

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in TLT Lottotainment Group Limited (the "Company"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker 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)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, EXTENSION OF GENERAL MANDATES TO ISSUE SHARES, RE-ELECTION OF RETIRING DIRECTORS, TERMINATION OF EXISTING SHARE OPTION SCHEME, ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

The notice convening the annual general meeting ("AGM") of the Company to be held at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong on 9 May 2011 at 11:00 a.m. is set out on pages 27 to 31 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 AGM enclosed with this circular in accordance with the instructions printed thereon.

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

This circular will remain on the "Latest Company Announcements" 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>.

4 April 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, unless the context otherwise requires, the following expressions shall have the following meanings:

“2010 Annual Report”	means the audited consolidated financial statements and the reports of the Directors and auditors of the Company for the year ended 31 December 2010
“Adoption Date”	the date on which the New Share Scheme is conditionally adopted by resolution of the Shareholders in general meeting
“AGM”	means annual general meeting of the Company to be convened and held at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong on 9 May 2011 at 11:00 a.m. and any adjournment thereof
“Articles of Association”	means the articles of association of the Company
“Associates”	has the same meaning as ascribed thereto under the GEM Listing Rules
“Board”	means the board of Directors
“Companies Ordinance”	means the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	means TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on GEM
“Connected Person”	has the same meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	means the directors of the Company
“Employee”	any full-time or part-time employee or any officer (including without limitation any Directors) of the Company or of any subsidiary
“Existing Issue Mandate”	the general mandate granted to the Directors by the Shareholders at the extraordinary general meeting of the Company held on 7 March 2011 to allot, issue and deal up to 20% of the then issued share capital of the Company as at the date of the extraordinary general meeting on 7 March 2011

DEFINITIONS

“Existing Share Scheme”	the share option scheme adopted by the Company on 30 July 2001 and amended on 2 December 2008
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM
“Grantee”	means any Participant who accepts an Offer in accordance with the terms of the New Share Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	means the proposed general mandate to be granted to the Directors to permit the allotment and issue of new Shares equal in aggregate up to a maximum of 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“Latest Practicable Date”	means 30 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Memorandum”	means the memorandum of association of the Company
“Model Code”	the required standard of dealings in the securities of the Company by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company
“New Share Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM

DEFINITIONS

“Notice”	means the notice convening the AGM
“Offer”	the offer of the grant of an Option made by the Board in accordance with the New Share Scheme
“Offer Date”	the date on which an Offer is made to the Participant
“Option”	a right granted to the Participant to subscribe for Shares pursuant to the terms of the New Share Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the New Share Scheme
“Participant”	any Employee or consultant, advisor, agent, contractor, client or supplier of the Company or any subsidiary who in the sole opinion of the Board has contributed or is expected to contribute to the Group
“PRC”	means People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	means the proposed general mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares equal in aggregate not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company on the terms as more particularly set out in the Notice
“SFO”	means Securities and Futures Ordinances, Cap. 571 of the Laws of Hong Kong
“Share(s)”	means ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means holder(s) of the Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Scheme
“Takeovers Code”	means The Codes on Takeovers and Mergers and Share Repurchases
“%”	means 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

4 April 2011

To Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
EXTENSION OF GENERAL MANDATES TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
TERMINATION OF EXISTING SHARE OPTION SCHEME,
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approval of (a) granting to the Directors the Issue Mandate; (b) granting to the Directors the Repurchase Mandate; (c) granting to the Directors a general mandate to extend the Issue Mandate to issue new Shares by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; (d) re-election of retiring Directors; and (e) termination of Existing Share Scheme and adoption of New Share Scheme.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the extraordinary general meeting of the Company held on 7 March 2011, general mandates were granted to the Directors to repurchase and to issue Shares. The said general mandates will expire at the conclusion of the forthcoming AGM.

The Board shall review the market situation from time to time and exercise the general mandate to issue Shares for fund raising activities if and when appropriate. And the Board believes that the exercise of the general mandate to issue Shares is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility for the future business development of the Group.

Resolutions set out as resolution numbers 4 and 5 in the AGM Notice will be proposed at the AGM to revoke the existing issue mandate and the existing repurchase mandate and to grant fresh mandates to the Directors: (i) to allot, issue and deal with Shares of up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing resolution granting the Issue Mandate as resolution number 4 set out in the AGM Notice. Based on 954,424,242 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to allot, issue and deal with up to a total of 190,884,848 Shares if the Issue Mandate is granted at the AGM; and (ii) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of resolution number 4B granting the Repurchase Mandate.

At the extraordinary general meeting of the Company held on 7 March 2011, the Existing Issue Mandate was granted by an ordinary resolution passed by the Shareholders. As at the Latest Practicable Date, none of the Existing Issue Mandate has been utilized. Based on 954,424,242 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to repurchase for up to a total of 95,442,424 fully paid Shares if the Repurchase Mandate is granted at the AGM.

These general mandates will remain in effect until whichever is the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting is required to be held by the Articles of Association or any applicable laws of Hong Kong or GEM Listing Rules; and (iii) the date upon which such an authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

LETTER FROM THE BOARD

EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

Subject to conditional on the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandates of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Issue Mandate.

An explanatory statement required by the GEM Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in the Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant proposed ordinary resolution for the grant of the Repurchase Mandate at the AGM.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 121 of the Articles of Association, Mr. Chan Kin Yip and Mr. Fung Wai Shing shall retire from office at the AGM and being eligible, would offer themselves for re-election. In accordance with Article 101 of the Articles of Association, Mr. Lai Chun Hung shall retire from office at the AGM and being eligible, would offer himself for re-election. Details of the retiring Directors proposed for re-election at the AGM are set out in Appendix I of this circular.

PROPOSED TERMINATION OF THE EXISTING SHARE SCHEME AND ADOPTION OF THE NEW SHARE SCHEME

A. The Existing Share Scheme and the New Share Scheme

The Existing Share Scheme was adopted by resolution of the Shareholders on 30 July 2001 for the purpose of enabling the Company to grant Options to Participants as incentives and rewards for their contribution to the Company or subsidiaries. As the Existing Share Scheme is due to expire on 29 July 2011, the Company proposes to terminate the Existing Share Scheme and adopt the New Share Scheme. An ordinary resolution will be proposed at the AGM to approve the termination of the Existing Share Scheme and the adoption of the New Share Scheme. So far as the Directors are aware, no Shareholder is prohibited from voting in respect of such resolution.

LETTER FROM THE BOARD

It is proposed that subject to the approval of the Shareholders for the adoption of the New Share Scheme, the Existing Share Scheme will be terminated upon the adoption of the New Share Scheme after all conditions precedent as referred to under the paragraph headed "Conditions of the New Share Scheme" have been fulfilled. Operation of the New Share Scheme will commence after all the conditions precedent as referred to under the paragraph headed "Conditions of the New Share Scheme" have been fulfilled. A summary of the principal terms of the rules of the New Share Scheme is set out in Appendix III to this circular.

The exercise price of Options granted under the New Share Scheme shall be a price solely determined by the Board subject to such minimum amount as set out in the rules of the New Share Scheme, and the Board may specify in the offer letter granting the Options the performance targets that need to be achieved by a Participant as well as the minimum period for which an Option must be held before an Option can be exercised. The Directors believe that in providing the Board with the discretion to determine the Option exercise price, set performance targets and prescribe a vesting period before Options can be exercised, the Group will be in a better position to attract and retain valuable human resources as well as to achieve the purposes of the New Share Scheme. Unless otherwise determined by the Board, there are no performance targets under the New Share Scheme which must be achieved nor are there any minimum period for which Options must be held before the Options can be exercised. The Company does not at present intend to appoint a trustee to the New Share Scheme.

As at the Latest Practicable Date, there were 25,500,000 outstanding options under the Existing Share Scheme entitling the holders thereof to subscribe for a total of 25,500,000 Shares. Save as aforesaid, there are no other outstanding options, warrants or convertible securities in issue which entitle the holders thereof to subscribe for the Shares.

Upon termination of the Existing Share Scheme, no further options may be granted but in all other respects the provisions of the Existing Share Scheme shall remain in full force and effect. Therefore, the adoption of the New Share Scheme will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Existing Share Scheme and the above outstanding options granted under the Existing Share Scheme shall continue to be valid and subject to the provisions of the Existing Share Scheme.

As at the Latest Practicable Date, the number of Shares in issue is 954,424,242 Shares. Assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Scheme and any other share option schemes of the Company on the date of approval of the New Share Scheme will initially be 95,442,424 Shares, being 10% of the total number of Shares in issue on the date of approval of the New Share Scheme, unless the Company obtains a fresh approval from its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

No Shareholder is required to abstain from voting on the termination of the Existing Share Scheme and the adoption of the New Share Scheme.

LETTER FROM THE BOARD

B. Conditions of the New Share Scheme

The New Share Scheme is subject to the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders in general meeting approving the termination of the Existing Share Scheme and the adoption of the New Share Scheme and authorising the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Scheme; and
- (b) the GEM Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Share Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal, in the Shares to be issued pursuant to the exercise of Options granted under the New Share Scheme.

C. Principal Terms of the New Share Scheme

A summary of the principal terms of the New Share Scheme is set out in Appendix III to this circular. This serves as a summary of the terms of the New Share Scheme but does not constitute the full terms of the same. The full terms of the New Share Scheme can be inspected at the principal office of the Company in Hong Kong at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

D. Value of the Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the exercise price, exercise period, any lock up period, any performance targets set and other variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

LETTER FROM THE BOARD

NOTICE OF ANNUAL GENERAL MEETING

Notice of the AGM is enclosed with this circular.

A proxy form for appointing proxy is dispatched with this circular and published on the websites of the Stock Exchange and the Company. Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the branch share registrar of the Company in Hong Kong at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude Shareholders from attending and voting at the meeting and at any adjournment thereof if they so wish.

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 enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in the circular is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this circular misleading.

GEM LISTING RULES REQUIREMENT

According to rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, every resolution put to the vote of the AGM will be taken by way of poll pursuant to Article 81 of the Articles of Association. The Company will announce the results of the poll in the manner prescribed under rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATION

The Directors are of the opinion that the grant of the Issue Mandate and Repurchase Mandate; the extension of general mandate to issue Shares; the re-election of retiring Directors; and termination of the Existing Share Scheme and adoption of the New Share Scheme referred to in this circular are in the best interests of the Company and the Shareholders and therefore recommend you to vote in favour of all resolutions to be proposed at the AGM.

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

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the retiring Directors (as required by the GEM Listing Rules) proposed to be re-elected at the AGM.

Mr. Chan Kin Yip (“Mr. Chan”), aged 38, was appointed an executive Director on 9 March 2009. Save as disclosed above, Mr. Chan does not hold any other position with the Company or any of its subsidiaries. Mr. Chan graduated from the Hong Kong Polytechnic University with a Bachelor of Arts Degree in Accountancy. Previously, he had worked in an international professional CPA firm and has over 14 years of extensive experience in the fields of assurance, corporate restructuring, internal training and internal control review. He is also an associate member of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Save as disclosed above, Mr. Chan does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

Mr. Chan has entered into a service agreement with the Company for a term of three years commencing from 9 March 2009 and is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Chan is entitled a monthly salary of HK\$90,000.00 plus discretionary bonus, which is determined by reference to the prevailing market conditions and his roles and responsibilities to the Company.

As at the Latest Practicable Date, Mr. Chan is interested in 1,000,000 Shares and was granted share options by the Company under the Existing Share Scheme on 29 June 2009 and 4 June 2010 respectively entitling him to subscribe for in aggregate 5,000,000 Shares. Save as disclosed above, Mr. Chan is not interested in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Chan does not have any relationship with any other Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Mr. Lai Chun Hung (“Mr. Lai”), aged 32, was appointed an executive Director on 8 December 2010. Save as disclosed above, Mr. Lai does not hold any other position with the Company or any of its subsidiaries. Mr. Lai was awarded with a Bachelor of Business Administration in Accounting and Finance with honours from the Hong Kong University of Science and Technology in 2000. He has worked in the accounting and financial industries in Hong Kong for more than 10 years, and has considerable experience in auditing, corporate finance and investment. He has held various management positions in a number of companies which provide accounting, financial advisory and investment services. Mr. Lai is currently an independent non-executive director of Soluteck Holdings Limited (Stock Code: 8111), a company listed on the GEM. Save as disclosed above, Mr. Lai does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

There is no service agreement nor any fixed term of service entered into between the Company and Mr. Lai and he is subject to the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Lai is entitled to a monthly director's fee of HK\$10,000.00, which is determined by the Board by reference to his experience, performance and prevailing market conditions.

As at the Latest Practicable Date, Mr. Lai has no interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lai does not have any relationship with any other Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Mr. Fung Wai Shing ("Mr. Fung"), aged 41, was appointed as an independent non-executive Director and chairman of the audit committee of the Company on 12 August 2008. He is also a member of the remuneration committee of the Company. Save as disclosed above, Mr. Fung has not held any positions with the Company or any of its subsidiaries. He graduated from University of London with bachelor degree in banking and finance. He is an associate member of each of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants with over 13 years experience in finance, auditing and accounting fields. Mr. Fung was the qualified accountant and company secretary of Ko Yo Ecological Agrotech (Group) Limited, a company listed on the GEM, from February 2002 to December 2005. He is currently working as the chief financial officer for a private group. Save as disclosed above, Mr. Fung does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

There is no service agreement nor any fixed term of service entered into between Mr. Fung and the Company and he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. The remuneration of Mr. Fung is HK\$50,000.00 per annum which is determined by reference to the prevailing market conditions, his roles and responsibilities, as well as his contribution to the Company.

As at the Latest Practicable Date, Mr. Fung was granted share options by the Company under the Existing Share Scheme on 29 June 2009 entitling him to subscribe for 500,000 Shares. Save as disclosed above, Mr. Fung is not interested in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Fung does not have any relationship with any other Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of Mr. Chan, Mr. Lai and Mr. Fung or any other information that need to be disclosed pursuant to any of the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM authorizing the Repurchase Mandate.

The explanatory statement contains all the information that is required by the GEM Listing Rules set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

Assuming no Shares are issued or repurchased prior to the AGM and on the basis of 954,424,242 Shares in issue as at the Latest Practicable Date, the exercise of the Repurchase Mandate in full could result in up to 95,442,424 Shares, representing 10% of the existing issued share capital of the Company, to be repurchased by the Company during the period up to the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Hong Kong or the Articles of Association to be held or until the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

3. FUNDING OF REPURCHASES

The Company is empowered by the memorandum and articles of association of the Company to purchase its Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the laws of Hong Kong. Such funds may include the profits available for distribution and the proceeds of a fresh issue of Shares made for the purpose of the repurchases or if authorised by the Articles of Association and subject to Hong Kong law, out of capital. Under the Companies Ordinance, the Shares so repurchased will be treated as cancelled and the amount of the Company's issued capital shall be diminished accordingly, but the aggregate amount of authorised share capital will not be reduced.

4. EFFECT OF EXERCISE OF THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2010 Annual Report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. DISCLOSURE OF INTERESTS

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective Associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No Connected Person has notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to sell Shares to the Company if the Repurchase Mandate is exercised. In accordance with the GEM Listing Rules, the Company is prohibited from knowingly purchasing Shares from a connected person in the GEM and a connected person shall not knowingly sell his Shares to the Company.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Hong Kong and in accordance with the regulations set out in the memorandum and articles of association of the Company.

7. HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, so far as the Directors are aware, the shareholding of the substantial Shareholder is as follows:

Name	Number of Shares	Approximate percentage of issued share capital	Approximate percentage of issued share upon full exercise of Repurchase Mandate
Luk Wing Kwong, Quintin	107,306,000	11.24%	12.49%

In the opinion of the Directors, such increase will not give rise to mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company in the previous six months preceding the Latest Practicable Date, whether on the GEM or otherwise.

9. SHARE PRICES

The highest and lowest price at which Shares were traded on the GEM in the past 12 months up to the Latest Practicable Date were as follows:

	Shares	
	Highest HK\$	Lowest HK\$
2010		
March	0.660	0.440
April	0.510	0.355
May	0.400	0.260
June	0.360	0.265
July	0.310	0.232
August	0.310	0.220
September	0.485	0.275
October	0.540	0.375
November	0.490	0.330
December	0.400	0.295
2011		
January	0.355	0.250
February	0.285	0.234
March (up to the Latest Practicable Date)	0.300	0.230

Set out below is a summary of the principal terms and conditions of the New Share Scheme to provide sufficient information to the Shareholders for their consideration of the New Share Scheme proposed to be adopted at the AGM.

1. PURPOSE OF THE NEW SHARE SCHEME

The purpose of the New Share Scheme is to enable the Company to grant Options to Participants as incentives and rewards for their contribution to the Company or subsidiaries.

2. WHO MAY JOIN

The Board may make an Offer to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares as the Board may determine. The Participants include any Employee or consultant, advisor, agent, contractor, client or supplier of the Company or any subsidiary who in the sole opinion of the Board has contributed or is expected to contribute to the Group.

3. CONDITIONS

The New Share Scheme shall take effect subject to:

- (i) the passing of the necessary resolution by all the Shareholders to approve and adopt the New Share Scheme, and to authorise the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Scheme; and
- (ii) the GEM Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares in issue at the Adoption Date and any Shares which may fall to be issued pursuant to the exercise of Options granted hereunder.

4. DURATION AND ADMINISTRATION

- 4.1 Subject to paragraph 14, the New Share Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. However, options complying with the provisions of Chapter 23 of the GEM Listing Rules which are granted during the life of the New Share Scheme may continue to be exercisable in accordance with their terms of issue after the end of the 10-year period.
- 4.2 The New Share Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the New Share Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 9.1(iv) which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all parties.

5. GRANT OF OPTION

- 5.1 On and subject to the terms of the New Share Scheme, the Board shall be entitled at any time and from time to time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares as the Board may determine at the Subscription Price.
- 5.2 An Offer shall be made to an Participant by letter in such form as the Board may from time to time determine (the "Offer Letter") requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Scheme and shall remain open for acceptance by the Participant to whom an Offer is made for a period of 28 days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the New Share Scheme has been terminated in accordance with the provisions hereof.
- 5.3 An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. Such remittance shall in no circumstances be refundable.
- 5.4 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of such number of Shares as represents a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days (or such shorter period referred to in paragraph 5.2) in the manner indicated in paragraph 5.3, it will be deemed to have been irrevocably declined.
- 5.5 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarter or any other interim period) whether or not required under the GEM Listing Rules); and

- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year, quarter or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, no Offer may be made; and

- (b) the Directors may not make any Offer to an eligible Participant who is subject to the Model Code during the periods or times in which such eligible Participant is prohibited from dealing in Shares pursuant to the Model Code.

5.6 The Option Period of an Option may not end later than ten (10) years after the Offer Date of that Option.

6. SUBSCRIPTION PRICE

The Subscription Price shall be a price determined by the Board and notified to an Employee and shall be at least the higher of:

- (i) the nominal value of the Shares;
- (ii) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date, which shall be a business day; and
- (iii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date.

7. EXERCISE OF OPTIONS

7.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

7.2 Unless otherwise determined by the Board and specified in the Offer Letter (as defined in sub-paragraph 5.2) at the time of the Offer, there is neither any performance target that needs to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in paragraphs 7.3 and 7.4 by the Grantee (or his or her legal personal representatives) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt

of the auditor's certificate pursuant to paragraph 10, the Company shall allot, and shall instruct the share registrar to issue, the relevant Shares to the Grantee (or his or her legal personal representatives) credited as fully paid and issue to the Grantee (or his or her legal personal representatives) a share certificate in respect of the Shares so allotted.

7.3 Subject as hereinafter provided, the Option may be exercised by the Grantee at any time during the Option Period, provided that:

- (i) in the event of the Grantee ceasing to be an Employee for any reason other than his or her death or the termination of his or her employment on 1 or more of the grounds specified in paragraph 8(v), the Grantee may exercise the Option in full (to the extent not already exercised) within a period of 6 months following the date of such cessation in accordance with the provisions of paragraph 7.2 up to his or her entitlement as at the date of cessation, which date shall be the last actual working day with the Company or the relevant subsidiary on which salary is paid whether in lieu of notice or not or the date on which his contractual notice period expires, whichever is later, or such longer period as the Board may determine;
- (ii) in the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment under paragraph 8(v) arises, the legal personal representative(s) of the Grantee shall be entitled within a period of 6 months from the date of death to exercise the Option in full (to the extent not already exercised) up to the entitlement of such Grantee as at the date of death;
- (iii) if a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee (or, where appropriate, his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised even though the Option Period has not come into effect during the occurrence of the general offer) at any time within 1 month after the date on which the offer becomes or is declared unconditional;
- (iv) if a general offer by way of scheme of arrangement is made to all the holders of Shares with the New Share Scheme having been approved by the necessary number of holders of shares at the requisite meetings, the Grantee (or his or her legal personal representatives) may thereafter (but before such time as shall be notified by the Company) exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in such notice;
- (v) in the event a notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if

thought fit, approving a resolution to voluntarily wind-up the Company, every Option shall be exercisable in whole or in part at any time thereafter until the resolution is duly passed or defeated or the meeting concluded or adjourned since die, whichever shall first occur and the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than 4 business days prior to the proposed shareholders' meeting), accompanying the remittance of the full amount of the exercise price payable on the exercise of the Option, exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice whereupon the Company shall as soon as possible and in any event no later than the day immediately prior to the business date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise and if such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and terminate; and

- (vi) in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any Grantee (or his or her legal personal representatives) may by notice in writing to the Company accompanied by the remittance of the full amount of the exercise price payable on exercise of an Option and in respect of which the notice is given (such notice to be received by the Company not later than 2 business days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof.

- 7.4 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date on which the name of Grantee is registered in the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which the name of Grantee is registered in the register of members of the Company other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date on which the name of Grantee is registered in the register of members of the Company, provided always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then

the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened.

- 7.5 Any cancellation of Options granted but not exercised shall require the approval of the Shareholders in general meeting, and the relevant Grantees and their respective associates shall abstain from voting. Any vote taken at the general meeting for approving such cancellation shall be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Share Scheme.

8. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) subject to paragraph 7.3 (ii), the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraph 7.3 (i), (ii), (v) and (vi);
- (iii) subject to the High Court of Hong Kong not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph 7.3 (iii);
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 7.3 (iv);
- (v) the date on which the Grantee ceases to be an Employee by reason of the termination of his or her employment on the grounds that he or she has committed serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty;
- (vi) the date which is 6 months after the date on which the Grantee ceases to be an Employee by reason of death;
- (vii) the date which is 3 months after the date on which the Grantee ceases to be an Employee in the case of resignation, retirement, expiry of employment contract or on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary;
- (viii) the date of commencement of the winding-up of the Company; and
- (ix) the date on which the Grantee commits a breach of paragraph 7.1.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION AND MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

9.1 The maximum number of Shares subject to the New Share Scheme and any other schemes must not, subject to paragraph 10 and in aggregate, exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of Shares in issue from time to time (excluding (i) any Shares issued after that date upon the exercise of any Options granted pursuant to the New Share Scheme and any other such schemes; and (ii) any pro rata entitlements to further Shares issued in respect of those Shares mentioned in (i)). Subject to this:

- (i) the total number of Shares available for issue under Options which may be granted under the New Share Scheme must not in aggregate exceed 10% of the issued share capital of the Company as at the date of listing of Shares on the Stock Exchange unless an approval by Shareholders at general meeting has been obtained pursuant to paragraph (ii) or (iii) below;
- (ii) the Company may seek approval by Shareholders at general meeting to refresh the 10% limit. However, the total number of Shares available for issue under Options which may be granted under the New Share Scheme in these circumstances must not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshing of the limit;
- (iii) the Company may seek separate Shareholders' approval at general meeting to grant Options beyond the 10% limit, provided that (i) the total number of Shares subject to the New Share Scheme does not in aggregate exceed 30% of the total issued share capital of the Company and (ii) the Options in excess of the 10% limit are granted only to Participants specified by the Company;
- (iv) the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted pursuant to the New Share Scheme and any other share option schemes of the Company to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue;
- (v) Notwithstanding sub-paragraph 9.1(iv), where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the New Share Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total

number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The number of Shares subject to the Options to be granted to such Participant and the terms of the Options to be granted to such Participant shall be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. In such a case, the Company shall send a circular to the Shareholders containing, amongst other terms, the identity of such Participant, the number and the terms of the Options to be granted (and options previously granted to such Participant) and such other information as required under the GEM Listing Rules;

- (vi) any grant of Options to a Connected Person must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee); and
- (vii) where Options are proposed to be granted to a Connected Person who is also a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates, and the proposed grant of Options, when aggregated the Options already granted to such connected person in the past 12 months period, would entitle that person to receive more than 0.1% of the total issued shares of the Company for the time being and the value of which is in excess of HK\$5 million, then the proposed grant must be subject to the approval of the Shareholders at general meeting. Apart from the Connected Person involved, all other Connected Persons must abstain from voting in such general meeting (except where any Connected Person intends to vote against the proposed grant). A Shareholder's circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms of the Options to be granted and containing a recommendation from the independent non-executive Directors on whether or not to vote in favour of the proposed grant.

- 9.2 No Participant shall be granted an Option which, if exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregate with the total number of Shares already issued under all the Options previously granted to him which have been exercised and issuable under all the Options previously granted to him which are for the time being subsisting and unexercised, would exceed 25% of the aggregate number of Shares for the time being issued and issuable under the New Share Scheme.

9.3 The maximum number of Shares referred to in paragraphs 9.1 and 9.2 will be adjusted, in such manner as the auditors (acting as experts and not as arbitrators) shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever provided that no such adjustment shall be made in the event of an issue of Shares as consideration in a transaction to which the Company is a party or in the event of any distribution of the Company's capital assets to its Shareholders on a pro rata basis (whether in cash or in specie) other than dividend paid out of the net profits attributable to its Shareholders for each financial year of the Company.

10. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party or in the event of any distribution of the Company's capital assets to its Shareholders on a pro rata basis (whether in cash or in specie) other than dividend paid out of the net profits attributable to its Shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised;
- (ii) the Subscription Price; or
- (iii) the method of exercise of the Option,

or any combination thereof, as the Directors may deem appropriate, having received a statement in writing from the Company's independent financial adviser or auditors certifying, either generally or as regard any particular Grantee, that they have, in their opinion, satisfied the requirement that such adjustments are fair and reasonable and that any such alteration shall give a Grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the Company's independent financial adviser or auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Company's independent financial adviser or auditors shall be borne by the Company.

11. SHARE CAPITAL

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

12. DISPUTES

Any dispute arising in connection with the New Share Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall be final and binding.

13. ALTERATION OF THE NEW SHARE SCHEME

13.1 The New Share Scheme may be altered in any respect by a resolution of the Board, save that no provisions of the New Share Scheme as to:

- (i) the definitions of "Employee", "Grantee", "Participant" and "Option Period" in paragraph 1.1; and
- (ii) the provisions of paragraphs 4.2, 5.1, 5.2, 5.3, 6, 7, 8, 9, 10, 13 and 14,

shall be altered to extend the class of persons eligible for the grant of Options or to the advantage of Grantees or prospective Grantees, except with the prior approval of Shareholders in general meeting with Participants and their associates abstaining from voting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration, save with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association for the time being for a variation of the rights attached to the Shares.

13.2 Any alteration to the terms and conditions of the New Share Scheme, which is of a material nature, shall be approved by the Stock Exchange, save where such alteration takes effect automatically under the existing terms of the New Share Scheme.

14. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Share Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Scheme shall remain in full force and effect.

15. MISCELLANEOUS

- 15.1 The New Share Scheme shall not form part of any contract of employment between the Company or any subsidiary and any Employee, and the rights and obligations of any Employee under the terms of his or her office or employment shall not be affected by his or her participation in the New Share Scheme or any right which he may have to participate in it and the New Share Scheme shall afford such Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 15.2 The New Share Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 The Company shall bear the costs of establishing and administering the New Share Scheme.
- 15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares generally.
- 15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his or her address in Hong Kong as notified to the Company from time to time.
- 15.6 Any notice or other communication served by post:
- (i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 15.7 All allotments and issues of Shares will be subject to all necessary consents under any relevant legislation for the time being in force in Hong Kong and (the place where the Company is incorporated), and a Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in the New Share Scheme.
- 15.8 The New Share Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

NOTICE OF ANNUAL GENERAL MEETING



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 8022)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of TLT Lottotainment Group Limited (the “**Company**”) will be held at 11:00 a.m. on 9 May 2011 at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong for the following purposes:

1. to receive and consider the audited consolidated financial statements and the reports of the directors and the auditors of the Company for the year ended 31 December 2010;
2. to re-elect retiring directors of the Company (the “**Directors**”) and to authorise the board of Directors to fix the Directors’ remuneration;
3. to re-appoint the auditors of the Company and to authorise the board of Directors to fix their remuneration;

To consider as special business and, if thought fit, passing the following resolutions (the “**Resolution(s)**”) as ordinary resolutions:

4. “**THAT:**
 - (a) subject to paragraph (c) of this Resolution, pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) operated by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as herein defined) of all the powers of the Company to allot, issue and deal with unissued shares (each a “**Share**”) of HK\$0.01 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as herein defined); or
 - (ii) the exercise of any options granted under the share option scheme of the Company; or
 - (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or
 - (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares,

shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary Resolution of the shareholders of the Company) the nominal amount of any share capital of the Company or the number of issued share repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of that Resolution, or, 95,442,424 shares, assuming that no shares are issued or repurchased from the date of the notice of annual general meeting up to the date of such meeting), and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the passing of an ordinary Resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution;

“**Rights Issue**” means an offer of Shares, or offer of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as herein defined) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the GEM Listing Rules and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this Resolution, “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the passing of an ordinary Resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.”

- 6. “**THAT** conditional upon the passing of the Resolutions 4 and 5 as set out in the notice of this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to Resolution 4 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 5 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

- 7. “**THAT**:
 - (a) subject to and conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the shares of the Company which may fall to be issued and allotted pursuant to the exercise of any options which may be granted under the share option scheme of the Company (the “New Share Scheme”), the rules of which are contained in the document marked “F” produced to the meeting and for the purpose of identification signed by the chairman of the meeting, the New Share Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Scheme including but without limitation:
 - (i) to administer the New Share Scheme under which options will be granted to participants eligible under the New Share Scheme to subscribe for shares in the Company;
 - (ii) to modify and/or amend the New Share Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Scheme relating to modification and/or amendment;

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- (iii) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Scheme and subject to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange;
 - (iv) to make application at the appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Scheme; and
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Scheme; and
- (b) existing share option scheme which was adopted by the Company on 30 July 2001 and amended on 2 December 2008 be and is hereby terminated with effect from the adoption of the New Share Scheme.”

By order of the Board
Cheung Man Yau, Timothy
Chief Executive Officer and Executive Director

Hong Kong, 4 April 2011

Notes:

1. A member of the Company may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting (or the adjourned meeting, as the case may be).
3. Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
4. In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the meeting, either in person or by proxy, in respect of such Share as if they were solely entitled thereto, but if more than one of such joint registered holders be present at the meeting, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.