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TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code : 8022)

DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 25 May 2011 (after trading hours), the Company and the Vendor entered into the Agreement pursuant to which the Company has conditionally agreed to purchase (or procure the purchase of), and the Vendor has agreed to sell, the Sale Shares for an aggregate consideration of HK\$30 million, which shall be satisfied by allotment and issue of the Consideration Shares, credited as fully paid, to the Vendor. The Sale Shares represent the entire share capital of the Target.

The Consideration Shares represent (i) approximately 12.80% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.35% of the issued share capital of the Company as enlarged by the allotment and issue of the 176,470,588 Consideration Shares. The Consideration Shares will be issued under the General Mandate.

The Acquisition contemplated under the Agreement constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements of Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 25 May 2011 (after trading hours), the Company and the Vendor entered into the Agreement pursuant to which the Company has conditionally agreed to purchase (or procure the purchase of), and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire share capital of the Target, for a consideration of HK\$30 million. A summary of the principal terms of the Agreement is set out below:

THE AGREEMENT

Date

25 May 2011

Parties

Purchaser: The Company

Vendor: Lui Bing Kin, Michael

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor is a third party independent of the Company and connected persons (as defined in the GEM Listing Rules) of the Company.

Pursuant to the Agreement, the Purchaser shall have the right to nominate any of its wholly-owned subsidiary to purchase the Sale Shares at Completion in accordance with the Agreement.

Assets to be acquired

The Sale Shares represent the entire share capital of the Target. Further particulars of the Target are set out in the paragraph headed "Information of the Target" below.

Consideration

The Consideration is HK\$30 million, which shall be satisfied by the Company by the allotment and issue of the Consideration Shares (being 176,470,588 new Shares), credited as fully paid, at an issue price of HK\$0.17 per Consideration Share to the Vendor upon Completion.

The issue price of HK\$0.17 per Consideration Share represents:

- (i) a discount of approximately 3.95% to the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on 25 May 2011, being the date of the Agreement;
- (ii) a discount of approximately 11.46% to the average closing price of approximately HK\$0.192 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 24 May 2011; and
- (iii) a discount of approximately 15% to the average closing price of approximately HK\$0.20 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 24 May 2011.

The issue price of HK\$0.17 per Consideration Share was arrived at by the Company and the Vendor after arm's length negotiation and taking into account the prevailing trading prices of the Shares.

The Consideration Shares represent (i) approximately 12.80% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.35% of the issued share capital of the Company as enlarged by the allotment and issue of the 176,470,588 Consideration Shares. The Consideration Shares will be allotted and issued by the Company pursuant to the General Mandate and no separate shareholders' approval is required. As at the date of this announcement, the Company has unused general mandate to issue up to 262,741,452 new Shares.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration of HK\$30 million was determined after arm's length negotiations between the Company and the Vendor taking in account the Target's ownership of 30% of the issued share capital of Star Most, the business prospects that could be generated from the synergy effect between the media and entertainment business of the Group and the business of the Star Most Group, the future prospects of the top brand fashion market in Hong Kong, the Macau Special Administrative Region of the PRC and the PRC and the reasons elaborated in the paragraph headed "Reasons for and benefits of the Acquisition" below.

Conditions precedent

Completion of the Agreement is conditional upon:

- (1) the transactions contemplated under the Agreement having complied with the requirements under the GEM Listing Rules;
- (2) the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Consideration Shares; and
- (3) the warranties given by the Vendor under the Agreement remaining true and accurate in all material respects and not misleading in any material respect as at the Completion Date.

The conditions precedent (other than (1) and (2)) can be waived by the Company. If any of the above conditions precedent have not been fulfilled or waived on or before the Long Stop Date or such other date as the Company and the Vendor may agree, the Agreement shall be deemed to be terminated and neither party shall have any claims whatsoever against the other in connection therewith save for any antecedent breaches of the Agreement.

Completion

Completion shall take place on the fourth business day after the fulfilment or waiver of all the conditions precedent as set out in the paragraph headed "Conditions precedent" above (or such other day as the Company and the Vendor may agree in writing).

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion and the issue of the Consideration Shares to the Vendor, assuming that there is no other change in the shareholding of the Company:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholder/ Directors				
Mr. Luk Wing Kwong, Quintin Shiny Galaxy Enterprises Limited (<i>Note 1</i>)	207,530,000	15.05	207,530,000	13.35
Mr. Chan Kin Yip (<i>Note 2</i>)	350,000	0.03	350,000	0.02
The Vendor	1,000,000	0.07	1,000,000	0.06
Public Shareholders	–	–	176,470,588	11.35
	<u>1,169,827,260</u>	<u>84.85</u>	<u>1,169,827,260</u>	<u>75.22</u>
Total	<u>1,378,707,260</u>	<u>100.0</u>	<u>1,555,177,848</u>	<u>100.0</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.

INFORMATION OF THE TARGET

The Target is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As the Target was incorporated on 11 May 2011, there was no financial information of the Target during the last two financial years.

The Target owns 30% of the issued share capital of Star Most, which in turn owns 65% interest in Stars Excel and 87.5% interest in Fiorucci Limited. The principal business of the Star Most Group is wholesale and retail distribution of fashion products, including fashion products under the brand name “Fiorucci”.

For information purposes, the unaudited consolidated financial information of the Star Most Group for the period from 18 August 2009 (being the date of incorporation of Star Most) to 31 December 2009 and the year ended 31 December 2010 as provided by the Vendor are as follows:

	For the period from 18 August 2009 to 31 December 2009 HK\$ approximately	Year ended 31 December 2010 HK\$ approximately
Turnover	Nil	789,000
Loss before tax	901,000	5,524,000

The unaudited consolidated total assets and total liabilities of the Star Most Group as at 31 December 2010 were approximately HK\$12,711,000 and approximately HK\$16,512,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the internet e-gaming, rendering of travel agent services, entertainment programme production, events organisation, TV-series production and operation of an artist training school in the Macau Special Administrative Region of the PRC.

The Group has been focusing on the development and expansion of its media and entertainment business. The Acquisition will diversify the Group's business by acquiring an interest in a company which is involved in the wholesale and retail distribution of fashion products, including fashion products under the brand name "Fiorucci". The Star Most Group, among other things, has been granted an exclusive right to use the Italian fashion label brand "Fiorucci" on or in relation to the marketing and distribution of ladies' wear in Hong Kong, the Macau Special Administrative Region of the PRC and the PRC. In view of the general state of the retail sector, the number and spending of visitors to Hong Kong, together with the rapid economic growth and the increasing of brand-conscious consumers in the PRC, the Group's platform in the media and entertainment industry may be utilised to promote the products of the Star Most Group. As set out in the announcements of the Company dated 15 September 2010, 7 October 2010 and 22 October 2010 respectively, the Company has acquired 51% equity interest of Fountain City Holdings Limited ("Fountain City"). Fountain City, together with its subsidiaries, are engaged in the business of entertainment programme production, events organization, advertising, television series production and operation of an artist and entertainment talent training school in the region of Macau and Southeast Asia. By utilising such media and entertainment channels in the promotion and marketing of the products of the Star Most Group, the Directors consider that such arrangements would create a synergy effect and benefit both the business prospects of the Star Most Group and the media and entertainment business of the Group.

The Directors are of the view that the terms of the Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DISCLOSEABLE TRANSACTION

The Acquisition contemplated under the Agreement constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements of Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the agreement for the sale and purchase of the entire share capital of the Target dated 25 May 2011 and entered into between the Vendor and the Company
“Board”	the board of Directors
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration payable by the Company to the Vendor for the Acquisition in accordance with the Agreement
“Consideration Shares”	means 176,470,588 new Shares to be allotted and issued, credited as fully paid, by the Company at Completion to settle the Consideration
“Directors”	the directors of the Company
“Fiorucci Limited”	Fiorucci Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 87.5% by Star Most
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	a general and unconditional mandate granted to the Directors at the annual general meeting of the Company held on 9 May 2011 to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 262,741,452 Shares

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Long Stop Date”	the 90th day of the date of the Agreement (or such later date as the Vendor and the Purchaser may agree in writing)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	the entire share capital of the Target as at Completion
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company
“Star Most”	Star Most Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 30% by the Target
“Star Most Group”	Star Most and its subsidiaries (i.e. Stars Excel and Fiorucci Limited)
“Stars Excel”	Stars Excel Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 65% by Star Most
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Solution Gold Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by the Vendor
“Vendor”	Lui Bing Kin, Michael
“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, 25 May 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 “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at <http://www.lottotainment.com.hk>.