

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



## **TLT LOTTOTAINMENT GROUP LIMITED**

**彩娛集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code : 8022)**

**(I) PROPOSED OPEN OFFER OF  
NOT LESS THAN 140,034,226 OFFER SHARES  
AND  
NOT MORE THAN 177,571,784 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);  
AND  
(II) AMENDMENTS TO ARTICLES OF ASSOCIATION**

**Underwriters**



**and**



### **PROPOSED OPEN OFFER WITH BONUS ISSUE**

The Company proposes to raise not less than approximately HK\$70.01 million, before expenses, by an open offer of not less than 140,034,226 Offer Shares and not more than 177,571,784 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 with Bonus Issue.

As at the date of this announcement, the Company has 146,338 outstanding Share Options and the Convertible Bonds 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.

The net proceeds of the Open Offer (after deduction of commission and expenses) are expected to amount to approximately HK\$67 million (assuming no outstanding Share Options and no rights attaching to the Convertible Bonds are subscribed or exercised on or before the Record Date) will be used (i) as to approximately HK\$32 million for the repayment of an existing loan; (ii) as to approximately HK\$28 million for the repayment of the Convertible Bonds; and (iii) the remaining approximately HK\$7 million for the general working capital of the Group.

The Open Offer is fully underwritten by the Underwriters and is subject to the terms and conditions of the Underwriting Agreement. If the Underwriters terminate the Underwriting Agreement (details are set out in the paragraph headed “Termination of the Underwriting Agreement” in the section headed “Underwriting Agreement” in this announcement) or the conditions of the Open Offer (details are set out in the paragraph headed “Conditions of the Open Offer” in the section headed “Underwriting Agreement” in this announcement) are not fulfilled, the Open Offer will not proceed. **Accordingly, the Open Offer with Bonus Issue 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.**

On the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer, not less than 210,051,339 Bonus Shares and not more than 266,357,676 Bonus Shares will be issued to the first registered holders of the Offer Shares.

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 this announcement, 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. As at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain 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 this announcement, none of the Directors or chief executive of the Company hold any Share in the Company. An independent board committee of the Company will be established by the Company to give recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company.

## **AMENDMENTS TO THE ARTICLES**

The Board proposes to put forward a special resolution to the Shareholders for approval at the EGM in respect of the amendments to Article 2(A) and Article 145(A) of the Articles 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.

### **GENERAL**

The Company will send the Circular containing, among other things, details of the Open Offer with Bonus Issue, the recommendation from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer with Bonus Issue, the amendments to the Articles, and a notice convening the EGM to Shareholders as soon as practicable in accordance with the GEM Listing Rules.

## **I. OPEN OFFER WITH BONUS ISSUE**

### **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 existing Shares in issue:	210,051,339 Shares as at the date of this announcement
Number of Open Offer Shares to be issued:	Not less than 140,034,226 Offer Shares and not more than 177,571,784 Offer Shares
Number of Bonus Shares:	Not less than 210,051,339 Bonus Shares and not more than 266,357,676 Bonus Shares to be issued to the first registered holders of the Open Offer on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer
Subscription Price:	HK\$0.50 per Offer Share payable in full on application

As at the date of this announcement, the Company has 146,338 outstanding Share Options and the Convertible Bonds 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.

### **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 not less than 140,034,226 Offer Shares and not more than 177,571,784 Offer Shares to be issued under the Open Offer, not less than 210,051,339 Bonus Shares and not more than 266,357,676 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\$0.2 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; and
3. 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.

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; and
3. 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.

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 under the prevailing market conditions. In view of the recent financial requirements of the Group as mentioned in the section headed "REASONS FOR THE OPEN OFFER" and taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer with Bonus Issue to the Qualifying Shareholders, the Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) 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 (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) 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 (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) will be approximately HK\$0.48.

### **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 Tuesday, 15 October 2013.

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.

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

The register of members of the Company in Hong Kong will be closed from Wednesday, 16 October 2013 to Wednesday, 23 October 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**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will ascertain whether there are any Overseas Shareholders on the Record Date. To determine the identities of the Prohibited Shareholders and in compliance with the relevant GEM Listing Rules, the Company will make necessary enquiries regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Prohibited Shareholders for the Open Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries. The Company will send the Prospectus to Prohibited Shareholders for their information only but the Company will not send any Application Forms to the Prohibited Shareholders.

## **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.

## **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 Monday, 18 November 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.

## **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. After arm's length negotiation with the Underwriters, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it 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.

### **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 will appoint a securities firm 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. Details of the odd lot matching arrangements will be set out in the Prospectus to be despatched to the Shareholders.

### **Application for listing**

The Company will apply 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.

## **UNDERWRITING ARRANGEMENT**

### **Underwriting Agreement**

Date:	23 August 2013 (after trading hours)
Underwriters:	Underwriter A; and Underwriter B
Number of Offer Shares:	Not less than 140,034,226 Offer Shares and not more than 177,571,784 Offer Shares
Number of Bonus Shares:	Not less than 210,051,339 Bonus Shares and not more than 266,357,676 Bonus Shares to be issued to the first registered holders of the Open Offer on the basis of three (3) Bonus Shares for every two (2) Offer Shares taken up under the Open Offer
Number of Underwritten Shares:	Not less than 140,034,226 Offer Shares (with not less than 210,051,339 Bonus Shares) and not more than 177,571,784 Offer Shares (with not more than 266,357,676 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 third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). 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:

- i. not less than 140,034,226 Offer Shares (with not less than 210,051,339 Bonus Shares) (assuming all the Share Options and the conversion rights attaching to the Convertible Bonds are not being subscribed or exercised on or before the Latest Lodging Date) 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 210,051,339 Bonus Shares); and



- (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 210,051,339 Bonus Shares) and Underwriter B shall then subscribe for, or procure subscription of the remaining untaken Underwritten Shares.
- ii. not more than 177,571,784 Offer Shares (with not more 266,357,676 Bonus Shares) (assuming all the Share Options and the conversion rights attaching to the Convertible Bonds are being subscribed or exercised on or before the Latest Lodging Date) in the following manner:
  - (i) if the number of untaken Underwritten Shares is less than or equal to 88,785,892 Offer Shares (with 266,357,676 Bonus Shares), then Underwriter A shall subscribe for, or procure subscription of all the untaken Underwritten Shares up to the maximum extent of 88,785,892 Offer Shares (with 266,357,676 Bonus Shares); and
  - (ii) if the number of untaken Underwritten Shares is more than 88,785,892 Offer Shares, then Underwriter A shall first subscribe for, or procure subscription of 88,785,892 Offer Shares (with 266,357,676 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 Storm Warning is or remains hoisted 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 Storm Warning is or remains hoisted 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
- (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 this announcement or 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.**

#### **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;
- (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 amendments to the Articles 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 (including but not limit to the issue of the 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.

## **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 will be dealt with on an ex-entitlement basis commencing from Friday, 11 October 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 Tuesday, 12 November 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

### Scenario 1:

Assuming none of the Share Options and the conversion rights attaching to the Convertible Bonds are being exercised or converted on or before the Latest Lodging Date:

	As at the date of this announcement		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	
	<i>Number of Shares</i>	<i>(approx.) %</i>	<i>Number of Shares</i>	<i>(approx.) %</i>	<i>Number of Shares</i>	<i>(approx.) %</i>
Chong Chin	20,033,000	9.54%	53,421,330	9.54%	20,033,000	3.58%
Lin Rong Zhen	10,681,000	5.08%	28,482,665	5.08%	10,681,000	1.90%
Underwriters: <i>(Note 3)</i>						
Underwriter A <i>(Note 3)</i>	–	–	–	–	175,042,783	31.25%
Underwriter B <i>(Note 3)</i>	–	–	–	–	175,042,782	31.25%
Subtotal	30,714,000	14.62%	81,903,995	14.62%	380,799,565	67.98%
Public Shareholders	179,337,339	85.38%	478,232,909	85.38%	179,337,339	32.02%
Total	210,051,339	100%	560,136,904	100%	560,136,904	100%

## Scenario 2:

### Assuming all the Share Options and the conversion rights attaching to the Convertible Bonds are being exercised or converted on or before the Latest Lodging Date:

	As at the date of this announcement		Assuming all the Share Options and the conversion rights attaching to the Convertible Bonds are being exercised on or before the Latest Lodging 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 Shares	(approx.) %	Number of Shares	(approx.) %	Number of Shares	(approx.) %	Number of Shares	(approx.) %
Chong Chin	20,033,000	9.54%	20,033,000	7.52%	53,421,330	7.52%	20,033,000	2.82%
Lin Rong Zhen	10,681,000	5.08%	10,681,000	4.01%	28,482,665	4.01%	10,681,000	1.50%
Underwrites (Note 3)								
Underwriter A (Note 3)	-	-	-	-	-	-	221,964,730	31.25%
Underwriter B (Note 3)	-	-	-	-	-	-	221,964,730	31.25%
Subtotal	30,714,000	14.62%	30,714,000	11.53%	81,903,995	11.53%	474,643,460	66.82%
Holders of Share Options	-	-	146,338	0.05%	390,233	0.05%	146,338	0.02%
Holder of Convertible Bonds	654,000	0.31	56,814,000	21.33%	151,504,000	21.33%	56,814,000	8.00%
Public Shareholders	178,683,339	85.07%	178,683,339	67.09%	476,488,909	67.09%	178,683,339	25.16% (Note 4)
Total	<u>210,051,339</u>	<u>100%</u>	<u>266,357,677</u>	<u>100%</u>	<u>710,287,137</u>	<u>100%</u>	<u>710,287,137</u>	<u>100%</u>

*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 marketing 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 subscribers 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 Directors, chief executive or substantial Shareholders of the Company or its subsidiaries or any of their respective associates such that the Company will be able to comply with the minimum public float requirement set out in Rule 11.23 of the GEM Listing Rules.

4. For the avoidance of doubt, in this scenario the Company will still satisfy the minimum public float requirement under Rule 11.23 of the GEM Listing Rules, since (i) the Underwriters will place down their shareholding immediately upon completion of the Open Offer as mentioned in Note 3 above, and (ii) the holder of Convertible Bonds will not hold more than 10% of the shareholding of the Company and hence it will remain as an Independent Third Party, and its Shares shall be regarded as part of the public.

## **FUNDS RAISED DURING THE PAST 12 MONTHS**

The following are the details of the fund raising activities of Company in the past twelve months before the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
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

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
7 February 2013	Open offer on the basis of two offer shares for every one existing share	HK\$62.6 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	Use as intended
11 June 2013	Placing of 13,110,000 Shares under general mandate	HK\$7.60 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\$1.2 million were used for payment of administrative expenses and approximately HK\$1.4 million were used for payment of accounts payable of the Company.

Save as above mentioned, the Company has not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

## **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 Circular. This is principally due to the expiry of loan facilities.

The Directors are aware that the Group's liquidity position would depend largely on the successful conclusion of future equity fund raising activities and the extension of the Loan Facility. As at the date of this announcement, the extension of the Loan Facility is still under negotiation and there is no conclusion or proposal or concrete terms has been made. Failure to obtain future financing 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.

## **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 (assuming no outstanding Share Options and no rights attaching to the Convertible Bonds are exercised on or before the Record Date) will be used (i) as to approximately HK\$32 million for the repayment of an existing loan; (ii) as to approximately HK\$28 million for the repayment of the Convertible Bonds; and (iii) the remaining approximately HK\$7 million for the general working capital of the Group.



## EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

2013

Despatch of Circular Documents . . . . .	Thursday, 12 September
Latest time for Lodging transfers of Shares in order to quality for attendance and voting at the EGM . . . . .	4:30 p.m., Thursday, 3 October
Register of members close (both days inclusive) . . . . .	Friday, 4 October to Wednesday, 9 October
Latest time and date for return of proxy form of EGM (not less than 48 hours prior to time of EGM) . . . . .	11:00 a.m. Monday, 7 October
Record date for attendance and voting of the EGM . . . . .	Wednesday, 9 October
Time and date of EGM . . . . .	11:00 a.m. Wednesday, 9 October
Announcement of results of EGM . . . . .	Wednesday, 9 October
Last day of dealings in Shares on a cum-entitlement basis. . . . .	Thursday, 10 October
First day of dealings in Shares on an ex-entitlement basis . . . . .	Friday, 11 October
Latest time for lodging transfers of the Shares in order to be qualified for the Open Offer . . . . .	4:30 p.m. Tuesday, 15 October
Register of members of the Company closes (both dates inclusive). . . . .	Wednesday, 16 October to Wednesday, 23 October
Record Date . . . . .	Wednesday, 23 October
Register of members re-opens . . . . .	Thursday, 24 October
Despatch of the Prospectus Documents . . . . .	Thursday, 24 October
Latest time for acceptance of, and payment for, the Open Offer. . . . .	4:00 p.m. on Friday, 8 November
Latest Time for Termination . . . . .	12:00 noon on Tuesday, 12 November
Announcement of results of the Open Offer on the GEM's website . . . . .	Friday, 15 November
Despatch of certificates for the Offer Shares and Bonus Shares. . . . .	Monday, 18 November
Despatch Date of refund cheques (if Open Offer is terminated). . . . .	Monday, 18 November

Expected first day of dealings in fully-paid  
Offer Shares and Bonus Shares . . . . . Tuesday, 19 November

Designated broker starts to stand in the market to provide  
matching services for odd lot of the Shares . . . . . Tuesday, 19 November

Last day for the designated broker to stand in the market  
to provide matching services for odd lot of Shares. . . . . Tuesday, 10 December

Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced by the Company as and when appropriate.

## **ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND THE CONVERTIBLE BONDS**

Pursuant to the terms of the Share Option Scheme and the Convertible Bonds, the exercise prices and conversion price of the respective Share Option and the Convertible Bonds will be adjusted in accordance with the Share Option Scheme and the deed poll of the Convertible Bonds upon the Open Offer becoming unconditional. Such adjustments will be verified by the auditors of the Company and the Company will notify the holders of the Share Option and the holder of the Convertible Bonds the respective adjustments upon the Open Offer becoming unconditional. The Company will notify the holders of the Share Option and the Convertible Bonds the required adjustment(s) as soon as practicable and details of adjustments will be provided in the Prospectus in respect of the Open Offer to be despatched to the Shareholders.

## **II. AMENDMENTS TO THE ARTICLES**

The Board proposes to put forward a special resolution to the Shareholders for approval at the EGM in respect of the amendments to Article 2(A) and Article 147 of the Articles 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 by:

- (1) deleting Article 145(A) in its entirety and substituting the following therefor:

“The Company may in general meeting, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of the amount for the time being standing to the credit of any of reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for dividend or otherwise available for distribution and such amount be set free for distribution among the Members or any class of Members who would be entitled to receive the same if distributed by way of dividend and in the same proportions, or among such of the members or such other persons and in such different proportions as recommended by the Board (such non-pro-rata distribution is to be approved by Company in general meeting on every occasion when the Board recommend the same), and that the same be applied on behalf of such members or such other persons either in or towards paying up in full any unpaid shares, or paying up in full, at par or at such premium as the resolution may provide, any unissued shares or debentures of the Company which shall be allotted, issued and distributed among such members or such other persons and in such proportions as the resolution may provide, and the Board shall give effect to such resolution”

- (2) deleting the interpretation of “dividend” under Article 2(A) in its entirety and substituting the following therefor:

“dividend” shall include scrip dividends, distributions in specie or in kind and capital distributions, if not inconsistent with the subject or context;

## **GENERAL**

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 this announcement, 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. As at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain 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 this announcement, none of the Directors or chief executive of the Company hold any Share in the Company. An independent board committee of the Company will be established by the Company to give recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company.

The Company will send the Circular containing, among other things, details of the Open Offer with Bonus Issue, the recommendation from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer with Bonus Issue, the amendments to the Articles, and a notice convening the EGM to Shareholders as soon as practicable in accordance with the GEM Listing Rules.

## **DEFINITION**

“Application Form(s)”	the form of application for use by the Qualifying Shareholders to apply for the Offer Shares
“Articles”	articles of association of the Company
“associates”	has the meaning ascribed thereto in 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 Hong Kong Securities Clearing Company Limited
“Circular”	the circular to Shareholders, which will have annexed thereto the notice of EGM, proposed to be despatched to the Shareholders on or about Thursday, 12 September 2013 (or such other time as may be agreed between the Company and Underwriter A on behalf of the Underwriters) in the agreed form
“Circular Document”	the Circular, the notice convening the EGM and the proxy form for use, at the EGM
“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 GEM
“Conversion Shares”	Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bond(s)”	the 2% coupon convertible bond(s) due in 2014 with an outstanding principal amount of HK\$28,080,000 conferring rights to convert to a total of 56,160,000 Conversion Shares at conversion price of HK\$0.50 per Share (subject to adjustment)
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on or about Wednesday, 9 October 2013 to consider and approve among other matters, the Open Offer with Bonus Issue, the amendments to the Articles 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
“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
“Last Trading Day”	23 August 2013, being the last day of dealing of the Shares on the Stock Exchange prior to the publication of this announcement
“Latest Lodging Date”	being 4:30 p.m. on Tuesday, 15 October 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 Bonds in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on Friday, 8 November 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 the 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
“Offer Share(s)”	not less than 140,034,226 new Shares and not more than 177,571,784 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 the Prospectus
“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 announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Prohibited Shareholder(s)”	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
“Prospectus”	a prospectus containing details of the Open Offer with Bonus Issue
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Thursday, 24 October 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, 23 October 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the old share option scheme adopted by the Company and became effective on 30 July 2001
“Share Options”	options to subscribe for Shares granted under the Share Option Schemes
“Share(s)”	existing ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.50 per Offer Share
“Takeovers Code”	The Codes on Takeovers and Mergers of Hong Kong
“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 amongst the Company and the Underwriters dated 23 August 2013 in relation to the Open Offer with Bonus Issue
“Underwritten Shares”	not less than 140,034,226 Offer Shares (with not less than 210,051,339 Bonus Shares) and not more than 177,571,784 Offer Shares (with not more than 266,357,676 Bonus Shares), being all Offer Shares
“HK\$”	Hong Kong dollars
“%”	per cent.

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

Hong Kong, 23 August 2013

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

*This announcement, for which the directors of 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, 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>.*