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TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8022)

UPDATE ON EXERCISE OF PUT OPTION AND SETTLEMENT DEED

This announcement is made by the Company pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 7 October 2010, 28 December 2012, 7 January 2013 and the circular (the “**Circular**”) of the Company dated 8 August 2013 in relation to, among other things, the exercise of the Put Option. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On 7 October 2010, the Purchaser, a wholly owned subsidiary of the Company, has entered in the Agreement with the Vendor and the Guarantor, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Option Shares, representing 51% of the entire issued share capital of Fountain City. Pursuant to the Agreement, the Vendor irrevocably granted to the Purchaser the Put Option exercisable at any time and from time to time during the Option Period by notice in writing to the Vendor to require the Vendor to purchase all the Option Shares from the Purchaser at the Option Exercise Price.

On 28 December 2012, the Purchaser has served an Option Notice on the Vendor under the Agreement stating its intention to exercise the Put Option and required the Vendor to purchase the Option Shares from the Purchaser at the pre-agreed Option Exercise Price of HK\$58,650,000. Pursuant to the terms of the Agreement, the Completion will take place within 180 days of the later of: (i) the Option Notice being received by the Vendor; or (ii) any regulatory authorisations, consents or approvals being obtained. The Option Exercise Price shall be satisfied by the Vendor to the Purchaser by cash within 180 days after the Disposal is approved by the Shareholders.

Besides, after the Purchaser exercised the Put Option on 28 December 2012, the Purchaser and the Vendor have entered into a verbal agreement (the “**Verbal Agreement**”), pursuant to which the loans (the “**Loans**”) advanced by the Company in the sum of HK\$6,244,000 to the Disposal Group will be settled by the Vendor to the Purchaser on or before Completion.

The Disposal was approved by the Shareholders at the EGM held on 26 August 2013. Accordingly, the Completion shall take place on or before 24 February 2014 which is 180 days after the Disposal is approved by the Shareholders and the Option Exercise Price shall be satisfied by the Vendor to the Purchaser on the same day.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that the Vendor has failed to effect payments of the Option Exercise Price and the Loans pursuant to the Agreement and the Verbal Agreement.

After negotiations with the Vendor and the Guarantor, the parties have reached a settlement relating to the overdue of the Option Exercise Price and the Loans in the aggregate amount of HK\$64,894,000 and a deed of settlement (the “**Settlement Deed**”) was entered into among the Purchaser, the Vendor and the Guarantor on 24 March 2014, pursuant to which the Vendor and the Guarantor jointly and severally covenant to the Purchaser that they shall effect payment of the Option Exercise Price and the Loans by four equal instalment payments of HK\$16,223,500 each with the first instalment payment to be made on or before 24 September 2014, the second instalment payment to be made on or before 24 December 2014, the third instalment payment to be made on or before 24 March 2015 and the fourth payment to be made on or before 24 June 2015.

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

Hong Kong, 24 March 2014

As of the date hereof, the executive directors of the Company are Mr. Au Yeung Yiu Chung, Ms. Lin Yan Jenny and Mr. Wu Wenbei and the independent non-executive directors of the Company are Mr. Ho Kenneth Kai Chung, Ms. Lam Yuk Ying, Elsa, Mr. Liu Kwong Sang and Mr. Yiu Yuen Kai.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at <http://www.lottotainment.com.hk>.