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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

The Board is pleased to announce that on 14 November 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 Share for the aggregate consideration of HK\$20 million, which shall be satisfied in cash. The Sale Share represents the entire issued share capital of the Target Company.

The Target Group is principally engaged in the businesses of product advertising and promotion, marketing agency and planning, function organization and media project services.

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.

INTRODUCTION

The Board is pleased to announce that on 14 November 2011 (after trading hours), the Company (as purchaser) and the Vendor (as vendor) entered into the Agreement pursuant to which, among other things, the Company has conditionally agreed to purchase (or procure the purchase of), and the Vendor has conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company, for a consideration of HK\$20 million. A summary of the principal terms of the Agreement are set out below:

THE AGREEMENT

Date: 14 November 2011

Vendor: the Vendor

Purchaser: the Company

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

Assets to be acquired

The Sale Share, representing the entire share capital of the Target Company. Further particulars of the Target Company are set out in the paragraph headed "Information of the Target Company" below.

Consideration

The consideration for the Sale Share is HK\$20 million, which shall be satisfied by the Company in cash in the following manner:

- (i) a refundable deposit in the sum of HK\$5 million is payable to the Vendor upon signing of the Agreement; and
- (ii) the remaining balance of the Consideration in the sum of HK\$15 million is payable at Completion.

The Consideration of HK\$20 million was determined after arm's length negotiations between the Company and the Vendor taking into account the Target Company's ownership of 60% of the issued share capital of Hong Kong Marketing, the profits guarantee to be provided by the Vendor to the Company, the Vendor's agreement to serve as managing director of Hong Kong Marketing for 2 years and the business prospects and synergy effect that could be brought to the Company's existing businesses and the reasons elaborated in the paragraph "Reason for the proposed Acquisition" below.

Conditions Precedent

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

- (i) the warranties and representations made by the Vendor in this Agreement shall be true and correct in all material respects;
- (ii) due diligence (including legal, finance and business) on the Target Company, Hong Kong Marketing and their subsidiaries (if any), including without limitation, its state of affairs, assets and liabilities, financial position and business operation having been completed to the full satisfaction of the Company;
- (iii) the Company having obtained a certificate of good standing issued by the Vanuatu Financial Service Commission, confirming that the Target Company is legally and validly incorporated and of good standing; and
- (iv) all necessary consents and approvals required to be obtained on the part of the Company in respect of this Agreement and the transaction contemplated thereby having been obtained.

The Company may at its absolute discretion at any time in writing waive any of the conditions precedent. If the above conditions precedent have not been satisfied on or before the Long Stop Date or such later date as the Company and the Vendor may agree, the Vendor shall within 5 Business Days after the Long Stop Date return the deposit to the Company without any interest and upon fully refund of the deposit to the Company the Agreement shall be terminated and neither party shall have any claims whatsoever against the other in connection therewith save for antecedent breaches of the Agreement.

Completion

Completion will take place on the Completion Date, which shall be within 5 Business Day after the date on which all the conditions precedent above are fulfilled or waived (or such other day as the parties to the Agreement may agree in writing).

Profits Guarantee

The Vendor unconditionally and irrevocably guarantees to the Purchaser that the consolidated profit for the Target Group after tax and minority interest for the calendar year ended on 31 December 2012 shall not be less than the Guaranteed Profits of HK\$2.7 million.

The figure of the consolidated profit for the Target Group after tax and minority interest for the 12 months period ended on 31 December 2012 shall be determined by the auditors of the Purchaser in the preparation of the Company's audited financial statements for the year ended 31 December 2012.

In the event the consolidated profit for the Target Group as guaranteed by the Vendor can not be reached or the Target Group is suffering a loss, the Vendor shall within 10 days after the audited financial statements of the Company for the year ended 31 December 2012 are being published, compensate the Company with a sum equivalent to the short fall of the Guaranteed Profits times a multiplier of 7.4 and in the event the Target Group is suffering a loss for the year, compensate the Company with a sum equivalent to the amount of the loss of the Target Group and the Guaranteed Profits times a multiplier of 7.4.

SERVICE CONTRACT

Subject to and conditional on Completion pursuant to the Agreement, the Vendor agrees to enter into a service contact with Hong Kong Marketing to serve as its managing director for a period of 2 years commencing from the date of Completion at the monthly salary of HK\$20,000 and a discretionary bonus payable at the end of each calendar year.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Vanuatu with limited liability and is an investment holding company. As the Target Company was incorporated on 17 May 2011, there was no financial information of the Target during the last two financial years.

The Target Company owns 60% of the issued share capital of Hong Kong Marketing. The principal businesses of Hong Kong Marketing is product advertising and promotion, marketing agency and planning, function organization and media project services.

For information purpose, the audited financial information of Hong Kong Marketing for the years ended 31 August 2009 and 31 August 2010 and the unaudited financial information of Hong Kong Marketing for the year ended 31 August 2011 as provided by the Vendor is as follows:

	Year ended 31 August 2011 <i>HK\$'000</i>	Year ended 31 August 2010 <i>HK\$'000</i>	Year ended 31 August 2009 <i>HK\$'000</i>
Turnover	5,822	8,183	10,968
Profit before taxation	68	202	126
Taxation	0	0	0
Profit after taxation	68	202	126

According to the unaudited accounts of Hong Kong Marketing, the net liabilities of Hong Kong Marketing as at 31 August 2011 was approximately HK\$819,000.

REASON FOR THE PROPOSED ACQUISITION

The Group has been engaged in the rendering of travel agent services, entertainment programme productions, events organization, TV-series production and operation of an artist training school in Macau Special Administrative Region of the PRC.

The Group's business strategy is to focus on cultural, entertainment and media businesses. The Acquisition provides a good opportunity to capture the potential growth of the market of promotion agency, marketing and advertising, and media project service. With the strong client base and the media network the Target Group possessed as well as the management's experience in advertising and promotion industry, the Directors consider that the entering of the Acquisition can provide synergy effect to our existing businesses which included provision of cross-selling and marketing platform for our artist management, training school and the stage drama businesses and provision of resource for brand building of our Group's entertainment business.

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

GEM LISTING RULES IMPLICATION

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

DEFINITIONS

In this announcement, unless the context does not permit or otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Share pursuant to the Agreement
“Agreement”	the agreement dated 14 November 2011 made between the Vendor and the Company in relation to the Acquisition
“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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 of the Agreement
“Completion Date”	the date within 5 Business Day after all the conditions precedent to the Agreement have been fulfilled or such other date as the Company and the Vendor may agree

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration payable by the Company to the Vendor for the Acquisition under the Agreement
“Director(s)”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	the consolidated profit for the Target Group after tax and minority interest for the calendar year ended on 31 December 2012 guaranteed by the vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Marketing”	Hong Kong Marketing Service Limited, a company incorporated in Hong Kong with limited liability, which is 60% owned by the Target Company
“Last Trading Date”	14 November 2011, being the date of the Agreement
“Long Stop Date”	13 February 2012 or such other date as may be agreed by the Company and the Vendor
“PRC”	The People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Share”	one ordinary share of US\$1.00 in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.050 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Creative Star Limited, a company incorporated in Vanuatu

“Target Group”	Target Company, Hong Kong Marketing and their subsidiaries (if any)
“Vanuatu”	The Republic of Vanuatu
“Vendor”	Mr. Chang Ka Wai
US\$	United States dollars, the lawful currency of United States of America
“%”	per cent.

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

Hong Kong, 14 November 2011

As at the date of this announcement, the executive Directors of the Company are Mr. Cheung Man Yau, Timothy, Mr. Lee Chi Shing, Caesar, Mr. Chan Kin Yip and Ms. Cheng Sze Man; and 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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at <http://www.lottotainment.com.hk>.