for operation of stage drama. Funds of around HK\$6.3 million were used for the operation of artist school. Funds of around HK\$2 million were used for repayment of a loan from a director in the sum of HK\$1.53 million and another loan in the sum of HK\$0.5 million payable on behalf of TLT Lottotainment Technology Limited. Furthermore, funds of approximately HK\$15.8 million were used for payment of operating expenses of the Group including the payment of rent, legal and professional fee, salary and interest expenses for the period from Nov 2011 to May 2012.

## LETTER FROM THE BOARD

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
4 August 2011	Top-up placing of 86,000,000 pre-consolidated Shares	HK\$8,250,000	For financing future investment, repayment of promissory notes, repayment of other borrowings and/or for general working capital purpose of the Group	Funds of around HK\$2.8 million and HK\$1.9 million were used respectively for operation of stage drama and for development of mobile ticketing system for the operation of stage drama. Funds of HK\$1.5 million and HK\$2.05 million were used respectively as capital contribution for a new joint venture company as announced on 25 August 2011 and as payment of general operating expenses including legal and professional assurance service costs, printer costs and salary. The new joint venture company is currently on dormant status.

The Company confirms that the actual usage of the proceeds raised from each of the above fund raising exercises did not deviate from the intended usage as disclosed.

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date.

### **POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS**

As a result of the Rights Issue, the exercise price and the number of Shares to be issued pursuant to the Share Option Scheme may be adjusted in accordance with the respective terms and conditions of the Share Option Scheme and the GEM Listing Rules or guidelines issued by the Stock Exchange, upon the completion of the Rights Issue and from time to time. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

### **TAXATION**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

## LETTER FROM THE BOARD

### IMPLICATION UNDER THE GEM LISTING RULES

The proposed Rights Issue would increase the market capitalization of the Company by more than 50%. In accordance with rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional upon approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the Latest Practicable Date, none of the Shareholders is required to abstain from Voting at the EGM.

The Rights Issue was approved by the Independent Shareholders by way of poll at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,  
By order of the Board  
**TLT Lottotainment Group Limited**  
**Yip Man Yi**  
*Chairman and Executive Director*

## 1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years 31 December 2009 (pages 6 to 10, 28 to 108), 2010 (pages 6 to 9, 30 to 112) and 2011 (pages 5 to 10, 36 to 124) dated 22 March 2010, 23 March 2011 and 30 March 2012 respectively.

The first quarterly report for the three months ended 31 March 2012 (pages 2 to 11) dated 14 May 2012 and the interim report of the Company for the six months ended 30 June 2012 (pages 2 to 22) dated 14 August 2012 of the Company are published on both the GEM website ([www.hkgem.com](http://www.hkgem.com)) and the website of the Company ([www.lottotainment.com.hk](http://www.lottotainment.com.hk)).

### Events since 31 December 2011

#### *Acquisition of Creative Star Limited*

On 14 November 2011, the Group entered into a sale and purchase agreement with independent third party, pursuant to which the Group has conditionally agreed to acquire the entire issued share capital of Creative Star Limited (“Creative Star”). The total consideration paid for the acquisition of Creative Star was HK\$20,000,000. The acquisition, which constituted as a major transaction under the GEM Listing Rules, was completed on 28 February 2012. Creative Star become a wholly-owned subsidiary of the Group.

Creative Star is an investment holding company, incorporated in the Republic of Vanuatu with limited liability, and held as to 60% of the shares of Hong Kong Marketing Service Limited (“Hong Kong Marketing”). Hong Kong Marketing is incorporated in Hong Kong with limited liability and engaged in product advertising and promotion, marketing agency and planning, function organization and media project services.

Details of the transaction were disclosed in the Company’s announcements dated 14 November 2011, 25 November 2011, 20 January 2012 and 28 February 2012 respectively.

#### *Purchase, Redemption or Sale of Listed Securities of the Company*

During the period from 1 January 2012 to Latest Practicable Date, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities except the issue of 65,647,113 shares at a price of HK\$0.12 per placing shares by way of placing on 5 June 2012.

## 2. INDEBTEDNESS STATEMENT

### Borrowings

As at the close of business on 30 June 2012, the unsecured borrowings included loan payable of approximately HK\$50,000,000 payable to Sun Finance and convertible notes of approximately HK\$28,080,000. As at 30 June 2012, the Group had finance lease obligations of approximately HK\$1,138,000.

On 30 May 2012, a secured and unguaranteed loan facility amounting to HK\$165,000,000 has been granted to the Group. The security was a debenture of the Company dated 20 June 2012 under which all the undertaking property, assets goodwill, rights and revenues of the Company are charged to the lender by way of first floating charge. As at 3 August 2012, HK\$165,000,000 has been draw down in full by the Group. The agreed interest rate is 1.5% per month.

### Securities and guarantees

As at the close of business on 30 June 2012, the Group did not obtain any banking facilities. As at the close of business on 30 June 2012, the Group did not provide any corporate guarantees to banks.

### Commitments

As at 30 June 2012, the Group had total future minimum lease payments under non-cancellable operating leases for its office and staff quarters premises and falling due as follows:

	<i>HK'000</i>
Within one year	3,703
In the second to fifth years, inclusive	10,155
More than 5 years	<u>6,367</u>
	<u><u>20,225</u></u>

### Contingent liabilities

As at 30 June 2012, the Group had no significant contingent liabilities.

### Debenture

As at 30 June 2012, the Group has a debenture dated 20 June 2012 with an aggregate principal amount of not more than HK\$165,000,000 issued by the Company to the lender to secure the Loan Facility.

**Disclaimer**

Save as aforesaid and apart from intra-group liabilities, at the close of business on 30 June 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities. Save as aforesaid, the Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 December 2011 and up to the Latest Practicable Date.

**3. WORKING CAPITAL**

The Directors are of the opinion that, taking into account its internal resources and the presently available credit facilities of the Group, the Group will not have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this Prospectus. This is principally due to the Company's liabilities for the next twelve month to pay (i) the Convertible Notes in an outstanding principal amount of HK\$28,080,000 due on 28 March 2013 if the holder of the Convertible Notes does not convert any of the principal into Shares on or before the maturity date; and (ii) the total drawdown amount of the Loan Facility on or before 30 May 2013 (as at the Latest Practicable Date, the total drawdown amount of the Loan Facility is HK\$165 million and the interest thereon is HK\$2.475 million per month. The interest incurred up to the Latest Practicable Date is approximately HK\$3.73 million).

In view of the foregoing, the Company is actively exploring other measures to fulfill the future working capital requirement such as additional larger-sized equity fund raising and entering into longer-term bank borrowing or other borrowing arrangements. As of the date of this Prospectus, there is no discussion, negotiation or arrangements in respect of aforesaid fund raising measures or timetable and no contracts or agreements has been entered into in respect of any fund raising measures. Moreover, the Directors expect that the acquisition of Creative Star will increase the income stream and bring additional stable earnings to the Group in the near future.

The Directors are aware that the Group's liquidity position would depend largely on the successful conclusion of future equity and/or debt fund raising activities. Failure to obtain future financing may adversely affect the working capital position of the Group.

Subject to the successful conclusion of the aforesaid future equity and/or debt fund raising activities, the Directors believe that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this Prospectus.

#### 4. MATERIAL ADVERSE CHANGE

With reference to the Company's announcement dated 7 August 2012 and the interim results announcement dated 14 August 2012, based on the unaudited consolidated results of the Group for the six months ended 30 June 2012, (i) the loss from ordinary activities attributable to equity shareholders of the Company was approximately HK\$37,501,000 for the six months ended 30 June 2012 (2011: approximately HK\$4,167,000); and (ii) the basic loss per Share for continuing and discontinued operations for the six months ended 30 June 2012 was approximately HK11.10 cents (2011: approximately HK0.36 cents) and loss per Share for continuing operation was approximately HK11.10 cents (2011: approximately HK0.31 cents). The increase in loss was mainly due to the gain on disposal of certain subsidiaries in the same period last year will not occur this year.

Save and except the aforesaid, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group was made up.

#### 5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group has been engaged in the provision of travel agent services, artist management services, advertising and marketing services, operation of stage drama and securities investment.

The travel industry is still very competitive in the People's Republic of China (the "PRC"). The Group has to face a difficult environment particularly the inflation and the continuous growth in the operating costs. As the annual disposal income per capita continues to grow in the PRC and more and more overseas locations are freely open for PRC citizens, it is optimistic in the business growth of our travel agency operation.

The Group started securities investment from mid-June 2012. The securities investments principally comprise securities from companies listed on the Stock Exchange. The securities investments will be held for short term trading purpose. It is intended that the securities investments will provide the Group with a reasonable dividend yield as well as capital appreciation. The Company's securities portfolio as at 30 June 2012 was as follows:

Name of stock (Stock code)	Share holdings	Invested amount HK\$	Market value HK\$
Inno-Tech Hold (8202)	900,000	391,500	436,500
CNC Holdings (8356)	760,000	568,400	684,000
RCG Holdings (802)	640,000	640,000	435,200
Carnival Group (996)	1,300,000	383,500	390,000
Total		<u>1,983,400</u>	<u>1,945,700</u>

On 16 February 2011, the Group acquired 51% of the issued share capital of Dragon Gain Worldwide Limited (“Dragon Gain”), a company which through its wholly owned subsidiary holds a non-exclusive licence to adapt Mr. Louis Cha Leung Yung’s novel “Born to be hero 天龍八部” for stage drama performance worldwide (except Japan). On 15 December 2011, the stage drama is officially launched in Beijing. The launch performance in Beijing ran from 15 December 2011 to 8 January 2012. The performance of the stage drama in Beijing was unsatisfactory as the operation cost unexpectedly increased by the launch of the drama and the failure to secure sponsorship for the stage drama. The Group is committed to strengthen the cost control policy in this operation. Besides, the Group is planning to stage the drama in other Asian regions and intends to invite the sponsorship for the shows.

According to the acquisition agreement, the Company may exercise its option to put back the 51% share capital of Dragon Gain to its original vendor at the original acquisition price plus a pre-agreed premium. Although the performance of the stage drama is disappointed and the profit guarantee provided by the vendor of the relevant acquisition may not be met, however, given the special nature of entertainment business it will be difficult to assess whether such profits guarantee can ultimately be achieved or not and as at the Latest Practicable Date, the Company intends to wait further to see if there is any turn around on the performance of the stage drama to decide whether to exercise the put option to put the investment project of the stage drama back to its original vendor. The Company will closely monitor the performance and development of the stage drama project.

For the talent academy in Macau, its capital investment has already been completed and the official school license of the Macau talent academy is in the final stage of approval by the Education and Youth Affairs Bureau in Macau (“EYAB”) and the Group is optimistic with it, the Group has worked closely with EYAB in rescheduling the commencement of the operations of the Macau talent academy and it is expected that enrollments of the training courses will commence in the fourth quarter of 2012. However, due to the delay in the granting of the official school license to the Macau talent academy, it has delayed the scheduled commencement of business of the talent academy and has adversely affected its performance and as such it has failed to provide any profits to the Group and according to the acquisition agreement for 51% issued capital of Fountain City Holdings Limited (“Fountain City”), the Company may exercise its option to put back the 51% share capital of Fountain City to its original vendor at the original acquisition price plus a pre-agreed premium. As at the Latest Practicable Date, the Company is considering and assessing on exercising the options to put back the 51% share capital of Fountain City to its original vendor if it is in the best interest of the Shareholders.

On 28 February 2012, the Group acquired the entire issued capital of Creative Star Limited (“Creative Star”) which holds 60% of the share of Hong Kong Marketing Service Limited (“Hong Kong Marketing”). Hong Kong Marketing is engaged in product advertising and promotion, marketing agency and planning, function organization and media project services. With the strong client base and the media network Hong Kong Marketing possessed as well as the management’s experience in advertising and promotion industry, the Company considers that the acquisition can provide a synergy effect to the Group’s existing businesses which includes provision of cross-selling,

marketing platform and resources for brand building. Given the stable source of revenue from Hong Kong Marketing, the Directors expect that the acquisition will not only increase the income stream and bring additional stable earnings to the Group but also increase the return on equity which in long run can bring benefit to the Group and its shareholders. The Directors expect to take measures to rationalize its existing business, including improving the operation efficiency and effectiveness of the businesses and undergoing business segment integration.

The Group is also trying to diversify its businesses into the business of money lending and has applied for a money lender license. It is expected that the license maybe issued to the Group by the end of August 2012. The Directors consider it will be beneficial to the Company to explore new opportunities in the money lending business to broaden its source of income and expand the business operations in order to generate profits and return for the Company and the Shareholders.

In general, the Group is working diligently in building a good foundation and engineering the company of the Group to add value to each other in the cultural, media and entertainment business and at the same time to explore opportunities to expand the Group's business operations.



ZENITH CPA LIMITED  
诚丰会计师事务所有限公司  
Unit 318, 3/F., Shui On Centre,  
6-8 Harbour Road,  
Wanchai, Hong Kong

香港湾仔港湾道6-8号  
瑞安中心3楼318室

23 August 2012

The Board of Directors  
TLT Lottotainment Group Limited  
Room A, 9th Floor  
Fortis Tower  
77-79 Gloucester Road  
Wanchai, Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible liabilities of TLT Lottotainment Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) (the “Unaudited Pro Forma Financial Information”) which has been prepared by the directors of the Company (the “Directors”) for illustrative purpose only, to provide information about how the proposed rights issue on the basis of one rights share for every two existing shares at HK\$0.05 per rights share to the qualifying shareholders of the Company might have affected the financial information of the Group presented for inclusion in Appendix II of the Company’s prospectus dated 23 August 2012 (the “Prospectus”).

The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the Appendix II of the Prospectus.

### **Respective Responsibilities of the Directors and Reporting Accountants**

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as 30 June 2012 or at any future date.

**Opinion**

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

**Zenith CPA Limited**  
*Certified Public Accountants*  
**Cheng Po Yuen**  
Practising Certificate Number: P04887

Hong Kong

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE LIABILITIES OF THE GROUP

The following is an unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Rights Issue on the unaudited consolidated net tangible liabilities of the Group as if they had been undertaken and completed on 30 June 2012. This statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Group on the completion of the Rights Issue or any future date.

	Unaudited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at 30 June 2012 <i>(Note ii)</i> HK\$'000	Unaudited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company per Share as at 30 June 2012 <i>(Note iii)</i> HK\$	Estimated net proceeds from the Rights Issue <i>(Note iv)</i> HK\$'000	Unaudited pro forma consolidated net tangible liabilities of the Group attributable to the equity holders of the Company after the Rights Issue HK\$'000	Unaudited pro forma consolidated net tangible liabilities of the Group attributable to the equity holders of the Company per Share after the Rights Issue <i>(Note v)</i> HK\$
Rights Issue of 196,941,341 Rights Shares <i>(Note i)</i>	(98,917)	(0.251)	8,700	(90,217)	(0.153)

*Notes:*

- (i) The Rights Issue of 196,941,341 Rights Shares is calculated on the basis of one Rights Share for every two Shares held on the Record Date.
- (ii) The unaudited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at 30 June 2012 of approximately HK\$98,917,000 is calculated based on the unaudited consolidated net liabilities of the Group attributable to the equity holders of the Company as at 30 June 2012 of HK\$21,224,000 after deduction of intangible assets and goodwill of approximately HK\$43,255,000 and HK\$34,438,000 respectively as at 30 June 2012. All the figures are extracted from the published interim report of the Company for the period ended 30 June 2012.
- (iii) The calculation of the unaudited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company per Share is based on 393,882,682 Shares in issue as at 30 June 2012.

- (iv) The estimated net proceeds from the Rights Issue of approximately HK\$8,700,000 is based on the estimated gross proceeds of approximately HK\$9,850,000 from 196,941,341 Rights Shares to be issued, at the Subscription Price of HK\$0.05 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,150,000.
- (v) The calculation of the unaudited pro forma consolidated net tangible liabilities per Share after the Rights Issue is based on net tangible liabilities of the Group attributable to equity holders of the Company of approximately HK\$90,217,000 divided by 590,824,023 Shares (calculated as 393,882,682 Shares in issue as at 30 June 2012 plus the issue of the 196,941,341 Rights Shares).
- (vi) No adjustment has been made to reflect the proposed share consolidation as set out in the Company's announcement dated 8 June 2012 (the "Share Consolidation") as the implementation and completion of the Rights Issue and the Share Consolidation are not conditional on each other and are to be implemented and completed separately. The Company will not effect the share consolidation prior to the completion of the Rights Issue in accordance with the underwriting agreements.
- (vii) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2011.

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

## 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares	<u>100,000,000</u>

<i>Issued and fully paid:</i>	<i>HK\$</i>
<u>393,882,682</u> Shares	<u>19,694,134</u>

All Shares currently in issue rank pari passu in all respects with each others, including, in particular, as to dividends, voting rights and return of capital.

- (A) No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.
- (B) The Shares are listed and traded on the GEM of the Stock Exchange. None of the Shares or debt securities of the Company is listed, or dealt in, or any other exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be, sought on any other stock exchange.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors

As at the Latest Practicable Date, the following Directors or chief executives of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Name of Directors	Capacity/nature of interests	Number of ordinary share(s) held	Number of underlying share(s) held	Approximate of aggregate percentage of the Company's issued share capital
Mr. Cheung Man Yau, Timothy (retired on 4 June 2012)	Beneficial Owner	—	1,300,000 ( <i>Note</i> )	0.33%
Mr. Fung Wai Shing (resigned on 11 July 2012)	Beneficial Owner	—	100,000 ( <i>Note</i> )	0.02%

*Note:* The share options of the Company have been granted to these former Directors and employees on 29 June 2009 and/or 4 June 2010 and outstanding as at the Latest Practicable Date.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules.

**(b) Interest of Substantial Shareholders**

As at the Latest Practicable Date, other than the interests and short positions of the Directors or chief executives of the Company disclosed above, person or corporation who had interests in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

<b>Name of Shareholders</b>	<b>Capacity and nature of interests</b>	<b>Number of ordinary shares and underlying shares held</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Luk Wing Kwong, Quintin	Beneficial Owner	50,351,800	12.78%

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executives of the Company were not aware of any party who had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO.

**4. LITIGATION**

Reference is made to the announcements of the Company dated 27 May 2012, 6 June 2012, 14 June 2012 and 3 August 2012 ("the Announcements") in relation to the HK\$50 million Convertible Bonds issued by the Company on 28 October 2011 to Sun Finance Company Limited. Unless otherwise defined, capitalized terms used in this section of the Prospectus have the same meaning as defined in the Announcements.

The Company has reached a full and final settlement with Sun Finance in respect of the Court Application and all of the claims by Sun Finance against the Company arising from the Bonds, the Instrument and the Statutory Demand by virtue of the Settlement Agreement and the Consent Order made in the proceedings of HCMP 1121/2012. Pursuant to the Settlement Agreement and the Consent Order, (i) the Company paid a sum of HK\$56,885,245.90 to Sun Finance on 3 August 2012 in full settlement of the principal amount of HK\$50 million of the Bonds and the interest accrued thereon up to and

including 2 August 2012 whereupon all liabilities of the Company towards Sun Finance arising from the Bonds, the Instrument and the Statutory Demand shall be discharged; and (ii) the Court Application shall be stayed.

Save and except the aforesaid, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

#### **5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, as far as the Directors are aware of, none of the Directors or the controlling Shareholders of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

#### **7. OTHER INTERESTS OF THE DIRECTORS**

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 31 December 2011 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this Prospectus and is significant in relation to the business of the Group.

#### **8. MATERIAL CONTRACTS**

The following contracts (being contracts not entered into in the ordinary course of business of the Group) have been entered into by the members of the Group after the date of two years immediately preceding the date of this Prospectus, and up to the Latest Practicable Date, and are or may be material:

- (i) the Settlement Agreement entered into between the Company and Sun Finance on 3 August 2012 in respect of the settlement of the Court Application and all of the claims by Sun Finance against the Company arising from the Bonds, the Instrument and the Statutory Demand;
- (ii) the Underwriting Agreements;

- (iii) the loan agreement entered between the Company and Gain All Investments Limited dated 30 May 2012 in relation to a loan facility of HK\$165 million for a fixed term of 12 months at an agreed interest rate of 1.5% per month;
- (iv) the conditional placing agreement entered into between the Company and Freeman Securities Limited dated 23 May 2012 in relation to the placing of 65,647,113 new shares at the placing price of HK\$0.12 per placing share. The net proceed was approximately HK\$7.32 million;
- (v) the sale and purchase agreement dated 14 November 2011 entered into between Mr. Chang Ka Wai as vendor and the Company as purchaser relating to the sale and purchase of the one ordinary share of US\$1.00 in the issued share capital of Creative Star Limited at the consideration of HK\$20 million. Creative Star Limited owns 60% of the issued share capital of Hong Kong Marketing Service Limited. The principal business of Hong Kong Marketing Service Limited is product advertising and promotion, marketing agency and planning, function organisation and media project services;
- (vi) the supplemental agreement dated 25 November 2011 made between Mr. Chang Ka Wai and the Company to amend and vary terms of the sale and purchase agreement dated 14 November 2011;
- (vii) the second supplemental agreement dated 20 January 2012 made between Mr. Chang Ka Wai and the Company to further amend the terms of the sale and purchase agreement dated 14 November 2011;
- (viii) the conditional subscription agreement entered into between the Company and Sun Finance Co., Ltd dated 8 August 2011 in relation to the subscription of the convertible bonds issued by the Company due 2012 with an initial conversion price of HK\$0.30 per conversion share and an outstanding principal amount of HK\$50 million, and the supplemental subscription agreement entered into between the Company and Sun Finance Co., Ltd dated 23 August 2011 to amend certain terms of the conditional subscription agreement dated 8 August 2011;
- (ix) the memorandum of understanding entered into between the Company and Mr. Chu Wai Hung Stephen dated 5 August 2011 in relation to the proposed acquisition of up to 51% of a company and its subsidiaries principally engaged in the music and entertainment business for the consideration in the range between HK\$25 million to HK\$30 million, and the termination agreement entered into between the Company and Mr. Chu Wai Hung Stephen dated 25 August 2011 to terminate the memorandum of understanding entered into between them on 5 August 2011;

- (x) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and Quest Stock Brokers (HK) Limited dated 4 August 2011 in relation to the placing of a maximum of 86,000,000 new shares at the placing price of HK\$0.10 per placing share. The net proceed was approximately HK\$8.25 million;
- (xi) the conditional agreement for the sale and purchase entered into between the Company and Mr. Lui Bing Kin, Michael dated 25 May 2011 in relation to the acquisition of the entire share capital of Solution Gold Limited at the consideration of HK\$30 million. Solution Gold Limited owns 30% of the issued share capital of Star Most Limited, which in turn owns 87.5% interest in Fiorucci Limited (the "Star Most Group"). The principal business of the Star Most Group is wholesale, retail distribution, franchising of fashion products, including fashion products under the brand name "Fiorucci";
- (xii) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 29 April 2011 in relation to the placing of a maximum of 90,884,000 new shares at the placing price of HK\$0.25 per placing share, the amendment agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 2 May 2011 to amend the conditional placing agreement entered into between the parties dated 19 January 2011 by amending, modifying, supplementing and superseding the placing price of HK\$0.32 per placing share by the new placing price of HK\$0.295 per placing share. The net proceed was approximately HK\$15.35 million;
- (xiii) the conditional sale and purchase agreement for a potential investment in a paid digital television channel in the PRC entered into between the Company and Mr. Gao Feng dated 27 April 2011 in relation to the acquisition of 25% share capital of Galaxy Mount International Limited for the consideration of HK\$212 million, and the termination agreement entered into between the Company and Mr. Gao Feng dated 5 August 2011 to terminate the acquisition of 25% share capital of Galaxy Mount International Limited and refund of deposit of HK\$46,000,000, and addendum to the termination agreement in relation to the acquisition of 25% issued share capital of Galaxy Mount International Limited entered into between the Company and Mr. Gao Feng dated 12 August 2011 to provide for the refund of deposit of HK\$46,000,000 on or before 10 November 2011;
- (xiv) the conditional placing agreement entered into between the Company and Mr. Luk Wing Kwong, Quintin dated 4 April 2011 in relation to the placing of a maximum of 100,000,000 new shares at the placing price of HK\$0.295 per placing share. The net proceed was approximately HK\$28.7 million;

- (xv) the conditional sale and purchase agreement entered into between the Company, Mega Field International Limited and Mr. Au Chi Kong dated 30 March 2011 in relation to the disposal of 65% shareholding interest in and loan due from Wisdom In Holdings Limited at the consideration of HK\$2.3 million;
- (xvi) the conditional sale and purchase agreement entered into between the Company and Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo dated 16 February 2011 in relation to the acquisition of Dragon Gain Worldwide Limited at the consideration of HK\$41 million, and the supplemental agreement made between the Company and Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo dated 22 February 2011 to supplement certain terms and conditions of the sale and purchase agreement in relation to the right of Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo to buy from the Company up to 49% of the shares of Dragon Gain Worldwide Limited held by the Company as at the date of exercise of the call option subject to the terms and conditions of the call option deed. Dragon Gain Worldwide Limited owns 51% equity interest in Creative Works Limited which is engaged in organization, production and management of stage drama worldwide (excluding Japan) including the performance of a famous Chinese novel called "Born to be Hero", under a license granted by its author Mr. Louis Cha Leung Yung for a period of five years;
- (xvii) the conditional agreement entered into between the Company and Premier Capital Enterprises Limited dated 15 February 2011 in relation to the proposed restructuring of the zero coupon promissory note dated 3 December 2010 issued by the Company in the aggregate amount of HK\$183,541,942 due and repayable on 8 January 2012;
- (xviii) the conditional placing agreement entered into between the Company and Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 18 January 2011 in relation to the placing of a maximum of 64,000,000 new shares at the placing price of HK\$0.32 per placing share and the amendment agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 19 January 2011 to amend the conditional placing agreement entered into between the parties dated 18 January 2011 to amend, modify, supplement and supersede the placing price of HK\$0.32 per placing share by the new placing price of HK\$0.295 per placing share. The net proceed was approximately HK\$18.22 million;
- (xix) the memorandum of understanding entered into between the Company and Dragon Gain Worldwide Limited dated 10 January 2011 in relation to the proposed acquisition of not less than 20% issued share capital of a company principally engaged in the organization, production and management of stage drama in Mainland China and Asian region and payment of HK\$2.5 million by the Company to Dragon Gain Worldwide Limited as refundable deposit;

- (xx) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin, VC Brokerage Limited and Cheong Lee Securities Limited dated 30 December 2010 in relation to the placing of a maximum of 98,000,000 new shares at the placing price of HK\$0.32 per placing share. The net proceed was approximately HK\$29.5 million;
- (xxi) the memorandum of understanding entered into between the Company and Mr. Gao Feng dated 16 December 2010 in relation to the possible acquisition of up to 30% issued share capital of Galaxy Mount International Limited, the addendum to the memorandum of understanding entered into between the Company and Mr. Gao Feng dated 6 January 2011 for the payment of HK\$12,500,000 by the Company to Mr. Gao Feng as refundable deposit, and the second addendum to the memorandum of understanding in respect of the possible acquisition of up to 30% issued share capital of Galaxy Mount International Limited entered into between the Company and Mr. Gao Feng dated 26 January 2011 for the payment of HK\$13,500,000 by the Company to Mr. Gao Feng as refundable deposit;
- (xxii) the conditional sale and purchase agreement entered into between the Company, Lai Chun Hung and Diwang Limited dated 7 October 2010 in relation to the acquisition of 51% equity interest in Fountain City Holdings Limited at the consideration of HK\$34,500,000. Fountain City Holdings Limited owns the entire issued share capital of Santos and Macau Talent, and 60% of the issued share capital of M&M Entertainment (the "Fountain City Group"). The Fountain City Group is engaged in business of entertainment programme production, events organization, tv-series production and operation of an artist training school in the region of Macau and Southeast Asia;
- (xxiii) the memorandum of understanding entered into between the Company and Diwang Limited dated 15 September 2010 in relation to the possible acquisition of 51% equity interest in Fountain City Holdings Limited for a consideration of HK\$34,500,000; and
- (xxiv) the conditional placing agreement entered into between the Company, Shiny Galaxy Enterprises Limited and VC Brokerage Limited dated 8 September 2010 in relation to the placing of a maximum of 66,000,000 new shares at the placing price of HK\$0.30 per placing share. The net proceed was approximately HK\$19.2 million.

## 9. EXPERT AND CONSENT

The following are the qualification of the expert who has given opinions or advice which are contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
Zenith CPA Limited	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert does not have any interest, either direct or indirect, in any assets which have been, since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 10. EXPENSES

The estimated expenses in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing registration, translation, legal and accountancy charges and other related expenses are estimated to amount to approximately HK\$1.15 million and will be payable by the Company.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday) at the principal place of business of the Company in Hong Kong at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong from 23 August 2012, the date of this Prospectus up to and including Thursday, 6 September:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2010 and 2011, the first quarterly report of the Company for the 3 months ended 31 March 2012 and the interim report of the Company for the 6 months ended 30 June 2012;

- (c) the letter on the unaudited pro forma financial information of the Group issued by Zenith CPA Limited set out in Appendix II to this Prospectus;
- (d) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix to this Prospectus;
- (e) the consent letter referred to in the paragraph under the heading “Expert and Consent” in this Appendix to this Prospectus;
- (f) the circular dated 8 February 2012 in relation to the acquisition of the entire issued share capital of Creative Star Limited; and
- (g) the Prospectus.

## 12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consents referred to under the paragraph headed “Expert” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to the Companies Ordinance.

## 13. CORPORATE INFORMATION

<b>Registered office and principal place of business in Hong Kong</b>	Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong
<b>Underwriter</b>	Freeman Securities Ltd. Room 1601, 16th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
<b>Legal adviser to the Company</b>	Ching & Solicitors Suite 2501, 25th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong

<b>Auditor</b>	Ting Ho Kwan & Chan Certified Public Accountants (Practising), 9th Floor, Tung Ning Building, 249–253 Des Voeux Road Central, Hong Kong
<b>Principal bankers</b>	DBS Bank (Hong Kong) Limited 16th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong  Wing Hang Bank, Limited 161 Queen’s Road Central, Central, Hong Kong
<b>Share registrar and transfer office</b>	Hong Kong Registrars Limited Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
<b>Authorised representatives</b>	Ms. Yip Man Yi Mr. Au Yeung Yiu Chung
<b>Company secretary</b>	Mr. Tang Man Leong
<b>Compliance officer</b>	Mr. Au Yeung Yiu Chung
<b>Audit committee</b>	Mr. Lau Shu Yan ( <i>Chairman</i> ) Mr. Chiu Koon Shou Mr. Li Kwok Chu

The primary duties of the audit committee of the Company are (a) to review the Group’s annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and internal control procedures of the Group. The background of the members of audit committee of the Company are set out in section “PARTICULARS OF DIRECTORS”.

## 14. PARTICULARS OF DIRECTORS

<b>Name</b>	<b>Correspondence Address</b>
<i>Executive Director</i>	
<b>Ms. Yip Man Yi</b>	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
<b>Mr. Chan Yun Fai</b>	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
<b>Mr. Au Yeung Yiu Chung</b>	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
<i>Independent non-executive Director</i>	
<b>Mr. Li Kwok Chu</b>	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
<b>Mr. Chiu Koon Shou</b>	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
<b>Mr. Lau Shu Yan</b>	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong

The brief biographies of the Directors are set out below:

#### **Executive Directors**

**Ms. Yip Man Yi (“Ms. Yip”)**, aged 40, was appointed as chairman and Executive Director on 10 April 2012. She is also a member of the Remuneration Committee. Ms. Yip is also the director of a subsidiary. Save as disclosed above, Ms. Yip does not hold any other position with the Company or any of its subsidiaries. Ms. Yip graduated from Seneca College of Applied Arts and Technology, Toronto, Canada. Ms. Yip has since her appointment as chairman and executive director of the Company been working full time for the Company and normally spends approximately 35 hours working for the Company each week and has attended all meetings of the Board that were being held. Ms. Yip’s role and responsibility in the Company is overseeing the overall investments of the Company and advising the Company on its investment strategies. Ms. Yip has more than 15 years working experiences and had worked for a number of listed companies in Hong Kong in handling investor relationship and as assistant to directors, she has also gained invaluable experiences on corporate sales and global bank business while working with HSBC Markets (Asia) Limited. Prior to joining the Company she was the sales and marketing director of her own family business responsible for formulating marketing strategies on growth development. With the wealth of experiences Ms. Yip had gained in investments, finance and marketing, the Board believes it will be best to position her as the chairman to oversee the overall investments of the Company and to advise the Company on its investment strategies. Ms. Yip was nominated as chairman and executive director to the Board by Mr. Cheung Man Yau, Timothy (“Mr. Cheung”), a former executive director and chief executive officer of the Company. Save as disclosed above, Ms. Yip does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

**Mr. Chan Yun Fai (“Mr. Chan”)**, aged 25, was appointed as an Executive Director on 10 March 2012. Mr. Chan is also the director of a number of subsidiaries. Save as disclosed above, Mr. Chan does not hold any other position with the Company or any of its subsidiaries. Mr. Chan holds a Bachelor Degree of Science (Actuarial Science) from the Ohio State University, the United State of America. Mr. Chan has since his appointment as executive director of the Company been working full time for the Company and normally spends approximately 35 hours working for the Company each week and has attended all meetings of the Board that were being held. Mr. Chan’s role and responsibility in the Company is overseeing operations of the investment projects of the Company and handle the relationships between the Company and the operators of the Company’s investment projects. Mr. Chan has gained considerable experiences in sales and marketing in various industries including metal products and food products, the Board believes it will be best to position Mr. Chan to oversee operations of the Company’s investment projects and the maintain close relationships with the operators of the Company’s investment projects. Mr. Chan was nominated as executive director to the Board by Mr. Cheung. Save as disclosed above, Mr. Chan does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

**Mr. Au Yeung Yiu Chung (“Mr. Au Yeung”)**, aged 30, was appointed as an Executive Director on 10 March 2012. Mr. Au Yeung is also the director of a number of subsidiaries. Save as disclosed above, Mr. Au Yeung does not hold any other position with the Company or any of its subsidiaries. Mr. Au Yeung graduated from the Hong Kong Polytechnic University with a bachelor of Applied Biology in Biotechnology in 2004. Mr. Au Yeung has since his appointment as executive director of the Company been working full time for the Company and normally spends approximately 35 hours working for the Company each week and has attended all meetings of the Board that were being held. Mr. Au Yeung’s role and responsibility in the Company is overseeing compliance and financial aspect of the Company and to explore the possibility for the Company to embark on a new line of business in securities investments. Mr. Au Yeung has completed Licensing Examination for Securities and Futures Intermediaries Papers 1, 7 and 8 organized by the Hong Kong Securities Institute. Mr. Au Yeung has more than 7 years experiences in the insurance and securities industries and prior to joining the Company he had for companies such as Aviva General Insurance Limited, AXA (China Region) Insurance Company Limited, VC Brokerage Limited and Beijing Securities Limited, the Board believes it will be best to position Mr. Au Yeung to oversee compliance and financial aspect of the Company. The Company is also exploring the possibility of embarking on a new line of business in securities investments and Mr. Au Yeung’s experience in the securities industry will be valuable to the Company’s future business development. Mr. Au Yeung was nominated as executive director to the Board by Mr. Cheung. Save as disclosed above, Mr. Au Yeung does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

#### **Independent non-executive Directors**

**Mr. Li Kwok Chu (“Mr. Li”)**, aged 55, was appointed as an Independent Non-executive Director, a member of the Audit Committee and the Remuneration Committee on 16 March 2012 and the chairman of the Nomination Committee. Save as disclosed above, Mr. Li does not hold any other position with the Company or any of its subsidiaries. Mr. Li is a chairman and chief executive officer of Pakco Group and has rich experience in administration and management field. Prior to Mr. Li joining Pakco Group, he was the managing director of Pakco Security (HK) Limited. Save as disclosed above, Mr. Li does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

**Mr. Chiu Koon Shou (“Mr. Chiu”)**, aged 42, was appointed as an Independent Non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 20 April 2012. Save as disclosed above, Mr. Chiu does not hold any other position with the Company or any of its subsidiaries. Mr. Chiu graduated from the London School of Economics and Political Science, London University with a bachelor of Economics. He also holds a master degree of Law from the University College, London University. Mr. Chiu is a solicitor of the High Court of the Hong Kong Special Administrative Region and the Supreme Court of England and Wales. Mr. Chiu is a principal and solicitor of Victor Chiu Tsang & Partners and has substantial experience in insolvency and restructuring (contentious and non-contentious), debt recovery, PRC investments and general commercial work. He is also the member of the Insolvency Law Committee of the Law Society of Hong Kong. Mr. Chiu was an independent non-executive director of Far East Pharmaceutical Technology Limited (now known as United Gene High-Tech Group Limited) from 1 September 2004 to 13 May 2009, a company listed on the Main Board of the Stock Exchange whose subsidiaries are principally engaged in the manufacturing and distribution of pharmaceutical products. A petition was filed on 15 September 2004 to wind up Far East Pharmaceutical Technology Limited in respect of the default of a syndicated bank loan and since then, liquidators have been appointed. Mr. Chiu was not involved in the arrangement of the syndicated bank loan and his appointment was made after the said default had occurred. Save as disclosed above, Mr. Chiu does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

**Mr. Lau Shu Yan (“Mr. Lau”)**, aged 30, was appointed as an independent non-executive director and chairmen of the audit and remuneration committees and member of the nomination committee on 11 July 2012. Save as disclosed above, Mr. Lau does not hold any other position with the Company or any of its subsidiaries. Mr. Lau graduated from the University of Newcastle in United Kingdom with a bachelor’s degree in Accounting and Financial Analysis. He is a Certified Public Accountant (Practising) in Hong Kong, a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lau has over 8 years experience in finance, auditing and accounting fields. Mr. Lau had previously worked in an international accounting firm and he is currently a partner of an audit firm. Save as disclosed above, Mr. Lau did not hold any other directorship in any public listed companies in the last three years.

#### **Company Secretary**

**Mr. Tang Man Leong (“Mr. Tang”)**, aged 36, graduated from the University of Glamorgan in United Kingdom with a bachelor’s degree in Business Accounting. He also holds a master degree of Science in Finance from the University of Michigan-Dearborn. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tang has over 10 years of experience in auditing, accounting and financial management.