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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)

CONTINUING CONNECTED TRANSACTIONS

The Company announces that on 11 February 2011, Fountain City (a 51% owned subsidiary of the Company) entered into (i) the First Tenancy Agreement with Ms. Cordero for the leasing of Premises 1 as described below for a term of 2 years from 1 March 2011 up to and including 28 February 2013; (ii) the Second Tenancy Agreement with True Regent for the leasing of Premises 2 as described below for a term of 2 years from 1 March 2011 up to and including 28 February 2013; and (iii) the Equipment Rental Agreement with True Regent for the leasing of certain audio and video equipment and instruments for a term of 2 years from 1 March 2011 up to and including 28 February 2013.

True Regent is a company principally engaged in entertainment business and its entire issued share capital is wholly and beneficially owned by Ms. Cordero and her spouse. Ms. Cordero is the chairman, chief executive officer and a director of Fountain City. Ms. Cordero is also beneficially interested in 50% of the issued share capital of Diwang Limited which is the remaining 49% shareholder of Fountain City. Accordingly, Ms. Cordero and True Regent are connected persons of the Company under the GEM Listing Rules. The transactions contemplated under the Tenancy Agreements and the Equipment Rental Agreement therefore constitute continuing connected transactions for the Company under the GEM Listing Rules and shall be aggregated together for the purpose of classification in accordance with Rule 20.25 of the GEM Listing Rules.

Based on the monthly rent under the Tenancy Agreements and the Equipment Rental Agreement, the annual caps on the aggregate rent payable under the Tenancy Agreements and the Equipment Rental Agreement are set at HK\$2,000,000, HK\$2,500,000 and HK\$2,500,000 for each of the three financial years of the Company ending 31 December 2011, 31 December 2012 and 31 December 2013 respectively. As the applicable percentage ratios (other than the profits ratio) of the Caps, in aggregate, for the Tenancy Agreements and the Equipment Rental Agreement are less than 25% (but more than 5%) and the Caps are more than HK\$1,000,000 (but less than HK\$10,000,000), the Tenancy CCTs and together with the Equipment CCTs are subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under the GEM Listing Rules. Details of the Tenancy CCTs and the Equipment CCTs will also be disclosed in the published annual report of the Company for the year ending 31 December 2011.

THE TENANCY AGREEMENTS AND EQUIPMENT RENTAL AGREEMENT

Principal terms

The Company announces that on 11 February 2011, Fountain City (a 51% owned subsidiary of the Company) entered into the First Tenancy Agreement, the Second Tenancy Agreement and the Equipment Rental Agreement, the principal terms of which are set out as follows:

	The First Tenancy Agreement	The Second Tenancy Agreement	The Equipment Rental Agreement
Parties	(i) Ms. Cordero, as the landlord; and (ii) Fountain City, a non-wholly owned subsidiary of the Company, as the tenant	(i) True Regent, as the landlord; and (ii) Fountain City, a non-wholly owned subsidiary of the Company, as the tenant	(i) True Regent, as the lessor; and (ii) Fountain City, a non-wholly owned subsidiary of the Company, as the lessee
Premises/ Subject	Unit 2, 11th floor, Wah Luen Industrial Centre, Nos 15-21 Wong Chuk Yeung Street, Shatin, New Territories, Hong Kong, the gross floor area of which is approximately 1,199 square feet	Units 20, 21, 22, 23, 24, 25 and 26, 11th floor, Wah Luen Industrial Centre, Nos 15-21 Wong Chuk Yeung Street, Shatin, New Territories, Hong Kong, the aggregated gross floor area of which is approximately 8,049 square feet	the audio and video equipment and instruments including, music instruments, signal processors and effects, speakers and headphones, cameras and lens and recording systems

	The First Tenancy Agreement	The Second Tenancy Agreement	The Equipment Rental Agreement
Term	2 years commencing from 1 March 2011 and expiring on 28 February 2013 (both dates inclusive)	2 years commencing from 1 March 2011 and expiring on 28 February 2013 (both dates inclusive)	2 years commencing from 1 March 2011 and expiring on 28 February 2013 (both dates inclusive)
Rent	HK\$13,500 per month, exclusive of rates and government rent, payable on the 1st day of each and every calendar month, representing an annual rental of HK\$162,000	HK\$90,600 per month, exclusive of rates and government rent, payable on the 1st day of each and every calendar month, representing an annual rental of HK\$1,087,200	HK\$92,000 per month, payable on the 1st day of each and every calendar month, representing an annual rental of HK\$1,104,000
Deposit	HK\$13,500	HK\$90,600	Nil

True Regent is a company principally engaged in entertainment business and its entire issued share capital is wholly and beneficially owned by Ms. Cordero and her spouse. Ms. Cordero is the chairman, chief executive officer and a director of Fountain City. Ms. Cordero is also beneficially interested in 50% of the issued share capital of Diwang Limited which is the remaining 49% shareholder of Fountain City. Accordingly, Ms. Cordero and True Regent are connected persons of the Company under the GEM Listing Rules.

Basis of determining the rent and the annual caps

The terms of the Tenancy Agreements and the Equipment Rental Agreement were arrived at after arm's length negotiations between Fountain City and the relevant landlords and lessor. The monthly rent of HK\$13,500 under the First Tenancy Agreement represents a rent per square feet of approximately HK\$11.3 and the monthly rent of HK\$90,600 under the Second Tenancy Agreement represents a rent per square feet of approximately HK\$11.3. The monthly rent of HK\$92,000 under the Equipment Rental Agreement is determined between Fountain City and True Regent after arm's length negotiations. In the opinion of the Valuer, an independent valuer, each of (i) the monthly rental of HK\$13,500 in respect of an area totalling 1,199 square feet under the First Tenancy Agreement; (ii) the monthly rental of HK\$90,600 in respect of an area totalling 8,049 square feet under the Second Tenancy Agreement; and (iii) the monthly rental of HK\$92,000 of the Equipment under the Equipment Rental Agreement is market rent and is fair and reasonable.

The Group acquired 51% of the equity interest in Fountain City in October 2010, which, together with its subsidiaries, is principally engaged in business of entertainment programme production, events organization, television-series production and operation of an artist training school in the region of Macau and Southeast Asia. Prior to the entering into of the Tenancy Agreements and the Equipment Rental Agreement, Fountain City and its subsidiaries have been using the Premises and the Equipment for the filming of television programme. The Tenancy Agreements and the Equipment Rental Agreement are entered into to reflect the commercial value of the utilisation of the Premises and the Equipment for the operation of the entertainment business of the Group.

In light of the aforesaid, the Board (including the independent non-executive Directors) considers that the Tenancy CCTs and the Equipment CCTs are on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms of the Tenancy CCTs and the Equipment CCTs are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole. Mr. Lai Chun Hung, an executive Director, indirectly holds 2.5% issued share capital of Diwang Limited which is the 49% shareholder of Fountain City. As such, Mr. Lai Chun Hung is considered to have an interest in the subject transactions and he has not attended or voted on the subject transactions at the board meeting of the Company.

GENERAL

The Company is principally engaged in the provision of lottery-based mobile online game recharge service, internet e-gaming, rendering of travel agent services, entertainment programme production, events organization, tv-series production and operation of an artist training school in the region of Macau and Southeast Asia.

Based on the monthly rent under the Tenancy Agreements and the Equipment Rental Agreement, the annual caps on the aggregate rent payable under the Tenancy Agreements and the Equipment Rental Agreement are set at HK\$2,000,000, HK\$2,500,000 and HK\$2,500,000 for each of the three financial years of the Company ending 31 December 2011, 31 December 2012 and 31 December 2013 respectively. As the applicable percentage ratios (other than the profits ratio) of the Caps, in aggregate, for the Tenancy Agreements and the Equipment Rental Agreement are less than 25% (but more than 5%) and the Caps are more than HK\$1,000,000 (but less than HK\$10,000,000), the Tenancy CCTs and together with the Equipment CCTs are subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under the GEM Listing Rules. Details of the Tenancy CCTs and the Equipment CCTs will also be disclosed in the published annual report of the Company for the year ending 31 December 2011.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Caps”	the annual caps for the continuing connected transactions under the Tenancy CCTs and the Equipment CCTs
“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 to it under the GEM Listing Rules
“Directors”	directors of the Company

“Equipment”	the equipment including, but not limited to, music instruments, signal processors and effects, speakers and headphones, cameras and lens and recording systems as stipulated under the Equipment Rental Agreement
“Equipment CCTs”	the continuing connected transactions between Fountain City and True Regent under the terms of the Equipment Agreement
“Equipment Rental Agreement”	the lease agreement dated 11 February 2011 and entered into between Fountain City and True Regent in respect of a 2-year lease contract at a monthly rental of HK\$92,000 for the rental of the Equipment
“First Tenancy Agreement”	the lease agreement dated 11 February 2011 and entered into between Fountain City and Ms. Cordero in respect of a 2-year lease contract at a monthly rental of HK\$13,500 for the rental of the Premises 1
“Fountain City”	Fountain City Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the 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
“Ms. Cordero”	Ms. Bibi Mariam Maria Cordero
“Premises”	Premises 1 and Premises 2
“Premises 1”	Unit 2, 11th floor, Wah Luen Industrial Centre, Nos 15-21 Wong Chuk Yeung Street, Shatin, New Territories, Hong Kong
“Premises 2”	Unit 20, 21, 22, 23, 24, 25 and 26, 11th floor, Wah Luen Industrial Centre, Nos 15-21 Wong Chuk Yeung Street, Shatin, New Territories, Hong Kong
“Second Tenancy Agreement”	the lease agreement dated 11 February 2011 and entered into between Fountain City and the True Regent in respect of a 2-year lease contract at a monthly rental of HK\$90,600 for the rental of Premises 2

“Shareholder(s)”	holder(s) of the issued shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the First Tenancy Agreement and the Second Tenancy Agreement
“Tenancy CCTs”	the continuing connected transactions under the terms of the Tenancy Agreements
“True Regent”	True Regent International Limited, a company incorporated in Hong Kong with limited liability
“Valuer”	Roma Appraisals Limited, an independent property valuer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 11 February 2011

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement or this announcement misleading.

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