

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

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

If you have sold or transferred all your shares in TLT Lottotainment Group Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrars of Companies in Hong Kong and the Securities and Future Commission in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the Offer Shares may be settled through CCASS established and herein operated by HKSCC and you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of these arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares and the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares and the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares and the Bonus Shares or such other dates as 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, 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 these documents.



**TLT LOTTOTAINMENT GROUP LIMITED**

**彩娛集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 8022)**

**PROPOSED OPEN OFFER OF  
140,034,226 OFFER SHARES  
AT HK\$0.50 PER OFFER SHARE  
ON THE BASIS OF TWO OFFER SHARES FOR  
EVERY THREE SHARES HELD ON RECORD DATE  
PAYABLE IN FULL ON APPLICATION (WITH BONUS SHARES  
IN THE PROPORTION OF THREE BONUS SHARES  
FOR EVERY TWO OFFER SHARES TAKEN UP UNDER THE OPEN OFFER)**

**Underwriter**



**中辰證券有限公司**  
China Times Securities Limited

**China Times Securities Limited**

**Underwriter**



**美高證券有限公司**  
METRO CAPITAL SECURITIES LTD

**Metro Capital Securities Limited**

Terms used in this cover page have the same meanings as defined in this Prospectus.

The Latest Time for Acceptance is 4:00 p.m. on Thursday, 12 December 2013. The procedures for application of the Offer Shares we set out on pages 33 to 34 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 8 and 9 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Open Offer will not proceed.

28 November 2013

## CHARACTERISTICS OF GEM

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.

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## DEFINITIONS

*In this Prospectus, unless the context otherwise requires, the following words and expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 23 August 2013 in relation to, among other matters, the Open Offer with Bonus Issue and the Proposed Amendments
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
“Articles”	the articles of association of the Company, as amend from time to time
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of the Bonus Shares pursuant to the terms and conditions of the Underwriting Agreement
“Bonus Shares”	the bonus Shares to be issued (for no additional payment) to the first registered holders of Offer Shares on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer subject to the terms and conditions as set out in the Underwriting Agreement
“Business Day”	any day (other than a Saturday or Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the GEM
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules

## DEFINITIONS

“Controlling Shareholder”	has the same meaning ascribed to it in the GEM Listing Rules
“Conversion Shares”	Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes
“Convertible Note(s)”	the 2% coupon convertible note(s) due in 2014 with an outstanding principal amount of HK\$28,080,000 conferring rights to convert into a total of 56,160,000 Conversion Shares at conversion price of HK\$0.50 per Share (subject to adjustment)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on Wednesday, 13 November 2013 whereas the Shareholders or Independent Shareholders (as the case may be) have approved, among other matters, the Open Offer with Bonus Issue, the Proposed Amendments and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors) and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Last Trading Day”	23 August 2013, being the last day of dealing of the Shares on the Stock Exchange prior to the publication of the Announcement

## DEFINITIONS

“Latest Lodging Date”	being 4:30 p.m. on Wednesday, 20 November 2013 or such other date and/or time as Underwriter A on behalf of the Underwriters and the Company may agree as the latest time for lodging transfer of the Shares and/or exercising the Share Options and Convertible Notes in order to qualify for the Open Offer
“Latest Practicable Date”	26 November 2013, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 12 December 2013 or such later time or date as may be agreed between the Company and Underwriter A on behalf of the Underwriters, being the latest time for acceptance of, and payment for, the Offer Shares as described in this Prospectus
“Latest Time for Termination”	12:00 noon on the second Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Underwriter A on behalf of the Underwriters, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Loan Facility”	the loan facility of HK\$32 million with interest accrued which will fall due on 31 December 2013 or the completion of the Open Offer, whichever is earlier (details of which have been disclosed in the announcements of the Company dated 27 May 2013, 26 August 2013, 2 September 2013 and 30 September 2013)
“Mr. Chan”	Mr. Chan Wing Chiu, the holder of the Convertible Notes and an Independent Third Party
“Mr. Fung”	Mr. Fung Yue Tak, Derek, the former holder of the Convertible Notes who subsequently transferred the Convertible Notes to Mr. Chan
“Offer Share(s)”	140,034,226 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in this Prospectus

## DEFINITIONS

“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China which for the purpose of this Prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	吉潤(吉安)輕工實業有限公司 (Grace (Jian) Industrial Co., Ltd.), a company incorporated in the PRC on 11 April 2013 and has a registered capital of HK\$1,500,000 and is principally engaged in fashion wholesale, distribution and trading
“Prohibited Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares based on the enquiry regarding the legal restrictions, if any, under the laws of the relevant jurisdictions where the Overseas Shareholders reside
“Proposed Amendments”	The proposed amendments to the Articles
“Prospectus”	this prospectus issued by the Company in relation to the Open Offer with Bonus Issue
“Prospectus Documents”	the Prospectus and the Application Form in respect of the assured allotment of Offer Shares
“Prospectus Posting Date”	Thursday, 28 November 2013 or such later date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders
“Record Date”	Wednesday, 27 November 2013 or such other date as may be agreed between the Company and the Underwriters for the determination of the entitlements under the Open Offer

## DEFINITIONS

“SFC”	The Securities and Futures Commission in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the old share option scheme adopted by the Company and became effective on 30 July 2001, amended on 2 December 2008 and terminated on 9 May 2011
“Share Options”	options to subscribe for Shares granted under the Share Option Schemes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.50 per Offer Share
“Underwriter A”	China Times Securities Limited, a licensed corporation to carry on type 1 (Dealing in Securities) regulated activity under the SFO
“Underwriter B”	Metro Capital Securities Limited, a licensed corporation to carry on type 1 (Dealing in Securities) regulated activity under the SFO
“Underwriters”	Underwriter A and Underwriter B
“Underwriting Agreement”	the underwriting agreement (as amended by a supplemental agreement dated 12 September 2013) entered into among the Company and the Underwriters dated 23 August 2013 in relation to the Open Offer with Bonus Issue
“Underwritten Shares”	140,034,226 Offer Shares (with 210,051,339 Bonus Shares), being all Offer Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Per cent.



## EXPECTED TIMETABLE

*The expected timetable for the Open Offer set out below is indicative only and has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.*

2013

Latest time for acceptance of, and payment for,  
the Offer Shares ..... 4:00 p.m. on Thursday,  
12 December

Latest Time for Termination ..... 12:00 noon on Monday,  
16 December

Announcement of results of the Open Offer to be  
published on the GEM's website ..... Thursday, 19 December

Despatch of share certificates for Offer Shares  
and Bonus Shares ..... Friday, 20 December

Despatch Date of refund cheques  
(if Open Offer is terminated) ..... Friday, 20 December

Expected first day of dealings in fully-paid  
Offer Shares and Bonus Shares ..... Monday, 23 December

Designated broker starts to stand in the market to  
provide matching services for odd lot of Shares ..... Monday, 23 December

2014

Last day for the designated broker to stand in the market  
to provide matching services for odd lot of Shares ..... Wednesday, 15 January

*Note:* All references to time in this Prospectus are references to Hong Kong time.

## EXPECTED TIMETABLE

### EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, or 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 Thursday, 12 December 2013. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day;
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 12 December 2013. Instead the Latest Time of Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Thursday, 12 December 2013, the dates mentioned in the 'Expected timetable' section may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

## TERMINATION OF THE UNDERWRITING AGREEMENT

### TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the reasonable opinion of Underwriter A on behalf of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Underwriter A on behalf of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Underwriter A on behalf of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Underwriter A on behalf of the Underwriters is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Underwriter A on behalf of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

## TERMINATION OF THE UNDERWRITING AGREEMENT

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of Underwriter A on behalf of the Underwriters, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the circular, proxy form, notice of EGM, the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Underwriter A on behalf of the Underwriters shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

**If the Underwriters terminate the Underwriting Agreement, the Open Offer will not proceed.**

## SUMMARY OF THE OPEN OFFER

*The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.*

Basis of the Open Offer:	Two (2) Offer Shares for every three (3) Shares held on the Record Date and payable in full on acceptance, together with three (3) Bonus Shares for every two (2) Offer Shares taken up
Number of Shares in issue:	210,051,339 Shares as at the Latest Practicable Date
Number of Offer Shares:	140,034,226 Offer Shares
	The aggregate nominal value of the Offer Shares will be HK\$70,017,113.00
Number of Bonus Shares:	210,051,339 Bonus Shares to be issued to the first registered holders of the Offer Shares on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer
	The aggregate nominal value of the Bonus Shares will be HK\$105,025,669.50
Subscription Price:	HK\$0.50 per Offer Share payable in full on application

LETTER FROM THE BOARD



**TLT LOTTOTAINMENT GROUP LIMITED**

**彩娛集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 8022)**

*Executive Directors:*

Mr. Wu Wenbei  
Ms. Lin Yan Jenny  
Mr. Wong Chun Hung  
Mr. Au Yeung Yiu Chung

*Independent non-executive Directors:*

Mr. Lau Shu Yan  
Mr. Ho Kenneth Kai Chung  
Ms. Lam Yuk Ying, Elsa

*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

28 November 2013

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED OPEN OFFER OF  
140,034,226 OFFER SHARES  
AT HK\$0.50 PER OFFER SHARE  
ON THE BASIS OF TWO OFFER SHARES FOR  
EVERY THREE SHARES HELD ON RECORD DATE  
PAYABLE IN FULL ON APPLICATION (WITH BONUS SHARES  
IN THE PROPORTION OF THREE BONUS SHARES  
FOR EVERY TWO OFFER SHARES TAKEN UP UNDER THE OPEN OFFER)**

**INTRODUCTION**

Reference is made to the Announcement dated 23 August 2013 and the circular of the Company dated 18 October 2013 in relation to, among other matters, the Open Offer with Bonus Issue and the Proposed Amendments.

## LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further details regarding the Open Offer with Bonus Issue including information on dealings in and application for the Offer Shares and certain financial and other information of the Group.

### PROPOSED OPEN OFFER

The Board proposes to raise approximately HK\$70 million before expenses by issuing 140,034,226 Offer Shares at the Subscription Price of HK\$0.50 per Offer Share on the basis of two (2) Offer Shares for every three (3) Shares held on the Record Date.

#### Issue statistics

Basis of the Open Offer:	Two (2) Offer Shares for every three (3) Shares held on the Record Date and payable in full on acceptance, together with three (3) Bonus Shares for every two (2) Offer Shares taken up
Number of Shares in issue:	210,051,339 Shares as at the Latest Practicable Date
Number of Offer Shares:	140,034,226 Offer Shares
	The aggregate nominal value of the Offer Shares will be HK\$70,017,113.00
Number of Bonus Shares:	210,051,339 Bonus Shares to be issued to the first registered holders of the Offer Shares on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer
	The aggregate nominal value of the Bonus Shares will be HK\$105,025,669.50
Subscription Price:	HK\$0.50 per Offer Share payable in full on application

As at the Latest Practicable Date, the Company has 146,338 outstanding Share Options and the Convertible Notes in the outstanding principal amount of HK\$28,080,000 carrying rights to convert into 56,160,000 Conversion Shares. Save as disclosed above, the Company does not have any other outstanding warrants or securities in issue which are convertible or exchangeable into Shares.

## LETTER FROM THE BOARD

### Bonus Issue

Subject to the satisfaction of the conditions of the Open Offer, the Bonus Shares will be issued to the first registered holders of the Offer Shares on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer.

On the basis of 140,034,226 Offer Shares to be issued under the Open Offer, 210,051,339 Bonus Shares will be issued.

### Subscription price

The Subscription Price of HK\$0.50 per Offer Share will be payable in full upon application for the Offer Shares under the Open Offer. Taking into account the Bonus Shares to be issued, the average price per Offer Share with Bonus Issue would be HK\$0.20 per Share (“**Average Price for Offer Share and Bonus Share**”).

The Subscription Price represents:

1. a discount of approximately 12.28% to the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Day;
2. a discount of approximately 4.21% to the average of the closing price of approximately HK\$0.522 per Share quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
3. a discount of approximately 1.28% to the average of the closing price of approximately HK\$0.507 per Share quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
4. a premium of approximately 47.49% over the theoretical ex-entitlement price of HK\$0.339 per Share based on the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Day;
5. a premium of approximately 235.57% over the unaudited consolidated net asset value per share of approximately HK\$0.149 as at 30 June 2013; and
6. a premium of approximately 5.26% over the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Average Price for Offer Share and Bonus Share represents:

1. a discount of approximately 64.91% to the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Day;
2. a discount of approximately 61.69% to the average of the closing price of approximately HK\$0.522 per Share quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;



## LETTER FROM THE BOARD

3. a discount of approximately 60.55% to the average of the closing price of approximately HK\$0.507 per Share quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
4. a discount of approximately 41.00% to the theoretical ex-entitlement price of HK\$0.339 per Share based on the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Day;
5. a premium of approximately 34.23% over the unaudited consolidated net asset value per Share of approximately HK\$0.149 as at 30 June 2013; and
6. a discount of approximately 57.89% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price and the Average Price for Offer Share and Bonus Share were arrived at after arm's length negotiation between the Company and the Underwriters with reference to the market price of the Shares, trading liquidities under the prevailing market conditions and the par value. To assess the fairness and reasonableness of the Subscription Price and the Average Price for the Offer Share and the Bonus Share, the Board has considered the par value of the Shares and the average of the closing price of the Shares for the five consecutive trading days and ten consecutive trading days prior to the date of the Underwriting Agreement (the "**Review Period**"). During the Review Period, the average of the closing price of the Shares for the five consecutive trading days and ten consecutive trading days were HK\$0.522 and HK\$0.507 respectively. The Subscription Price represents a 4.21% discount to the average closing price for the five consecutive trading days and a 1.28% discount to the average closing price for the ten consecutive trading days; whereas the Average Price for Offer Share and Bonus Share represents a 61.69% discount to the average closing price for the five consecutive trading days and a 60.55% discount to the average closing price for the ten consecutive trading days. Also, the Board had considered the par value of the Shares, which is HK\$0.50 per Share. As further discussed in the section headed "Reasons for the Open Offer" below, under the Companies Ordinance, the Company cannot issue shares at a discount to par value. In order to provide more incentives to the Qualifying Shareholders to subscribe for the Offer Shares, the Board decided to offer at the Subscription Price equal to the par value of the Shares. Further, the Board had reviewed the daily trading volume of the Shares on the Stock Exchange for the 6-month before the Last Trading Day. During such period, the average daily trading volume of the Shares was approximately 2,076,682 Shares, representing approximately 0.99% of the Company's issued share capital as at the Latest Practicable Date.

Since three Bonus Shares will be issued for every two Offer Shares taken up, the Average Price for Offer Share and the Bonus Share is calculated by multiplying the Subscription Price of HK\$0.50 by two and then divided by five. To assess the fairness and reasonableness of the Average Price for Offer Share and the Bonus Share, the Board had taken into account (i) the Subscription Price of HK\$0.50 per Offer Share; (ii) the allotment of the Bonus Shares on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer; and (iii) the discount to the market value of the Shares as mentioned above.

## LETTER FROM THE BOARD

As further discussed in the section headed “Reasons for the Open Offer” below, under the Companies Ordinance, the Company cannot issue shares at a discount to par value. Since the Shares were generally illiquid in the open market and the historical closing price of the Shares showed a sliding trend during the past twelve months, if the Subscription Price is offered at par or at a premium over the closing price of the Shares on the Last Trading Day, it is difficult for the Company to attract the Qualifying Shareholders to further invest in the Company through the Open Offer alone. For instance, if the Open Offer is to be offered on other basis such as five Offer Shares for three existing Shares, the subscription price per Offer Share may need to be offered at a discount to par value in order to maintain the attractiveness for the Qualifying Shareholders to invest. However, such offer at a discount will breach the Companies Ordinance. Further, the Group is in urgent need for capital to satisfy the present financial requirement, especially to satisfy the Loan Facility. For details of specific funding needs and working capital requirements of the Company in the coming 12 months, please refer to the section headed “Reasons for the Open Offer” below. Further, the Bonus Issue can (i) effectively reduce the average price per Offer Share taken up from 12.28% to 64.91% as compared to the closing price of the Shares on the Last Trading Day; and (ii) provide incentives to the Qualifying Shareholders to subscribe for the Offer Shares. In view of the reasons above, the recent financial requirements of the Group as mentioned in the section headed “Reasons for the Open Offer” and taking into consideration of the discount of approximately 41% to the theoretical ex-entitlement price of HK\$0.339 per Share based on the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Day and the par value of HK\$0.50 per Share, in order to increase the attractiveness of the Open Offer with Bonus Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Average Price for Offer Share and Bonus Share to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider that the Subscription Price and the Average Price for Offer Share and Bonus Share are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The net price per Offer Share will be approximately HK\$0.48.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date, and not be a Prohibited Shareholder.

In order to be registered as members on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company’s share registrars and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 20 November 2013.

## LETTER FROM THE BOARD

The invitation to apply for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will invoke additional administrative work and costs for the Open Offer, which is not considered to be cost-effective.

### **Closure of register of members**

The register of members of the Company in Hong Kong had been closed from Thursday, 21 November 2013 to Wednesday, 27 November 2013, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

### **Rights of Prohibited Shareholders**

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholders. As such, there will be no Prohibited Shareholder.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

### **Status of the Offer Shares and Bonus Shares**

The Offer Shares (when allotted and fully paid) and the Bonus Shares will rank *pari passu* with the then existing Shares in issue in all respects on the date of allotment and issue of the Offer Shares and Bonus Shares. Holders of fully paid Offer Shares and Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares and Bonus Shares. The Offer Shares and the Bonus Shares will be traded in board lot of 3,000 Shares which is the same as the board lot size for trading in Shares on the Stock Exchange.

### **Share Certificates for Offer Shares and Bonus Shares**

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" below, certificates for all fully-paid Offer Shares and Bonus Shares are expected to be posted on or before Friday, 20 December 2013 to those Qualifying Shareholders who have accepted and (where applicable) applied for, and paid for the Offer Shares by ordinary post at their own risks.

## LETTER FROM THE BOARD

### **No excess application for the Offer Shares**

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriters.

The Directors hold the view that the Open Offer gives the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. Besides, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures including the preparation, printing, posting of excess application form for the Offer Shares and handling of any excess application for the Offer Shares. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders. After arm's length negotiation with the Underwriters, and taking into account that the related administrative costs would be lowered in the absence of excess applications, the Directors consider that the absence of the excess application arrangement can save additional efforts and costs which is in the interest of the Company. The Offer Shares are offered to all Qualifying Shareholders on an equal basis, hence, it is fair to all Qualifying Shareholders including the Independent Shareholders. Therefore, the Directors consider that is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders in order to lower the administrative costs in view of the loss making track record and that the Group is in urgent need for capital to satisfy the present financial requirement, especially to satisfy the Loan Facility, which is further discussed in the section headed "Reasons for the Open Offer" below. The absence of the excess application arrangement under the Open Offer is acceptable.

### **Fractions of Offer Shares**

Entitlement to the Offer Shares will be rounded down to the nearest whole number. Fractional entitlements of Offer Shares will not be allotted and will be aggregated. All Offer Shares arising from the aggregation of such fractional entitlements will be taken up by the Underwriters.

### **Odd lots arrangements**

In order to facilitate the trading odd lots (if any) of the Offer Shares, the Company has agreed to procure China Times Securities Limited to provide a matching services on a best effort basis, to those Shareholders who wish to acquire odd lots of the Offer Shares to make up a full board lot, or to dispose of their holding of odd lots of the Offer Shares. Holders of odd lots of the Shares may contact Ms. Penny Ng / Ms. Lydia Li of China Times Securities Limited (telephone number: (852) 2527 2923 / (852) 2527 9993) during the aforesaid period. Shareholders should note that the successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder, who is in doubt about the odd lot matching arrangement, is recommended to consult his/her/its own professional advisers.

## LETTER FROM THE BOARD

### Application for listing

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and Bonus Shares. The Offer Shares and Bonus Shares are expected to continue to be traded in existing board lot of 3,000 Shares. Dealings in the Offer Shares and Bonus Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares and Bonus Shares on the Stock Exchange, the Offer Shares and Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares and Bonus Shares on the Stock Exchange or such other date as 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.

Dealings in the Offer Shares may be settled through CCASS. You should seek advice of your stock broker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

### CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional, inter alia, upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (3) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares and the Bonus Shares by no later than the first day of their dealings;

## LETTER FROM THE BOARD

- (4) the obligations of the Underwriters becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (5) the passing by no later than the Prospectus Posting Date by the Shareholders (or, where appropriate, Independent Shareholders) at the EGM the following resolutions:
  - (i) a special resolution to approve the Proposed Amendments to allow the allotment and issue of the Bonus Shares which are not in proportion to the shareholding of the Shareholders by way of capitalisation of the share premium account of the Company; and
  - (ii) an ordinary resolution to approve the Open Offer with Bonus Issue and the issue of the Offer Shares and Bonus Shares by way of poll.

The Company shall use all reasonable endeavours to procure the fulfillment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriters may agree and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares and Bonus Shares or to give effect to the Open Offer with Bonus Issue and the arrangements contemplated in the Underwriting Agreement.

**If any of the conditions of the Open Offer are not fulfilled at or before 12:00 noon on Monday, 16 December 2013 (or such later time and/or date as the Company and Underwriters may determine), neither the Company nor the Underwriters shall have any rights or be subject to any obligations arising from the Underwriting Agreement and the Open Offer will not proceed.**

## LETTER FROM THE BOARD

### UNDERWRITING ARRANGEMENTS

#### Underwriting Agreement

Date:	23 August 2013 (after trading hours)
Underwriters:	Underwriter A; and Underwriter B
Number of Offer Shares:	140,034,226 Offer Shares
Number of Bonus Shares:	210,051,339 Bonus Shares to be issued to the first registered holders of the Offer Shares on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer
Number of Underwritten Shares:	140,034,226 Offer Shares (with 210,051,339 Bonus Shares)
Commission:	an underwriting commission of 2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

The commission rate was determined between the Company and the Underwriters by reference to the market rate. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriters and its ultimate beneficial owners are Independent Third Parties of the Company and its connected persons. Pursuant to the terms and conditions of the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriters (including the Offer Shares and the Bonus Shares).

#### Underwriting obligations

Subject to and upon the terms and conditions of the Underwriting Agreement, the Underwriters have agreed to underwrite 140,034,226 Offer Shares (with 210,051,339 Bonus Shares) in the following manner:

- (i) if the number of the untaken Underwritten Shares is less than or equal to 70,017,113 Offer Shares, then Underwriter A shall subscribe for, or procure subscription of all the untaken Underwritten Shares up to the maximum extent of 70,017,113 Offer Shares (with 105,025,669 Bonus Shares); and



## LETTER FROM THE BOARD

- (ii) if the number of untaken Underwritten Shares is more than 70,017,113 Offer Shares, then Underwriter A shall first subscribe for, or procure subscription of 70,017,113 Offer Shares (with 105,025,669 Bonus Shares) and Underwriter B shall then subscribe for, or procure subscription of the remaining untaken Underwritten Shares.

### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the reasonable opinion of Underwriter A on behalf of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Underwriter A on behalf of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Underwriter A on behalf of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Underwriter A on behalf of the Underwriters is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or



## LETTER FROM THE BOARD

- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Underwriter A on behalf of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of Underwriter A on behalf of the Underwriters, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the circular, proxy form, notice of EGM, the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Underwriter A on behalf of the Underwriters shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriters terminate the Underwriting Agreement, the Open Offer will not proceed.

## LETTER FROM THE BOARD

### WARNING OF RISKS OF DEALING IN SHARES

If the Underwriters terminate the Underwriting Agreement or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. **Accordingly, the Open Offer may or may not proceed and the Shareholders and potential investors are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.**

Shareholders should note that the Shares have been be dealt with on an ex-entitlement basis commencing from Tuesday, 19 November 2013 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before 12:00 noon on Monday, 16 December 2013), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE OPEN OFFER WITH BONUS ISSUE

	As at the Latest Practicable Date		Immediately following completion of the Open Offer with Bonus Issue on the assumption as set out in Note 1		Immediately following completion of the Open Offer with Bonus Issue on the assumption as set out in Note 2	
			Number of (approx.) Shares		Number of (approx.) Shares	
		%		%		%
Chong Chin	17,180,000	8.18%	45,813,330	8.18%	17,180,000	3.07%
Lin Rong Zhen	10,681,000	5.08%	28,482,665	5.08%	10,681,000	1.90%
Underwriters (Note 3)						
Underwriter A (Note 3)	-	-	-	-	175,042,783	31.25%
Underwriter B (Note 3)	-	-	-	-	175,042,782	31.25%
Subtotal	27,861,000	13.26%	74,295,995	13.26%	377,946,565	67.47%
Public Shareholders	182,190,339	86.74%	485,840,909	86.74%	182,190,339	32.53%
Total	<u>210,051,339</u>	<u>100%</u>	<u>560,136,904</u>	<u>100%</u>	<u>560,136,904</u>	<u>100%</u>

## LETTER FROM THE BOARD

*Notes:*

1. Assuming all Shareholders take up their respective entitlements to the Offer Shares under the Open Offer.
2. Assuming none of the Shareholders take up their respective entitlements to the Offer Shares under the Open Offer and, accordingly, the Underwriters will take up the Underwritten Shares in full pursuant to the terms of the Underwriting Agreement.
3. This shareholding table is for illustrative purpose only and will never occur. Each of the Underwriters has undertaken with the Company (i) that it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 20% or more (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the issued share capital of the Company immediately after completion of the Open Offer that will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and (ii) that it shall, in fulfillment of its obligations pursuant to the Underwriting Agreement to subscribe for (or procure to subscribe for) any Underwritten Shares (together with the Bonus Shares it shall be entitled in proportion to the number of Underwritten Shares to be 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 hold 10% or more of the voting rights of the Company immediately after completion of the Open Offer.

In addition, each of the Underwriters undertakes to the Company that in fulfillment of its obligations pursuant to the Underwriting Agreement to procure subscribers for any Underwritten Shares (together with the Bonus Shares entitled in proportion to the number of Underwritten Shares to be 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 connected persons 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. As at the Latest Practicable Date, the Company and/or the Underwriters have not identified any sub-underwriter(s) and/or potential places for the Open Offer. The Company will make further announcement in relation to the identities of sub-underwriter(s) and/or potential places for the Open Offer and any key terms of the sub-underwriting agreement.

### FUNDS RAISED DURING THE PAST 24 MONTHS

The following are the details of the fund raising activities of Company in the past twenty four months before the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of the net proceeds	Individual dilution effect <i>(Note)</i>	Accumulated dilution effect <i>(Note)</i>
23 May 2012	Placing of 65,647,113 shares under general mandate	HK\$7,320,000	For financing the general working capital needs of the Group	Funds 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 expense	16.67%	16.67%

## LETTER FROM THE BOARD

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of the net proceeds	Individual dilution effect (Note)	Accumulated dilution effect (Note)
8 June 2012	Rights issue on the basis of one right share for every two existing shares	HK\$8,700,000	The payment of the interest and/or the principal due under the Loan Facility	Funds of HK\$8.7 million were used for the payment of the interest due under the Loan Facility	33.33%	44.44%
4 October 2012	Placing of 6,564,711 shares under general mandate	HK\$2.98 million	For financing the general working capital needs of the Group	Funds of HK\$2.98 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	10.00%	50.00%
7 February 2013	Open offer on the basis of two offer shares for every one existing share	HK\$62.3 million	(i) approximately HK\$60 million will be used for repayment of the loan facility entered into between the Company and Gain All Investments Limited on 30 May 2012; and (ii) the remaining balance will be used for general working capital, including approximately HK\$1 million for administrative expenses and approximately HK\$1.6 million for accounts payable of the Company	(i) funds of HK\$60 million were used for repayment of the loan facility entered into between the Company and Gain All Investments Limited on 30 May 2012; and (ii) the remaining balance were used for general working capital, including approximately HK\$1.4 million for operating expenses and approximately HK\$0.9 million for accounts payable of the Company	66.67%	83.33%
11 June 2013	Placing of 13,110,000 shares under general mandate	HK\$7.6 million	For payment of the Loan Facility entered into between the Company and HEC Finance 92 Limited on 27 May 2013 of HK\$6 million and the remaining for the Group's general working capital.	(i) funds of HK\$5 million were used for repayment of the Loan Facility entered into between the Company and HEC Finance 92 Limited on 27 May 2013; and (ii) approximately HK\$0.7 million were used for payment of operating expenses and approximately HK\$1.9 million were used for payment of accounts payable of the Company	6.24%	84.37%

## LETTER FROM THE BOARD

Save as above mentioned, the Company has not conducted any other fund raising activities in the past 24 months immediately preceding the Latest Practicable Date.

*Note:*

Calculation based on the total issued Shares as at 31 August 2011 (i.e. 1,641,177,848) and taking into consideration of the share consolidation of every five of the then shares of HK\$0.01 each into one consolidated share of HK\$0.05 each on 19 October 2011 and the share consolidation of every ten of the then shares of HK\$0.05 each into one consolidated share of HK\$0.5 each on 19 September 2012.

### REASONS FOR THE OPEN OFFER

The Group is principally engaged in the provision of travel agent services, advertising and marketing services and trading of securities in Hong Kong. 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. The liabilities of the Company which will fall due within the next twelve months include (i) the Convertible Notes with an outstanding principal amount of HK\$28.08 million with interest accrued of HK\$0.42 million owing to the holder of the Convertible Notes, which will be mature on 28 March 2014 if the holder of the Convertible Notes does not convert the Convertible Notes on or before the maturity date; (ii) the outstanding amount of the Loan Facility of HK\$32 million with interest accrued of HK\$1.9 million which will fall due on 31 December 2013 or the completion date of the Open Offer, whichever is earlier (details of which have been disclosed in the announcements of the Company dated 27 May 2013, 26 August 2013, 2 September 2013 and 30 September 2013); and (iii) payment obligation pursuant to a settlement deed (the “**Settlement Deed**”) dated 11 July 2013 where the Company shall pay to Good Alliance Trading Limited as plaintiff a sum of HK\$2.4 million. As at the Latest Practicable Date, the Company has paid HK\$0.8 million. In addition, it is expected that the Group will require about HK\$42.2 million for daily operating cost and expenses in the next twelve months.

To assess the fairness and reasonableness of the Open Offer with the Bonus Issue, the Board has considered (i) the fairness and reasonableness of the Subscription Price and the Average Price for Offer Share and Bonus Share; (ii) funding needs and dilution effect under the Open Offer with Bonus Issue; and (iii) other fund raising alternatives.

### **Fair and Reasonableness of the Subscription Price and the Average Price for Offer Share and Bonus Share**

The Subscription Price and the Average Price for Offer Share and Bonus Share were arrived at after arm’s length negotiation between the Company and the Underwriters with reference to the market price of the Shares, trading liquidities under the prevailing market conditions and the par value. To assess the fairness and reasonableness of the Subscription Price and the Average Price for Offer Share and Bonus Share, the Board has considered the discount of the Subscription Price and the Average Price for Offer Share and Bonus Share to the average of the closing price of the Shares for the five consecutive trading days and ten consecutive trading days.

## LETTER FROM THE BOARD

Also, the Board has considered the par value of the Shares and the implication under the Companies Ordinance. As at the Latest Practicable Date, the par value of the Share is HK\$0.50 per Share. Under the Companies Ordinance, the Company cannot issue shares at a discount to par value. Since the Shares were generally illiquid in the open market and the historical closing price of the Shares has dropped approximately 50% from HK\$0.97 per shares within the past 6 months, if the Subscription Price is offered at par or at a premium over the closing price of the Shares on the Last Trading Day, it is difficult for the Company to attract the Qualifying Shareholders to further invest in the Company through the open offer. For instance, if the open offer is to be offered on other basis such as five offer shares for three existing Shares, the subscription price per offer share may need to be offered at a discount to par value in order to maintain the attractiveness for the Qualifying Shareholders to invest. However, such offer at a discount to par value of the Share will breach the Companies Ordinance. The Bonus Issue can (i) effectively reduce the average price per Offer Share taken up from 12.28% to 64.91% as compared to the closing price of the Shares on the Last Trading Day and at the same time, Shares can be issued at a premium over the par value of the Share; and (ii) provide incentives to the Qualifying Shareholders to subscribe for the Offer Shares. Further, the Board expects that the Company has funding needs of approximately HK\$70 million (before deduction of commission and expenses) for (i) as to approximately HK\$32 million for the repayment of the Loan Facility and the interest accrued of approximately HK\$1.9 million; (ii) as to approximately HK\$28.08 million for the repayment of the Convertible Notes and the interest accrued of HK\$0.42 million; and (iii) remaining approximately HK\$4.6 million for the general working capital of the Group. The Board has also considered the open offer to be offered on other different basis. However, given that discount to be offered to the Qualifying Shareholders to maintain attractiveness, the above-mentioned limitation under the Companies Ordinance that the Company cannot issue shares at a discount to par value, and taking into account the funding needs of the Company of approximately HK\$70 million (before deduction of commission and expenses), the Board determined to offer at the Subscription Price equal to the par value and to propose the Open Offer with the Bonus Issue on the basis of two Offer Shares for every three Shares held on the Record Date (with Bonus Shares in the proportion of three Bonus Shares for every two Offer Shares taken up). For more details in relation to the assessment by the Directors for the fairness and reasonableness of the Subscription Price and the Average Price for Offer Share and Bonus Share, please refer to the section headed "Subscription Price" above.

### **Funding needs and dilution effect under the Open Offer with Bonus Issue**

The Directors are aware of the situation that the Group's liquidity position would depend largely on the successful conclusion of the Open Offer. Failure to raise funds through the Open Offer may adversely affect the working capital position of the Group and the Directors consider that the Open Offer with Bonus Issue enable the Company to improve its liquidity position. Moreover, the Board is of the view that it is in the interests of the Company and its Shareholders as a whole to raise the capital through the Open Offer with Bonus Issue since it would allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and continue to participate in the future development of the Group should they wish to do so. The proceeds of the Open Offer with Bonus issue will mostly be used for the repayment of the Loan Facility and the Convertible Notes which will be matured within 6 months. By extinguishing the existing liability of

## LETTER FROM THE BOARD

the Company, the Company shall be able to concentrate on the development of its existing business and seek other business opportunities to improve its earnings. Save as (i) the memorandum of understanding dated 18 July 2013 and the acquisition agreement dated 29 October 2013 to acquire a target company which holds an exclusive right to procure and sell the "HIWI" brand of kids clothing as disclosed in the paragraph below; and (ii) another memorandum of understanding dated 6 November 2013 in relation to the proposed acquisition of a target company which is engaged in the business of artist management, marketing and promotional activities (for further details, please refer to the Company's announcement dated 18 July 2013, 29 October 2013 and 6 November 2013), the Company has not identified any other business opportunity as at the Latest Practicable Date. The Shareholders will be able to benefit from the growth of the Company and the potential gains that the Company may make in the future development of the Company. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Company is principally engaged in provision of travel agent services, advertising and marketing services, and trading in securities. As set out in the announcement of the Company dated 6 November 2013, the Company has entered into the memorandum of understanding to acquire a target company which is engaged in the business of artist management, marketing and promotional activities. As at the Latest Practicable Date, no concrete term or agreement has been reached or materialised in relation to the above proposed acquisition. Save as disclosed above, the Company does not have any concrete future development business plan as at the Latest Practicable Date.

### **Other fund Raising Alternatives**

The Board has considered several alternatives for raising funds, such as bank borrowings, debt financings, pro-rata equity fund raising exercise and placing of new Shares under the general mandate. Bank borrowings and debt financing would, however, be difficult provided that the unfavorable financial performance of the Group in the past few years, and the possibility of incurring significantly high interest expenses to the Group. The Board has also considered raising funds by way of placing of new Shares. However, the Company has utilized approximately 99.85% of the existing general mandate of the Company which was approved by the Shareholders in the annual general meeting held on 13 May 2013. The Board has also considered the possibility of rights issue instead of Open Offer which allows Shareholders to trade the nil-paid rights. However, given the additional administrative costs and expenses to be borne by the Company in arranging trading arrangement of the nil-paid rights, the Company considers that the Open Offer is a better option.

In view of the above factors, the Directors consider that the Open Offer with the Bonus Issue is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### CASH POSITION OF THE GROUP

*HK\$'000*

As at 31 December 2012

4,491

The change in cash position of the Group from 31 December 2012 to 31 October 2013 has taken into account the following events:

Corporate activities	Gross proceeds (HK\$'000)	Amount received (HK\$'000)	Actual usage (HK\$'000)	Details of actual usage
1. Put option to sell back Dragon Gain Worldwide Limited to the original vendors	49,200			
- Put option price received on 28 December 2012		7,000	7,000	Repayment of Term Loan Facility
- Put option price received on 28 February 2013		10,000	10,000	Repayment of Term Loan Facility
- Put option price received on 7 May 2013		10,000	10,000	Repayment of Term Loan Facility
2. Open Offer completed on 15 May 2013	65,647	65,647	60,000	Repayment of Term Loan Facility
			1,346	Legal & professional fee
			1,969	Underwriting commission
			1,384	Operating expenses, including HK\$208,000 for other legal and professional fee, HK\$653,000 for Director's remuneration and salaries, HK\$224,000 for rent, HK\$162,000 for insurance and HK\$137,000 for other expenses
			948	Payment of accounts payable of the Company
3. Compensation for non-fulfillment of the profit guarantee in relation to the acquisition of Creative Star Limited received on 27 May 2013	12,732	12,732	12,732	Repayment of Term Loan Facility
4. Placing completed on 25 June 2013	7,866	7,866	5,000	Repayment of New Loan Facility
			197	Placing commission
			736	Operating expenses, including HK\$207,000 for legal and professional fee, HK\$140,000 for interest of convertible notes and HK\$389,000 for other expenses
			1,933	Payment of accounts payable of the Company



## LETTER FROM THE BOARD

The cash position of the Group as at 31 October 2013 was arrived at after including the above corporate activities.

	<i>HK\$'000</i>
As at 31 October 2013	2,069

As at the Latest Practicable Date, the Group expects to have the following cash inflow (apart from net proceeds of the Open Offer):

	Amount receivable <i>(HK\$'000)</i>	Expected date of receive	<i>Notes</i>
1. Put option price to be received from sell back Dragon Gain Worldwide Limited to the original vendors	22,200	Depends on the result of legal action taken by the Company	<i>(i)</i>
2. Indemnity sum to be received in relation to a writ of summons issued by Good Alliance Trading Limited	2,000	Receivable by five instalments with the last instalment to be received no later than 8 May 2014	<i>(ii)</i>
3. Refund of deposit from the acquisition of Mass Apex Limited	2,000	Depends on the result of legal action taken by the Company	<i>(iii)</i>
4. Option exercise price to be received upon disposal of Fountain City Holdings Limited back to the original vendors	58,650	By 24 February 2014	<i>(iv)</i>
5. Loans advanced to Fountain City Holdings Limited	6,244	By 24 February 2014	<i>(iv)</i>
	91,094		

## LETTER FROM THE BOARD

*Notes:*

- (i) As disclosed in the announcements of the Company dated 28 June 2013, 8 July 2013, 23 July 2013 and 1 August 2013, the vendors requested for postponement of the fourth instalment payment of HK\$10,000,000 from 30 June 2013 to 8 July 2013. On 8 July 2013, the vendors requested for further postponement of payment thereof until 15 July 2013. On 16 July 2013, the Company has issued a warning letter to the vendors through solicitor to demand the vendors to effect payment of the fourth instalment payment on or before 23 July 2013. As disclosed in the announcement of the Company dated 1 August 2013 and as at the Latest Practicable Date, the vendors have failed to effect the payment, the Company has instructed its legal advisors to commence legal proceedings against the vendors to recover the outstanding payment of HK\$22,200,000 of put option price. As at the Latest Practicable Date, no legal proceeding has yet been commenced and the parties are negotiating for a settlement and no concluded settlement has yet been reached. For more details, please refer to the announcement of the Company dated 18 October 2013. The Company will make further announcement as and when appropriate to update the Shareholders in this regard.
- (ii) Reference is made to the announcements of the Company dated 20 June 2013, 24 June 2013, 11 July 2013, 18 July 2013, 23 July 2013 and 1 August 2013 relating to a writ of summons (the “**Writ**”) filed with the High Court of Hong Kong whereas the Company is named as one of the defendants in the Writ for claiming a guaranteed reward for the sum of HK\$2,400,000. Please refer to the paragraph headed “**Litigation**” in Appendix III to this Prospectus for further details. As disclosed in the announcement of the Company dated 11 July 2013, Tang Tsz Hoo Anthony shall pay to the Company by five instalments with the last instalment to be received no later than 8 May 2014.
- (iii) According to the sale and purchase agreement dated 26 November 2012, the deposit shall be refunded, without any interest, to the purchaser on demand within 5 business days after the long stop date, being 8 July 2013. As disclosed in the announcement of the Company dated 18 July 2013, the vendor has informed the Company that he was unable to refund the deposit in due course and has requested for indulgence to postpone payment thereof until 2 August 2013. As disclosed in the announcement of the Company dated 2 August 2013, the vendor failed to effect the payment. As disclosed in the announcement of the Company dated 7 August 2013, the Company has through its solicitors served a final demand letter to the vendor on 7 August 2013 to demand the return of the refundable deposit of HK\$2 million on or before 20 August 2013. In the event the vendor shall fail to return the refundable deposit to the Company as demanded, the Company shall take appropriate recourse against the vendor including but not limited to commence legal proceedings against the vendor to recover the refundable deposit of HK\$2 million. Upon the legal advice that the Company has obtained from its solicitors, the purchaser of the acquisition, Fame Network Limited, a wholly-owned subsidiary of the Company, has commenced legal action against the vendor at the Court of First Instance in the High Court of the Hong Kong Special Administrative Region on 30 October 2013 to claim for return of the Deposit in the sum of HK\$2,000,000 and interest. For more details, please refer to the announcement of the Company dated 30 October 2013. As at the Latest Practicable Date, the refundable deposit of HK\$2 million has not yet been received. The Company will make further announcement to update the Shareholders on the progress of the legal action against the vendor.
- (iv) The option exercise price to be received from sell back of Fountain City Holdings Limited to the original vendors and the loans advanced to Fountain City Holdings Limited are expected to be received by the Company on or before 24 February 2014 pursuant to the ordinary resolution passed in the extraordinary general meeting held on 26 August 2013.

<b>LETTER FROM THE BOARD</b>
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As at the Latest Practicable Date, the funding needs of the Group are as follows:

	<i>HK\$'000</i>	
1. Loan Facility with interest accrued thereunder	33,900	due on 31 December 2013 or the completion date of the Open Offer whichever is earlier
2. Claims endorsed to the writ of summons issued by Good Alliance Trading Limited	1,600	payable by four instalments with the last instalment to be paid no later than 11 May 2014
3. 2% convertible note issued by the Company in an outstanding principal amount of HK\$28.08 million with interest accrued thereunder	28,500	due on 28 March 2014
4. Daily Operating cost and expenses	42,200	for the next twelve months
5. Finance lease	109	due on 25 March 2015
	106,309	

#### USE OF PROCEEDS

The net proceeds of the Open Offer (after deduction of commission and expenses) are expected to amount to approximately HK\$67 million will be used (i) as to approximately HK\$32 million for the repayment of the Loan Facility and the interest accrued of HK\$1.9 million; (ii) as to approximately HK\$28.08 million for the repayment of the Convertible Notes and the interest accrued of HK\$0.42 million; and (iii) the remaining approximately HK\$4.6 million for the general working capital of the Group including (a) the payment obligation pursuant to the Settlement Deed for the sum of HK\$1.6 million; (b) approximately HK\$2 million for operational expenses; and (c) approximately HK\$1 million for accounts payable of the Company.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, (i) the outstanding principal amount of the Loan Facility is HK\$32 million and the interest accrued is approximately HK\$1.9 million. Both the principal and the interest accrued will fall due on 31 December 2013 or the completion date of the Open Offer, whichever is earlier and (ii) the outstanding principal amount of the Convertible Notes is HK\$28.08 million with the maturity on 28 March 2014 and the interest accrued is approximately HK\$0.42 million.

### PROCEDURES FOR ACCEPTANCE AND PAYMENTS

Qualifying Shareholders will find enclosed with this Prospectus an Application Form which entitles the Qualifying Shareholders to subscribe, subject to payment, for the number (or any lesser number) of Offer Shares shown therein. If a Qualifying Shareholder wishes to exercise his/her/its rights to subscribe for the Offer Shares specified in the Application Form (or a number of Offer Shares less than that specified in the Application Form), the Qualifying Shareholder must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's branch registrar in Hong Kong, Hong Kong Registrars Ltd at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Thursday, 12 December 2013. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**TLT Lottotainment Group Limited — Open Offer Account**" and crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Company's branch registrar in Hong Kong, Hong Kong Registrars Ltd at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Thursday, 12 December 2013, the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

All cheques and cashier's orders accompanying completed Application Form 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 an Application Form with a cheque and/or a cashier's order, will constitute a warranty by the applicant that the cheque and/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 reserves the right to reject any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

## LETTER FROM THE BOARD

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

### **TAXATION**

The Directors consider that there is no tax implication on the Company resulting from the Open Offer and the Bonus Issue. However, Shareholders should note that dealing in the Offer Shares and the Bonus Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong. In addition, Shareholders should note that the taxation implications on them arising from the acquisition of, holding of or dealing in the Offer Shares and the Bonus Issue. It is emphasized that none of the Company, the Directors or any other parties involved in the Open Offer and/or the Bonus Issue accept responsibility for any tax effects or liabilities of any Shareholders or potential investors resulting from the Open Offer and/or the Bonus Issue.

### **RISK FACTORS**

Shareholders and prospective investors should consider carefully all the information set out in this Prospectus and, in particular, should evaluate the following risks in connection with an investment in the Company before making any investment decision (including the Open Offer with Bonus Issue) in relation to the Company.

### **RISKS RELATING TO THE OPEN OFFER WITH BONUS ISSUE**

#### **Termination of the Underwriting Agreement**

Shareholders and prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreement after giving notice in writing to the Company upon the occurrence of any of the events stated in the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" of this Prospectus on or before Latest Time for Termination.

## LETTER FROM THE BOARD

### **Dilution of the Shareholders' equity interests**

The Group may require additional funds in the future to finance its expansion of business and operations. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the interests of the existing Shareholders may be diluted as a result of such equity fund raising.

### **RISKS RELATING TO THE GROUP'S BUSINESS**

#### **The Group maintains a significant level of liabilities and the business of the Group may be adversely affected by the lack of refinancing options if the Open Offer cannot proceed**

The Group has been building up significant level of liabilities, which is mainly attributable to (i) the outstanding Convertible Notes in the principal amount of HK\$28.08 million and the interest accrued of approximately HK\$0.42 million; (ii) the total outstanding principal amount of the Loan Facility of approximately HK\$32 million and the interest accrued of approximately HK\$1.9 million as at the Latest Practicable Date. Upon completion of the Open Offer, it is expected that the Convertible Notes and the Loan Facility will be repaid. However, if the Open Offer will not proceed or the Underwriters terminate the Underwriting Agreement before the Latest Time for Termination, the significant amount of liabilities cannot be repaid and the Company may not be able to obtain the necessary funding, either through debt or equity financing or both, to re-finance the Loan Facility and to redeem the Convertible Notes as and when they fall due. The current level of gearing could potentially constrain the Group's operation with significant consequences such as, among others, (i) constrains on the Group's working capital position and capital expenditures due to the use of a substantial portion of the Group's cash flows for debt servicing, and (ii) limit the Group's ability to obtain, as well as an increase in the cost of, additional financing to fund future working capital and capital expenditures. Hence, the Directors cannot provide absolute assurance that the Group will have the ability to raise necessary financing to fund the Group's working capital, capital expenditures and other debt obligations. As such, the Group's business, prospects and financial condition may be materially and adversely affected.

#### **Reliance on key executives and personnel**

The future success of the Group will depend to a large extent on the continued efforts of the Directors and senior management of the Group as a whole. There is no assurance that these key executives or personnel will not voluntarily terminate their employment with the Group. Although the Group does not rely on any one particular Director or senior management staff of the Group, the loss of any of the Group's key executives or personnel could be detrimental to the ongoing success of the Group's operations.

The Group's continued success will also depend on its ability to attract and retain qualified personnel in order to manage its existing operations as well as its future growth. The Group may not be able to successfully attract, assimilate or retain the personnel they need and this could negatively impact on the Group's ability to expand their business effectively.

<b>LETTER FROM THE BOARD</b>
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## ADJUSTMENTS IN RELATION TO THE SHARE OPTION SCHEME AND THE CONVERTIBLE NOTES

### Share Options

Upon the completion of the Open Offer, the exercise prices and number of Shares to be issued under the outstanding Share Options will be adjusted pursuant to the terms of the share option schemes of the Company and the supplementary guidance issued by the Stock Exchange. The adjusted exercise price of and the adjusted number of Shares to be issued under the outstanding Share Options are as follows:

Date of grant	Exercise price per Share before completion of the Open Offer	Number of Shares to be issued upon exercise of Share Options before completion of the Open Offer	Adjusted exercise price per Share Option after completion of the Open Offer	Adjusted number of Shares to be issued upon exercise of Share Options after completion of the Open Offer
29 June 2009	HK\$37.80	24,390	HK\$29.13	31,652
4 June 2010	HK\$20.88	121,948	HK\$16.09	158,257

The Company's auditors has carried out certain agreed upon procedures in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants in respect of the adjustments to the exercise prices of and the number of new Shares that can be subscribed for under the outstanding Share Options and issued a report of factual findings to the Board stating that the calculations of the adjustments are arithmetically accurate and have satisfied the requirements set out in Rule 23.03(13) of the GEM Listing Rules.

### Convertible Notes

Pursuant to the terms of the Convertible Notes, the conversion price of the Convertible Notes will be adjusted from HK\$0.50 per Share to HK\$0.39 per Share as a result of the Open Offer.

### SHAREHOLDERS' APPROVAL FOR THE OPEN OFFER WITH BONUS ISSUE

At the EGM, since there is no Controlling Shareholder, the then Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates had abstained from voting at the EGM in respect of the resolution to approve the Open Offer pursuant to Rule 10.39(1) of the GEM Listing Rules. As at the date of the EGM, none of the then Directors or chief executive of the Company hold any Share in the Company.

## LETTER FROM THE BOARD

As disclosed in the announcements of the Company dated 13 and 15 November 2013 in relation to, among other matters, the clarification by the Board on the validity of the ordinary resolution no. 2 passed at the EGM regarding the Open Offer with Bonus Issue, there was an inadvertently clerical error contained in the extract of ordinary resolution no. 2 on the notice of EGM published on 18 October 2013. Having consulted and obtained opinion from legal advisers to the Company, the Board is of the view that the ordinary resolution no. 2 passed at the EGM regarding the Open Offer on the basis of two (2) Offer Shares for every three (3) Shares then held (with Bonus Shares in the proportion of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer) (the “**Ordinary Resolution**”) was validly passed to the effect that the basis of the Open Offer with the Bonus Issue has been duly approved by the Shareholders. For details of the Board’s view on the validity of the Ordinary Resolution and the salient findings and conclusion in the relevant legal opinion, please refer to the announcements of the Company dated 13 and 15 November 2013 respectively.

### GEM LISTING RULES IMPLICATIONS

As the Open Offer with Bonus Issue will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of the circular dated 18 October 2013, the Open Offer is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rules 10.39, 10.39A and 10.39B of the GEM Listing Rules. The Open Offer with Bonus Issue was approved by the Independent Shareholders at the EGM. Details of the results of the EGM were published in the announcement of the Company dated 13 November 2013.

### FURTHER INFORMATION

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

By the order of the Board  
**TLT Lottotainment Group Limited**  
**Lin Yan Jenny**  
*Executive Director*



## 1. THREE YEARS AND NINE MONTHS FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2010, year ended 31 December 2011, year ended 31 December 2012 and nine months ended 30 September 2013 are disclosed on pages 30–112 of the 2010 annual report published on 30 March 2011, pages 36–124 of the 2011 annual report published on 2 April 2012, pages 46–176 of the 2012 annual report published on 27 March 2013 and pages 2–26 of the 2013 third quarterly report published on 14 November 2013 of the Company respectively, which were published on both the GEM website ([www.hkgem.com](http://www.hkgem.com)) and the Company's website ([www.lottotainment.com.hk](http://www.lottotainment.com.hk)).

## 2. STATEMENT OF INDEBTEDNESS

### **Borrowing**

At the close of business on 31 October 2013, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Prospectus, the Group had total borrowings amounted to HK\$59,539,547 comprising, (i) the Loan Facility of approximately HK\$32,000,000 was secured by debenture of the Company to HEC dated 27 May 2013, which is then assigned to Mr. Chan, an Independent Third Party of the Company and its connected person, by a deed of assignment dated 30 September 2013, under which the Company shall create a floating charge over all the undertaking property, assets, goodwill, rights and revenues of the Company; (ii) obligation under finance lease of approximately HK\$108,930 were secured by motor vehicles and equipment; and (iii) liability component of the Convertible Notes of approximately HK\$27,430,617 which were unsecured, transferable and with an interest rate 2% per annum.

### **Commitments and contingent liabilities**

Pursuant to the Settlement Deed, the Company shall pay to Good Alliance Trading Limited as plaintiff for six post-dated cheques for HK\$400,000 each with total of HK\$2.40 million and the first and second post-dated cheques with amount of HK\$400,000 each had already settled in July 2013 and October 2013 respectively. The payment obligations of the settlement sum will remain HK\$1.6 million as at the Latest Practicable Date. For more details, please refer to announcements of the Company dated on 20 June 2013, 24 June 2013 and 11 July 2013.

### **Disclaimer**

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 October 2013, 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 October 2013 and up to the Latest Practicable Date.

### 3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that taking into account its internal resources including (i) the outstanding amount of HK\$22.2 million receivable being remaining part of the consideration of the exercise of put option by the Company to put back its interests in Dragon Gain Worldwide Limited to the original vendors; (ii) legal action to recover the refundable deposit of HK\$2 million to be received by the Company in relation to the lapse of a very substantial acquisition of the entire issued share capital of Mass Apex Limited, for more details, please refer to the announcements of the Company dated on 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013, 8 March 2013, 25 March 2013, 8 April 2013, 8 May 2013, 7 June 2013, 8 July 2013, 18 July 2013, 2 August 2013, 7 August 2013, 18 October 2013 and 30 October 2013; (iii) an indemnity of the amount HK\$2 million payable to the Company by Tang Tsz Hoo Anthony for the settlement deed dated 11 July 2013; (iv) HK\$58.65 million being the option price for the exercise of the put option and amounts of HK\$6.24 million advanced to the disposal group in the Fountain City as announced in the circular of the Company dated 8 August 2013; and (v) the cash and cash equivalents of the Group as at 31 October 2013 were approximately HK\$2.07 million 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 months to pay (i) the Convertible Notes in an outstanding principal amount of HK\$28.08 million with interest accrued of HK\$0.42 million owing to the holder of the Convertible Notes due on 28 March 2014 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 Loan Facility which will fall due on 31 December 2013 or the completion date of the Open Offer, whichever is earlier. As at the Latest Practicable Date, the outstanding principal amount of the Loan Facility is HK\$32 million with interest accrued of HK\$1.9 million; and (iii) the Company expects to incur certain amount of cash outflow including operating costs, legal and professional fees before it can receive the put option price from sell back Dragon Gain Worldwide Limited to the original vendors and the proceeds from the disposal as announced on 7 January 2013 and (iv) payment obligation pursuant to a settlement deed (the "**Settlement Deed**") dated 11 July 2013 where the Company shall pay to Good Alliance Trading Limited as plaintiff to the sum of HK\$2.4 million. As at the Latest Practice Date, the outstanding amount of the payment obligation is HK\$1.6 million; and (v) it is expected that the Group will require about HK\$42.2 million for daily operating cost and expenses in the next twelve months. The net proceeds of the Open Offer (after deduction of commission and expenses) are expected to amount to approximately HK\$67 million.

In addition, as disclosed in the announcement of the Company dated 29 October 2013, the Company and China Well Investments Reward Inc. (the "**Vendor A**"), an investment holding company incorporated in Vanuatu and United Path Inc. (the "**Vendor B**", collectively the "**Vendors**"), an investment holding company incorporated in Vanuatu, entered into the acquisition agreement pursuant to which the Company agreed to acquire, and the Vendors agreed to sell, the entire issued share capital in Grace Profit Corporation Limited (the "**Grace Profit**") and sale loan at an aggregate consideration of HK\$100,000,000.

Reference is also made to the announcement dated 18 July 2013 in relation to the memorandum of understanding of the above-mentioned acquisition.

The consideration will be satisfied as to (i) HK\$30,000,000 by the issue and allotment of the 60,000,000 consideration shares by the Company at the issue price of HK\$0.50 per Share to the Vendors upon completion; and (ii) HK\$70,000,000 by the issue of the convertible bonds at an initial conversion price of HK\$0.50 per conversion share (subject to adjustment) to the Vendors upon completion.

Shareholders and investors should note that completion is subject to various conditions as stated in the section headed "Conditions Precedent" of the Company's announcement dated 29 October 2013. The acquisition agreement and the transactions contemplated thereunder may or may not proceed to completion. Shareholders and investors are therefore urged to exercise caution when dealing in the Shares. For further details, please refer to the Company's announcements dated 18 July 2013 and 29 October 2013.

On 6 November 2013, (after trading hours) the Company and Able Step Holding Inc., (the "**Prospective Vendor**") a company incorporated in Vanuatu with limited liability entered into another memorandum of understanding (the "**MOU**") in relation to the proposed acquisition (the "**Proposed Acquisition**") of the entire issued share capital of Create Fortune Global Limited (the "**Create Fortune**"), a company incorporated in the British Virgin Islands with limited liability.

Subject to the satisfaction of due diligence result, the Company will consider further negotiation with the Prospective Vendor on the Proposed Acquisition.

The MOU is not legally binding with regard to the Proposed Acquisition, it may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares. For further details, please refer to the Company's announcement dated 6 November 2013. As at the Latest Practicable Date, there is no estimated amount of the consideration relating to the Proposed Acquisition and no concrete terms have been finalized for the Proposed Acquisition.

In view of the foregoing, the Company is actively exploring other measures to fulfill the future working capital requirement such as borrowing and fund being raised under the Open Offer. As at the Latest Practicable Date, the Company and Mr. Chan entered into a supplemental loan agreement as disclosed in the announcement of the Company dated on 30 September 2013, pursuant to which, the parties agreed that the repayment date of the outstanding principal amount of the Loan Facility and the interest accrued thereon have been extended to 31 December 2013 or the completion date of the Open Offer, whichever is earlier.

The Directors are aware of the low cash position of the Company. The fourth and final payments of HK\$10 million and HK\$12.2 million respectively in relation to the exercise of the put option of Dragon Gain Worldwide Limited are delayed and have not yet been received as at the Latest Practicable Date. There is uncertainty on when the Company shall receive the payment. The disposal of Fountain City Group by exercising

the relevant put option is expected to be completed on or before 24 February 2014, the uncertainty on receiving the indemnity from Tang Tsz Hoo Anthony and the refund of the deposit from Mr. Ma Chun Loi for the lapse of the acquisition of Mass Apex Limited. As such, the Directors are of the view that the Group's liquidity position would depend largely on the successful conclusion of the Open Offer with Bonus Issue. Failure to raise funds through the Open Offer may adversely affect the working capital position of the Group.

Subject to the successful conclusion of the Open Offer with Bonus Issue, 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**

As at the Latest Practicable Date, taking into account the Company's interim results for the six months ended 30 June 2013 announced on 12 August 2013, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2012, 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**

As at the Latest Practicable Date, the Company is principally engaged in travel agency business, advertising and marketing business and securities trading business. Set out below is a detailed discussion on the performance of various business segments of the Company:

##### **Travel agency business**

Travel agency business operates with stable and internally generated cash flow and ranks first in revenue contribution to the Group. Business environment of the PRC travel industry remains competitive and the Group has to face a difficult environment, in particular, continuous growth in the operating costs due to inflation. However, given that annual disposal income per capita continues to grow in the PRC and more and more overseas locations are freely open for PRC citizens, the travel agency business has arranged more tours in overseas locations especially Europe, Taiwan and Japan to generate higher tour income than domestic one. In addition, in view of continuously increasing purchase power of PRC citizens, the demand of privilege service and arrangement for tour is robust. The travel agency business will re-design and re-structure its tour package to capture this segment market. The Directors are from time to time to review the performance of each tour and will stream down and/or suspense tour(s) with poor performance or less profitable to concentrate its resource to expand the segment market as mentioned. Given operating with stable and internally generated cash flow, the funding and cash flow requirement is comparatively lower, the Directors are optimistic in the business growth of its travel agency operation.

### Advertising and marketing business

Advertising and marketing business generates stable cash flow which ranks second in revenue contribution to the Group and becomes one of the core businesses of the Group. Following disposal of under-performing entertainment and stage drama business, the Group will focus and reallocate its resources for pursuing business development in advertising and marketing business, including reposition of its service mix and widening its scope of services to capture potential business opportunities in function organization for enhancing its performance with its internally generated cash flow. In view of continuous prosperity of domestic music concert performance, this segment started penetrating in the business of concert production and coordination. This segment has successfully secured contracts for production and coordination of three music concerts and one talk show. In addition, this segment plans to have five to eight more engagements of similar nature. In view of the popularity of smart phone devices, the Board intends to produce game or game platform to generate (i) downloading sharing income; (ii) advertising income through game/game platform; and (iii) sponsorship or advertising income from advertisers. The Directors are of the view that there is a strong potential growth of this segment.

### Securities trading business

Due to the economic downturn in the United States and triggered by the unresolved European debt issue, the condition of Hong Kong stock market is relatively volatile. The Group will keep focusing and balancing the risk and return from its investment and will closely monitor the performance of its investment portfolio. Furthermore, the Group will put more effort in the analysis of the stock market to ensure the Group can take corrective action to change its investment portfolio to minimize the risk and maximize the return when appropriate.

Looking into the future, the Group will continue to review its existing businesses from time to time and strive to improve the efficiency and effectiveness of the business operation and enhance financial position of the Group.

In coming year, after completion of the Disposal of 51% interests in the issued share capital of Fountain City Holdings Limited (the “Disposal”), details of which are set out in the announcement of the Company dated 7 January 2013, the Group will continue to develop and rationalize its existing businesses and will allocate appropriate resources to different business segments of the Group depending on the then business environment and performance of each segment with the view of improving its business performance. The Directors also consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income for generating profits and return for the Company and the Shareholders.

As mentioned, on 29 October 2013, (after trading hours), the Company, Vendor A and Vendor B entered into the acquisition agreement pursuant to which the Company agreed to acquire, and the Vendors agreed to sell, the entire issued share capital in Grace Profit and sale loan at an aggregate consideration of HK\$100,000,000.

Grace Profit is an investment holding company incorporated in Hong Kong on 2 November 2012 with limited liability and is wholly-owned by the Vendors. Apart from its 100% shareholding interest in the PRC Company, Grace Profit does not have any business operations. The PRC Company is a company incorporated in the PRC on 11 April 2013. The PRC Company has a registered capital of HK\$1,500,000 and it is a wholly-owned subsidiary of Grace Profit. The PRC Company is principally engaged in fashion wholesale, distribution and trading. The PRC Company holds an exclusive right to procure and sell the “HIWI” brand of kids clothing within the southern area from Changjiang River of Mainland China. The “HIWI” brand is a kids clothing brand name in the PRC, with focus on manufacturing and sale of kids clothing. The PRC Company has the exclusive right to use the “HIWI” brand. Upon completion, Grace Profit will become a wholly-owned subsidiary of the Company and the financial results of Grace Profit and the PRC Company will be consolidated into the financial statements of the Group. The Company intends to leverage its expertise in advertising and marketing to enhance the branding of “HIWI”.

The Directors consider the proposed acquisition of Grace Profit is in line with the Group’s business diversification strategy and represents an attractive investment opportunity for the Group to diversify and further expand its business portfolio. Having considered (i) the one child policy in the PRC where Chinese parents are encouraged to spend more on their children; (ii) the population of the people from age 0 to 14 encompassed approximately 17% of the total population of the PRC; and (iii) the real GDP growth of the PRC of 7.8% in 2012<sup>1</sup>, the Directors are optimistic about the future prospect of the kids wear industry which the Grace Profit participated in. The Directors believe the proposed acquisition will enhance the financial performance of the Group and generate additional stable cash flow which will bring investment returns to Shareholders.

Shareholders and investors should note that completion is subject to various conditions as stated in the section headed “Conditions Precedent” of the Company’s announcement dated 29 October 2013. The acquisition agreement and the transactions contemplated thereunder may or may not proceed to completion. Shareholders and investors are therefore urged to exercise caution when dealing in the Shares. For more details, please refer to the Company’s announcement dated 18 July 2013 and 29 October 2013.

On 6 November 2013, (after trading hours) the Company and the Prospective Vendor entered into the MOU in relation to the proposed acquisition of the entire issued share capital of Create Fortune.

Create Fortune and Artistic Entertainment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Create Fortune, collectively (the “**Target Group**”), are engaged in the business of artist management, marketing and promotional activities.

<sup>1</sup> Source: <http://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>



Create Fortune is engaged in the business of artist management, marketing and promotional activities with a sound track record. The Directors believe that the proposed acquisition of Create Fortune will bring synergy upon operation, management and financial aspects of the Group's existing advertising and marketing business. It is expected that the proposed acquisition, if materialized, will generate stable revenue for the Group.

Subject to the satisfaction of due diligence result on the Target Group, the Company will consider further negotiation with the Prospective Vendor on the Proposed Acquisition.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Prospective Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

The MOU is not legally binding with regard to the Proposed Acquisition, it may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares. For more details, please refer to the Company's announcement dated 6 November 2013.

Save as disclosed above, the Group does not have any agreement, arrangement, understanding intention or negotiation (concluded or otherwise) about (i) any fund-raising plan (including the issue of new Shares and/or convertible securities; (ii) any issue of new Shares and /or convertible securities for cash and/or as consideration; (iii) any acquisition and/or investment in new business and/or material assets from independent third parties or connected persons; and (iv) any disposal, termination, and/or scaling-down of the existing businesses and major assets of the Group as at the Latest Practicable Date.

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus from the independent reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong.*



開元信德會計師事務所有限公司  
ELITE PARTNERS CPA LIMITED  
Certified Public Accountants

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 financial information (the “Unaudited Pro Forma Net Tangible Assets”) of TLT Lottotainment Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed open offer of 140,034,226 Offer Shares at a subscription price of HK\$0.50 per Offer Share, payable in full on application, on the basis of two Offer Shares for every three Shares held on Record Date, together with three Bonus Shares for every two Offer Shares taken up as defined in an announcement dated 23 August 2013, might have affected the financial information presented, for the inclusion in Appendix II of the Prospectus dated 28 November 2013 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Net Tangible Assets is set out in Appendix II to the Prospectus.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Net Tangible Assets in accordance with paragraph 31 of the Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market 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 (“HKICPA”).



It is our responsibility to form an opinion, as required by paragraph 31 of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Net Tangible Assets and to report our opinion 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 Net Tangible Assets 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 engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Net Tangible Assets with the directors of the Company. 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 Net Tangible Assets has been properly complied by the directors of the Company 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 Net Tangible Assets as disclosed pursuant to paragraph 31 of the Chapter 7 of the GEM Listing Rules.

The Unaudited Pro Forma Net Tangible Assets are for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the unaudited financial position of the Group as at 30 June 2013 or any future date.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Net Tangible Assets has been properly complied by the directors of the Company 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 Net Tangible Assets as disclosed pursuant to paragraph 31(1) of the Chapter 7 of the GEM Listing Rules.

Yours faithfully,  
**Elite Partners CPA Limited**  
*Certified Public Accountants*

Hong Kong, 28 November 2013

**UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The unaudited pro forma statement of adjusted consolidated net tangible assets attributable to owners of the Company has been prepared in accordance with paragraph 31(1) of the Chapter 7 of the GEM Listing Rules set out below to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if it had taken place on 30 June 2013.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Open Offer been completed as at 30 June 2013 or at any future date.

The following unaudited pro forma statement of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2013, extracted from the published unaudited interim report of the Group for the six months ended 30 June 2013, with adjustment described below:

Taking into account 210,051,339 Shares in issue as at the Latest Practicable Date (a date after 26 November 2013, being the commencement date of the closure period of the register of members of the Company for the purpose of determining the eligibility and entitlements to the Open Offer), and there will be no change in the issued share capital of the Company from the Latest Practicable Date to the date of the Record Date, 560,136,904 Offer Shares (including 140,034,226 Offer Shares and Bonus Shares 210,051,339) will be issued under the Open Offer.

**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

Unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2013 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2013 <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share before the completion of the Open Offer <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after the completion of the Open Offer <i>HK\$</i> <i>(Note 4)</i>	
Based on 560,136,904 Open Offer at subscription price of HK\$0.5 per Offer Share (including 140,034,226 Offer Shares and Bonus Shares 210,051,339)	10,819	67,016	77,835	0.05	0.14

*Notes:*

- 1) The unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2013 has been extracted from the published unaudited interim report of the Company for the six months ended 30 June 2013 after deducting intangible assets of approximately HK\$131,000 and goodwill of approximately HK\$20,402,000.
- 2) The estimated net proceeds from the Open Offer of approximately HK\$67,016,000 are based on 140,034,226 Offer Shares to be issued at the Subscription Price of HK\$0.5 per Offer Share and after deducting estimated expenses of approximately HK\$3,001,000 attributable to the Open Offer.
- 3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2013 of approximately HK\$10,819,000 as disclosed in note 1 above, divided by 210,051,339 shares of the Company in issue as at 30 June 2013.
- 4) The calculation of the unaudited pro forma adjusted consolidated net tangible assets per share is based on 560,136,904 shares which comprise 210,051,339 shares in issue as at 30 June 2013 and 140,034,226 Offer Shares and 210,051,339 Bonus Shares after the completion of the Open Offer.

## 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

The authorised and issued share capital of the Company as at the Latest Practicable Date was as follows:

<i>Authorised capital:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares of HK\$0.50 each	<u>1,000,000,000</u>
<i>Issued and to be issued:</i>		<i>HK\$</i>
210,051,339	Shares in issue as at the Latest Practicable Date	105,025,669.50
140,034,226	Offer Shares to be issued immediately after completion of the Open Offer	70,017,113.00
210,051,339	Bonus Shares to be issued immediately after completion of the Open Offer	105,025,669.50
<u>560,136,904</u>		<u>280,068,452.00</u>

All of the Offer Shares and Bonus Shares to be issued will rank *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares and the Bonus Shares. The Offer Shares and Bonus Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company has 146,338 outstanding Share Options and the Convertible Notes in the outstanding principal amount of HK\$28,080,000 which entitles the holders thereof to convert into 56,160,000 Conversion Shares upon exercise of the conversion rights attached thereto in full. Save for the above, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the GEM and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS

#### (a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange:

Name of Director	Capacity in holding interest	Long/short Position	No. of Shares	No. of underlying Shares held	Approximate Percentage of the Company's issued share capital
Ho Kenneth Kai Chung	Beneficial owner	Long	99,000	—	0.05%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interest and short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares 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.

**(b) Substantial shareholders and other persons' interests in Shares and underlying Shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Group:

*(i) Substantial Shareholders of the Company:*

Name	Nature of interest	Number of Shares held	Approximate Percentage of the Company's issued share capital
Mr. Chong Chin	Beneficial Owner	17,180,000 (L)	8.18%
Mr. Chan ( <i>Note</i> )	Beneficial Owner	56,160,000 (L)	26.74%
Mr. Lin Rong Zhen	Beneficial Owner	10,681,000 (L)	5.08%

*Note:*

(L) denotes long position

As at the Latest Practicable Date, Mr. Chan is interested in the Convertible Notes in the principal amount of HK\$28,080,000 entitling him to convert into 56,160,000 Conversion Shares at the conversion price of HK\$0.50 per Share. On 30 September 2013, Mr. Chan, an Independent Third Party of the Company and its connected person, acquired from Mr. Fung, the original holder of the Convertible Notes, the Convertible Note. Also, pursuant to a deed of assignment dated 30 September 2013 as disclosed in the announcement of the Company dated 30 September 2013, HEC assigned all its rights, title, benefit, interests and obligations under the Loan Facility to Mr. Chan. Apart from the Loan Facility and the Convertible Notes, Mr. Chan does not have any interests in the Company and its securities. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, (i) Mr. Chan does not have any existing or prior relationship with each of the Underwriters; (ii) Mr. Chan will not be a placee of the Underwritten Shares; (iii) Mr. Chan will not be appointed as a Director; (iv) Mr. Chan does not have any relationship with any vendors in the corporate transactions of the Company during the 24 months (and including the Proposed Acquisition) prior to the date of this Prospectus; and

(v) HEC does not have any relationship with each of Mr. Chan and Mr. Fung. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Mr. Chan is a professional investor and he was a senior management with an international bank in Hong Kong. As at the Latest Practicable Date, save as the Loan Facility and the holder of the Convertible Notes, Mr. Chan is an Independent Third Party of the Company and its connected persons.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

#### **4. DIRECTORS' SERVICE CONTRACTS**

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

#### **5. DIRECTORS' INTEREST IN ASSETS**

None of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT**

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

#### **7. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

## 8. LITIGATION

(I) On 10 October 2012, a writ of summon (the “**Writ I**”) was served on the Company. The Writ I was issued on 21 September 2012 by Song Zizhang (the “**Plaintiff I**”) against Cheung Man Yau, Timothy as 1st defendant, Glorison Development Limited as 2nd defendant and the Company as 3rd defendant.

Pursuant to the Writ I, the Plaintiff I claims, among other things, against the Company for (i) a declaration that the Company do cause the transfer of all TLT Services (Shanghai) Limited’s shares to the Plaintiff I; and (ii) an order that the Company do transfer or cause to transfer the two licenses for the purposes of permission to operate add-value mobile business and permission to use recharging and access code of short message services in China obtained by Shanghai Tang Road Communication Company Limited (whose name was later changed to TLT (Shanghai) Limited)).

The Board is of the view that the Plaintiff I’s claims against the Company under the Writ I are unfounded and the Company has retained solicitors to defend the Plaintiff I’s claims against the Company under the Writ I.

On 13 December 2012, the Company applied to the High Court to strike out the Plaintiff I’s claim against the Company under the Writ I and on 22 May 2013 the Court ordered upon the application of the Company that the Plaintiff I’s Claims against the Company under the Writ I be struck out and that the Plaintiff I shall pay the costs of the Company in the application on indemnity basis.

Details of the litigation were published in the Company’s announcement dated 10 October 2012, 13 March 2013 and 22 May 2013. As at the Latest Practicable Date, no concrete term or agreement has been reached or materialised in relation to the above proposed acquisition.

(II) On 20 June 2013, a newspaper article reporting a writ of summons (the “**Writ II**”) has been filed with the High Court of Hong Kong Special Administrative Region whereas the Company is named as one of the defendants in the Writ II for claiming a guaranteed reward for the sum of HK\$2,400,000.

On 24 June 2013, the Writ II was served on the Company. The Writ II was issued by Good Alliance Trading Limited (the “**Plaintiff II**”) against the Company as the 2nd Defendant, for the sum of HK\$2,400,000 and interest, as one of the guarantors under a guarantee in writing dated 14 December 2011 over the due and punctual performance and observance by Creative Works Limited (“**Creative Works**”), the 1st defendant, of all its obligations contained in a memorandum of agreement dated 14 December 2011 entered into between Creative Works and the Plaintiff II (the “**Agreement**”) whereby the Plaintiff II has agreed to participate in the project of Creative Works relating to the performance of the stage drama “天龍八步” or “Born to be Hero” in Beijing by acquiring a 15% interest in the said project for the investment sum of HK\$2,000,000.



By a guarantee in writing dated 14 December 2011 (the “**Guarantee**”) entered into by the Company, Chan Chui Man being the 3rd defendant, and Yeung Wai Bo being the 4th Defendant as guarantors, and the Plaintiff II, the Company together with the other two guarantors have jointly and severally guaranteed the due and punctual performance and observance by Creative Works of all its obligations contained in the Agreement including the return of the investment sum of HK\$2,000,000 and payment of a guaranteed return of not less than HK\$400,000 as at the cut-off date of 31 March 2012. Creative Works was an indirect non-wholly owned subsidiary of the Company from 18 April 2011 until 28 December 2012.

Reference is also made to the announcement of the Company dated 28 December 2012 relating the early exercise by the Company of the put option to put back the entire issued share capital of Dragon Gain Worldwide Limited (“**Dragon Gain**”) to their original vendors (the “**Vendors**”) at the put option price of HK\$49,200,000. Dragon Gain is the holder of 51% of the entire issued share capital of Creative Works.

After extensive negotiation with the Plaintiff II and Tang (the “**Parties**”). On 11 July 2013, the Parties entered into the settlement deed pursuant to which, among others, (i) the Company agrees to pay HK\$2,400,000 of all the Plaintiff II’s claims (the “**Settlement Sum**”) against the Company under the Action and the Guarantee; (ii) the Plaintiff II agrees that upon receipt of the first payment of Settlement Sum within 7 days, it shall withdraw and discontinue its claim against the Company under the Action and the Plaintiff II and the Company shall instruct their respective solicitors to endorse and file a consent summons or consent order with the Court of First Instance of the High Court pursuant to the Rules of High Court to apply the Court for the Plaintiff II to wholly discontinue its claims against the Company under the Action with no order as to cost; and (iii) Tang agrees to pay HK\$2,400,000 to the Company in satisfaction of its obligations under the Undertaking Letter signed on 28 December 2012.

In relation to the refund of deposit from the acquisition of Mass Apex Limited. According to the sale and purchase agreement dated 26 November 2012, the deposit shall be refunded, without any interest, to the purchaser on demand within 5 business days after the long stop date, being 8 July 2013. As disclosed in the announcement of the Company dated 18 July 2013, the vendor has informed the Company that he was unable to refund the deposit in due course and has requested for indulgence to postpone payment thereof until 2 August 2013. As disclosed in the announcement of the Company dated 2 August 2013, the vendor failed to effect the payment. As disclosed in the announcement of the Company dated 7 August 2013, the Company has through its solicitors served a final demand letter to the vendor on 7 August 2013 to demand the return of the refundable deposit of HK\$2 million on or before 20 August 2013. In the event the vendor shall fail to return the refundable deposit to the Company as demanded, the Company shall take appropriate recourse against the vendor including but not limited to commence legal proceedings against the vendor to recover the refundable deposit of HK\$2 million. Upon the legal advice that the Company has obtained from its solicitors, the purchaser of the acquisition, Fame Network Limited, a wholly owned subsidiary of the Company, has commenced legal action against the vendor at the Court of First Instance in the High Court of the Hong Kong Special Administrative Region on 30 October 2013 to claim for return of the deposit in the sum of HK\$2,000,000 and interest. For more details, please refer to the

announcement of the Company dated 30 October 2013. As at the Latest Practicable Date, the refundable deposit of HK\$2 million has not yet been received. The Company will make further announcement to update the Shareholders on the progress of the legal action against the Vendor.

As at the Latest Practicable Date, there was no further update in relation to the above litigations. The Company will make further announcement as and when appropriate to update the Shareholders in these regard.

As at the Latest Practicable Date and save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

#### 9. EXPERT AND CONSENTS

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

<b>Name</b>	<b>Qualifications</b>
Elite Partners CPA Limited	Certified Public Accountants

Elite Partners CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter or its name in the form and context in which they respective appear.

Elite Partners CPA Limited does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Elite Partners CPA Limited does not have any direct or indirect interests in any assets which have been, since 31 December 2012 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

## 10. MATERIAL CONTRACTS

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

1. the Underwriting Agreement;
2. the non-legally binding memorandum of understanding dated 6 November 2013 entered into between the Company as proposed purchaser and Able Step Holding Inc., as the proposed vendor for the sale and purchase of the entire issued share capital of Create Fortune;
3. the conditional acquisition agreement dated 29 October 2013 entered into by Prosperous Link Investments Limited (連昌投資有限公司), a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, and China Well Investments Reward Inc. and United Path Inc. as vendors, for the purchase and sale for the entire issued share capital of Grace Profit Corporations Limited and the entire unsecured, interest free shareholder's loan owing by Grace Profit Corporations Limited to China Well Investments Reward Inc. in the principal amount of HK\$1,528,364.75 for an aggregate consideration of HK\$100,000,000 (the "**Acquisition of Grace Profit**");
4. the supplemental loan agreement dated 30 September 2013 entered into between the Company as borrower and Mr. Chan as lender in relation to the extension of the Loan Facility of outstanding principal amount of HK\$32,000,000 at an agreed interest rate of 1.5% per month to 31 December 2013 or the completion date of the Open Offer, whichever is earlier;
5. the supplemental loan agreement dated 2 September 2013 entered into between the Company as borrower and HEC as lender in relation to the extension of the Loan Facility of outstanding principal amount of HK\$32,000,000 at an agreed interest rate of 1.5% per month to 30 September 2013;
6. the non-legally binding memorandum of understanding dated 18 July 2013 entered into between the Company, China Well Investments Reward Inc. and United Path Inc. in relation to the Acquisition of Grace Profit;
7. a placing agreement dated 11 June 2013 entered into between the Company as issuer and China Times Securities Limited as placing agent in relation to the placing on a best effort basis of 13,110,000 Shares at the placing price of HK\$0.60 per placing share. The net proceeds was approximately HK\$7.6 million;

8. a loan agreement dated 27 May 2013 and entered into between the Company as borrower and HEC as lender in relation to the granting of a loan facility to the Company up to HK\$37,000,000 at an agreed interest rate of 1.5% per month;
9. a supplemental agreement entered into between the Company and Mr. Fung dated 1 March 2013 to further amend the condition of the Convertible Notes by adding three new events of default;
10. an underwriting agreement dated 5 February 2013 and entered into between the Company as issuer and Quest Stockbrokers (HK) Limited as underwriter in relation to a proposed open offer on the basis of 2 offer shares for 1 then existing share held on the record date, with the estimated net proceeds of approximately HK\$62.6 million;
11. the extension agreement entered into between the Company and Mr. Fung date 8 January 2013 to amend the conditions of the Convertible Notes with principal amount of HK\$60,000,000 due 2013 issued by the Company on 28 March 2011;
12. letter from the Company to the original vendors of Dragon Gain Worldwide Limited dated 28 December 2012 regarding the put option to transfer back all the shares of Dragon Gain Worldwide Limited to the original vendors at the pre-agreed put option exercise price of HK\$49,200,000;
13. letter from the Company to the original vendor of Fountain City Holdings Limited dated 28 December 2012 regarding the put option to transfer back 51% of the entire issued shares of Fountain City Holdings Limited to the original vendor at the option exercise price of HK\$58,650,000;
14. the sale and purchase agreement dated 26 November 2012 entered into between Fame Network Limited as purchaser, a wholly owned subsidiary of the Company, and Mr. Ma Chun Loi as vendor in relation to the acquisition of the entire issued share capital of Mass Apex Limited at the consideration of HK\$68 million;
15. the repayment agreement entered into between the Company and Mr. Gao Feng dated 26 November 2012 for the full refund of the outstanding deposit of HK\$41 million by Mr. Gao Feng to the Company on or before 31 December 2012 in connection with the Galaxy Mount Acquisition Termination (as defined below);
16. the conditional placing agreement entered into between the Company and Freeman Securities Limited dated 4 October 2012 in relation to the placing of 6,564,711 new shares at the placing price of HK\$0.50 per placing share. The net proceeds was approximately HK\$2.98 million;

17. the underwriting agreement dated 8 June 2012 and/or the supplementary underwriting agreement dated 20 June 2012 entered into between the Company and Freeman Securities Limited in relation to the underwriting arrangement in respect of the proposed rights issue of the Company on the basis of one rights share for every two of the then existing shares of HK\$0.05 each held on the record date;
18. the loan agreement entered into 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;
19. 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; and
20. 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; together with the supplemental agreement dated 25 November 2011, and the second supplemental agreement dated 20 January 2012 to further amend the terms of the sale and purchase agreement dated 14 November 2011.

## 11. EXPENSES

The expenses in connection with the Open Offer, including underwriters' commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$3.01 million and are payable by the Company upon completion of the Open Offer.

## 12. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered Office and principal place of business in Hong Kong	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
Authorised representatives	Ms. Lin Yan Jenny Mr. Au Yeung Yiu Chung
Company Secretary	Mr. Li Chi Chung

Compliance Officer	Mr. Au Yeung Yiu Chung
Legal advisor to the Company	<i>As to Hong Kong Law</i> Michael Li & Co 19th Floor, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
Auditors and reporting accountants	Elite Partners CPA Limited Suite 921-921A, 9th Floor, Star House, 3 Salisbury Road Tsim Sha Tsui, Kowloon, Hong Kong
Underwriters	(a) China Times Securities Limited Room 503, 5/F, The Sun's Group Centre, 200 Gloucester Road, Hong Kong  (b) Metro Capital Securities Limited Room 3806, 38/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Share registrar and transfer office	Hong Kong Registrars Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal bankers	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
Audit Committee	Mr. Lau Shu Yan ( <i>Chairman</i> ) Mr. Ho Kenneth Kai Chung Ms. Lam Yuk Ying, Elsa

### 13. MISCELLANEOUS

This Prospectus has been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

The company secretary of the Company is Mr. Li Chi Chung who is currently a solicitor practising in Hong Kong and a partner of Michael Li & Co. Mr. Li obtained a bachelor degree in laws from University of Sheffield in England in 1990. He was admitted as a solicitor of the High Court of Hong Kong in 1993 and his practice has been focused on commercial related matters.

The compliance officer of the Company is Mr. Au Yeung Yiu Chung who is also an executive Director. For details of his qualifications, please refer to the paragraph headed "14. Directors and Senior Management" of this appendix.

#### 14. DIRECTORS AND SENIOR MANAGEMENT

##### Executive Directors

**Mr. Wu Wenbei ("Mr. Wu")**, aged 50, graduated from Xiamen University in the PRC and is a practicing lawyer in PRC. He has over 25 years' experience in international trading and economics.

Mr. Wu is currently an executive director of Xiamen He He Xin Business Consulting Company Limited\* (廈門合和鑫商務諮詢有限公司) and a managing director of Xiamen Jin Yin Trading Company Limited\* (廈門金嶺貿易有限公司).

**Ms. Lin Yan Jenny ("Ms. Lin")**, aged 42, has a master degree from the New York Institute of Technology — Vancouver in Canada and has over 20 years' management experience in various industries. Ms. Lin is a licensed representative to carry type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO of GuocoCapital Limited. Ms. Lin is an independent non-executive director of Thiz Technology Group Limited (Stock Code: 8119) which is listed on the Stock Exchange.

**Mr. Au Yeung Yiu Chung ("Mr. Au Yeung")**, aged 32, was appointed as an Executive Director on 10 March 2012. Mr. Au Yeung is also the director of a number of 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.



**Mr. Wong Chun Hung (“Mr. Wong”)**, aged 40, graduated from Hong Kong Baptist University with an honors degree in accounting in 1995. He is an associate of the Hong Kong Institute of Certified Public Accountants and has over 15 years’ experience in accounting, auditing and consulting. Since November 2005, he has been the managing director of B&C Finance and Corporate Advisory Limited. He was a non-executive director of King Stone Energy Group Limited (Stock Code: 663), a company listed on the Main Board of the Stock Exchange from 16 April 2012 to 12 March 2013, and independent non-executive directors of two companies listed on the Main Board of the Stock Exchange, namely China Household Holdings Limited (formerly known as “Bao Yuan Holdings Limited”) (Stock Code: 692) from 2 July 2010 to 30 June 2011 and Tech Pro Technology Development Limited (Stock Code: 3823) from 25 July 2007 to 7 January 2011. Mr. Wong is now an independent non-executive director of Pacific Plywood Holdings Limited (Stock Code: 767), a company listed on the Main Board of the Stock Exchange, from 22 April 2010 to present.

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

**Mr. Ho Kenneth Kai Chung (“Mr. Ho”)**, aged 48, was appointed as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 22 November 2013. Mr. Ho graduated from University of Sydney, Australia with a Bachelor of Economics in Accounting in 1988 and University of New South Wales, Australia with a Master of Commerce in Finance in 1991. He is a professional financial analyst of Chartered Financial Analyst (CFA) in Hong Kong and has over 13 years’ experience in financial analyst. He had served in Credit Lyonnais Securities Asia from 1996 to 1999, and served in Jardine Fleming (subsequently acquired to become JP Morgan) as China strategist and head of China research from 1999 to 2003. Mr. Ho works at HSBC Securities from 2003. From 2003 to 2010, Mr. Ho served as head of China mid-small cap research and head of China research, Beijing at HSBC Securities. From 2010, he serves as a director of China & HK institutional equity sales at HSBC Securities. Mr. Ho has vast experience in corporate finance and analysis and management.

**Mr. Lau Shu Yan (“Mr. Lau”)**, aged 31, 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. 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.



**Ms. Lam Yuk Ying, Elsa** (“**Ms. Lam**”), aged 53, holds Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 9 (Asset Management) regulated activities licenses issued by the SFC. Ms. Lam has over 10 years of experience in securities industry and more than 15 years of experience in the treasury function in several major banks. Ms. Lam was an executive director of Value Convergence Holdings Limited (Stock Code: 821), the issued shares of which are listed on the Main Board of the Stock Exchange from 23 February 2011 to 28 December 2012. She was also a director of VC Asset Management Limited, a wholly-owned subsidiary of Value Convergence Holdings Limited. Ms. Lam was also an associate director of Excalibur Hong Kong and held senior positions at Glory Sky Global Markets Limited and Kingston Securities Limited. She was also the head of treasury department of KBC Bank N.V.

#### **15. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.

#### **16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies Ordinance.

#### **17. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekday (except for public holidays) at the head office and principal place of business of the Company in Hong Kong at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong up to and including 19 December 2013:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2011 and 2012 respectively, the interim report of the Company for the six months ended 30 June 2013 and the 2013 third quarterly report of the Company for the nine months ended 30 September 2013;
- (c) the material contracts as referred to in the paragraph headed “Material contracts” in this appendix;
- (d) the written consents referred to in the paragraph headed “Qualifications and consents of experts” in this appendix;

- (e) the letter from Elite Partners CPA Limited in respect of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages II-1 to II-5 of this Prospectus;
- (f) the Underwriting Agreement;
- (g) a copy of each of the circulars issued pursuant to the requirements set out in Chapter 19 and/or Chapter 20 of the GEM Listing Rules which have been issued by the Company since 31 December 2012 (the date to which the latest published audited consolidated financial statements of the Group were made up); and
- (h) this Prospectus.