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TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE



VC BROKERAGE LIMITED
滙盈證券有限公司

**Placing Agent
VC Brokerage Limited**

PLACING AGREEMENT

After trading hours on 8 September 2010, the Vendor, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure not less than six Placees, on a best effort basis, for the purchase of up to 66,000,000 Shares at the Placing Price of HK\$0.30 per Placing Share. The maximum number of the Placing Shares represents (i) about 10.06% of the Company's existing issued share capital of 655,757,575 Shares and (ii) about 9.14% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

SUBSCRIPTION AGREEMENT

After trading hours on 8 September 2010, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares, being a maximum number of 66,000,000 Subscription Shares in aggregate, at the Subscription Price of HK\$0.30 per Subscription Share.

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares. Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 22 September 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will be a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction under the GEM Listing Rules.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

PLACING AGREEMENT

Date

8 September 2010 (after trading hours)

Parties

The Vendor, the Company and the Placing Agent

The Vendor

The Vendor is a substantial shareholder (as defined under the GEM Listing Rules) of the Company. As at the date of this announcement, the Vendor is the beneficial owner of 68,000,000 Shares, representing approximately 10.37% of the entire issued share capital of the Company. The Vendor is beneficially owned as to 100% by Mr. Wong Wai Sing, the Chairman and an executive Director.

Placing Agent

The Placing Agent is VC Brokerage Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Placing Agent will be entitled to receive a placing agent commission of 2% on the gross proceeds of the actual number of Placing Shares being placed. The placing agent commission of 2% was arrived at after arm's length negotiations between the Company and the Placing Agent.

Placing Shares

The Vendor has agreed to place, and the Placing Agent has agreed to procure, on a best effort basis, for the purchase of up to 66,000,000 Placing Shares. The maximum number of the Placing Shares represents (i) about 10.06% of the Company's existing issued share capital of 655,757,575 Shares and (ii) about 9.14% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Placees

The Placing Agent agreed to place the Placing Shares, on a best effort basis, to the Placees who are independent of and not connected with the Company, the Vendor, the Directors, chief executive, substantial shareholders and management shareholders (as those terms are defined in the GEM Listing Rules) of the Company, its Subsidiaries and their respective associates (as defined in the GEM Listing Rules).

It is expected that there will be not less than six Placees. In the event that the number of the Placees falls below six, information of the Placees will be disclosed in further announcement of the Company in accordance with the GEM Listing Rules.

Placing Price

The Placing Price of HK\$0.30 per Placing Share represents a discount of approximately 9.1% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on 8 September 2010, and a discount of approximately 3.2% to the average closing price of HK\$0.31 per Share as quoted on the Stock Exchange during the five trading days immediately preceding and including 8 September 2010.

The Placing Price was determined with reference to the prevailing market price of the Share and was fixed following arm's length negotiation between the Company and the Placing Agent on the date of the Placing Agreement.

Completion

The Placing is unconditional and completion of the Placing will take place on the second business day (the "**Closing Date**") from the day on which the sale and purchase of the Placing Shares are input into the Automatic Order Matching System as operated by the Stock Exchange.

The Placing Shares will be sold free from all liens, charges and encumbrances and together with all rights attaching to them as at the Closing Date, including the right to receive all dividends declared, made or paid on or after the Closing Date.

Termination

If at any time at or prior to 9:30 a.m. (Hong Kong time) on the Closing Date:

- (A) in the opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic or market (including stock market) conditions or taxation or currency exchange or exchange controls as would be likely to be materially adverse to the success of the Placing; or
- (B) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Vendor of any other provision of the Placing Agreement; or

(C) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company and/or to the Vendor by giving notice in writing to the Vendor and the Company, provided that such notice is received prior to 4:00 p.m. (Hong Kong time) on the Closing Date.

SUBSCRIPTION AGREEMENT

Date

8 September 2010 (after trading hours)

Parties

The Company and the Vendor

Subscription Shares

The Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares actually placed, being a maximum number of 66,000,000 Subscription Shares (nominal value of such shares being HK\$660,000).

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

Subscription Price

The Subscription Price is HK\$0.30 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

The Company is liable for the costs and expenses of all the legal and other professional advisers and out-of-pocket expenses incurred in connection with the Placing, the Subscription and any associated transactions, and will reimburse the Vendor for all expenses properly incurred by the Vendor in connection with the Placing and the Subscription.

General Mandate

The Subscription Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 4 May 2010. Pursuant to the General Mandate, the Directors were authorized to allot and issue up to 131,151,515 Shares. Up to the date of this announcement, no Shares have been issued pursuant to the General Mandate. Accordingly, the issue of the Subscription Shares is not subject to any approval by the Shareholders.

Conditions of the Subscription

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares.

If the conditions are not fulfilled on or prior to 22 September 2010 or such later date as may be agreed between the Company and the Vendor, the Subscription Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreement.

Completion

Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 22 September 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will be a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction under the GEM Listing Rules.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors have considered various ways of raising funds and consider that the Placing and the Subscription represent a suitable opportunity to raise capital for the Company and enlarge the equity base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Placing and the Subscription (including without limitation the Placing Price, the Subscription Price and the placing agent commission of 2%) are fair and reasonable based on the current market conditions and the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

The maximum gross and net proceeds from the Subscription (after deducting the placing agent commission and other expenses incurred in the Placing and the Subscription) are expected to be HK\$19,800,000 and approximately HK\$19,200,000, respectively. The Company intends to use the net proceeds from the Subscription for the general working capital of the Group. The net proceeds raised per Share upon completion of the Placing and the Subscription will be approximately HK\$0.29 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not have any fund raising activities in the last 12 months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The expected changes in the share capital and shareholding structure of the Company resulting from the Placing and the Subscription are as follows:

Shareholder	Notes	Existing shareholding (as at the date of this announcement)		Shareholding immediately after the Placing but before the Subscription		Shareholding immediately after the Placing and the Subscription	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders and Directors							
Shiny Galaxy Enterprises Limited	1	68,000,000	10.37	2,000,000	0.31	68,000,000	9.42
Wong Wai Sing	1	3,350,000	0.51	3,350,000	0.51	3,350,000	0.47
Subtotal		71,350,000	10.88	5,350,000	0.82	71,350,000	9.89
Public Shareholders							
The Placees		–	–	66,000,000	10.06	66,000,000	9.14
Other Public		584,407,575	89.12	584,407,575	89.12	584,407,575	80.97
Subtotal		584,407,575	89.12	650,407,575	99.18	650,407,575	90.11
Total		655,757,575	100.00	655,757,575	100.00	721,757,575	100.00

Notes:

1. Shiny Galaxy Enterprises Limited is beneficially owned as to 100% by Mr. Wong Wai Shing, the Chairman and an executive Director.

GENERAL

The Group is principally engaged in the provision of lottery-based mobile online game recharge service, sale of sports lottery and travel agent services.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“business day”	a day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business to the public in Hong Kong, and “ business days ” shall be construed accordingly
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on GEM (stock code: 8022)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 4 May 2010 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of up to 66,000,000 Placing Shares beneficially owned by the Vendor by the Placing Agent pursuant to the Placing Agreement

“Placing Agent”	VC Brokerage Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement entered into between the Vendor, the Company and the Placing Agent dated 8 September 2010 in relation to the Placing
“Placing Price”	HK\$0.30 per Placing Share
“Placing Share(s)”	a maximum of 66,000,000 Shares beneficially owned by the Vendor and to be placed under the Placing
“PRC”	The People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement entered into between the Company and the Vendor dated 8 September 2010 in relation to the Subscription
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Price”	HK\$0.30 per Subscription Share
“Subscription Shares”	new Shares equivalent to the number of the Placing Shares to be subscribed by the Vendor
“Vendor”	Shiny Galaxy Enterprises Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
TLT Lottotainment Group Limited
Wong Wai Sing
Chairman

Hong Kong, 8 September 2010

As of the date hereof, the executive directors of the Company are Mr. Wong Wai Sing, Mr. Cheung Man Yau, Timothy, Mr. Chan Kin Yip and Mr. Cheng Wing Hong; the independent non-executive directors of the Company are Mr. Sung Wai Tak, Herman, Mr. Wong Lit Chor, Alexis and Mr. Fung Wai Shing.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors of the Company, 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; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at <http://www.lottotainment.com.hk>.