



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code : 8022)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010

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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, 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.

HIGHLIGHTS

- The Group achieved a turnover of approximately HK\$4,378,000 for the three months ended 31 March 2010 (2009: HK\$50,873,000), representing a decrease of approximately 91% as compared to the corresponding period in 2009. The decrease was mainly due to the disposal of public transportation business on 30 June 2009.
- The loss from operation for the three months ended 31 March 2010 is approximately HK\$15,607,000 (2009 corresponding period: HK\$25,490,000). Profit from ordinary activities attributable to equity shareholders of the Company approximately HK\$2,755,000 for the three months ended 31 March 2010 (2009 corresponding period: loss of HK\$29,922,000) was due to the reversal of interest expenses arising from the cancellation of Convertible Bonds to the principal amount of HK\$148 million on 9 March 2010.
- Basic earnings per share for the three months ended 31 March 2010 was approximately HK0.42 cents (2009: loss of HK11.20 cents per share).
- The directors do not recommend the payment of any dividend for the three months ended 31 March 2010 (2009: Nil).

FIRST QUARTERLY RESULTS

For the three months ended 31 March 2010 (Unaudited)

The board of directors (the "Directors") of TLT Lottotainment Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months ended 31 March 2010 together with comparative unaudited figures for the corresponding period in 2009 (the "Relevant Periods"), as follows:

		Unaudited Three months ended 31 March	
	<i>Note</i>	2010 HK\$'000	2009 HK\$'000
TURNOVER	2	4,378	50,873
COST OF SALES		(3,882)	(51,339)
GROSS PROFIT/(LOSS)		496	(466)
OTHER NET INCOME	2	1	7,454
OPERATING AND ADMINISTRATIVE EXPENSES		(16,104)	(32,478)
(LOSS) FROM OPERATION		(15,607)	(25,490)
FINANCE COSTS	3	10,791	(15,699)
(LOSS) BEFORE TAXATION		(4,816)	(41,189)
TAXATION	4	2,219	–
(LOSS) FOR THE PERIOD		(2,597)	(41,189)
ATTRIBUTABLE TO:			
EQUITY SHAREHOLDERS OF THE COMPANY		2,755	(29,922)
MINORITY INTERESTS		(5,352)	(11,267)
(LOSS) FOR THE PERIOD		(2,597)	(41,189)
EARNINGS/(LOSS) PER SHARE			
– BASIC (cent)	5	0.42	(11.20)
– DILUTED (cent)	5	0.42	(11.20)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Three months ended	
	31 March	
	2010	2009
	HK\$'000	HK\$'000
(LOSS) FOR THE PERIOD	(2,597)	(41,189)
OTHER COMPREHENSIVE (EXPENSE) FOR THE PERIOD		
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS FINANCIAL STATEMENTS OF SUBSIDIARIES	—	1,810
TOTAL COMPREHENSIVE (EXPENSES) FOR THE PERIOD	(2,597)	(39,379)
ATTRIBUTABLE TO:		
EQUITY SHAREHOLDERS OF THE COMPANY	2,755	(28,112)
MINORITY INTERESTS	(5,352)	(11,267)
TOTAL COMPREHENSIVE (EXPENSES) FOR THE PERIOD	(2,597)	(39,379)

Notes:

1. Basis of preparation

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 of The Stock Exchange of Hong Kong Limited.

The accounting policies adopted in preparing the unaudited first quarterly consolidated results are consistent with those adopted in the preparation of the annual audited financial statements for the year ended 31 December 2009.

The results of subsidiaries acquired or disposed of during the period are included in the 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.

As at 31 March 2010, the Group had net current liabilities and net liabilities of approximately HK\$2,369,000 and HK\$50,407,000 respectively. The directors adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to improve the working capital position, immediate liquidity and cash flow position of the Group and the Company:

- (i) The Group will negotiate with its bankers to secure the necessary facilities in order to meet the Group's working capital and financial requirements in the near future.
- (ii) The Group and the Company is actively exploring the availability of alternative sources of external funding to strengthen the working capital position of the Group and the Company.
- (iii) The Group is expected to derive sufficient operating cash flows from its existing operation, and the further development of the lottery-based mobile online game recharging services in the sports lottery business in the PRC of which operated since January 2009.

- (iv) The Group and the Company would take relevant measures in order to tighten cost controls over various operating expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations. The Group is expected to derive sufficient cash flows in 2010.
- (v) Wong Wai Sing, a substantial shareholder and executive director of the Company, has undertaken to provide continuous financial support to the Group so as to enable the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future difficulties to be experienced by the Group.
- (vi) Zhang Wei Ting, a director of a subsidiary of the Group and holder of promissory notes, agreed not to demand for repayment of promissory notes on or after the maturity date (i.e. 7 January 2012) when the Group is incapable to do so.

In the opinion of the directors, in light of the various measures/arrangements implemented to date together with the expected results of other measures, the Group and the Company will have sufficient cash resources to satisfy its future working capital and other financial requirements. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group and the Company be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

2. Turnover and revenue

The Group is engaged in the provision of lottery-based mobile on-line game recharging services, rendering of tourist routes and tour related services. Revenue recognized during the Relevant Periods is as follows:

	Unaudited	
	Three months ended	
	31 March	
	2010	2009
	HK\$'000	HK\$'000
Turnover		
Continuing operation		
– Mobile Recharging Services Income	376	64
– Travel Agent Services Income	4,002	5,158
Discontinued operation		
– Public routes	–	34,835
– ‘Hire a bus’ services and sightseeing ticket	–	6,551
– Taxi rental	–	3,310
– Management fee	–	955
Sub-total	4,378	50,873
Other net income		
Advertising income on fleet body	–	245
Subsidy from local authority	–	5,706
Sundries	–	1,485
Interest income	1	18
Sub-total	1	7,454
Total revenue	4,379	58,327

3. Finance costs

	Unaudited Three months ended 31 March	
	2010 HK\$'000	2009 HK\$'000
Interest on bank loans and overdrafts	58	352
Interest on convertible bonds	3,448	9,575
Interest on promissory notes	5,318	5,772
Reversal of interest expense upon cancellation of convertible bonds	<u>(19,615)</u>	<u>—</u>
Total finance costs	<u><u>(10,791)</u></u>	<u><u>15,699</u></u>

4. Taxation

The taxation charge comprises:

	Unaudited Three months ended 31 March	
	2010 HK\$'000	2009 HK\$'000
Deferred tax	<u>(2,219)</u>	<u>—</u>
	<u><u>(2,219)</u></u>	<u><u>—</u></u>

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax during the relevant period. Taxation arising in the PRC is calculated at the rates prevailing in the PRC.

5. Earnings/(Loss) per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the three months ended 31 March 2010 of HK\$2,755,000 (2009: loss of HK\$29,922,000) and on 652,257,575 (2009: 300,000,000) shares in issue during the period.

The diluted earnings per share for the three months ended 31 March 2010 is equal to the basic earnings per share as the dilutive effect of outstanding convertible bonds is immaterial. The dilutive loss per share for the three months ended 31 March 2009 is equal to the basic loss per share as there were no diluted potential ordinary shares in existence during the period.

6. Reserves

	Share Capital HK\$'000	Share Premium HK\$'000	Merger Reserve HK\$'000	Exchange Reserve HK\$'000	Statutory Reserve HK\$'000	Assets Revaluation Reserve HK\$'000	Convertible Bond Reserve HK\$'000	(Accumulated losses)/ retained Profits HK\$'000	Share option Reserve HK\$'000	Total HK\$'000	Minority Interests HK\$'000	Total equity HK\$'000
At 1 January 2009	2,160	36,472	(490)	14,253	3,227	306	-	(41,057)	-	14,871	6,270	21,141
Equity components of convertible bonds	-	-	-	-	-	-	140,552	-	-	140,552	-	140,552
Shares issued upon convertible of convertible bonds	840	51,960	-	-	-	-	-	-	-	52,800	-	52,800
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	268,297	268,297
Loss for the period	-	-	-	-	-	-	-	(29,922)	-	(29,922)	(11,267)	(41,189)
Currency translation difference	-	-	-	1,810	-	-	-	-	-	1,810	-	1,810
As at 31 March 2009	<u>3,000</u>	<u>88,432</u>	<u>(490)</u>	<u>16,063</u>	<u>3,227</u>	<u>306</u>	<u>140,552</u>	<u>(70,979)</u>	<u>-</u>	<u>180,111</u>	<u>263,300</u>	<u>443,411</u>
At 1 January 2010	6,523	320,249	-	(3,352)	53	95	55,026	(427,906)	2,492	(46,820)	53,153	6,333
Reversal of Convertible Bond Reserve arising from the cancellation of Convertible Bonds*	-	-	-	-	-	-	(54,180)	-	-	(54,180)	-	(54,180)
Profit for the period	-	-	-	-	-	-	-	2,755	-	2,755	(5,352)	(2,597)
As at 31 March 2010	<u>6,523</u>	<u>320,249</u>	<u>-</u>	<u>(3,352)</u>	<u>53</u>	<u>95</u>	<u>846</u>	<u>(425,151)</u>	<u>2,492</u>	<u>(98,245)</u>	<u>47,801</u>	<u>(50,444)</u>

*Note: With reference to the circular of the Company dated 5 November 2008 and the announcements of the Company dated 8 January 2009, 6 April 2009, 7 August 2009, 20 October 2009, 6 November 2009 and 9 March 2010 respectively, in relation to the very substantial acquisition of 65% equity interest in Wisdom In Holdings Limited (the "Acquisition"). Upon the completion of the acquisition, a deposit of HK\$148,000,000 was paid to Mr. Zhang Wei Ting (the "Vendor") for getting the mobile lottery on-line recharging services license of Liaoning province. The Company has the right to reduce the principal amount of the convertible bonds downward by HK\$148,000,000 if the vendor is unable to obtain the license.

As the vendor was unable to obtain the license of Liaoning province as at 8 March 2010, the convertible bonds were adjusted downward by HK\$148,000,000 and were cancelled by the Company on 9 March 2010.

7. Interim Dividends

The Board does not recommend the payment of any dividend for the three months ended 31 March 2010 (2009: Nil).

BUSINESS REVIEW

The unaudited consolidated turnover of the Group for the three months ended 31 March 2010 was approximately HK\$4,378,000 representing a decrease of 91% over the corresponding period in 2009. The decrease was mainly due to the disposal of public transportation business on 30 June 2009.

The unaudited consolidated loss for the period recorded an amount of HK\$2,597,000 in the first quarter of 2010 as compared to a loss of HK\$41,189,000 for the corresponding period in 2009. The profit attributable to the shareholders of the Company was approximately HK\$2,755,000 in the first quarter of 2010. It was due to the reversal of interest expenses arising from the cancellation of Convertible Bonds to a principal amount of HK\$148 million on 9 March 2010. Earnings per share for the three months ended 31 March 2010 was HK0.42 cents as compared to loss per share of HK11.20 cents for the corresponding period in 2009.

PROSPECT

During the last five years, the lottery industry in China maintained an average annual growth rate of 30%. The lottery sales in 2009 reached a record high of RMB132.5 billion which was increased by 25% comparing to 2008. Furthermore, the lottery sales for the three months ended 31 March 2010 recorded RMB34.6 billion, representing an increase of approximately 25% than that of 2009, according to the statistics issued by Ministry of Finance of China. The introduction of the first nationwide "Regulations of Administration of Lottery" in 2009 also specifies the regulatory framework for all aspects of the lottery operation, including lottery ticket issue, sales, prize, fund management and legal responsibility of misbehaviors in Mainland China. We strongly believe the issuance of the official regulatory framework will strengthen the market orders and improve the operating environment and our rights as service provider in the industry.

According to the PRC lottery statistics and past experience, the launching of new and remote, but regulated lottery sales platform like mobile online, as well as the launching of more high frequency, interactive and entertaining games will definitely be the future growth drivers of China lottery market. We believe that the Mobile Lottery Online which allows players to buy lottery or play interactive online games through their mobile handset is an ideal distribution network for China lottery market. Mobile lottery online is a new lottery distribution channel that we will continue to focus on. Given a huge size of lottery population and mobile phone subscribers in China, we are fully optimistic that our mobile lottery online recharging business will be the growth driver of our Company.

In addition to the mobile lottery online business, the Sports Betting (single match betting on football and basketball) business will also be a rising star for the China lottery market based on the fact that it has operations over the country and has the highest payout rate resulting of more attractive than other types of lotteries. As the World Cup 2010 is coming in June this year, it definitely will have a huge boost to the Group's Sports Betting Business. Furthermore, the third Sports Betting sales outlet run by TLT Services (Shanghai) Limited, a subsidiary of the Company is launched in Haikou at Hainan Province on 6 February 2010. According to the pronouncement "Guo Fa 44 [2009]" issued by the State Council on 4 January 2010, it gave permission to Hainan Province to explore and develop sports lotteries and instant sports lotteries on large international sports events. This signifies Hainan Province will be given more space than other parts of China to explore the lottery market. The Board believes that the launching of Sports Betting Sales outlet in Hainan provides a valuable opportunity and potential to further penetrate into China's lottery market.

To seek for more business opportunities, on 20 April 2010, TLT Lottotainment Technology Limited (the "TLT Technology"), a subsidiary of the Company and 北京中彩在線投資顧問有限公司 (Beijing ZhongCaiZaiXian Investment Consultant Company Limited*) (the "BJ Company"), a company established under the laws of PRC and an independent third party, entered into a memorandum of understanding ("Memorandum") pursuant to which TLT Technology and BJ Company will explore the opportunity to cooperate the development of internet and wireless value added service business in lottery market in the PRC.

The BJ Company is a high tech company which is engaged in the provision of internet value added service as well as the development of wireless VAS platform to lottery subscribers in the PRC. Pursuant to the Memorandum, both TLT Technology and BJ Company will further discuss and negotiate the terms of the proposed cooperation of which TLT Technology will provide funding and management services whereas BJ Company will provide technical support, VAS platform as well as the website domain for the proposed cooperation. Both parties will proceed to the negotiation for a legally binding formal agreement within 3 months upon the signing of the Memorandum (or such later date to be agreed by both parties).

The Board believes the entering of Memorandum is in the best interest of the Company and the shareholders as a whole as the internet and wireless value added service business segment is of a high growth potential within the PRC lottery market and could ensure the continuous development of the Company in the future.

* *for identification purpose only*

In light of the worsening financial position of the Group, the group is actively exploring the availability of alternative sources of external funding to strengthen the working capital position of the Group.

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

As at 31 March 2010, 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.

Name of Director	Capacity/nature of interests	Number of ordinary share(s) held	Number of underlying share(s) held	Approximate of aggregate percentage of the Company's issued share capital
Mr. Wong Wai Sing	Beneficial Owner	3,350,000	–	0.51%
	Interest of Corporation Controlled	68,000,000 (Note 1)	–	10.43%
Mr. Chan Kin Yip	Beneficial Owner	–	3,000,000 (Note 2)	0.46%
Mr. Cheng Wing Hong	Beneficial Owner	–	1,500,000 (Note 2)	0.23%
Mr. Sung Wai Tak, Herman	Beneficial Owner	–	500,000 (Note 2)	0.08%
Mr. Wong Lit Chor, Alexis	Beneficial Owner	–	500,000 (Note 2)	0.08%
Mr. Fung Wai Shing	Beneficial Owner	–	500,000 (Note 2)	0.08%

Notes:

1. These 68,000,000 Shares are held by Shiny Galaxy Enterprises Limited which is beneficially owned by Mr. Wong Wai Sing, an Executive Director of the Company. By virtue of Part XV of the SFO, Mr. Wong Wai Sing is deemed to be interested in these 68,000,000 Shares.
2. The share options of the Company have been granted to directors and employees on 29 June 2009 and outstanding as at 31 March 2010.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and 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 Model Code.

SHARE OPTION SCHEME

A share option scheme was adopted on 30 July 2001 and amended on 21 December 2008 by the shareholders of the Company 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 share option scheme).

Details of the movements in the share options granted to various Directors and employees of the Group and exercised during the three months ended 31 March 2010 under the share option scheme are as follows:

Name or category	Date of grant	Exercisable period	Subscription price per share of the Company	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 March 2010
Directors								
Mr. Chan Kin Yip	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	3,000,000	-	-	-	3,000,000
Mr. Cheng Wing Hong	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	1,500,000	-	-	-	1,500,000
Mr. Sung Wai Tak, Herman	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	500,000	-	-	-	500,000
Mr. Wong Lit Chor, Alexis	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	500,000	-	-	-	500,000
Mr. Fung Wai Shing	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	500,000	-	-	-	500,000
Other Employees								
	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	3,800,000	-	-	-	3,800,000
In aggregate				<u>9,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,800,000</u>

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the share option scheme referred to above, at no time during the three months ended 31 March 2010 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate and none of the Directors, or their spouses or children under the age of the 18, had any right to subscribe for the Shares in the Company, or had exercised any such rights.

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. The Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the three months ended 31 March 2010.

SUBSTANTIAL SHAREHOLDERS OF INTEREST IN SHARES

As at 31 March 2010, 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 and 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:

Name of Shareholder	Capacity and nature of interests	Number of ordinary Shares held	Percentage of the Company's issued share capital
Premier Capital Enterprises Limited <i>(Note 3)</i>	Beneficial Owner	60,200,000	9.23%
Mr. Zhang Wei Ting <i>(Note 3)</i>	Interest of Corporation Controlled	60,200,000	9.23%
Shiny Galaxy Enterprises Limited <i>(Note 4)</i>	Beneficial Owner	68,000,000	10.43%
Wu Hong <i>(Note 5)</i>	Beneficial Owner	50,000,000	7.67%
	Interest of Corporation Controlled	25,000,000	3.83%

Notes:

3. These shares are owned by Premier Capital Enterprises Limited, a company wholly owned by Mr. Zhang Wei Ting. Mr. Zhang is deemed to be interested in 60,200,000 shares pursuant to Part XV of the SFO.
4. The 68,000,000 Shares consist of convertible bonds which can be converted into 3,500,000 shares of the Company.
5. The 25,000,000 Shares are owned by Wonderful Source Limited, a company wholly owned by Mr. Wu Hong, Mr. Wu is deemed to be interested in 25,000,000 shares pursuant to Part XV of the SFO.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 31 March 2010, the Directors or chief executives of the Company were not aware of any party who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the three months ended 31 March 2010.

COMPETING INTERESTS

As at 31 March 2010, 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.

COMPLIANCE ADVISER'S INTERESTS

Pursuant to the agreement dated 26 June 2008 entered into between the Company and GF Capital (Hong Kong) Limited ("GF Capital"), GF Capital has received a fee for acting as the Company's compliance adviser commenced on 30 June 2008, the date on which the trading in shares of the Company were resumed, and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing from the date of the appointment of compliance adviser.

Neither GF Capital nor its director or employees or associates had any interests in the securities of the Company, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company as at 31 March 2010.

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 are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprised three independent non-executive Directors of the Company, namely Mr. Sung Wai Tak, Herman, Mr. Fung Wai Shing (Chairman) and Mr. Wong Lit Chor, Alexis.

The audit committee has reviewed the accounting principles and practices adopted by the Group with the management of the Company and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated financial statements for the three months ended 31 March 2010.

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

Hong Kong, 11 May 2010

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

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>.