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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)

DISCLOSEABLE TRANSACTION RELATING TO THE DISPOSAL OF 65% SHAREHOLDING INTEREST IN, AND LOAN DUE FROM, WISDOM IN HOLDINGS LIMITED

Financial Adviser to the Company



Redford Corporate Finance Limited

The Disposal

The Board announces that on 30 March 2011, the Vendor, a wholly-owned subsidiary of the Company, the Company (as guarantor of the Vendor) and the Purchaser, an Independent Third Party, entered into the Disposal Agreement pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares and the Sale Loan for an aggregate consideration of HK\$2.3 million.

The Disposed Company is a 65% owned subsidiary of the Group. The principal business of the Disposed Group is the provision of lottery-based mobile online game recharge service.

The Disposal constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL AGREEMENT

Date

30 March 2011

Parties

Vendor : Mega Field International Limited, a wholly-owned subsidiary of the Company.

Purchaser : Mr. Au Chi Kong, an Independent Third Party

Guarantor : The Company, guarantor of the Vendor

Assets to be disposed

- (a) The Sale Shares (representing 65% shareholding interest in the Disposed Company); and
- (b) The Sale Loan (representing the loan owing by the Disposed Company to the Vendor). As at the date of this announcement, the amount of the Sale Loan was approximately HK\$6.2 million.

Disposal Consideration

The Disposal Consideration for the Sale Shares and Sale Loan is HK\$2.3 million.

The Disposal Consideration, which is to be satisfied by the Purchaser wholly in cash, is to be settled in the following manner:

- (i) a deposit of HK\$0.3 million will be paid by the Purchaser to the Vendor within two Business Days after the signing of the Disposal Agreement; and
- (ii) the balance of the Disposal Consideration of HK\$2 million shall be paid by the Purchaser to the Vendor upon the Disposal Completion.

If the Disposal Agreement is terminated (other than due to the default of the Purchaser), the deposit of HK\$0.3 million shall be refunded by the Company to the Purchaser without interest as soon as possible after the date of termination.

The Disposal Consideration has been agreed between the Vendor and the Purchaser based on arm's length negotiations with reference to the audited net liabilities of the Disposed Group as at 31 December 2010 (which were prepared according to the Hong Kong Financial Reporting Standards) of approximately HK\$54 million, the balance of the Sale Loan as at the date of this announcement of approximately HK\$6.2 million and the unsatisfactory operating results of the Disposed Group.

Conditions Precedent to the Disposal

Completion of the Disposal Agreement is conditional upon the fulfilment or waiver of all of the following conditions:

- (i) due diligence review on the Disposed Group having been completed to the satisfaction of the Purchaser; and
- (ii) the warranties given by the Vendor in respect of the Disposed Group being true, accurate and not misleading as if repeated at Completion and at all times between the date of the Disposal Agreement and Completion.

If any one of the Conditions Precedent has not been fulfilled or waived by the Longstop Date or such other date as the Vendor and the Purchaser may agree in writing, the provisions of the Disposal Agreement (other than the provision on the return of the initial deposit) shall from such date have no effect and no party to the Disposal Agreement shall have any claim against the others save for claim (if any) in respect of such continuing provisions or any antecedent breach of the Disposal Agreement.

Neither the Vendor nor the Purchaser shall be obliged to complete the sale and purchase of any of the Sale Shares or the Sale Loan unless completion of the sale and purchase of all the Sale Shares and the Sale Loan takes place simultaneously.

Completion of the Disposal Agreement and the transactions contemplated thereunder may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

Disposal Completion

The Disposal Agreement provides that the Disposal Completion will take place on the first business day following the day on which all the Conditions Precedent are satisfied or waived.

INFORMATION ON THE DISPOSAL GROUP

The Disposed Company is incorporated in the BVI on 29 January 2008 with limited liability. It is a 65% owned subsidiary of the Group. The Disposal Company (through a wholly-owned investment holding company) owns 82% equity interest in TLT Services (Shanghai) Limited, which is principally engaged in the lottery-based mobile online game recharge service.

The Disposal, if materialised, would result in the Group becoming principally engaged in the 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.

Financial information of the Disposal Group

As at 31 December 2010, the audited net liabilities of the Disposal Group under the Hong Kong Financial Reporting Standards was approximately HK\$54 million.

A summary of the audited net loss (both before and after taxation and extraordinary items) of the Disposal Group under the Hong Kong Financial Reporting Standards for the two financial years immediately preceding the Disposal is shown as follows:

	For the year ended 31 December 2010 (HK\$'000)	For the year ended 31 December 2009 (HK\$'000)
Net loss before taxation and extraordinary items	193,108	643,663
Net loss after taxation and extraordinary items	153,271	516,022

Financial effect of the Disposal

The Company will realize an unaudited gain of approximately HK\$31 million from the Disposal. The gain is calculated based on the sale proceeds from the Disposal less the 65% sharing of carrying amount of approximately HK\$54 million of the audited net liabilities of the Disposal Group and the Sale Loan of approximately HK\$6.2 million.

The proceeds of the Disposal Consideration, after deducting related expenses (primarily comprising legal and professional charges), is estimated to be approximately HK\$2 million. The Company intends to apply such net proceeds for general working capital for the development of the Group's other businesses.

Immediately after the Disposal, the members of the Disposal Group will cease to be subsidiaries of the Company and the Company will cease to have any interest in the Disposal Group.

REASONS FOR THE DISPOSAL

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.

Despite the Group's efforts to improve the business performance of the Disposal Group, the Disposal Group has been in significant loss position over the past two years. The disposed business which is highly regulated in the PRC is facing great difficulties in financial budgeting and estimation. Besides, the regulatory policies in relation to lottery-based online game were unexpectedly stringent to the extent that few number of online games have been approved which resulted in a low level of revenue being able to be generated from the recharge service.

In view of the above, the Company believes that it is the right time to retreat from such business line, and the Disposal will prevent the Group from exposing itself to excessive risk and capital commitment, and allow the Group to concentrate its resources on developing the entertainment businesses currently carried out by the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Disposal constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

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

“Board”	the board of Directors
“BVI”	British Virgin Islands
“Business Day”	a day, other than Saturday, on which banks in the Hong Kong are open for business
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability whose issued Shares are listed on The Growth Enterprise Market of the Stock Exchange
“Completion Date”	the date on which Disposal Completion takes place, being the first Business Day after the fulfilment or waiver of all the Conditions Precedent (or such other date as the parties to the Disposal Agreement may agree in writing)
“Conditions Precedent”	the conditions precedent to the Disposal Completion as set out in the Disposal Agreement and summarised in the paragraph headed “The Disposal Agreement” in this announcement
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by the Company to the Purchaser of the Sale Shares and the Sale Loan, subject to and upon the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 30 March 2011 entered into between the Vendor, the Purchaser and the Company in relation to the Disposal
“Disposal Completion”	completion of the Disposal
“Disposal Consideration”	the consideration of HK\$2.3 million payable by the Purchaser to the Vendor for the Disposal pursuant to the Disposal Agreement
“Disposed Company”	Wisdom In Holdings Limited, a company incorporated in the BVI with limited liability

“Disposed Group”	Disposed Company and its subsidiaries
“GEM Listing Rules”	The Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who is independent of the Company and connected persons of the Company
“Longstop Date”	31 May 2011
“PRC”	The People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Mr. Au Chi Kong, an Independent Third Party
“Sale Loan”	the loan due from the Disposed Company to the Vendor on the date of the Disposal Completion
“Sale Shares”	the 1,300 ordinary shares of US\$1.00 par value each in the issued share capital of Disposed Company, representing 65% issued share capital of Disposed Company and owned by the Vendor as at the date of the Disposal Agreement
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mega Field International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
TLT Lottotainment Group Limited
Cheung Man Yau, Timothy
Chief Executive Officer and Executive Director

Hong Kong, 30 March 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; while 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 herein and this announcement misleading or deceptive.

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>.