



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of TLT LOTTOTAINMENT GROUP LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company (the “Director(s)”), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.

HIGHLIGHTS

- The Group achieved a turnover of approximately HK\$14,216,000 (continuing operation: approximately HK\$14,028,000 and discontinued operation: approximately HK\$188,000) for the six months ended 30 June 2013 (2012: approximately HK\$12,888,000, continuing operation: approximately HK\$12,281,000 and discontinued operation: approximately HK\$607,000), representing an increase of approximately 10% as compared to corresponding period in 2012.
- Loss from ordinary activities attributable to equity shareholders of the Company was approximately HK\$10,538,000 for the six months ended 30 June 2013 (loss in 2012: approximately HK\$37,501,000).
- Basic loss per share for continuing and discontinued operations for the six months ended 30 June 2013 was approximately HK10.41 cents (2012: approximately HK11.10 cents) and loss per share for continuing operation was approximately HK7.05 cents (2012: approximately HK8.80 cents).
- The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: Nil).

INTERIM RESULTS (UNAUDITED)

For the six months ended 30 June 2013

The board (the “Board”) of directors (the “Directors”) of TLT Lottotainment Group Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months and three months ended 30 June 2013 together with the unaudited comparative figures for the corresponding periods in 2012 (the “Relevant Periods”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2013 HK\$'000	2012 HK\$'000 (Re-presented)	2013 HK\$'000	2012 HK\$'000 (Re-presented)
TURNOVER	2				
Continuing operations		14,028	12,281	6,983	5,181
Discontinued operations		188	607	98	161
		14,216	12,888	7,081	5,342
COST OF SERVICES	5	(13,179)	(12,057)	(6,901)	(4,972)
GROSS PROFIT		1,037	831	180	370
OTHER INCOME AND GAIN	2	16,450	238	42	194
OPERATING AND ADMINISTRATIVE EXPENSES		(18,838)	(23,781)	(12,486)	(13,086)
FINANCE COSTS	4	(11,807)	(16,785)	(5,403)	(11,655)
SHARE OF LOSSES OF ASSOCIATES		-	(1,387)	-	(19)
SHARE OF LOSSES OF JOINTLY CONTROLLED ENTITIES		-	(283)	-	(142)
LOSS BEFORE TAXATION	5				
Continuing operations		(9,751)	(33,144)	(16,106)	(20,381)
Discontinued operations		(3,407)	(8,023)	(1,561)	(3,957)
TAXATION	6	-	-	-	-

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013	2012	2013	2012
	Notes HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)
LOSS FOR THE PERIOD				
Continuing operations	(9,751)	(33,144)	(16,106)	(20,381)
Discontinued operations	(3,407)	(8,023)	(1,561)	(3,957)
	(13,158)	(41,167)	(17,667)	(24,338)
ATTRIBUTABLE TO:				
EQUITY SHAREHOLDERS OF				
THE COMPANY				
	(10,538)	(37,501)	(16,000)	(22,279)
NON-CONTROLLING INTERESTS				
	(2,620)	(3,666)	(1,667)	(2,059)
LOSS FOR THE PERIOD				
	(13,158)	(41,167)	(17,667)	(24,338)
LOSS PER SHARE				
		9		
For continuing and discontinued operations				
– BASIC	(10.41 cents)	(11.10 cents)	(11.74 cents)	(6.40 cents)
– DILUTED	(10.41 cents)	(11.10 cents)	(11.74 cents)	(6.40 cents)
For continuing operations				
– BASIC	(7.05 cents)	(8.80 cents)	(10.59 cents)	(5.34 cents)
– DILUTED	(7.05 cents)	(8.80 cents)	(10.59 cents)	(5.34 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
LOSS FOR THE PERIOD	(13,158)	(41,167)	(17,667)	(24,338)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX				
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
EXCHANGED DIFFERENCES ON TRANSLATION OF OVERSEAS FINANCIAL STATEMENTS OF SUBSIDIARIES	64	15	46	23
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	64	15	46	23
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(13,094)	(41,152)	(17,621)	(24,315)
ATTRIBUTABLE TO:				
EQUITY SHAREHOLDERS OF THE COMPANY	(10,474)	(37,486)	(15,954)	(22,256)
NON-CONTROLLING INTERESTS	(2,620)	(3,666)	(1,667)	(2,059)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(13,094)	(41,152)	(17,621)	(24,315)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		904	810
Intangible assets	10	131	181
Goodwill	11	20,402	20,402
		21,437	21,393
Current assets			
Trade security	12	1,082	981
Trade and other receivables	13	37,524	61,375
Restricted bank deposits		1,755	1,721
Cash and cash equivalents		2,993	4,491
		43,354	68,568
Assets classified as held for sales	14	67,844	68,772
		111,198	137,340
Current liabilities			
Trade and other payables	15	10,737	7,505
Finance lease payables	16	73	26
Convertible bonds	17	26,202	–
Interest-bearing loans	18	32,000	122,600
		69,012	130,131
Liabilities directly associated with Assets classified as held for sales	14	32,212	29,732
		101,224	159,863
Net current assets/(liabilities)		9,974	(22,523)
Total assets less current liabilities		31,411	(1,130)
Non-current liabilities			
Finance lease payables	16	59	–
Convertible bonds	17	–	27,937
		(59)	(27,937)
NET ASSETS/(LIABILITIES)		31,352	(29,067)
CAPITAL AND RESERVES			
Share capital	19	105,026	32,824
Reserves		(58,619)	(49,456)
NON-CONTROLLING INTERESTS		(15,055)	(12,435)
TOTAL EQUITY		31,352	(29,067)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attribution to equity shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Convertible bond reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2012	16,412	574,663	553	53	11,742	3,064	(626)	(596,922)	8,939	344	9,283
Total comprehensive income/(expenses) for the period	-	-	15	-	-	-	-	(37,501)	(37,486)	(3,666)	(41,152)
Issue of placing shares	3,282	4,044	-	-	-	-	-	-	7,326	-	7,326
Share options lapsed	-	-	-	-	-	(1,071)	-	1,071	-	-	-
Deemed contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	(376)	(376)
Acquisition of subsidiaries	-	-	-	-	-	-	-	(3)	(3)	(161)	(164)
At 30 June 2012	19,694	578,707	568	53	11,742	1,993	(626)	(633,355)	(21,224)	(3,859)	(25,083)
Total comprehensive income/(expenses) for the period	-	-	180	-	-	-	-	(8,691)	(8,511)	(6,399)	(14,910)
Issue of placing shares	3,283	(30)	-	-	-	-	-	-	3,253	-	3,253
Issuance of right shares	9,847	-	-	-	-	-	-	-	9,847	-	9,847
Share options lapsed	-	-	-	-	-	(806)	-	806	-	-	-
Deemed contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	376	376
Acquisition of subsidiaries	-	-	-	-	-	-	-	3	3	(91)	(88)
Reversal of upon disposal of discontinued operations	-	-	-	-	-	-	670	(670)	-	(2,462)	(2,462)
At 31 December 2012	32,824	578,677	748	53	11,742	1,187	44	(641,907)	(16,632)	(12,435)	(29,067)
Total comprehensive income/(expenses) for the period	-	-	64	-	-	-	-	(10,538)	(10,474)	(2,620)	(13,094)
Issue of placing shares	6,555	1,311	-	-	-	-	-	-	7,866	-	7,866
Issue of offer shares	65,647	-	-	-	-	-	-	-	65,647	-	65,647
At 30 June 2013	105,026	579,988	812	53	11,742	1,187	44	(652,445)	46,407	(15,055)	31,352

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	26,493	(15,005)
Net cash inflow/(outflow) from investing activities	123	(22,455)
Net cash (outflow)/inflow from financing activities	(28,143)	4,723
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Net decrease in cash and cash equivalents	(1,527)	(32,737)
Cash and cash equivalents at the beginning of period	4,491	37,101
Effect of foreign exchange rate changes	29	15
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Cash and cash equivalents at the end of period	2,993	4,379
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Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	2,993	4,379
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Notes:

1. Basis of preparation and principal accounting policies

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted in preparing the unaudited consolidated interim results are consistent with those adopted in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2012.

The results of subsidiaries acquired or disposed of during the period are included in the condensed consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions and balances within the Group have been eliminated on consolidation.

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the HKAS 34 “Interim Financial Reporting” issued by the HKICPA.

The condensed consolidated interim financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

2. Turnover, other income and gain

The Group is engaged in the provision of travel agent services, advertising and marketing services and trading of securities. During the year ended 31 December 2012, the Group ceased the operation of stage drama following the disposal of the subsidiaries on 28 December 2012 and the business of artist management services as set out in note 8. Revenue recognized during the Relevant Period is as follows:

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013 HK\$'000	2012 HK\$'000 (Re-presented)	2013 HK\$'000	2012 HK\$'000 (Re-presented)
Turnover				
Continuing operations				
Revenue from travel agent services	8,413	7,821	2,718	3,746
Advertising and marketing services income	5,479	4,411	4,168	1,386
Profit on trading of equity investments at fair value through profit or loss	136	49	97	49
Discontinued operations				
Artist management income	188	210	98	161
Revenue from stage drama	–	397	–	–
Sub-total	14,216	12,888	7,081	5,342
Other income and gain				
Change in fair value of financial liabilities	3,548	–	–	–
Compensation sum (note)	12,732	–	–	–
Gain and disposal of property, plant and equipment	34	–	34	–
Sundries	5	196	1	194
Interest income	131	42	7	–
Sub-total	16,450	238	42	194
Total	30,666	13,126	7,123	5,536

Note: The compensation sum represented the shortfall of guaranteed profit times multiplier of 7.4, guaranteed by the vendor in favour of the Company in relation to the acquisition of the entire issued share capital of Creative Stars Limited. Details of the compensation sum are disclosed in the announcements of the Company dated 6 May 2013 and 16 May 2013 respectively.

3. Segmental information

The Group's operating activities are carried out in the People's Republic of China (the "PRC") and Hong Kong.

An analysis of the Group's revenues and results for the period by business segments is as follows:

(i) For the six months ended 30 June 2013 (Unaudited)

	Continuing operations			Discontinued operations		Total HK\$'000
	Travel agent services (the PRC) HK\$'000	Advertising and marketing services (Hong Kong) HK\$'000	Securities (Hong Kong) HK\$'000	Entertainment (Hong Kong) HK\$'000	Stage drama (the PRC) HK\$'000	
Turnover	8,413	5,479	136	188	-	14,216
Segment results	(229)	(1,391)	126	(1,734)	-	(3,228)
Unallocated items:						
Other income and gain						12,902
Operating and administrative expenses						(11,403)
Finance costs						(11,789)
Share of losses of associates						-
Share of losses of jointly controlled entities						-
Loss before taxation						(13,158)
Taxation						-
Loss for the period						(13,158)
Attributable to:						
Equity shareholders of the Company						(10,538)
Non-controlling interests						(2,620)
Loss for the period						(13,158)

(ii) For the six months ended 30 June 2012 (Unaudited)

	Continuing operations			Discontinued operations		Total HK\$'000
	Travel agent services (the PRC) HK\$'000	Advertising and marketing services (Hong Kong) HK\$'000	Securities (Hong Kong) HK\$'000	Entertainment (Hong Kong) HK\$'000	Stage drama (the PRC) HK\$'000	
Turnover	7,821	4,411	49	210	397	12,888
Segment results	(236)	148	(11)	(138)	(1,082)	(1,319)
Unallocated items:						
Other income and gain						238
Operating and administrative expenses						(21,631)
Finance costs						(16,785)
Share of losses of associates						(1,387)
Share of losses of jointly controlled entities						(283)
Loss before taxation						(41,167)
Taxation						-
Loss for the period						(41,167)
Attributable to:						
Equity shareholders of the Company						(37,501)
Non-controlling interests						(3,666)
Loss for the period						(41,167)

4. Finance costs

	Unaudited		Unaudited	
	Six months ended		Three months ended	
	30 June		30 June	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on convertible bonds	1,953	6,136	1,017	5,319
Interest on promissory notes	–	8,105	–	4,808
Interest on bank advances and other borrowings wholly repayable within five years	9,813	1,500	4,359	1,500
Interest on finance leases	7	40	3	18
Others	34	1,004	24	10
	11,807	16,785	5,403	11,655

5. Loss before taxation

Loss before taxation is arrived at after charging:

	Unaudited		Unaudited	
	Six months ended		Three months ended	
	30 June		30 June	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of services	13,179	12,057	6,901	4,972
Amortisation of intangible assets	48	6,193	25	3,096
Depreciation	98	941	51	777
Fair value loss on equity investments through profit or loss	–	38	–	38
Operating lease charges in respect of property rentals	418	1,897	192	915
Staff costs including directors' emoluments	2,534	6,137	1,354	2,712

6. Taxation

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong during the Relevant Periods. PRC Enterprise Income Tax is computed according to the relevant legislation, interpretations and practices in respect thereof during the Relevant Periods.

7. Directors' Remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Share based payment (note xviii) HK\$'000	Total HK\$'000
For the six months ended					
30 June 2013 (unaudited):					
Executive Directors					
Au Yeung Yiu Chung (note v)	—	97	5	—	102
Chan Yun Fai (note vi)	—	97	5	—	102
Yip Man Yi (note vii)	—	128	7	—	135
Zhao Tuanjie (note viii)	—	111	—	—	111
Lin Yan Jenny (note ix)	—	29	—	—	29
Wu Wenbei (note x)	—	9	—	—	9
Non-executive Director					
Lau Kin Hon (note xi)	39	8	—	—	47
Independent Non-executive Directors					
Chiu Koon Shou (note xv)	60	—	—	—	60
Li Kwok Chu (note xvi)	60	—	—	—	60
Lau Shu Yan (note xvii)	60	—	—	—	60
	219	479	17	—	715

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Share based payment (note xviii) HK\$'000	Total HK\$'000
For the six months ended					
30 June 2012 (unaudited):					
Executive Directors					
Cheung Man Yau, Timothy (note i)	—	626	4	—	630
Chan Kin Yip (note ii)	—	294	3	—	297
Lee Chi Shing, Caesar (note iii)	—	48	4	—	52
Cheung Sze Man (note iv)	—	47	4	—	51
Au Yeung Yiu Chung (note v)	—	54	2	—	56
Chan Yun Fai (note vi)	—	54	2	—	56
Yip Man Yi (note vii)	—	53	1	—	54
Independent Non-executive Directors					
Sung Wai Tak, Herman (note xii)	15	—	—	—	15
Wong Lit Chor, Alexis (note xiii)	11	—	—	—	11
Fung Wai Shing (note xiv)	25	—	—	—	25
Chiu Koon Shou (note xv)	10	—	—	—	10
Li Kwok Chu (note xvi)	15	—	—	—	15
	76	1,176	20	—	1,272

Notes:

- (i) Appointed an independent non-executive Director on 16 April 2004. Re-designated from Independent non-executive Director to executive Director on 8 July 2008 and retired as chief executive officer and executive Director on 4 June 2012.
- (ii) Resigned as executive Director on 10 March 2012.
- (iii) Retired as executive Director on 4 June 2012.
- (iv) Retired as executive Director on 4 June 2012.
- (v) Appointed as executive Director on 10 March 2012.
- (vi) Appointed as executive Director on 10 March 2012.
- (vii) Appointed as Chairman and executive Director on 10 April 2012. Ceased to be the Chairman on 10 April 2013.
- (viii) Appointed as Chairman and executive Director on 10 April 2013. Resigned as Chairman and executive Director on 10 June 2013.
- (ix) Appointed as Executive Director on 27 May 2013.
- (x) Appointed as Executive Director on 20 June 2013.
- (xi) Appointed as non-executive Director on 4 March 2013.
- (xii) Appointed an independent non-executive Director on 2 January 2001 and resigned as independent non-executive Director on 20 April 2012.
- (xiii) Appointed an independent non-executive Director on 24 September 2004 and resigned as independent non-executive Director on 16 March 2012.
- (xiv) Appointed an independent non-executive Director on 12 August 2008 and resigned as independent non-executive Director on 11 July 2012.
- (xv) Appointed an independent non-executive Director on 20 April 2012.
- (xvi) Appointed an independent non-executive Director on 16 March 2012.
- (xvii) Appointed an independent non-executive Director on 11 July 2012.
- (xviii) These represent the estimated value of share options granted to the Directors under the Company's share option scheme. The details of these benefits-in-kind, including the principal terms and number of options granted, are disclosed in below section of "Share Option Schemes".

There was no amount paid to any Directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration for the six months ended 30 June 2013 and the corresponding period in 2012.

8. Discontinued operations

Circle One Group

On 31 August 2012, the Group disposed of 100% equity interest of Circle One International Limited (the "Circle One") to an independent third party at a consideration of US\$1.00.

Dragon Gain Group

On 28 December 2012, the Company and Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo (the "Vendors") have agreed on the early exercise by the Company of the put option to put back the sale shares to the Vendors at the put option price of HK\$49,200,000 as the Vendors had acknowledged that it was their assessment that consolidated net profit would not be able to meet with the profit guarantee. According to the put option deed, the Company may only exercise the put option at any time when an audited accounts for the two years during the profit guarantee period are delivered to the Company until 30 days thereafter, which would be sometime within the third quarter of 2013. In view of the under performance of Dragon Gain Worldwide Limited (the "Dragon Gain Group"), both the Company and the Vendors considered that it would be to the mutual benefit of all parties for the put option shares to be put back by the Company to the Vendors early instead of waiting until the third quarter of 2013. Under the agreement for the early exercise by the Company of the put option, the Company has put back the sale shares to the Vendors on 28 December 2012 at the put option price of HK\$49,200,000.

Fountain City Group

During the year ended 31 December 2012, pursuant to the agreement entered in to between the Company and Diwang Limited (the "Vendor") in connection to the acquisition of the 51% equity interest of Fountain City Holdings Limited and its subsidiaries ("Fountain City Group") dated on 7 October 2010, the Vendor irrevocably granted to the Company 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 Company at the option exercise price.

The Company may only exercise the put option on the conditions that:

- (i) the gross profits of the Fountain City Group for the first period shall be less than HK\$15,000,000; or
- (ii) the gross profits of the Fountain City Group for the second period shall be less than HK\$30,000,000.

For the purpose of ascertaining the gross profits for the first period or as relevant, the second period, the Vendor and the Company shall jointly instruct and direct the auditors for the time being of the Fountain City Group to issue the auditors' certificate stating the amount of actual gross profits for the first period or as relevant, the second period before the date falling two months from the end of the first period or as relevant, the end of the second period.

The rights of the Company to exercise the put option shall be restricted to within one month from the date of the issuance of the auditors' certificate for the first period or as relevant, the second period (the "option period") and the right of the Company to exercise the put option shall lapse after expiration of the relevant option period.

The Vendor has acknowledged to the Company that the actual gross profits for the second period is less than HK\$30,000,000 and the Vendor and the Company agreed to waive the requirement for the issuance of the auditor' certificate. The put option was exercised by the Company on 28 December 2012.

The Directors 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 Company at the pre-agreed option exercise price of HK\$58,650,000.

Completion of the disposal will take place within 180 days of the later of: (i) the written notice serve by the Purchaser to the Vendor stating its intention to exercise the Put Option to require the Vendor to purchase the Option Shares and the time for completion of the sale and purchase of the Option share being received by the Vendor; or (ii) any regulatory authorisations, consents or approvals being obtained. Completion of the disposal is conditional upon satisfaction of any regulatory authorisations, consents or approvals being obtained (including all regulatory authorisations under the GEM Listing Rules in relation to the disposal and the passing of all the necessary resolution(s) by the independent shareholders pursuant to the GEM Listing Rules.

9. Loss per share

The calculation of the basic loss per share is based on loss attributable to ordinary equity shareholders (the "Shareholders") of the Company for the six months and three months ended 30 June 2013 of HK\$10,538,000 and HK\$16,000,000 respectively (2012: loss of HK\$37,501,000 and HK\$22,279,000 respectively) and the weighted average of 101,189,000 and 136,340,000 (2012: 337,253,000 and 346,270,000) ordinary shares respectively in issue during the period.

The diluted loss per share for the period is equal to the basic loss per share as the outstanding convertible bonds and share options were anti-dilutive.

10. Intangible assets

As at 30 June 2013, the intangible assets comprised the travel agency licenses. The travel agency licenses represent the right to operate travel agency business within and outside the PRC.

11. Goodwill

On 28 February 2012, the acquisition of 100% issued share capital of Creative Star Limited was completed. The amount of the goodwill arising as a result of the acquisition was approximately HK\$20,402,000. Details of the transactions were disclosed in the Company's announcement dated 14 November 2011, 25 November 2011, 20 January 2012 and 28 February 2012 respectively.

12. Trading Security

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Listed equity investments, at market value:		
Hong Kong	1,082	981

13. Trade and other receivables

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Trade debtors (note a)	1,602	2,422
Other receivables (note b)	25,489	44,186
Rental and other deposits	6,849	7,191
Loans and receivables	33,940	53,799
Prepayments	3,584	7,576
	37,524	61,375

(a) *Ageing analysis*

The ageing analysis of trade debtors at the reporting date is as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within 1 month	195	1,383
More than 1 month but within 3 months	639	500
More than 3 months but within 6 months	111	–
More than 6 months	657	539
	1,602	2,422

(b) The amount included the outstanding Put Option Price in relations to the early exercise of the put option of Dragon Gain Group of HK\$22,200,000 (31 December 2012: HK\$42,200,000) (note 8).

On 8 July 2013, the Company announced that the Vendors had requested for further postponement of payment of HK\$10,000,000 until 15 July 2013.

The Vendors failed to effect the payment of HK\$10,000,000 to the Company by 15 July 2013 and the Company has served a final reminder to the Vendors on 16 July 2013 to demand the payment of HK\$10,000,000 on or before 23 July 2013.

On 23 July 2013, the Vendors have failed to effect the payment, the Company shall, where appropriate and upon consulting the opinions of professionals, take appropriate recourse against the Vendors including but not limited to commence legal proceedings against the Vendors to recover the unpaid sum of HK\$22,200,000.

14. Assets held for sales

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Assets		
Derivate financial instruments — Put Options	58,650	58,650
Property, plant and equipment	3,259	4,132
Other receivables, deposits and repayment	4,977	5,134
Amounts due from non-controlling equity holders of subsidiaries	798	798
Bank balances and cash	160	58
	<hr/>	<hr/>
Assets classified as held for sale	67,844	68,772
	<hr/>	<hr/>
Liabilities		
Other payables and accrued charges	9,660	6,419
Receipt in advance	4,017	4,407
Amounts due to a related company	918	918
Amounts due to a directors	17,344	17,639
Hire purchase	273	349
	<hr/>	<hr/>
Liabilities directly associated with disposal group classified as held for sale	32,212	29,732
	<hr/>	<hr/>
Net assets directly associated with disposal group (excluding non-controlling interests)	35,632	39,040
	<hr/>	<hr/>

15. Trade and other payables

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Trade creditors (note a)	1,629	619
Other payables and accrued charges	1,286	2,080
Provision (note 20b)	2,400	–
Amounts due to related persons	538	280
Other taxes and government surcharges payables	3	7
	<hr/>	
Financial liabilities measured at amortised cost	5,856	2,986
Receipts in advance (note b)	4,881	4,519
	<hr/>	
	10,737	7,505
	<hr/>	

(a) *Ageing analysis*

The ageing analysis of trade creditors at the reporting date is as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within 1 month	815	347
More than 1 month but within 3 months	132	155
More than 3 months but within 6 months	520	117
More than 6 months	162	–
	<hr/>	
	1,629	619
	<hr/>	

(b) The amounts represent prepaid service income from customers, for which the related services are expected to be rendered within one year from the reporting date.

16. Finance lease payables

The Group leases certain of its motor vehicles for its business. These leases are classified as finance leases and have remaining lease terms for two years.

At 30 June 2013, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments As at 30 June 2013 HK\$'000 (Unaudited)	Minimum lease payments As at 31 December 2012 HK\$'000 (Audited)	Present value of minimum lease payments As at 30 June 2013 HK\$'000 (Unaudited)	Present value of minimum lease payments As at 31 December 2012 HK\$'000 (Audited)
Amounts payable:				
Within one year	81	30	73	26
In the second year	61	–	59	–
In the third to fifth years, inclusive	–	–	–	–
<hr/>				
Total minimum finance lease payments	142	30	132	26
Future finance charges	(10)	(4)		
<hr/>				
Total net finance lease payables	132	26		
Portion classified as current liabilities	(73)	(26)		
<hr/>				
Non-current portion	59	–		
<hr/>				

17. Convertible bonds

Convertible bonds that contain an equity component

On 28 March 2011, an aggregate principal amount of HK\$60,000,000 of the convertible bonds (the “CBII”) was issued to Premier Capital Enterprises Limited at the conversion price of HK\$0.28 with the maturity date falling on the second anniversary of the date of the issue of the CBII. On 3 August 2012, the resolution to transfer the CBII from Premier Capital Enterprises Limited to Mr. Fung Yue Tak Derek (“Noteholder”) was considered and approved by the Board.

On 8 January 2013 and 1 March 2013, the Company and the Noteholder entered into the agreement and the supplemental deed to amend the conditions. At the EGM held on 28 March 2013, the resolution to propose change of conditions of convertible note was duly passed by the Shareholders as an ordinary resolution by way of poll. The maturity date of the outstanding Convertible Note with principal amount of HK\$28,080,000 has been extended for one year until 28 March 2014 and the Convertible Note shall bear interest on the outstanding principal amount at the rate of 2% per annum and the Conversion Price will be changed to HK\$0.50 for each Conversion Shares subject to customary adjustments for convertible securities of a similar type as more particularly set out in the Company’s circular dated 13 March 2013.

Details of the CBII have been published on the Company’s announcements dated 15 February 2011, 23 March 2011, 28 March 2011, 20 October 2011, 8 January 2013, 29 January 2013, 22 February 2013, 1 March 2013, 8 March 2013, 11 March 2013 and 28 March 2013, respectively and the Company’s circular dated 7 March 2011 and 13 March 2013.

The CBII contain two components, the liability and the equity components. The equity component is presented in equity as a “convertible bond reserve”. The effective interest rate of the liability component is approximately 14.14% per annum.

The movement of the liability component of the convertible bonds for the period is set out below:

	HK\$’000 (Unaudited)
As at 1 January 2012	24,505
Imputed interest	3,432
<hr/>	
Carrying amount at 31 December 2012	27,937
Fair value change	(3,548)
Interest charge	1,813
<hr/>	
Carrying amount at 30 June 2013	26,202

18. Interest-bearing loans

	As at 30 June 2013 (Unaudited)			As at 31 December 2012 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
	Current:					
Loan from non-financial institutions – secured (note a)	-	-	-	18	2013	122,600
Loan from financial institutions – secured (note b)	18	2013	<u>32,000</u>	N/A	N/A	<u>-</u>
			<u>32,000</u>			<u>122,600</u>

- (a) On 30 May 2012, a secured and unguaranteed loan facility amounting to HK\$165,000,000 has been granted to the Group. The security was a debenture of the Company dated 20 June 2012 under which all the undertaking property, assets, goodwill, rights and revenues of the Company are charged to the lender by way of first floating charge. On 11 June 2012 and 3 August 2012, HK\$100,000,000 and HK\$65,000,000 has been drawn down by the Group. The agreed interest rate is 1.5% per month. The amount was fully repaid on 27 May 2013.
- (b) On 27 May 2013, a secured and unguaranteed loan facility amounting to HK\$37,000,000 has been granted to the Group. The security was a debenture of the Company dated 27 May 2013 under which all the undertaking property, assets, goodwill, rights and revenue of the Company are charged to the lender by way of first floating charge, The agreed interest rate is 1.5% per month. On 25 June 2013, the Group has partially repaid HK\$5,000,000 to the lender.

19. Share capital

	As at 30 June 2013		As at 31 December 2012	
	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)	Number of shares '000 (Audited)	Amount HK\$'000 (Audited)
Authorised:				
Ordinary shares at HK\$0.5 each	2,000,000	1,000,000	200,000	100,000
Issued and fully paid:				
At 1 January	65,647	32,824	328,235	16,412
Issue of placing shares	13,110	6,555	65,647	3,282
Issue of placing shares after share consolidation	–	–	6,565	3,283
Issue of right shares	–	–	196,941	9,847
Issue of offer shares	131,294	65,647	–	–
Share consolidation	–	–	(531,741)	–
At the end of period	210,051	105,026	65,647	32,824

20. Litigation

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

Pursuant to the Writ, the Plaintiff 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; 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 of the directors of the Company is of the view that the Plaintiff’s claims against the Company under the Writ are unfounded and the Company has retained solicitors to defend the Plaintiff’s claims against the Company under the Writ.

It was stated in the Announcement that the Board was of the view that the Plaintiff’s claims against the Company under the Writ were unfounded.

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

Details of the transaction were published in the Company’s announcement dated 10 October 2012, 13 March 2013 and 22 May 2013.

- (b) On 20 June 2013, a newspaper article reporting a writ of summons (the “Writ”) 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 for claiming a guaranteed reward for the sum of HK\$2,400,000.

On 24 June 2013, the Writ was served on the Company. The Writ was issued by Good Alliance Trading Limited (the “Plaintiff”) 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 (the “Agreement”) whereby the Plaintiff 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, 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 to 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 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’s claims (the “Settlement Sum”) against the Company under the Action and the Guarantee; (ii) The Plaintiff 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 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 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 2013.

Details of the transaction were published in the Company’s announcement dated 20 June 2013, 11 July 2013, 18 July 2013, 23 July 2013 and 1 August 2013.

21. Operating lease commitments

As at 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within 1 year	2,797	3,181
Within 5 years and after 1 year	11,866	13,024
After 5 years	4,920	2,894
	19,583	19,099

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 2 to 5 years. The leases did not include extension options. None of the leases includes contingent rentals.

22. Interim dividend

The Directors do not recommend any payment of dividend nor transfer of any amount to reserve for the six months ended 30 June 2013 (2012: Nil).

23. Event after reporting date

- (a) On 26 November 2012, the Group, through its wholly owned subsidiary, Fame Network Limited (“Fame Network”), entered into an agreement with an independent third party for the acquisition of the entire issued share capital of Mass Apex Limited at a consideration of HK\$68 million. The consideration shall be settled by cash of HK\$9,200,000 and promissory note of HK\$58,800,000.

As of 8 July 2013, some of the conditions precedent to the Acquisition had not been fulfilled. After negotiation between the Purchaser and Vendor, the Board decided that the Long Stop Date would not be further extended. Accordingly, the Sale and Purchase Agreement lapsed with effect from 5:00 p.m. on 8 July 2013.

Details refer to the section of “Lapse of the acquisition of Mass Apex Limited”.

- (b) On 28 December 2012, Brilliant Reach Investments Limited (the “Purchaser”), a wholly owned subsidiary of the Group and the original purchaser of 51% of the entire issued share capital of Fountain City Holdings Limited (the “Option Shares”), has exercised the Put Option to put back the Option Shares to their original vendor, Diwang Limited (the “Vendor”) at the Option Exercise Price of HK\$58.65 million.

Pursuant to the terms of the Agreement dated 7 October 2010, the Purchaser and the Vendor, completion of putting back the Option Shares from the Purchaser to the Vendor shall 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.

Details refer to the Company’s announcements dated 7 January 2013, 28 January 2013, 8 February 2013, 8 March 2013, 8 April 2013, 8 May 2013, 7 June 2013 and 8 July 2013 and the Company’s circular dated 8 August 2013.

- (c) On 18 July 2013, the Company and the Prospective Vendors entered into the memorandum of understanding (the “MOU”) in relation to the proposed acquisition of 100% of the entire issued share capital in Grace Profit Corporation Limited (the “Target Company”) by the Company from the Prospective Vendors as contemplated under MOU (the “Proposed Acquisition”). The Target Group holds an exclusive franchise right to manufacture and sell the “HIWI” brand of kids clothing within the southern area from Changjiang River of Mainland China (“Franchise Right”).

The MOU shall remain in effect for three months from the date of the MOU (or such longer period as the parties may mutually agree in writing) unless the Company gives written notice to the Prospective Vendors of its intention to abandon further negotiations, or until superseded by the execution of the Definitive Agreement. 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.

Details refer to the section of “The memorandum of understanding in relation to a proposed acquisition”.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

The unaudited consolidated turnover of the Group for the six months ended 30 June 2013 was approximately HK\$14,216,000 (2012: approximately HK\$12,888,000) representing an increase of 10% over the corresponding period in 2012.

The increase in turnover was mainly due to 1) the increase in bulk sales of airline tickets to domestic agencies in travel agency segment and 2) the increase in project sales from music concert production which was newly introduced to the group in marketing segment.

Gross profit

The gross profit for the six months ended 30 June 2013 was approximately HK\$1,037,000 (2012: approximately HK\$831,000).

Loss attributable to equity shareholders

The loss attributable to equity shareholders of the Company was approximately HK\$10,538,000 for the six months ended 30 June 2013 (2012: approximately HK\$37,501,000).

Basic loss per share

For the six months ended 30 June 2013, basic loss per share was approximately HK10.41 cents (2012: approximately HK11.10 cents).

Statement of financial position

As at 30 June 2013, the net assets of the Group was approximately HK\$31,352,000 (31 December 2012: net liabilities approximately HK\$29,067,000). Current assets was approximately HK\$43,354,000 (31 December 2012: approximately HK\$68,568,000), including cash and cash equivalents and restricted bank deposits of approximately HK\$4,748,000 (31 December 2012: approximately HK\$6,212,000). The Group had long-term liabilities of approximately HK\$59,000 (31 December 2012: approximately HK\$27,937,000) and its current liabilities of approximately HK\$69,012,000 (31 December 2012: approximately HK\$130,131,000), including trade payables and other payables of approximately HK\$10,737,000 (31 December 2012: approximately HK\$7,505,000).

Net cash outflow from operating activities

The Group recorded a net cash inflow from operating activities of approximately HK\$26,493,000 during the six months ended 30 June 2013 compared with a net cash outflow from operating activities of approximately HK\$15,005,000 during the corresponding period in 2012.

Liquidity and financial resources

As at 30 June 2013, the Group had cash and bank balance of approximately HK\$2,993,000.

As at 30 June 2013, the bank and other borrowings of the Group was approximately HK\$58,202,000 (31 December 2012: approximately HK\$150,537,000) including interest-bearing loan of HK\$32,000,000 and convertible notes of HK\$26,202,000. The maturity profile of the bank and other borrowings are 100% repayable within one year.

The bank and other borrowings of the Group was 100% denominated in Hong Kong dollars (“HK\$”) with fixed interest rate.

The management of the Company will continue to make great effort to improve the liquidity condition including tightening cost control, expanding current businesses, securing additional banking facilities or raising funds from the capital market. The gearing ratio of the Group expressed in total debt as a percentage of net assets was nil (31 December 2012: Nil).

Foreign currency risk

The majority of the Group’s transactions, income and expenditure, bank loan and other borrowings are denominated in HK\$ and Renminbi (“RMB”), no hedging or other arrangements to reduce the currency risk have been implemented during the six months ended 30 June 2013 as the Board considers that the potential foreign exchange exposure of the Group is limited.

Capital structure

On 5 February 2013, the Company entered into an underwriting agreement with an underwriter in relation to the underwriting and the relevant arrangement in respect of the open offer, on a fully underwritten basis. The Company raised approximately HK\$65,647,000 by issuing 131,294,226 offer shares.

On 5 February 2013, the Board has determined by resolution to propose to the Shareholders to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$1,000,000,000 by the creation of 1,800,000,000 new Shares of HK\$0.50 each. On 8 April 2013, the ordinary resolution was duly passed by the Shareholders at the extraordinary general meeting (“EGM”) held on 28 March 2013 by way of poll.

On 11 June 2013, the Company entered into a placing agreement with a placing agent whereby the Company conditionally agreed to place, through the placing agent, on a fully underwritten basis, a total of 13,110,000 placing shares to not less than 6 independent places at a price of HK\$0.60 per placing share.

Apart from the above, there was no change in the capital structure of the Company during the period under review.

Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities (31 December 2012: Nil).

Charges on Group assets

As at 30 June 2013, the Company has charged all its undertaking property assets, goodwill, rights and revenues to the lender by way of fund floating charge to secure an unguaranteed loan facility.

Employees and Remuneration Policy

The total of employee remuneration, including that of the Directors, for the six months ended 30 June 2013 amounted to approximately HK\$2,534,000. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Operational Review and Prospect

Taking into account of the unsatisfactory financial position and performance of the Group for the past year, the Group is actively exploring the availability of alternative source of funds to strengthen the working capital and the asset base of the Group.

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 citizen for travel, the Directors are optimistic in the business growth of its travel agency operation.

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 underperforming entertainment and stage drama businesses, 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.

The Group started trading in securities from mid-June 2012. The securities investments principally comprise securities from companies listed on the Stock Exchange. The securities investments will be held for short term trading purpose. 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 take corrective action to change its investment portfolio to minimize the risk and maximize the return when appropriate.

Entertainment business has failed to provide any profits to the Group. As such, on 28 December 2012, the Group took corrective action by exercising the Fountain City Put Option to put back the whole entertainment business to the vendor to mitigate the loss. Disposal of the entertainment business will be subject to Shareholders' approval.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the following Directors or chief executives of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEMES

A share option scheme was adopted on 30 July 2001, amended on 2 December 2008 by the shareholders of the Company (the "Old Scheme") under which the Directors may, at their discretion, grant options to themselves and any employees of the Group entitling them to subscribe for shares representing up to a maximum of 10 per cent of the shares in the Company in issue from time to time (excluding shares which have been allotted and issued pursuant to the Old Scheme). The Old Scheme was terminated and a new share option scheme (the "New Scheme") was adopted on 9 May 2011 by the shareholder of the Company. The purpose of the New Scheme is to enable the Company to grant options to participants as incentives and rewards for their contribution to the Company or its subsidiaries.

No options have been granted under the New Scheme since its adoption.

Details of the movements in the share options granted to various employees of the Group during the six months ended 30 June 2013 under the Old Scheme are as follows:

Name or category	Date of grant	Vesting period	Exercisable period	Subscription price per share of the Company	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2013
Other Employees	29/06/2009	-	29/06/2009 to 28/06/2019	HK\$37.80*	28,456	-	-	-	-	24,390*
	04/06/2010	-	04/06/2010 to 03/06/2020	HK\$20.88*	142,280	-	-	-	-	121,948*
In aggregate					170,736	-	-	-	-	146,338*

* The Company has made adjustments to the exercise price and the outstanding share options upon the completion of the open offer on 14 May 2013. Adjustments have been made as to the exercise price from HK\$32.40 to HK\$37.80 and from HK\$17.90 to HK\$20.88 per Share and the number of Shares falling to be allotted and issued upon exercise of the subscription rights attaching to the outstanding share options from 28,456 Shares to 24,390 Shares and from 142,280 Shares to 121,948 Shares respectively. The details have been published on the Company's announcement dated 14 May 2013.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Schemes" and "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures" above, at no time during the six months ended 30 June 2013 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Model Code"). The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings as set out in the Model Code throughout the period under review. The Company was not aware of any non-compliance during the six months ended 30 June 2013.

SUBSTANTIAL SHAREHOLDERS OF INTEREST IN SHARES

So far as the Directors are aware, as at 30 June 2013, other than the interests and short positions of the Directors or chief executives of the Company disclosed above, person or corporation who had interests in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate percentage of the Company's issued share capital
Mr. Chong Chin	Beneficial Owner	20,033,000	0	20,033,000	9.54%
Mr. Fung Derek Yue Tak	Beneficial Owner	654,000	56,160,000 (Note)	56,814,000	27.05%
Mr. Lin Rong Zhen	Beneficial Owner	10,681,000	0	10,681,000	5.08%

Note: Please refer to the section of "Convertible Notes" below for further details.

Save as disclosed above, as at 30 June 2013, the Directors or chief executives of the Company were not aware of any party who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONVERTIBLE NOTES

On 28 March 2011, an aggregate principal amount of HK\$60,000,000 of the convertible notes was issued to Premier Capital Enterprises Limited at the conversion price of HK\$0.28 per conversion share with the maturity date falling on the second anniversary of the date of the issue of the convertible notes. On 3 August 2012, the resolution to transfer from Premier Capital Enterprises Limited to Mr. Fung Yue Tak Derek (“Noteholder”) was considered and approved by the Board.

On 8 January 2013, the Company and the Noteholder entered into the agreement to amend the conditions (“Condition”) relating to: (a) the maturity date of the Convertible Note by extension of one year to 28 March 2014; (b) the interest by providing interest of 2% per annum on the outstanding principal of the Convertible Note and related provisions on the extinction of rights to repayment, interest on conversion amount, early redemption by the Company and non-payment; (c) the right to convert into Shares by changing it from 5% to 29.9%; (d) the public float restriction by adding new Condition; and (e) the Conversion Price by changing it to HK\$0.50 per Conversion Share.

On 1 March 2013, the Company and the Noteholder entered into the supplemental deed to further amend the conditions by adding three new events of default as per the amendments, including: (a) any change of the members of the Board without the prior written consent of the Noteholder; (b) the existing Directors of the Company as at the date of the Further Supplemental Deed no longer constitute the majority of the members of the Board; and (c) any bonds, debentures, notes or other instruments or indebtedness or any other loan indebtedness of or issued by the Company become or becomes prematurely repayable following a default in respect of the terms thereof, or steps are taken to enforce any security therefor, or the Company defaults in the repayment of any such indebtedness at the maturity thereof.

At the EGM held on 28 March 2013, the resolution to propose change of conditions of convertible note was duly passed by the Shareholders as an ordinary resolution by way of poll. The maturity date of the outstanding Convertible Note with principal amount of HK\$28,080,000 will be extended for one year until 28 March 2014 and the Convertible Note shall bear interest on the outstanding principal amount at the rate of 2% per annum and the Conversion Price will be changed to HK\$0.50 for each Conversion Shares subject to customary adjustments for convertible securities of a similar type as more particularly set out in the Company’s circular dated 13 March 2013.

A maximum of 56,160,000 Conversion Shares will be allotted and issued under the Specific Mandate upon exercise of the conversion rights attached to the outstanding Conversion Note in full subject to the conversion restriction and public float restriction thereon as more particularly set out in the Company’s circular dated 13 March 2013.

Details of the above convertible notes have been published on the Company’s announcements dated 15 February 2011, 23 March 2011, 28 March 2011, 20 October 2011, 8 January 2013, 29 January 2013, 22 February 2013, 1 March 2013, 8 March 2013, 11 March 2013 and 28 March 2013, respectively and the Company’s circular dated 7 March 2011 and 13 March 2013.

LAPSE OF THE ACQUISITION OF MASS APEX LIMITED

As disclosed in the Company announcement dated 26 November 2012, the Company, through its wholly owned subsidiary, Fame Network Limited to acquire the entire issued share capital of Mass Apex Limited which principally engaged in the trading of raw food material business in Hong Kong at a consideration of HK\$68,000,000. Unless otherwise stated, capitalised terms used in this section shall have the same meanings as defined in the announcement of the Company dated 26 November 2012.

Under the Sale and Purchase Agreement, Completion will take place on the Completion Date, being the third Business Days after all the conditions precedent of the Sale and Purchase Agreement, as more particularly described in the announcement of the Company dated 4 December 2012, have been fulfilled or such other date as the Vendor and the Purchaser may agree in writing. In the event the conditions precedent are not fulfilled before the Long Stop Date or the Vendor and the Purchaser have not reached any agreement in writing to extend the Long Stop Date, the Sale and Purchase Agreement shall be terminated and the Vendor and the Purchaser shall have no further obligations under the Sale and Purchase Agreement save as to any rights on any antecedent breach of the Sale and Purchase Agreement. The Deposit shall be refunded, without any interest, to the Purchaser on demand within 5 Business Days after the Long Stop Date if any of the conditions precedent is not fulfilled on or before the Long Stop Date, or such earlier date on which the Purchaser believes acting reasonably that one or more of the conditions precedent will not be capable of fulfilment on or before the Long Stop Date.

As stated in the announcement of the Company dated 25 March 2013, the Vendor and the Purchaser entered into a letter of confirmation on 25 March 2013 whereas the Long Stop Date in the Sale and Purchase Agreement was extended for a further two months from 25 March 2013 to 24 May 2013.

As stated in the announcement of the Company dated 8 May 2013, the Board announced that on 8 May 2013, the Vendor and the Purchaser entered into a letter of confirmation whereas the Long Stop Date in the Sale and Purchase Agreement was extended for a further 45 days from 24 May 2013 to 8 July 2013. As stated in the announcement of the Company dated 7 June 2013, the despatch date of the Circular will be postponed to a date on or before 8 July 2013.

As of 8 July 2013, some of the conditions precedent to the Acquisition had not been fulfilled. After negotiation between the Purchaser and the Vendor, the Board decided that the Long Stop Date would not be further extended. Accordingly, the Sale and Purchase Agreement lapsed with effect from 5:00 p.m. on 8 July 2013. The Directors consider that this would avoid further expenses to be incurred by the Group and is in the interests of the Company and Shareholders as a whole.

Under the Sale and Purchase Agreement, the Vendor shall refund the sum of HK\$2,000,000, being the Deposit paid by the Purchaser to the Vendor, to the Purchaser within five Business Days after the Long Stop Date. The Vendor has informed the Company that he may be unable to refund the Deposit in due course and has requested for indulgence to postpone thereof until 2 August 2013.

Details of the transaction were published in the Company's announcement dated 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013, 8 March 2013, 8 April 2013, 8 May 2013, 7 June 2013, 9 July 2013, 18 July 2013, 2 August 2013 and 7 August 2013.

THE MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

As disclosed in the Company announcement dated 18 July 2013, the Company and the Prospective Vendors entered into the MOU in relation to the Proposed Acquisition.

Subject to the satisfaction of due diligence result on the Target Company, the Company will consider further negotiation with the Prospective Vendors on the Proposed Acquisition. The Target Group holds an exclusive franchise right to manufacture and sell the "HIWI" brand of kids clothing within the southern area from Changjiang River of Mainland China.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Prospective Vendors and its ultimate beneficial owners are Independent Third Parties.

The MOU does not create legally binding obligations on the parties in relation to the Proposed Acquisition but is legally binding as to exclusivity period which is of three months commencing on the date of the MOU. The Proposed Acquisition is subject to the negotiation and entering into of the Definitive Agreement. The terms and consideration for the Proposed Acquisition will be subject to further negotiation between the Prospective Vendors and the Company.

The MOU shall remain in effect for three months from the date of the MOU (or such longer period as the parties may mutually agree in writing) unless the Company gives written notice to the Prospective Vendors of its intention to abandon further negotiations, or until superseded by the execution of the Definitive Agreement. The MOU is not legally binding with regard to the Proposed Acquisition and the Proposed Acquisition, it may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities except the issue of 112,189,400 shares and 19,104,826 shares at a price of HK\$0.50 per offer shares by way of Open offer on 15 May 2013 and 16 May 2013 respectively and 13,110,000 shares at a price of HK\$0.60 per placing shares by way of placing on 25 June 2013.

COMPETING INTERESTS

During the six months ended 30 June 2013, as far as the Directors are aware of, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee of the Company (the "Audit Committee") are the review and supervision of the Group's financial and accounting policies and practices, financial controls, internal controls and risk management systems. The Audit Committee comprises three independent non-executive Directors, namely Mr. Lau Shu Yan (Chairman), Mr. Li Kwok Chu and Mr. Chiu Koon Shou.

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated financial statements for the six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2013 except for the code provisions A.2.1 and A.4.1 of the CG Code, as set out below.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the six months ended 30 June 2013, Ms. Yip Man Yi acted as the chairman of the Company (the "Chairman") until 10 April 2013. Mr. Zhao Tuanjie has been appointed as the Chairman on 10 April 2013 and has ceased to act as the Chairman on 10 June 2013. However, the office of Chairman has been vacant since the resignation of Mr. Zhao Tuanjie as the Chairman and executive Director with effect from 10 June 2013. In addition, the role of the chief executive officer of the Company (the "CEO") has also been vacant since 4 June 2012. The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the posts of the Chairman and the CEO as appropriate and will make further announcement in due course.

According to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term of service. None of the independent non-executive Directors have entered into an appointment letter with the Company for a specific term of service but their appointments are subject to retirement by rotation and offers themselves for re-election at the annual general meeting at least once for every three years in accordance with the articles of association of the Company. The Company believes such practice meets the same objective and is no less exacting than those prescribed under code provision A.4.1.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the Company discloses the changes in information of the Directors as follows:

On 4 March 2013, Mr. Lau Kin Hon has been appointed as non-executive Director.

On 10 April 2013, Mr. Zhao Tuanjie has been appointed as Chairman and executive Director and Ms. Yip Man Yi has ceased to be the Chairman.

On 27 May 2013, Ms. Lin Yan Jenny has been appointed as executive Director.

On 10 June 2013, Mr. Zhao Tuanjie has resigned as Chairman and executive Director.

On 20 June 2013, Mr. Wu Wenbei has been appointed as executive Director.

Mr. Lau Kin Hon has been appointed as independent non-executive director of Mingfa Group (International) Company Limited (stock code: 846) on 19 March 2013.

By order of the Board
TLT Lottotainment Group Limited
Yip Man Yi
Executive Director

Hong Kong, 12 August 2013

As of the date hereof, the executive Directors are Mr. Wu Wenbei, Ms. Lin Yan Jenny, Ms. Yip Man Yi, Mr. Chan Yun Fai and Mr. Au Yeung Yiu Chung; non-executive Director is Mr. Lau Kin Hon, and the independent non-executive Directors are Mr. Li Kwok Chu, Mr. Chiu Koon Shou and Mr. Lau Shu Yan.