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If you have sold or transferred all your shares in TLT Lottotainment Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**CONNECTED TRANSACTION
IN RESPECT OF THE
PROPOSED RESTRUCTURING OF THE
EXISTING PROMISSORY NOTE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

ASIA VEST PARTNERS

AsiaVest Partners Limited

The notice convening the extraordinary general meeting (“EGM”) of the Company to be held at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong on 23 March 2011 at 10:00 a.m. is set out on pages 32 to 33 of this circular. Shareholders of the Company are advised to read the notice and to complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon.

A form of proxy for the EGM is enclosed with this circular. Whether you are able to attend or not, please complete and return the enclosed form of proxy to the share registrar of the Company, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person.

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

7 March 2011

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM")
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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

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

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Agreement”	the agreement dated 15 February 2011 entered into between the Company and the PN Holder in respect of the Proposed PN Restructuring
“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday or a Sunday, on which banks in Hong Kong are open for business throughout their normal business hours
“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)
“Completion”	completion of the Proposed PN Restructuring pursuant to the terms of the Agreement
“Completion Date”	the day on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Shares”	the Shares falling to be issued by the Company upon the exercise of the conversion right attaching to the Convertible Note by the holder thereof pursuant to the terms and conditions of the Convertible Note
“Convertible Note”	the HK\$60,000,000 zero coupon convertible note in registered form to be issued to the PN Holder pursuant to the terms of the Agreement
“Directors”	directors of the Company
“Early Repayment Amount”	part of the outstanding principal amount of the Existing Promissory Note in the sum of HK\$61,855,670 which will be early repaid by the Company by way of issue of the Convertible Note

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve the Agreement and the transactions contemplated thereunder (including the issue of the Convertible Note and the New Promissory Note and the issue and allotment of the Conversion Shares)
“Existing Promissory Note”	the zero coupon promissory note dated 3 December 2010 issued by the Company in favour of the PN Holder in the aggregate amount of HK\$183,541,942 due and repayable on 8 January 2012
“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 People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors namely, Mr. Sung Wai Tak, Herman, Mr. Wong Lit Chor, Alexis and Mr. Fung Wai Shing to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “AsiaVest”	AsiaVest Partners Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the PN Holder and its associates
“Last Trading Day”	15 February 2011, being the date of the Agreement
“Latest Practicable Date”	4 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“New Promissory Note”	the new zero coupon promissory note to be issued by the Company to the PN Holder pursuant to the terms of and conditions of the Agreement
“PN Holder”	Premier Capital Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and the holder of the Existing Promissory Note, which is beneficially wholly-owned by Mr. Lam Ho Laam
“Proposed PN Restructuring”	the proposed restructuring of the Existing Promissory Note (including (i) an early repayment of a principal amount of HK\$61,855,670 outstanding under the Existing Promissory Note by issuing the Convertible Note; and (ii) settling the remaining principal amount outstanding under the Existing Promissory Note by issuing the New Promissory Note to extend the maturity date to 8 January 2013) in accordance with the terms of the Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WIHL”	Wisdom In Holdings Limited, a company incorporated in the British Virgin Island with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

Executive Directors:

Mr. Wong Wai Sing (*Chairman*)
Mr. Cheung Man Yau, Timothy (*Chief Executive Officer*)
Mr. Chan Kin Yip
Mr. Lai Chun Hung

Registered Office:

Room A, 9th Floor
Fortis Tower
77-79 Gloucester Road
Wanchai
Hong Kong

Independent Non-Executive Directors:

Mr. Fung Wai Shing
Mr. Sung Wai Tak, Herman
Mr. Wong Lit Chor, Alexis

7 March 2011

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RESPECT OF THE
PROPOSED RESTRUCTURING OF THE
EXISTING PROMISSORY NOTE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 15 February 2011, the Board announced that the Company entered into the Agreement with the PN Holder to restructure the Existing Promissory Note pursuant to which the Company and the PN Holder conditionally agreed that (i) a principal amount of HK\$61,855,670 outstanding under the Existing Promissory Note shall be early repaid by the Company by way of issue of the Convertible Note in an aggregate principal amount of HK\$60,000,000 to the PN Holder; and (ii) the remaining principal amount outstanding under the Existing Promissory Note shall be settled by the Company issuing the New Promissory Note to the PN Holder having the same terms and conditions of the Existing Promissory Note other than (a) the principal amount shall be the difference of the outstanding principal amount of the Existing Promissory Note immediately prior to Completion and the Early Repayment Amount and (b) the maturity date shall be 8 January 2013 instead of 8 January 2012.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information in respect of (i) the Agreement; and (ii) the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the terms of the Agreement and the Proposed PN Restructuring as contemplated thereunder; (iii) the letter from the Independent Financial Adviser setting out its advice to the Independent Board Committee and Independent Shareholders in respect of the terms of the Agreement and the Proposed PN Restructuring as contemplated thereunder; and (iv) to give you the notice of EGM.

THE AGREEMENT

Date of the Agreement

15 February 2011

Parties to the Agreement

- (1) The Company
- (2) The PN Holder

The PN Holder is (to the best of the Directors' knowledge, information and belief having made all reasonable enquiries) an investment holding company, which is wholly and beneficially owned by Mr. Lam Ho Laam who does not have any directorship in the Company and its subsidiaries. The PN Holder is a substantial shareholder holding 35% of the issued share capital of WIHL which is a non-wholly owned subsidiary of the Company. The PN Holder is therefore a connected person of the Company. Save for the aforesaid relationship, the PN Holder and Mr. Lam Ho Laam do not have any relationship with the Company's connected persons and Mr. Zhang Weiting ("Mr. Zhang") (the former holder of the Existing Promissory Note).

Subject of the Agreement

The Company and the PN Holder conditionally agreed to restructure the Existing Promissory Note such that (i) a principal amount of HK\$61,855,670 outstanding under the Existing Promissory Note shall be early repaid by the Company by way of issue of the Convertible Note in an aggregate principal amount of HK\$60,000,000 to the PN Holder; and (ii) the remaining principal amount outstanding under the Existing Promissory Note shall be settled by the Company issuing the New Promissory Note to the PN Holder. The New Promissory Note will have the same terms and conditions of the Existing Promissory Note other than (a) the principal amount shall be the difference of the outstanding principal amount of the Existing Promissory Note immediately prior to Completion and the Early Repayment Amount and (b) the maturity date shall be 8 January 2013 instead of 8 January 2012. The principal terms of the Convertible Note and the New Promissory Note are set out in the sections headed "Principal terms of the Convertible Note" and "Principal terms of the New Promissory Note" respectively below.

LETTER FROM THE BOARD

The subscription price for the Convertible Note of HK\$61,855,670 (being an amount equal to the Early Repayment Amount) shall be deemed to be satisfied by the PN Holder when it delivers the Existing Promissory Note to the Company for cancellation at Completion.

The principal amount of the Convertible Note of HK\$60,000,000 represents a discount of 3% to the Early Repayment Amount which is determined in accordance with the early repayment terms of the Existing Promissory Note.

Conditions precedent

The Agreement is conditional upon and subject to the following conditions:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;
- (b) the Shareholders who are permitted to vote on the relevant resolution having passed a resolution to approve the Agreement and the transactions contemplated thereunder, the issue of the New Promissory Note, the creation of the Convertible Note and the issue and allotment of the Conversion Shares upon the exercise of the conversion right attaching to the Convertible Note; and
- (c) the representations, warranties and undertakings of the Company given under the Agreement being true, accurate and correct as at the date of the Agreement and the Completion Date.

Save for condition (c) shall be capable of being waived in whole or in part by the PN Holder, all of the conditions above are not capable of being waived by the parties to the Agreement. If the above conditions are not fulfilled (or waived, as the case may be) on or before 30 April 2011 (or such other date as the parties may agree in writing), the Agreement shall terminate and the respective obligations of the parties under the Agreement shall forthwith cease and terminate and none of the Company or the PN Holder shall have any claim against the other of them.

Completion

Completion will take place on the Completion Date, being the third Business Day after the date on which all the conditions precedent above are fulfilled or waived, as the case may be (or such other day as the parties to the Agreement may agree in writing).

Upon Completion, the Existing Promissory Note will be delivered to the Company for cancellation and in return, the Company will issue the Convertible Note and the New Promissory Note in favour of the PN Holder.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note to be issued by the Company are as follows:

Issuer:	The Company
Principal amount:	HK\$60,000,000
Maturity date:	The date falling on the second anniversary of the date of the issue of the Convertible Note
Interest:	Non-interest bearing
Initial conversion price:	HK\$0.28 which may be subject to adjustments upon the occurrence of subdivision or consolidation or reclassification of Shares, capitalization of profits or reserves, rights issues and grant of options, warrants or other rights to Shareholders to subscribe for or purchase Shares
Conversion Shares:	214,285,714 Shares based on the initial conversion price of HK\$0.28 per Share (subject to adjustment)
Transferability:	The Convertible Note is freely transferable with the Company's prior written consent prior to the maturity date except that any transfer of the Convertible Note to any connected person of the Company shall be subject to the requirements (if any) that the Stock Exchange may impose from time to time and the holder of the Convertible Note may not require the registration of any transfer of the Convertible Note during the period of 10 days prior to (and including) the maturity date
Conversion period:	The period commencing from the date of issue of the Convertible Note and up to 4:00 p.m. on the maturity date (both dates inclusive)

LETTER FROM THE BOARD

- Conversion:** A holder of the Convertible Note shall have the right on any business day during the conversion period to convert the whole or part of the principal amount of the Convertible Note in amounts of not less than a whole multiple of HK\$1,000,000, save that if at any time the outstanding principal amount of the Convertible Note is less than HK\$1,000,000, or if the holder of the Convertible Note intends to exercise the conversion rights attached to the entire principal amount of the Convertible Note, the holder of the Convertible Note may convert the whole (but not part only) of such outstanding principal amount, provided that no Convertible Note may be converted, to the extent that following such exercise, the holder of the Convertible Note and parties acting in concert with it (has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong), taken together, will directly or indirectly, control or be interested in 5% or more of the entire issued share capital of the Company
- Redemption:** Unless previously converted or redeemed, or purchased and cancelled, the Convertible Note shall be redeemed by the Company on the maturity date at its principal amount outstanding
- At any time prior to the maturity date, the Company may cancel and redeem at its sole discretion such amount outstanding under the Convertible Note at the principal amount of such outstanding amount
- Purchases:** The Company or any of its subsidiaries may at any time and from time to time purchase the Convertible Note at any price as agreed between the Company or such subsidiary and the holder of the Convertible Note
- Security:** The Convertible Note is unsecured
- Listing:** No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange

LETTER FROM THE BOARD

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Note

Ranking:

The obligations of the Company arising under the Convertible Note constitute general, unconditional, unsecured and unsubordinated obligations of the Company, and rank and shall rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws

The Conversion Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Note will, when issued, rank pari passu in all respects with all other Shares then in issue

Voting rights:

The holder of the Convertible Note will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder of the Convertible Note

Assuming the conversion in full of the conversion rights attaching to the Convertible Note by the holder thereof at the initial conversion price of HK\$0.28 per Share, there will be a total of 214,285,714 Conversion Shares falling to be allotted and issued by the Company and such Conversion Shares represent (i) approximately 22.5% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 18.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. The Conversion Shares will be issued under a specific mandate proposed to be obtained at the EGM.

The expenses of the Company in connection with the implementation of the Agreement are estimated to be approximately HK\$0.6 million. The net price of the issue of the Convertible Note is HK\$61,255,670.

Conversion price

The initial conversion price of HK\$0.28 was agreed between the Company and the PN Holder with reference to the recent market price of the Shares and the terms of the Convertible Note, and represents:

- (i) a premium of approximately 16.67% over the closing price of HK\$0.2400 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (ii) a premium of approximately 12.36% over the average closing price of HK\$0.2492 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Day;
- (iii) a premium of approximately 9.98% over the average closing price of HK\$0.2546 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to and including the Last Trading Day;
- (iv) a premium of approximately 1.38% over the average closing price of HK\$0.2762 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days prior to and including the Last Trading Day; and
- (v) a premium of approximately 12.90% over the closing price of HK\$0.2480 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the above, the Directors consider the Conversion Price is fair and reasonable.

PRINCIPAL TERMS OF THE NEW PROMISSORY NOTE

The principal terms of the New Promissory Note are summarised as follows:

Issuer:	The Company
Principal amount:	Being the difference of the outstanding principal amount of the Existing Promissory Note immediately prior to Completion and the Early Repayment Amount, which is estimated to be HK\$121,686,272
Maturity:	8 January 2013
Interest rate:	Interest-free
Security:	Unsecured
Repayment:	At the sole discretion of the Company, the principal amount of the New Promissory Note may be repaid before the maturity date of the New Promissory Note at a 3% discount. Otherwise, payment of principal of the New Promissory Note shall be made in full upon the maturity date

LETTER FROM THE BOARD

REASONS FOR THE PROPOSED PN RESTRUCTURING

The Company first issued certain 3-year promissory notes in an aggregate principal amount of HK\$183,541,942 in January 2009 to Mr. Zhang Weiting (“**Mr. Zhang**”) as part of the settlement of the consideration for the acquisition of 65% of the issued share capital of WIHL, the details of the completion of the acquisition and downward adjustment of the acquisition consideration were set out in the announcements of the Company dated 8 January 2009 and 22 March 2010, respectively. According to the Existing Promissory Note and to the best knowledge of the Company, Mr. Zhang transferred to the PN Holder the outstanding principal amount of the promissory note on 3 December 2010 and his remaining holding of the 35% issued share capital of WIHL on 9 December 2010 respectively. As a result, the PN Holder became the holder of the Existing Promissory Note.

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. As announced by the Company on 16 February 2011 and 22 February 2011, it proposed to acquire a company which subsidiary’s business will be organisation, production and management of stage drama worldwide (excluding Japan) including the performance of a famous Chinese novel called “Born to be Hero” (天龍八部) under a non-exclusive licence for a period until 31 December 2015.

According to the interim report of the Company for the six months ended 30 June 2010, as at 30 June 2010, the Group had an unaudited net deficit position of approximately HK\$68.4 million and an unaudited net current liabilities position of approximately HK\$6.8 million. Also, the Group has been in a loss position for the past few years. Given the Existing Promissory Note will be due in less than one year on 8 January 2012 and the present financial position of the Company, the Company has been considering various alternatives to fulfill the repayment obligations of the Existing Promissory Note including the possibilities of raising new capital from equity market such as open offer, rights issue and/or placing. However, the Company envisages that it would be difficult for it to procure an underwriter and/or to identify placees for raising such large sum for the purpose of repaying the Existing Promissory Note. Moreover, in view of the Company’s present financial position, the Company considers that it would not be viable to secure new bank financing and even if it could, the Company would have to bear considerably high finance cost. Taking into consideration of the above, the Company has discussed and negotiated with the PN Holder on the Proposed PN Restructuring and the Agreement was entered into to this end.

As at the Latest Practicable Date, the Company had 954,424,242 Shares in issue. Assuming 214,285,714 Conversion Shares are fully converted based on the initial conversion price of the Convertible Note, the shareholding interest of the existing Shareholders will be diluted. However, the capital base of the Group will be strengthened if the PN Holder chooses to convert the Convertible Note.

LETTER FROM THE BOARD

Having considered that the Existing Promissory Note will be repaid by the issue of the Convertible Note at a 3% discount and the New Promissory Note, and each of the due date of the New Promissory Note and the maturity date of the Convertible Note will fall on after another year from the original due date of the Existing Promissory Note, the Company considers that the Proposed PN Restructuring would reduce the short-term financial burden and strengthen the financial position of the Company. Based on the aforesaid, the Directors consider the Proposed PN Restructuring is in the interest of the Company and the Independent Shareholders as a whole despite the potential dilution effect on the shareholding of the Company. Effects of the Proposed PN Restructuring on shareholding structure of the Company have been disclosed in the section headed “Shareholding structure of the Company” below.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, none of the Directors has a material interest in the Agreement and the transactions contemplated thereunder or has abstained from voting on the Board resolution for considering and approving the same.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and immediately after Completion; (ii) upon full conversion of the convertible rights attaching to the Convertible Note; and (iii) upon full conversion of the convertible rights attaching to the Convertible Note and issue and allotment of 145,283,018 consideration shares, assuming there being no other change to the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date and immediately after Completion		Upon full exercise of conversion rights attaching to the Convertible Note (Note 3)		Upon full exercise of conversion rights attaching to the Convertible Note and issue and allotment of 145,283,018 consideration shares (Note 4)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr. Luk Wing Kwong, Quintin Shiny Galaxy Enterprises Limited (Note 1)	107,306,000	11.24	107,306,000	9.18	107,306,000	8.17
Mr. Chan Kin Yip (Note 2) PN Holder	350,000	0.04	350,000	0.03	350,000	0.03
	1,000,000	0.10	1,000,000	0.09	1,000,000	0.08
	3,796,000	0.40	218,081,714	18.66	218,081,714	16.59
Subtotal	112,452,000	11.78	326,737,714	27.96	326,737,714	24.87
Public						
Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo (Note 4)	-	-	-	-	145,283,018	11.05
Other public Shareholders	841,972,242	88.22	841,972,242	72.04	841,972,242	64.08
Subtotal	841,972,242	88.22	841,972,242	72.04	987,255,260	75.13
Total	954,424,242	100.00	1,168,709,956	100.00	1,313,992,974	100.00

LETTER FROM THE BOARD

Notes:

1. Shiny Galaxy Enterprises Limited is beneficially owned as to 100% by Mr. Wong Wai Sing, the chairman and executive Director.
2. Mr. Chan Kin Yip is an executive Director.
3. The figures are provided for illustration purposes only. The terms of the Convertible Note provide that no Convertible Note may be converted, to the extent that following such exercise, the holder of the Convertible Note and parties acting in concert with it (has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong), taken together, will directly or indirectly, control or be interested in 5% or more of the entire issued share capital of the Company.
4. The figures are provided for illustration purposes only. For details, please refer to the announcements of the Company dated 16 February 2011 and 22 February 2011 relating to an acquisition by the Company involving the issue of 145,283,018 new shares to satisfy part of the consideration of the acquisition.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE LATEST PRACTICABLE DATE

The following are the details of the fund raising activities of the Company in the past 12 months immediately preceding the Latest Practicable Date set out in chronological order:

1. Top-up placing of 66,000,000 Shares issued on 20 September 2010

Amount of funds raised

On 20 September 2010, the Company issued 66,000,000 Shares by way of top-up placing at price of HK\$0.30 each to not less than six places and net proceeds of about HK\$19.2 million were raised.

Intended use of the proceeds

The intended use of the proceeds was for working capital purpose of the Group.

Actual use of the proceeds

As at the Latest Practicable Date, funds of around HK\$3.2 million and HK\$1 million out of the proceeds were respectively used as payment of operating expenses (including salaries, professional fees and others) and repayment of other borrowing[#]. Funds of around HK\$15 million were used for acquisition of 51% equity interest in Fountain City Holdings Limited, which details were disclosed in the announcement of the Company dated 26 October 2010. As the Directors considered the aforesaid acquisition provided a golden opportunity for the Group to penetrate into the entertainment industry of Macau which is considered to be a blooming industry in the coming few years, the Directors proposed the change in use of proceeds.

LETTER FROM THE BOARD

2. Top-up placing of 94,000,000 Shares on 6 January 2011

Amount of funds raised

On 6 January 2011, the Company issued 94,000,000 Shares by way of top-up placing at price of HK\$0.32 each to not less than six places and net proceeds of about HK\$29.5 million were raised.

Intended use of the proceeds

The intended use of the proceeds was for financing possible future investments which may include acquisition of up to 30% issued share capital of Galaxy Mount International Limited as announced by the Company on 16 December 2010, should such transaction is consummated, repayment of bank and other borrowings and/or for general working capital purposes of the Group.

Actual use of the proceeds

As at the Latest Practicable Date, funds of around HK\$12.5 million and HK\$2.5 million out of the net proceeds were used respectively as refundable deposit and earnest money for possible acquisition of up to 30% issued share capital of Galaxy Mount International Limited and not less than 20% issued share capital of a company which engaged in the organisation, production and management of stage drama in Mainland China and Asian region, details of which were announced by the Company on 16 December 2010, 6 January 2011 and 10 January 2011. Furthermore, funds of approximately HK\$11.6 million and HK\$2.9 million have been respectively used for repayment of other borrowings[#] and payment of operating expenses (including salaries, professional fees and others) of the Group respectively.

#Repayment of other borrowing referred to the directors' loans advanced to the Company for general working capital purpose in the past few years. The loans were unsecured and interest free. No specific maturity date is entered into between the Company and the Directors as the Directors intends to provide more flexibility to the Company. Although there is no fixed repayment date, it is expected that when the Group has sufficient working capital, the Group may repay the loans. As the top up placings in September 2010 and January 2011 have greatly improved the cashflow of the Group, the Board considers that the repayment of the Directors' loans is also a measure taken in improving the gearing ratio of the Group and is beneficial to the Group and the Company's shareholders as a whole.

3. Top-up placing of 64,000,000 Shares on 25 January 2011

Amount of funds raised

On 25 January 2011, the Company issued 64,000,000 Shares by way of top-up placing at price of HK\$0.295 each to not less than six places and net proceeds of about HK\$18.22 million were raised.

LETTER FROM THE BOARD

Intended use of the proceeds

The intended use of the proceeds was for financing possible future investments which may include acquisition of up to 30% issued share capital of Galaxy Mount International Limited or acquisition of not less than 20% issued share capital of a company engaged in the organization, production or management of stage drama in Mainland China and Asian region as announced by the Company on 16 December 2010, 6 January 2011, 10 January 2011 and 26 January 2011 respectively, should such transaction are consummated, for repayment of bank and other borrowings and/or for general working capital purposes of the Group.

Actual use of the proceeds

As at the Latest Practicable Date, funds of around HK\$13.5 million out of the net proceeds were used as refundable second deposit for possible acquisition of up to 30% issued share capital of Galaxy Mount International Limited, detail of which was announced by the Company on 26 January 2011. The remaining balance has been deposited in bank and not yet been utilized. The remaining balance will be applied for the Group's general working capital purpose.

Save as disclosed above, the Company has not conducted any fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

GEM LISTING RULES IMPLICATION

The PN Holder is a substantial shareholder holding 35% of the issued share capital of WIHL, a non-wholly owned subsidiary of the Company. The Proposed PN Restructuring (including the issue of the Convertible Note and the issue of the New Promissory Note to the PN Holder) therefore constitutes a connected transaction for the Company under the GEM Listing Rules. As the applicable percentage ratios (as defined under the GEM Listing Rules and other than the profit ratio) in respect of the Proposed PN Restructuring are 25% or more, the Proposed PN Restructuring (including the issue of the Convertible Note, the New Promissory Note and the Conversion Shares under the specific mandate) is therefore subject to Independent Shareholders' approval requirement under the GEM Listing Rules.

The EGM will be held to consider and, if thought fit, approve the ordinary resolution in respect of the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the PN Holder held 3,796,000 Shares (which represent approximately 0.4% of the existing issued share capital of the Company) as at the Latest Practicable Date, the PN Holder and its associates will abstain from voting at the EGM to approve the Agreement and the transactions contemplated thereunder.

EGM

Set out on pages 32 to 33 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the ordinary resolutions relating to the Agreement.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the form of proxy and return it to the Company's share registrar, Hong Kong Registrars Limited, Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 17.47 of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for the resolution put to vote at the EGM.

RECOMMENDATION

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Sung Wai Tak, Herman, Mr. Wong Lit Chor, Alexis and Mr. Fung Wai Shing has been established to advise the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable and whether the Proposed PN Restructuring is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on whether they should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder, taking into account the recommendation of the Independent Financial Adviser. AsiaVest has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. You are advised to read these letters carefully before making your voting decision.

The Board (excluding the independent non-executive Directors whose opinion is set out in the letter from the Independent Board Committee in this circular), having considered the reasons for the Proposed PN Restructuring, and the Independent Board Committee, having taken into account the advice of AsiaVest, consider that the terms of the Agreement and the Proposed PN Restructuring (including the issue of the Convertible Note, the New Promissory Note and the Conversion Shares under specific mandate) are fair and reasonable so far as the Independent Shareholders are concerned, and the Proposed PN Restructuring (including the issue of the Convertible Note, the New Promissory Note and the Conversion Shares under the specific mandate) is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of such resolution at the EGM approving the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the appendix to this circular.

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



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

7 March 2011

To the Independent Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTION
IN RESPECT OF THE
PROPOSED RESTRUCTURING OF THE
EXISTING PROMISSORY NOTE**

We refer to the circular issued by the Company to the Shareholders dated 7 March 2011 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the Proposed PN Restructuring is in the interests of the Company and its Shareholders as a whole.

AsiaVest Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect thereof. We wish to draw your attention to the "Letter from the Board" and the "Letter from AsiaVest" set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser set out in its letter of advice, we consider that the terms of the Agreement and the Proposed PN Restructuring (including the issue of the Convertible Note, the New Promissory Note and the Conversion Shares under specific mandate) are fair and reasonable so far as the Independent Shareholders are concerned and are in interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully

Independent Board Committee

Mr. Sung Wai Tak, Herman Mr. Wong Lit Chor, Alexis

Independent non-executive Directors

Mr. Fung Wai Shing

LETTER FROM ASIAVEST

The following is the text of a letter of advice from AsiaVest to the Independent Board Committee and the Independent Shareholders in respect of the Proposed PN Restructuring, and is prepared for inclusion in this circular.

ASIA VEST PARTNERS

AsiaVest Partners Limited

AsiaVest Partners Limited
2605 Universal Trade Centre
3 Arbuthnot Road
Central, Hong Kong

7 March 2011

*The Independent Board Committee and
the Independent Shareholders*

TLT Lottotainment Group Limited

Room A, 9th Floor, Fortis Tower
77-79 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION PROPOSED RESTRUCTURING OF THE EXISTING PROMISSORY NOTE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the Proposed PN Restructuring, details of which are set out in the circular of the Company dated 7 March 2011 (“Circular”), of which this letter forms a part. We have been retained by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Proposed PN Restructuring is in the interests of the Company and its Shareholders as a whole, and to advise Independent Shareholders on whether they should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. Unless the context otherwise requires, capitalised terms used in this letter have the same meanings as those defined in the Circular.

The EGM will be held to consider and, if thought fit, approve the ordinary resolution in respect of the Agreement and the transactions contemplated thereunder. As advised by the Company, the PN Holder was holding 3,796,000 Shares (which represent approximately 0.4% of the existing issued share capital of the Company) as at the Latest Practicable Date, the PN Holder and its associates will abstain from voting at the EGM to approve the Agreement and the transactions contemplated thereunder.

LETTER FROM ASIAVEST

The Independent Board Committee, comprising Messrs. Fung Wai Shing, Sung Wai Tak, Herman, and Wong Lit Chor, Alexis, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable and whether the Proposed PN Restructuring is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on whether they should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company and its Director(s). We have assumed that all statements and representations made or referred to in the Circular were true at the time they were made and continue to be true at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in the Circular were reasonably made after due and careful enquiry.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Director(s) and have been confirmed by the Directors that no material facts and representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our recommendation to the Independent Board Committee and the Independent Shareholders.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the restructuring of the Existing Promissory Note, we have taken into consideration the following factors and reasons:

1. Background and Reasons for the Proposed PN Restructuring

The Group 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, television-series production and operation of an artist training school in the region of Macau. As announced by the Company on 16 February 2011 and 22 February 2011, it proposed to acquire a company which subsidiary's business will be organization, production and management of stage drama worldwide (excluding Japan) including the performance of a famous Chinese novel called "Born to be Hero" (天龍八部) under a non-exclusive licence for a period until 31 December 2015.

LETTER FROM ASIAVEST

The Company first issued certain 3-year promissory notes in an aggregate principal amount of HK\$183,541,942 in January 2009 to Mr. Zhang as part of the settlement of the consideration for the acquisition of 65% of the issued share capital of WIHL, the details of the completion of the acquisition and downward adjustment of the acquisition consideration were set out in the announcements of the Company dated 8 January 2009 and 22 March 2010, respectively. As advised by the Company, in December 2010, Mr. Zhang transferred his remaining holding of the 35% issued share capital of WIHL to the PN Holder together with the outstanding principal amount of the promissory notes. As a result, the PN Holder became the holder of the Existing Promissory Note.

According to the interim report of the Company for the six months ended 30 June 2010, as at 30 June 2010, the Group had an unaudited net liabilities position of approximately HK\$68.4 million and an unaudited net current liabilities position of approximately HK\$6.8 million. Also, the Group has been in a loss position for the past few years. As set out in the Letter from the Board contained in the Circular, with a view to relieving the financial burden and improving the financial position of the Group, the Company has been discussing and negotiating with the PN Holder on the Proposed PN Restructuring and the Agreement was entered into to this end. Moreover, the capital base of the Group will also be strengthened if the PN Holder chooses to convert the Convertible Note.

We have further looked into the financial position of the Group based on published annual reports and interim report of the Company for the six months ended 30 June 2010. We found that though the net liabilities position of the Group was approximately HK\$68.4 million, the net tangible liabilities position remains at a vast level of approximately HK\$237.0 million which was owing to the acquisitions in past years. We also note that the Company has been in a loss position for the past few years. Therefore, based on our review that the down-turning financial results of continuing operations during the past years and the existing high gearing position of the Company, we believe that the Group may not be able to fulfill the timely repayment obligation of the Existing Promissory Note when it falls due.

We have discussed with the Directors to find out that the Group's principal businesses in the provision of lottery-based mobile on-line game recharging services and internet e-gaming in the PRC are still in the immature stage because of heavy uncertainty in relation to regulatory policies in the industry. We have also noted that the Group has diversified into the entertainment businesses and raised funds to improve its liquidity during the past six months.

However, based on our discussion with the Directors, our study of reference business in Hong Kong and the newly acquired businesses, i.e with a non-exclusive licence to adapt Mr. Louis Cha Leung Yung's (查良鏞) novel 天龍八部 (Born to be Hero) for the stage drama to be performed worldwide (excluding Japan), we are of the opinion that although this new business may be a new opportunity to the Company, the ability of the existing businesses and the mentioned newly acquired entertainment businesses to generate sufficient cash flow to serve the Existing Promissory Note and other outstanding liabilities of the Group may or may not occur.

LETTER FROM ASIAVEST

The Directors represent to us that the Company has considered the possibilities of further fund raising activities including placing, rights issues and open offer for the purpose of repayment of the Existing Promissory Note. The Company has conducted three placing activities and raised approximately HK\$66.9 million for announced or potential acquisitions since September 2010 up to the Latest Practicable Date. Placing shares may not bring in substantial amount in one exercise and depends largely on the stock market condition. Pre-emptive fund raising processes, e.g. rights issues or open offer, will take much long time and transaction costs. Sometimes it may involve capital restructuring, e.g. increase in authorized share capital. Taking into account of the loss making position and thin market capitalization, it may be difficult to raise fund from pre-emptive fund raising exercise to fully repay the Existing Promissory Note. As such, the Proposed PN Restructuring provides a fast and minimum cost means to the Company. Taking into account the aforesaid, the Directors advised that it would be the Board's strategic decision to negotiate with the PN Holder to restructure the Existing Promissory Note as early as possible so as to eliminate the possibility of any force repayment or litigating action against the Group when the Existing Promissory Note falls due in early 2012.

Accordingly, we are of the opinion that to negotiate with the PN Holder and to enter into the Proposed PN Restructuring is fair and reasonable and in the interest of the Company and Shareholders as a whole, in view of the extension of maturity time and the possible conversion of loan to share capital of the Company, resulting in the improving gearing position. We would opine on the terms of the Convertible Note and New Promissory Note in the following paragraphs.

2. Terms of the Convertible Note and New Promissory Note

Pursuant to the Agreement, the parties conditionally agreed that (i) a principal amount of HK\$61,855,670 outstanding under the Existing Promissory Note shall be early repaid by the Company by way of issue of the Convertible Note in an aggregate principal amount of HK\$60,000,000 to the PN Holder; and (ii) the remaining principal amount outstanding under the Existing Promissory Note shall be settled by the Company issuing the New Promissory Note to the PN Holder having the same terms and conditions of the Existing Promissory Note other than (a) the principal amount shall be the difference of the outstanding principal amount of the Existing Promissory Note immediately prior to Completion and the Early Repayment Amount and (b) the maturity date shall be 8 January 2013 instead of 8 January 2012. We have compared the terms of the Existing Promissory Note and the New Promissory Note to find out that the New Promissory Note carries the same terms of the Existing Promissory Note except for the principal amount and the maturity date.

The principal amount of the Convertible Note of HK\$60,000,000 represents a discount of 3% to the Early Repayment Amount which is determined in accordance with the early repayment terms of the Existing Promissory Note. The principal amount of the New Promissory Note will be HK\$121,686,272 being the difference of principal sum HK\$183,541,942 less the settled sum HK\$61,855,670.

LETTER FROM ASIAVEST

In our view, the Proposed PN Restructuring has the general effect of extending the maturity date of the Existing Promissory Note by one year while in return the Group provides an equity option in respect of approximately one-third (1/3) of the principal amount of the Existing Promissory Note for the PN Holder to enjoy any upside potential in respect of the Share price of the Company.

Since the principal amount of the Convertible Note represent a discount to the Early Repayment Amount, we are of the opinion that it is in the interest of the Shareholders as a whole. Regarding the extension of maturity to early 2013, this provide about one year further time for the Company to arrange the repayment. The Directors represent to us that it is the best terms obtained from the PN Holder after arms' length negotiations. We are of the opinion that this is a reasonable term to the Shareholders as a whole considering the down-turning operation and high gearing position of the Company as discussed above. In conclusion, we opine that the terms of the Convertible Note and New Promissory Note are fair and reasonable and in the interests of the Shareholders as a whole.

3. Conversion Price

The initial conversion price of HK\$0.28 ("**Conversion Price**") was agreed between the Company and the PN Holder with reference to the recent market price of the Shares and the terms of the Convertible Note, and represents:

- (i) a premium of approximately 16.67% over the closing price of HK\$0.2400 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 12.36% over the average closing price of HK\$0.2492 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Day;
- (iii) a premium of approximately 9.98% over the average closing price of HK\$0.2546 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to and including the Last Trading Day;
- (iv) a premium of approximately 1.38% over the average closing price of HK\$0.2762 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days prior to and including the Last Trading Day; and
- (v) a premium of approximately 12.90% over the closing price of HK\$0.2480 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

To assess the fairness and reasonableness of the Conversion Price of HK\$0.28, we have identified those transactions involving issue and/or subscription of convertible notes/bonds (holders of which are not restricted to connected persons) from 1 November 2010 up to the date of the Agreement as announced by companies listed on the Main Board of the Stock Exchange (the "**Comparables**"). Given that the Comparables were transacted recently and are hence likely to be subject to market conditions and sentiments which are more similar as the Proposed PN Restructuring in this ever-changing stock market environment, we are of the view that the Comparables are fair and representative. To the

LETTER FROM ASIAVEST

best of our knowledge and as far as we are aware of, we found 16 transactions. Summarised below is our relevant finding:

Date of announcement	Company name	Stock code	Premium/ (Discount) of the conversion price over/(to) closing price per share on last trading days prior to/on the date of the relevant announcements in relation to the transactions %	Premium/ (Discount) of the conversion price over/(to) closing price per share on last 10 consecutive trading days prior to/on the date of the relevant announcements in relation to the transactions %
2 November 2010	Asia Coal Limited	835	(24.53)	(20.16)
3 November 2010	Mongolia Energy Corporation Limited	276	11.48	9.32
4 November 2010	Sino Dragon New Energy Holdings Limited	395	(15.09)	9.09
4 November 2010	King Stone Energy Group Limited	663	(10.26)	(3.14)
4 November 2010	Zhongda International Holdings Limited	909	28.21	30.55
9 November 2010	Solargiga Energy Holdings Limited	757	6.08	6.02
12 November 2010	Mayer Holdings Limited	1116	3.77	0.73
23 November 2010	China Mandarin Holdings Limited	9	(19.77)	(13.32)
25 November 2010	Mingfa Group (International) Company Limited	846	16.94	29.53
26 November 2010	China Agrotech Holdings Limited	1073	28.21	17.99
14 December 2010	Golden Resorts Group Limited	1031	(3.61)	17.99
21 December 2010	China Ocean Shipbuilding Industry Group Limited	651	41.94	33.50
29 December 2010	China HealthCare Holdings Limited	673	(58.62)	(56.08)
25 January 2011	New Times Energy Corporation Limited	166	6.95	3.36
31 January 2011	Hanny Holdings Limited	275	14.75	15.13
2 February 2011	Fulbond Holdings Limited	1041	(19.05)	(13.71)
	Minimum		(58.62)	(56.08)
	Maximum		41.94	33.50
	Median		3.77/6.08	6.02/9.09
	Average		3.53	3.05
	The Company	8022	16.67	9.98

Source: website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM ASIAVEST

As shown by the above table, the conversion prices of the Comparables ranged from (i) a discount of approximately 58.62% to a premium of approximately 41.94% to the respective closing prices of their shares on the last trading days; and (ii) a discount of approximately 56.08% to a premium of approximately 33.50% to the respective average closing prices of their shares on the last 10 consecutive trading days prior to the date of the relevant announcements in relation to the transactions, respectively (the “**Market Ranges**”). The premium of the Conversion Price falls within the Market Ranges. Therefore, we consider the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

4. Potential Dilution to Shareholdings of the Shareholders

The Conversion Shares to be issued upon exercise in full of the conversion rights attaching to the Convertible Note represent approximately 22.5% of the issued share capital of the Company as at the Latest Practicable Date and approximately 18.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after conversion of the Convertible Note in full, assuming there being no other change to the shareholding structure of the Company after the Latest Practicable Date:

	As at		Shareholding	
	the Latest Practicable Date		immediately upon	
			conversion of the	
			Convertible Note in full	
			<i>(Note 3)</i>	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Luk Wing Kwong, Quintin	107,306,000	11.24	107,306,000	9.18
Shiny Galaxy Enterprises Limited <i>(Note 1)</i>	350,000	0.04	350,000	0.03
Chan Kin Yip <i>(Note 2)</i>	1,000,000	0.10	1,000,000	0.09
PN Holder	3,796,000	0.40	218,081,714	18.66
Public	841,972,242	88.22	841,972,242	72.04
Total	954,424,242	100	1,168,709,956	100

LETTER FROM ASIAVEST

Notes:

1. Shiny Galaxy Enterprises Limited is beneficially owned as to 100% by Mr. Wong Wai Sing, the chairman and executive Director.
2. Mr. Chan Kin Yip is an executive Director.
3. The figures are provided for illustration purposes only. The terms of the Convertible Note provide that no Convertible Note may be converted, to the extent that following such exercise, the holder of the Convertible Note and parties acting in concert with it (has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong), taken together, will directly or indirectly, control or be interested in 5% or more of the entire issued share capital of the Company.

As depicted by the above table, assuming full conversion of the Convertible Note at the Conversion Price, the shareholding interests of all existing Shareholders would be reduced by approximately 16.18% from 88.22% to 72.04%. Nonetheless, in view of (i) the reasons for and the possible benefits of the Proposed PN Restructuring to the Company as set forth under the section headed "Background and Reasons for the Proposed PN Restructuring" of this letter; (ii) the need of fund raising to fulfill the timely repayment obligation of the Convertible Note upon its maturity (iii) improving the financial position of the Company from net liabilities of HK\$1,445,000 to net assets of HK\$58,555,000 upon the full conversion of the Convertible Note.; and (iv) the improving of net asset value per share from net liability HK\$0.0015 each share to net asset HK\$0.0501 each share upon the full conversion of the Convertible Note we are of the view that the dilution to the shareholding interests of all existing Shareholders is justifiable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, particularly the delay repayment of the 3 year promissory note due on 8 January 2012 in view of the existing loss making position, we are of the view that the terms of the Convertible Note and New Promissory Note are on normal commercial terms.

Further, we consider that the terms of the Agreement and the Proposed PN Restructuring are fair and reasonable so far as the Independent Shareholders are concerned and the Proposed PN Restructuring is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
AsiaVest Partners Limited
Sam Lum
Director

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

	Number of Shares	Par value per Share HK\$	Total nominal value HK\$
<i>Authorised:</i>			
Shares	<u>10,000,000,000</u>	0.01	<u>100,000,000</u>
<i>Issued and fully paid:</i>			
Shares	<u>954,424,242</u>	0.01	<u>9,544,242</u>

The authorised and issued share capital of the Company immediately after the issue of the new Shares which will fall to be issued upon the exercise of the convertible notes to be issued by the Company in full will be as follows:

	Number of Shares	Par value per Share HK\$	Total nominal value HK\$
<i>Authorised:</i>			
Shares	<u>10,000,000,000</u>	0.01	<u>100,000,000</u>
<i>Issued and fully paid:</i>			
Existing Shares	954,424,242	0.01	9,544,242
New Shares to be issued upon the exercise in full of the convertible notes to be issued by the Company (<i>note</i>)	<u>214,285,714</u>	0.01	<u>2,142,857</u>
	<u>1,168,709,956</u>		<u>11,687,099</u>

Note: As at the Latest Practicable Date, save for the Convertible Notes to be issued pursuant to the Agreement dated 15 February 2011 entered into by the Company with the PN Holder, in relation to the subscription of the Convertible Notes in the principal amount of HK\$60,000,000 entitling the PN Holder to convert into 214,285,714 new Shares at a conversion price of HK\$0.28 per Share, there were no other outstanding convertible securities of the Company.

All the Shares in issue and new Shares which will fall to be issued upon the conversion of convertible notes to be issued by the Company rank pari passu with each other in all respect including dividend and voting rights.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) 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 and short positions which he or she was taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules or the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules are set out below:

Long positions in Shares or underlying Shares

Name of Director	Capacity	Long Position/ Short Position	Number of Share(s) held	Number of underlying Share(s) held (Note 1)	Approximate aggregate percentage of the Company's issued share capital
Cheung Man Yau, Timothy	Beneficial owner	Long Position	-	6,500,000	0.68%
Wong Wai Sing	Interest in a controlled corporation (Note 2)	Long Position	350,000	-	0.04%
Chan Kin Yip	Beneficial Owner	Long Position	1,000,000	5,000,000	0.63%
Sung Wai Tak, Herman	Beneficial Owner	Long Position	-	500,000	0.05%
Fung Wai Shing	Beneficial Owner	Long Position	-	500,000	0.05%
Wong Lit Chor, Alexis	Beneficial Owner	Long Position	-	500,000	0.05%

Notes:

1. The interests represent interests in underlying Shares arising from share options which have been granted to directors and employees on 29 June 2009 and 4 June 2010 and outstanding as at the Latest Practicable Date.
2. These 350,000 Shares are held by Shiny Galaxy Enterprises Limited which is beneficially wholly-owned by Mr. Wong Wai Sing, an executive Director. By virtue of Part XV of the SFO, Mr. Wong Wai Sing is deemed to be interested in these 350,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company or their respective associates (within the meaning of the GEM Listing Rules), had any other interests and 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 (a) 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 and short positions he or she was taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules or the Model Code for Securities Transaction by Directors of Listed Companies contained in the GEM Listing Rules.

(b) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% 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 member of the Group:

(i) Interest in Shares

Name of Shareholder	Capacity	Long Position/ Short Position	Number of Shares held	Approximate percentage of shareholding
Luk Wing Kwong, Quintin	Beneficial owner	Long Position	107,306,000	11.24%

(ii) Interest in other members of the Group

Name of other member of the Group	Name of owner	Approximate percentage of interest
Wisdom In Holdings Limited	Premier Capital Enterprises Limited (Note 1)	35%
TLT Services (Shanghai) Limited	上海唐路科技有限公司 (TLT (Shanghai) Ltd*) (Note 2)	17.7%
TLT Lottotainment Technology Limited	Ng Wing Hon	15%
TLT Lottotainment Technology Limited	Li Quan	30%
Fountain City Holdings Limited	Diwang Limited (Note 3)	49%
M&M Entertainment International Company Limited	Lee Siu Ping Maria	40%
Xuzhou China International Travel Services Limited	藝高康體(南京)有限公司 (Argos Recreation and Sport (Nanjing) Company Limited*)	10%

Notes:

1. Premier Capital Enterprises Limited is wholly and beneficially owned as to 100% by Lam Ho Laam who does not have any directorship in the Company and its subsidiaries.
2. 上海唐路科技有限公司 (TLT (Shanghai) Ltd*) is wholly and beneficially owned as to 100% by Chen Feiyu (陳飛宇) who does not have any directorship in the Company and its subsidiaries.
3. Diwang Limited is ultimately and beneficially owned as to 50% by Bibi Mariam Maria Cordero, as to 8.75% by Wong Kwai Ying, as to 8.75% by Manhao Sou Luis Miguel, as to 27.5% by Lee Siu Ping Maria, as to 2.5% by Chan Yik Hong who do not have any directorship in the Company and its subsidiaries and as to 2.5% by Lai Chun Hung who is an executive Director.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than a Director or chief executive of the Company) who had, or was deemed to have,

* For identification purposes only

interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept under Section 336 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% 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 member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which have since 31 December 2009 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant to the business of the Group.

6. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 20.69(12) of the GEM Listing Rules if each of them was a controlling shareholder).

8. 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 (i) the securities of the Company, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company; or (ii) business which competes or may compete with the business of the Group (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules if each of them were a controlling shareholder) as at the Latest Practicable Date.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
AsiaVest	a licenced corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the SFO

AsiaVest has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, AsiaVest:

- (a) did not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Agreement will be available for inspection during business hours at the head office and principal place of business of the Company at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wan Chai, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date of this circular.

11. MISCELLANEOUS

The English of this circular shall prevail over the Chinese text for the purpose of interpretation.

NOTICE OF EGM



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of TLT Lottotainment Group Limited (the “**Company**”) will be held at 10:00 a.m. on Wednesday, 23 March 2011 at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (A) the agreement (“**Agreement**”) dated 15 February 2011 entered into between the Company and the PN Holder (as defined in the circular of the Company dated 7 March 2011 (“**Circular**”), a copy of which is marked “**A**” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) in respect of the Proposed PN Restructuring (as defined in the Circular) be and is hereby approved;
- (B) subject to the Completion (as defined in the Circular), the creation and issue of the Convertible Note (as defined in the Circular), a draft of which is marked “**B**” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting, on and subject to the terms and conditions of the Agreement be and are hereby approved and the allotment and issue of the Conversion Shares (as defined in the Convertible Note) upon exercise of the conversion rights attaching to the Convertible Note in accordance with the terms and conditions of the Convertible Note be and are hereby approved; and

NOTICE OF EGM

- (C) all other transactions contemplated under the Agreement (including the issue of the New Promissory Note (as defined in the Circular)) be and are hereby approved and the directors of the Company be and are hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Agreement, the issue of the New Promissory Note, the creation and issue of the Convertible Note and the allotment and issue of the Conversion Shares upon exercise of the convertible rights attaching to the Convertible Note in accordance with the terms and conditions of the Convertible Note, and to agree to such variation, amendments or waivers or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Agreement) as are, in the opinion of the directors of the Company, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 7 March 2011