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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE



VC BROKERAGE LIMITED
滙盈證券有限公司

**Placing Agent
VC Brokerage Limited**

PLACING AGREEMENT

After trading hours on 29 April 2011, the Vendor, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure not less than six Placees, on a best effort basis, for the purchase of up to 90,884,000 Shares at the Placing Price of HK\$0.25 per Placing Share. The maximum number of the Placing Shares represents (i) about 6.95% of the Company's existing issued share capital of 1,306,707,260 Shares and (ii) about 6.50% of the issued share capital of the Company of 1,397,591,260 Shares, as enlarged by the allotment and issue of the Subscription Shares.

SUBSCRIPTION AGREEMENT

After trading hours on 29 April 2011, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares actually placed, being a maximum number of 90,884,000 Subscription Shares in aggregate, at the Subscription Price of HK\$0.25 per Subscription Share.

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares. Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 13 May 2011. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will be a connected transaction and the Company is required to comply with all the requirements in relation to connected transactions under the GEM Listing Rules.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

PLACING AGREEMENT

Date

29 April 2011 (after trading hours)

Parties

The Vendor, the Company and the Placing Agent

The Vendor

The Vendor is a substantial shareholder (as defined under the GEM Listing Rules) of the Company. As at the date of this announcement, the Vendor is the beneficial owner of 207,530,000 Shares, representing approximately 15.88% of the existing entire issued share capital of the Company.

Placing Agent

The Placing Agent is VC Brokerage. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Placing Agent has agreed to purchase, or procure the Placees to purchase, the Placing Shares on a best effort basis.

The Placing Agent will be entitled to receive a placing agent commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed. The placing agent commission of 2.5% was arrived at after arm's length negotiation between the Company and the Placing Agent.

Placing Shares

The Vendor has agreed to place, and the Placing Agent has agreed to procure, on a best effort basis, for the purchase of up to 90,884,000 Placing Shares. The maximum number of the Placing Shares represents (i) about 6.95% of the Company's existing issued share capital of 1,306,707,260 Shares and (ii) about 6.50% of the issued share capital of the Company of 1,397,591,260 Shares, as enlarged by the allotment and issue of the Subscription Shares.

Placees

The Placing Agent has agreed to place the Placing Shares, on a best effort basis, to the Placees who are independent of and not connected with the Company, the Vendor, the Directors, chief executive and substantial shareholders (as defined in the GEM Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the GEM Listing Rules).

It is expected that there will be not less than six Placees. In the event that the number of the Placees falls below six, information of the Placees will be disclosed in further announcement of the Company in accordance with the GEM Listing Rules.

Placing Price

The Placing Price of HK\$0.25 per Placing Share represents a discount of approximately 1.96% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 29 April 2011, being the date of the Placing Agreement, and a premium of approximately 0.81% to the average closing price of HK\$0.248 per Share as quoted on the Stock Exchange during the five trading days immediately preceding and including 29 April 2011, being the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was fixed following arm's length negotiation between the Company and the Placing Agent on the date of the Placing Agreement.

Completion

The Placing is unconditional and completion of the Placing will take place on the Closing Date.

The Placing Shares will be sold free from all liens, charges and encumbrances and together with all rights attaching to them as at the Closing Date, including the right to receive all dividends declared, made or paid on or after the Closing Date.

Termination

If at any time at or prior to 9:30 a.m. (Hong Kong time) on the Closing Date: –

- (A) in the opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic or market (including stock market) conditions or taxation or currency exchange or exchange controls as would be likely to be materially adverse to the success of the Placing; or

- (B) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Vendor of any other provision of the Placing Agreement; or
- (C) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company and/or to the Vendor by giving notice in writing to the Vendor and the Company, provided that such notice is received prior to 4:00 p.m. (Hong Kong time) on the Closing Date.

SUBSCRIPTION AGREEMENT

Date

29 April 2011 (after trading hours)

Parties

The Company and the Vendor

Subscription Shares

The Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares actually placed, being a maximum number of 90,884,000 Subscription Shares (nominal value of such Shares being HK\$908,840.00).

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

Subscription Price

The Subscription Price is HK\$0.25 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

The Company is responsible for the costs and expenses of all the legal and other professional advisers and out-of-pocket expenses incurred in connection with the Placing, the Subscription and any associated transactions, and will reimburse the Vendor for all expenses properly incurred by the Vendor in connection with the Placing and the Subscription.

General Mandate

The Subscription Shares will be issued pursuant to the General Mandate granted to the Directors at the extraordinary general meeting of the Company held on 7 March 2011. Pursuant to the General Mandate, the Directors were authorized to allot and issue up to 190,884,848 Shares. Up to the date of this announcement, 100,000,000 Shares have been issued pursuant to the General Mandate. Accordingly, the issue of the Subscription Shares is not subject to any further approval by the Shareholders.

Conditions of the Subscription

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

If the conditions are not fulfilled on or prior to 13 May 2011 or such later date as may be agreed between the Company and the Vendor, the Subscription Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreement.

Completion

Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 13 May 2011. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will be a connected transaction and the Company is required to comply with all the requirements in relation to connected transactions under the GEM Listing Rules.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors have considered various ways of raising funds and consider that the Placing and the Subscription represent a suitable opportunity to raise capital for the Company and enlarge the equity base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Placing and the Subscription (including without limitation the Placing Price, the Subscription Price and the placing agent commission of 2.5%) are fair and reasonable based on the current market conditions, and the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The maximum gross proceeds and net proceeds (after deducting the placing agent commission and other expenses incurred in the Placing and the Subscription) from the Subscription are expected to be HK\$22.72 million and approximately HK\$21.95 million, respectively. The Company intends to use the net proceeds from the Subscription for financing possible future investments which may include the acquisition of 25% issued share capital of Galaxy Mount International Limited, repayment of promissory notes, repayment of other borrowings and/or for general working capital purposes of the Group. The net proceeds raised per Share upon completion of the Placing and the Subscription will be approximately HK\$0.24 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following are the details of the fund raising activities of the Company in the 12 months immediately preceding the date of this announcement:–

Date of announcement	Fund raising activity	Net Proceeds raised	Intended use of proceeds	Actual use of the proceeds
8 September 2010	Top-up placing of 66,000,000 Shares	Approximately HK\$19,200,000	For the general working capital of the Group	Funds of around HK\$3.2 million and HK\$1 million out of the proceeds were respectively used as payment of operating expenses and repayment of other borrowing. Funds of around HK\$15 million were used for acquisition of 51% equity interest in Fountain City Holdings Limited.
30 December 2010	Top-up placing of 94,000,000 Shares	Approximately HK\$29,500,000	For financing possible future investments which may included the acquisition of up to 30% issued share capital of Galaxy Mount International Limited, should such transaction is consummated, repayment of bank and other borrowings and/or for general working capital purpose of the Group.	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 the entire issued share capital of Dragon Gain Worldwide Limited. 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 of the Group respectively.

Date of announcement	Fund raising activity	Net Proceeds raised	Intended use of proceeds	Actual use of the proceeds
18 January 2011	Top-up placing of 64,000,000 Shares	Approximately HK\$18,220,000	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, should such transactions are consummated, for repayment of bank and other borrowings and/or for general working capital purposes of the Group.	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. The remaining balance has been used for payment of operating expenses and repayment of other borrowings.
6 April 2011	Top-up placing of 100,000,000 Shares	Approximately HK\$28,700,000	For financing possible future investments which may include the acquisition of up to 30% issued share capital of Galaxy Mount International Limited should such transaction is consummated, repayment of promissory notes, repayment of other borrowings and/or for general working capital purposes of the Group.	Funds of around HK\$15 million and HK\$5 million out of the net proceeds were respectively used for early repayment of promissory notes and as refundable consultancy service deposit. Funds of HK\$2 million was used for payment as part of consideration for acquisition of 25% issued share capital of Galaxy Mount International Limited. Funds of approximately HK\$0.7 million and HK\$0.5 million were used for payment of professional fee and general operating expenses respectively. The remaining balance has been deposited in bank and not yet been utilized. The remaining balance will be applied for financing possible future investments and for the Group's general working capital purpose.

Save and except for the above, the Company has not conducted any fund raising activities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The expected changes in the share capital and shareholding structure of the Company resulting from the Placing and the Subscription are as follows:

	Notes	Existing Shareholding (as at the date of this announcement)		Shareholding immediately after the Placing but before the Subscription		Shareholding immediately after the Placing and the Subscription	
		No. of shares	Approx. %	No. of shares	Approx. %	No. of shares	Approx. %
Substantial Shareholders and Directors							
The Vendor		207,530,000	15.88	116,646,000	8.93	207,530,000	14.85
Shiny Galaxy Enterprises Limited	1	350,000	0.03	350,000	0.03	350,000	0.03
Tang Tsz Hoo Anthony		75,322,113	5.76	75,322,113	5.76	75,322,113	5.39
Chan Kin Yip	2	1,000,000	0.08	1,000,000	0.08	1,000,000	0.07
Non-Public Subtotal		<u>284,202,113</u>	<u>21.75</u>	<u>193,318,113</u>	<u>14.80</u>	<u>284,202,113</u>	<u>20.34</u>
Public Shareholders							
The Placees		N/A	N/A	90,884,000	6.95	90,884,000	6.50
Other Public		<u>1,022,505,147</u>	<u>78.25</u>	<u>1,022,505,147</u>	<u>78.25</u>	<u>1,022,505,147</u>	<u>73.16</u>
Public Subtotal		<u>1,022,505,147</u>	<u>78.25</u>	<u>1,113,389,147</u>	<u>85.20</u>	<u>1,113,389,147</u>	<u>79.66</u>
Total		<u>1,306,707,260</u>	<u>100.00</u>	<u>1,306,707,260</u>	<u>100.00</u>	<u>1,397,591,260</u>	<u>100.00</u>

Notes:

1. Shiny Galaxy Enterprises Limited is beneficially owned as to 100% by Mr. Wong Wai Sing, the chairman of the Company and an executive Director.
2. Mr. Chan Kin Yip is an executive Director.

GENERAL

The Group is principally engaged in the provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organisation and operation of an artist training school.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“business day”	a day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business to the public in Hong Kong, and “business days” shall be construed accordingly
“Closing Date”	the second business day from the day on which the sale and purchase of the Placing Shares are input into the Automatic Order Matching System as operated by the Stock Exchange
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on GEM (stock code: 8022)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General 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 with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement

“Placing”	the placing of up to 90,884,000 Placing Shares beneficially owned by the Vendor by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	VC Brokerage
“Placing Agreement”	a placing agreement entered into between the Vendor, the Company and the Placing Agent dated 29 April 2011 in relation to the Placing
“Placing Price”	HK\$0.25 per Placing Share
“Placing Share(s)”	a maximum of 90,884,000 Shares beneficially owned by the Vendor and to be placed under the Placing
“PRC”	The People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the top-up subscription agreement entered into between the Company and the Vendor dated 29 April 2011 in relation to the Subscription
“Subscription Price”	HK\$0.25 per Subscription Share
“Subscription Shares”	new Shares equivalent to the number of the Placing Shares to be subscribed by the Vendor
“VC Brokerage”	VC Brokerage Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance

“Vendor”	Mr. Luk Wing Kwong, Quintin, a substantial shareholder (as defined in the GEM Listing Rules) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 29 April 2011

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

This announcement, for which the Directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement or this announcement misleading.

This announcement will remain on the 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>.