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 all your shares in TLT Lottotainment Group Limited, you should at once hand this circular and the accompanied proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CREATIVE STAR LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of the Company to be held at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on 24 February 2012 at 11:00 a.m., is set out on pages 4 to 11 of this circular. Whether or not you are able to attend the meeting, you are advised to complete the form of proxy attached to the notice of the extraordinary general meeting in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

8 February 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the 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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In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

"Acquisition"	the acquisition of the Sale Share pursuant to the Acquisition Agreement
"Acquisition Agreement"	the sale and purchase agreement dated 14 November 2011 entered into between the Vendor as vendor and the Company as purchaser relating to the sale and purchase of the Sale Share as amended and varied by, as the context may require, the Supplemental Agreement and the Second Supplemental Agreement
"Articles"	Articles of Association of the Company
"associates"	has the meaning ascribed to it in the GEM Listing Rules
"Board"	the board of Directors or a duly authorised committee thereof
"Business Day(s)"	a day (other than a Saturday, Sunday or a public holiday) on which licensed banks in Hong Kong 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, the shares of which are listed on GEM
"Completion"	completion of the Acquisition in accordance with the terms of the Acquisition Agreement
"connected persons"	has the meaning ascribed to it in the GEM Listing Rules
"Directors"	the directors of the Company and each a "Director"
"EGM"	an extraordinary general meeting of the Company to be held at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong, on 24 February 2012 at 11:00 a.m. to consider and, if thought fit, approve the Acquisition
"Enlarged Group"	the Group immediately after completion of the Acquisition

"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
"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
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administration Region of the People's Republic of China
"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
"Latest Practicable Date"	3 February 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Long Stop Day"	30 March 2012 or such other date as may be agreed by the Company and the Vendor
"PRC"	The People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Sale Share"	the 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
"Second Supplemental Agreement"	the second supplemental agreement dated 20 January 2012 made between the Vendor and the Company to further amend the terms of the sale and purchase agreement dared 14 November 2011

"Share(s)"	share(s) of nominal value of HK$0.050 each in the share capital of the Company
"Shareholders"	registered holders of the Shares
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 25 November 2011 made between the Vendor and the Company to amend and vary the terms of the sale and purchase agreement dated 14 November 2011
"Target Company"	Creative Star Limited, a company incorporated in Vanuatu
"Target Group"	Target Company and its subsidiary
"Vanuatu"	The Republic of Vanuatu
"Vendor"	Mr. Chang Ka Wai
"US$"	United States dollars, the lawful currency of United States of America
"%"	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. Cheung Man Yau, Timothy
Mr. Lee Chi Shing, Caesar
Mr. Chan Kin Yip
Ms. Cheng Sze Man

Independent non-executive Directors:
Mr. Sung Wai Tak Herman
Mr. Wong Lit Chor, Alexis
Mr. Fung Wai Shing

Registered office and principal place of business:
Room A, 9th Floor,
Fortis Tower,
77–79 Gloucester Road,
Wanchai,
Hong Kong

8 February 2012

To Shareholders of the Company

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CREATIVE STAR LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The Board announced on 14 and 25 November 2011 and 20 January 2012 that the Company entered into the Acquisition Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor the total issued share capital of the Target Company at a consideration of HK$20 million, which shall be satisfied in cash.

The purpose of this circular is to provide you with, among other things, information of the Acquisition and to give you a notice of the EGM at which a resolution will be proposed to consider and, if thought fit, approve the Acquisition.

THE ACQUISITION AGREEMENT

Date: 14 November 2011 (as varied and amended by the parties thereof by way of the Supplemental Agreement)

Parties:

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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent from any of the vendors of the previous transactions of the Company.

Assets to be acquired

The assets to be acquired is the Sale Share, representing the entire share capital of the Target Company.

Consideration

The consideration for the Acquisition is HK$20 million, which is to be satisfied by the Purchaser in the following manner:

(a) as to HK$5 million in cash being refundable deposit which have been paid upon signing of the Agreement; and

(b) as to HK$15 million in cash to be paid upon completion of the Acquisition.

The Consideration will be funded by the proceeds from the issue of convertible bonds by the Company in October 2011. The consideration for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the Company and the Vendor and was reference to the profit guarantee offered by the Vendor, the prevailing market price to earnings multiples of companies with similar business, the prospect of the Target Group and the synergy effect.

The consideration for the Acquisition was arrived by the Company by referencing to a list of the comparable companies, all of which are companies listed in Hong Kong, engaged in similar business in Hong Kong and Mainland China to the Target Group is presented in the table below:

Company Name	**Stock code**	**Price-to-earning multiple**
Clear Media Limited	100 (HK)	9.2
Sinomedia Holding Limited	623 (HK)	7.6
Beijing Media Corporation Ltd	1000 (HK)	7.7
Qin Jia Yuan Media Services Co. Ltd	2366 (HK)	4.0

Excluding the lowest and highest ones on the above list, the average 7.65 price-to-earning multiple is benchmarked to the market multiple.

The consideration for the Acquisition was arrived by the Company in consideration of the following reasons:

(a) The entering into of the service contract with the Vendor as managing director of Hong Kong Marketing who has well experience in marketing function organisation, strategic planning and multi-media promotion.

(b) Although Hong Kong Marketing has declining revenue and profit in the past three years, the company prove to have profit track record and possess good sales network and multimedia relationship as well as extended coverage. The Company believe that, by further strengthen its internal control, organisation re-engineering and proper resources allocation, the Target group can further improve its profitability, turnover and financial position which in long term can capture substantial market share in the industry.

(c) It is hoped that benefits as a result of synergy effects upon Acquisition will be brought to the Group.

The management has noted the financial performance of Hong Kong Marketing and the issues leading to the situation which include but not limited to:

(a) managed and operated solely by the Vendor which limits the business development;

(b) limited scale of economy as a result of the business size;

(c) business potential and network not fully developed; and

(d) insufficient capital provided by the Vendor which limit business development.

Upon the completion of the Acquisition, it is hoped that the aforesaid issues may be improved to a large extent. Besides, there may be benefits to the Group as a result of synergy effects upon the Acquisition since the Group needs tremendous resources on marketing and promotion of the Group's entertainment business.

The consideration for the Acquisition represents a 7.4 price-to-earning multiple over the profits guarantee of the Vendor is in line with the market average 7.65 price-to-earning multiple. The Directors consider the consideration for the Acquisition is fair and reasonable and to the benefit of the Company.

Conditions Precedent

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

(a) the warranties and representations made by the Vendor in the Acquisition Agreement shall be true and correct in all material respects;

(b) 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;

(c) 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

(d) that all necessary consents and approvals required to be obtained on the part of the Company including shareholders' approval as required by GEM Listing Rules in respect of the Acquisition 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 Acquisition Agreement shall be terminated and neither party shall have any claims whatsoever against the other in connection therewith save for antecedent breaches of the Acquisition Agreement.

The right to waive any of the conditions precedent mentioned above by the Company in its absolute discretion was negotiated by the Company for flexibility only, the Company has no intention to waive condition precedent (d) mentioned above and will ensure compliance of all GEM Listing Rules at all time.

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 Acquisition Agreement may agree in writing).

Profits Guarantee

The Vendor unconditionally and irrevocably guarantees to the Company 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 Company 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 cannot 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 Acquisition 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. The Vendor shall be responsible for the development, promotion and expansion of the businesses of Hong Kong Marketing and its associated companies (if any) and to liaise with clients in the promotion of the businesses of Hong Kong Marketing and to perform his duties as the board of directors of Hong Kong Marketing may from time to time resolved within the territories of the PRC, Hong Kong, Macau, Taiwan and other countries in South East Asia or other areas from time to time decided by the board of directors of Hong Kong Marketing. The Vendor is entitled to a monthly salary of HK$20,000 which shall be reviewed and/or adjusted by Hong Kong Marketing and notified to the vendor by the end of March of every calendar year and a discretionary bonus reflecting the performance of Hong Kong Marketing payable at the end of each calendar year.

The Vendor, aged 38, possesses more than ten years of management experiences, specializes in the field of advertising and marketing. The Vendor had worked as the head of sales and marketing in Sing Pao Daily, general manager in Wealthy Magazine, and as the sales director in Hong Kong Daily News and has maintained excellent working relationships with various media and parties with distinctive and creative ideas in advertising and marketing strategies and planning. The Vendor has been a director of Hong Kong Marketing since 19 April 2006.

Upon Completion of the Acquisition, the Company has no intention to appoint the Vendor to the Board.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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.

INFORMATION OF THE TARGET COMPANY AND HONG KONG MARKETING

The Target Company is a company incorporated in Vanuatu with limited liability on 17 May 2011 and is an investment holding company. The Target Company and the Vendor owns 60% and 40% respectively of the issued share capital of Hong Kong Marketing. Except for the investment cost in Hong Kong Marketing, the Target Company does not have other assets.

According to the audited accounts of the Target Company, the net liabilities of the Target Company as at 31 August 2011 was approximately HK$3,000.

Hong Kong Marketing is a company incorporated in Hong Kong on 27 August 2005 with limited liability. Hong Kong Marketing is 60% owned by the Vendor indirectly through the Target Company and 40% owned by the Vendor directly.

Hong Kong Marketing is a company incorporated in Hong Kong with limited liability on 27 August 2005 and its principal businesses is product advertising and promotion, marketing agency and planning, function organization and media project services. Hong Kong Marketing possesses strong customer base and sales network, its existing clients of which include Sa Sa, Eastasia Entertainment, Visa, Universal Music Hong Kong, Chow Tai Fook, the Venetian, Nokia, Samsung, Canon, Jusco, ATV, ICAC and Emperor Palace etc. Regarding its marketing and promotion media coverage, it maintains extensive business relationship with different media, which promotion and advertising channel range from leaflet, brochure, press and magazine, radio and TV broadcasting to internet and mobile device.

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

	Year ended 31 August 2011	**Year ended 31 August 2010**	**Year ended 31 August 2009**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	6,050	8,183	10,968
Profit before taxation	158	202	125
Taxation	0	0	0
Profit after taxation	158	202	125

According to the audited accounts of Hong Kong Marketing, the net liabilities of Hong Kong Marketing as at 31 August 2011 was approximately HK$730,000.

REASON FOR THE PROPOSED ACQUISITION

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

FINANCIAL IMPACT OF THE ACQUISITION

Based on the pro forma financial information of the Enlarged Group set out in Appendix IV to this circular and the bases and assumptions taken into account in preparing such pro forma financial information, the Group's total assets and total liabilities would be increased by approximately HK$1,977,000 and approximately HK$2,269,000 respectively while its loss for the year would be decreased by approximately HK$158,000 as a result of the Acquisition. The details of the financial effect of the Acquisition on the financial position and results of the Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information are set out, for illustration purpose only, in Appendix IV to this circular.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 19.06 of the GEM Listing Rules, which is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the Acquisition Agreement which is materially different from the other Shareholders. Therefore no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM.

THE EGM

A notice convening the EGM is set out on pages 76 to 77 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are advised to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

The Directors consider that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolution to be proposed at the EGM to approve the Acquisition.

Yours faithfully,
On behalf of the Board
Cheung Man Yau, Timothy
Chief Executive Officer and Executive Director

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the years 31 December 2008 (pages 6 to 10, 29 to 95), 2009 (pages 6 to 10, 28 to 108) and 2010 (pages 6 to 9, 30 to 112) dated 30 March 2009, 22 March 2010 and 23 March 2011 respectively and the interim report of the Company for the six months ended 30 June 2011 (pages 2 to 21) dated 11 August 2011 which are published on both the GEM website (www.hkgem.com) and the website of the Company (www.lottotainment.com.hk).

Events since 31 December 2010

Purchase, Redemption or Sale of Listed Securities of the Company

During the period from 1 January 2011 to Latest Practicable Date, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities except (i) the issue of 94,000,000 shares at a price of HK$0.32 per placing shares by way of top-up placing on 6 January 2011; (ii) the issue of 64,000,000 shares at a price of HK$0.295 per placing shares by way of top-up placing on 25 January 2011; (iii) the issue of 100,000,000 shares at a price of HK$0.295 per placing shares by way of top-up placing on 13 April 2011; (iv) the issue of 65,000,000 shares at a price of HK$0.245 per placing shares by way of top-up placing on 12 May 2011; (v) the issue of 321,753,606 consideration shares as disclosed under the section "Discloseable Transaction Involving Issue of Consideration Shares"; and (vi) the issue of 86,000,000 shares at a price of HK$0.10 per placing shares by way of top-up placing on 18 August 2011.

Issue of HK$60 Million Convertible Notes

On 28 March 2011, an aggregate principal amount of HK$60,000,000 of the convertible notes was issued to Premier Capital Enterprises Limited at the conversion price of HK$0.28 per conversion share with the maturity date falling on the second anniversary of the date of the issue of the convertible notes. During the nine months ended 30 September 2011, an aggregate principal amount of HK$31,920,000 of the convertible note has been converted into 114,000,000 ordinary shares of the Company. As at the Latest Practicable Date, an aggregate principal amount of HK$28,080,000 convertible notes was outstanding.

Details of the above convertible notes have been published on the Company's announcements dated 15 February 2011, 23 March 2011 and 28 March 2011 respectively and the Company's circular dated 7 March 2011.

Share Consolidation and Issue of HK$50 Million Convertible Bonds

The share consolidation, of every five shares of HK$0.01 each in the issued and unissued share capital of the Company consolidated into one consolidation share of HK$0.05 each in the issued and unissued share capital of the Company (the "Share Consolidation") became effective on 19 October 2011. Upon the Share Consolidation has been effective, the existing authorized share capital of the Company is HK$100,000,000 divided into 2,000,000,000 consolidated shares, of which 328,235,569 consolidated shares has been issued and fully paid or credited as fully paid. The board lot size has also been adjusted from 2,000 shares to 5,000 consolidated shares.

As a result of the Share Consolidation of the Company (i) the exercise prices of the options; (ii) the number of Shares to be allotted and issued in respect of the Options; and (iii) the conversion prices of the existing convertible notes were adjusted with effect from 19 October 2011. The details of the above adjustment have been disclosed in the Company's announcement dated 20 October 2011.

On 28 October 2011, an aggregate principal amount of HK$50,000,000 of the convertible bonds was issued to Sun Finance Co., Ltd. at the conversion price of HK$0.30 per conversion share with the maturity date falling on the sixth month of the date of the issue of the convertible bonds. Assuming full conversion of the convertible bonds at the conversion price of HK$0.30 per conversion share, a total of 166,666,666 conversion shares will be allotted and issued, but there is no conversion share has been issued as at the date of this circular.

Details of the above Share Consolidation and issue of HK$50 million convertible bonds have been published on the Company's circular dated 3 October 2011 and its announcements dated 8 August 2011, 23 August 2011, 29 August 2011, 8 September 2011, 16 September 2011, 28 September 2011, 30 September 2011, 18 October 2011, 20 October 2011 and 28 October 2011.

Discloseable Transaction Involving Issue of Consideration Shares

(1) On 16 February 2011, a sale and purchase agreement was entered into between the Company and Mr. Tang Tsz Hoo Anthony, Mr. Chan Chui Man and Mr. Yeung Wai Bo (collectively, the "Vendors") pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 1,000 shares of Dragon Gain Worldwide Limited ("Dragon Gain") (the "Dragon Gain Acquisition") at a consideration of HK$41,000,000, of which HK$2,500,000 was paid by the Company in cash on 10 January 2011 pursuant to the memorandum of understanding entered into between Dragon Gain and the Company and HK$38,500,000 was satisfied by the allotment and issue of the 145,283,018 new shares of the Company to the Vendors. On 12 April 2011, an ordinary resolution was passed by the shareholders of the Company to, among others, approve the agreement above and grant a specific mandate to the Directors to issue and allot the consideration shares. The completion of Dragon Gain Acquisition took place on 18 April 2011 and a total of 145,283,018 consideration shares have been issued to the Vendors.

(2) On 25 May 2011, the Company and Mr. Lui Bing Kin, Michael ("Mr. Lui") entered into the sale and purchase agreement pursuant to which the Company has conditionally agreed to purchase (or procure the purchase of), and Mr. Lui has agreed to sell the entire share capital of the Solution Gold Limited (the "Solution Gold Acquisition") for an aggregate consideration of HK$30,000,000, which shall be satisfied by allotment and issue of 176,470,588 new shares of the Company under the general mandate granted to the Directors at the annual general meeting of the Company held on 9 May 2011, credited as fully paid, to Mr. Lui. The completion of Solution Gold Acquisition took place on 1 June 2011 at which a total of 176,470,588 consideration shares have been allotted and issued to Mr. Lui and his nominees pursuant to the terms of the above agreement.

Major Transaction in Relation to the Acquisition of 25% Issued Share Capital of Galaxy Mount International Limited

On 27 April 2011, the Company and the prospective seller entered into a sale and purchase agreement as a potential investment opportunity in the entertainment and media industry. Pursuant to the agreement, the Company has conditionally agreed to acquire 25% of the issued share capital of Galaxy Mount International Limited at a consideration of HK$212,000,000 (the "Galaxy Mount Acquisition").

The Galaxy Mount Acquisition constitutes a major transaction for the Company under the GEM Listing Rules.

In view of the prolong time required to obtain the relevant financial information of the target group and there is no concrete schedule when the relevant financial information is made available to the Group, the Company and the prospective seller mutually agreed to terminate the agreement by entering into the termination agreement on 5 August 2011. The Company and the prospective seller have waived their respective rights under the sale and purchase agreement and released the other party from further performance of its/his obligations under the sale and purchase agreement. Pursuant to the termination agreement, the prospective seller shall return the deposits of HK$46,000,000, unsecured and without interest, in cash to the Company. On 30 November 2011, the Company announced that the Company received deposit refund by way of cheque payment totalling HK$4 million from the prospective seller and is in negotiation to resume the acquisition of certain equity interest in Galaxy Mount.

Details of the transaction were published in the announcements of the Company dated 16 December 2010, 6 January 2011, 26 January 2011, 27 April 2011, 5 August 2011 and 30 November 2011.

As at 31 December 2011, the outstanding deposits refundable to the Company was HK$42 million. It is expected that HK$12 million will be further received in 2012 first quarter. In the event the negotiation to resume the acquisition of certain equity interest in Galaxy Mount by the Company does not materialize, the Company expects the deposits will be fully returned to the Company in the second quarter 2012.

Discloseable Transaction Relating to the Disposal of 65% Shareholding Interest in, and Loan Due From, Wisdom In Holdings Limited

On 30 March 2011, Mega Field International Limited ("Mega Field"), a wholly-owned subsidiary of the Company, the Company (as guarantor of Mega Field) and Mr. Au Chi Kong ("Mr. Au"), an independent third party, entered into the disposal agreement pursuant to which Mr. Au agreed to purchase and Mega Field agreed to sell the 1,300 ordinary shares of US$1.00 par value each in the issued share capital of Wisdom In Holdings Limited (the "Disposed Company") and the loan due from the Disposed Company to Mega Field for an aggregate consideration of HK$2,300,000.

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

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

The completion of the Disposal took place on 4 April 2011.

Details of the transaction were published in the Company's announcements dated 30 March 2011 and 4 April 2011.

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 20 December 2011, the unsecured borrowings included convertible notes of approximately HK$76,522,000 and promissory notes of approximately HK$91,540,000. As at 20 December 2011, the Group had finance lease obligations of approximately HK$966,000.

Securities and guarantees

As at the close of business on 20 December 2011, the Group did not obtain any banking facilities. As at the close of business on 20 December 2011, the Group did not provide any corporate guarantees to banks.

Commitments

As at 20 December 2011, the Group had total future minimum lease payments under non-cancellable operating leases for its office and staff quarters premises and falling due as follows:

	HK'000
Within one year	3,293
In the second to fifth years, inclusive	10,217
More than 5 years	5,824
	19,334

Contingent liabilities

As at 20 December 2011, the Group did not have any significant contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 20 December 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities. Save as aforesaid, the Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 20 December 2011 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other available internal resources of cash and account receivable generating from the entertainment business and also the effect of the Acquisition, the Enlarged Group has sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

At present, 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.

On 15 December 2011, the stage drama "Born to be Hero 天龍八部" which is adopted by the novel written by Mr. Louis Cha Leung Yung is officially launched in Beijing. The launch signifies not only a key milestone of Chinese culture of stage drama but also represents a significant progress in entertainment and cultural business of the Group.

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 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.

Given the stable source of revenue from Hong Kong Marketing, the Directors expect that the Acquisition will not only increase the income stream and bring additional stable earnings to the Group but also increase the return on equity which in long run can bring benefit to the Enlarged Group and its shareholders. The Directors have no plan at present to introduce any changes of business to the Enlarged Group but expect to take measures to rationalize its existing business, including improving the operation efficiency and effectiveness of the businesses and undergoing business segment integration.

诚丰
Zenith

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8 February 2012

The Directors
TLT Lottotainment Group Limited
Room A, 9th Floor,
Fortis Tower,
77-79 Gloucester Road,
Wan Chai
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Creative Star Limited ("Target Company"), including the statement of financial position of the Target Company as at 31 August 2011, the statement of comprehensive income, statement of cash flows and statement of changes in equity and the notes thereto of the Target Company for the period from 17 May 2011 (date of incorporation) to 31 August 2011 (the "Relevant Period") (the "Financial Information"), for inclusion in a circular issued by TLT Lottotainment Group Limited (the "Company") dated 8 February 2012 (the "Circular") in connection with the major transaction in respect of the proposed acquisition of the entire issued share capital of the Target Company (the acquisition referred as the "Acquisition").

The Target Company was established in the Republic of Vanuatu with limited liability on 17 May 2011. The Target Company is an investment holding company.

On 11 November 2011, the Target Company acquired 60% equity interest of Hong Kong Marketing and became the holding company of Hong Kong Marketing thereafter, the particulars of the Target Company's subsidiary as at the date of this Accountants' report are as follows:

Name of company	Country and date of establishment for of the entity	Issued share capital	Proportion of effective equity interest held directly by the Target Company	Principal activities
Hong Kong Marketing Service Limited ("Hong Kong Marketing")	Hong Kong/ 27 August 2005	HK$10,000	60%	Advertising and media project services

No statutory audited financial statements of the Target Company have been issued since the date of its incorporation where there is no such statutory requirement.

For the purpose of this report, the sole director of the Target Company has prepared the financial statements of the Target Company for the Relevant Period in accordance with HKFRSs (the "Underlying Financial Statements").

We were engaged to audit on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information of the Target Company as set out in this report for inclusion in the Circular has been prepared from the Underlying Financial Statements without adjustments. We have examined the Financial Information and have carried out such additional procedures as considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" as recommended by the HKICPA.

Respective responsibilities of the sole director and reporting accountants

The sole director of the Target Company is responsible for the preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, that the judgements and estimates made are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

Opinion

In our opinion, the Financial Information together with the notes thereto gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 August 2011 and of the results and cash flows of the Target Company for the Relevant Period.

Without qualifying our opinion, we draw attention to note 3 to the Financial Information which indicates that the Target Company had current liabilities and net liabilities of approximately HK$3,000 as at 31 August 2011. The Financial Information has been prepared on a going concern basis, the validity of which is dependent on the financial ability of the sole director of the Target Company who have agreed to provide financial support to the Target Company and the ability of the Company to provide financial support to the Target Company upon the completion of the Acquisition.

(A) FINANCIAL INFORMATION

Statement of comprehensive income

	Notes	For the period from 17 May 2011 (date of incorporation) to 31 August 2011 HK$'000
Revenue	6	–
Administrative expenses		(3)
Loss before tax	7	(3)
Income tax expense	8	–
Loss for the period and total comprehensive expense for the period		(3)

Statement of financial position

	Note	As at 31 August 2011 HK$'000
Current liabilities		
Accruals		3
Net current liabilities		(3)
Total assets less current liabilities		(3)
NET LIABILITIES		(3)
CAPITAL AND RESERVES		
Share capital	10	–
Accumulated losses		(3)
CAPITAL DEFICIENCY		(3)

Statement of changes in equity

	Share capital *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 17 May 2011 (date of incorporation)	–	–	–
Loss for the period and total comprehensive expense for the period	–	(3)	(3)
At 31 August 2011	–	(3)	(3)

Statement of cash flows

	For the period from 17 May 2011 (date of incorporation) to 31 August 2011
	HK$'000
OPERATING ACTIVITIES	
Loss before tax	(3)
Increase in accruals	3
NET CASH GENERATED FROM OPERATING ACTIVITIES	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	–
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	–

(B) NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated in the Republic of Vanuatu with limited liability. The address of its registered office is situated at P.O. Box 5127, Port Vila, Vanuatu (Lot 97, Peakcock Estate, Malapoa, Port Vila, Vanuta) and its principal place of business is located at Unit 71, 12th Floor, KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.

The Target Company is an investment holding company.

The Financial Information is presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Target Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Throughout the Relevant Period, the Target Company has applied all of the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the Relevant Period.

In addition, the HKICPA issued HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" in November 2010, which has immediate effect. The Interpretation clarifies that amount repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current liability in the combined statements of financial position. The Target Company has adopted this Interpretation throughout the Relevant Periods. Since the Target Company did not have any term loans that contain "repayment on demand" clause, the application of HK Interpretation 5 has no financial impact on the results and the financial positions of the Target Company.

As at the date of this report, the HKICPA issued the following new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and Interpretations ("INTs") (herein collectively referred to as "New HKFRSs"), which have been issued but are not yet effective as at the date of this report. The Target Company has not early adopted these new and revised standards, amendments and interpretations.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendment)	Disclosure – Transfer of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangement[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 19 (Revised in 2011)	Employee Benefit[3]
HKAS 24 (Revised in 2009)	Related Party Disclosures[4]
HKAS 27 (Revised in 2011)	Separate Financial Statements[3]
HKAS 28 (Revised in 2011)	Investment in Associates and Joint Ventures[3]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[1]
HK(IFRIC)-INT 20	Stripping Costs in the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 January 2011
[2] Effective for annual periods beginning on or after 1 July 2011
[3] Effective for annual periods beginning on or after 1 January 2013
[4] Effective for annual periods beginning on or after 1 July 2012
[5] Effective for annual periods beginning on or after 1 January 2012

The sole director of the Target Company anticipates that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial positions of the Target Company.

3. SIGNIFICANT ACCOUNTING POLICIES

This Financial Information has been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the sole director of the Target Company to exercise his judgements in the process of applying the accounting policies. The areas involving critical judgements and area where assumptions and estimates are significant to this Financial Information, are disclosed in note 4 to the Financial Information.

As at 31 August 2011, the Target Company had net current liabilities and net liabilities of approximately HK$3,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. Therefore, the Target Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

This Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the sole director and the financial support of the Company upon the completion of the Acquisition, at a level sufficient to finance the working capital requirements of the Targeting Company and to meet all third party obligations for at least the ensuing twelve months period. The sole director of the Targeting Company and the directors of the Company are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Targeting Company be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Targeting Company's assets to their recoverable amounts and to provide for any further liabilities which might arise.

The significant accounting policies applied in the preparation of this Financial Information are set out below.

Revenue recognition

Revenue is recognised when it is probable that the economics benefits will flow to the Target Company and when the revenue can be measured reliably and on the following bases:

Dividend is recognised when the right to receive payment is established.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in note 3, the sole director of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimation (see below), that the sole director have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Going concern

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the sole director at a level sufficient to finance the working capital requirements of the Target Company. Details are explained in note 3 to the Financial Information.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key resources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income Tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Target Company consists of equity attributable to owners of the Target Company, comprising issued share capital and reserves.

The sole director of the Target Company reviews the capital structure periodically. As part of this review, the sole director of the Target Company considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director, the Target Company will balance its overall capital structure through capital injection and the issue of new debts or the redemption of existing debts.

6. REVENUE AND SEGMENT INFORMATION

The Target Company did not generate any revenue during the Relevant Period. No business operation has been commenced since the date of its incorporation.

No operating segment analysis is provided as the Target Company has no business operation since the date of its incorporation.

7. LOSS BEFORE TAX

	For the period from 17 May 2011 (date of incorporation) to 31 August 2011 *HK$'000*
Loss before tax had been arrived at after charging:	
Auditor's remuneration	–

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Target Company did not generate any assessable profits arising in Hong Kong during the Relevant Period.

9. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

No emolument, including an incentive payment for joining the Target Company or as compensation for loss of office, was paid to the sole director or any employee of the Target Company during the Relevant Period.

The sole director and any of the employee did not waive any remuneration during the Relevant Period.

10. SHARE CAPITAL

	As at 31 August 2011	
	US$'000	*HK$'000*
Authorised:		
100,000 ordinary shares of US$1 each	100	780
Issued and fully paid:		
1 ordinary share of US$1	–	–

(C) SUBSEQUENT EVENTS

The Target Company did not have any significant event occurred subsequent to the Relevant Period.

(D) SUBSEQUENT FINANCIAL STATEMENT

No audited financial statement of the Target Company have been prepared in respect of any period subsequent to 31 August 2011.

Yours faithfully,

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong

诚丰
Zenith

诚丰会计师事务所有限公司
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Fax: (852) 3691 0699

8 February 2012

The Directors
TLT Lottotainment Group Limited
Room A, 9th Floor,
Fortis Tower,
77-79 Gloucester Road,
Wan Chai
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Hong Kong Marketing Service Limited ("Hong Kong Marketing"), including the statements of financial position of Hong Kong Marketing as at 31 August 2009, 2010 and 2011, the statements of comprehensive income, statements of cash flows and statements of changes in equity and the notes thereto of Hong Kong Marketing for the years ended 31 August 2009, 2010 and 2011 (the "Relevant Periods") (the "Financial Information"), for inclusion in a circular issued by TLT Lottotainment Group Limited (the "Company") dated 8 February 2012 (the "Circular") in connection with the major transaction in respect of the proposed acquisition of the entire issued share capital of Creative Star Limited (the "Target Company" and the acquisition referred as the "Acquisition"). The Target Company becomes a holding company of Hong Kong Marketing after a group reorganisation.

Hong Kong Marketing was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 27 August 2005. Hong Kong Marketing is principally engaged in advertising and media project services in Hong Kong. Hong Kong Marketing has adopted 31 August as its financial year end date.

The statutory financial statements of Hong Kong Marketing during the Relevant Periods were prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have audited the statutory financial statements for the year ended 31 August 2011 and the statutory financial statements for the years ended 31 August 2009 and 2010 were audited by Alex So & Co., certified public accountants registered in Hong Kong.

For the purpose of this report, the sole director of Hong Kong Marketing has prepared the financial statements of Hong Kong Marketing for the Relevant Periods in accordance with HKFRSs (the "Underlying Financial Statements").

We were engaged to audit on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information of Hong Kong Marketing as set out in this report for inclusion in the Circular has been prepared from the Underlying Financial Statements without adjustments. We have examined the Financial Information and have carried out such additional procedures as considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" as recommended by the HKICPA.

Respective responsibilities of the sole director and reporting accountants

The sole director of Hong Kong Marketing is responsible for the preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, that the judgements and estimates made are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

Opinion

In our opinion, the Financial Information together with the notes thereto gives, for the purpose of this report, a true and fair view of the state of affairs of Hong Kong Marketing as at 31 August 2009, 2010 and 2011 and of the results and cash flows of Hong Kong Marketing for each of the years then ended.

Without qualifying our opinion, we draw attention to note 3 to the Financial Information which indicates that Hong Kong Marketing had net current liabilities of approximately HK$1,656,000, HK$999,000 and HK$858,000 and net liabilities of approximately HK$1,090,000, HK$888,000 and HK$730,000 as at 31 August 2009, 2010 and 2011 respectively. The Financial Information has been prepared on a going concern basis, the validity of which is dependent on the financial ability of the sole director of Hong Kong Marketing who have agreed to provide financial support to Hong Kong Marketing and the ability of the Company to provide financial support to Hong Kong Marketing upon the completion of the Acquisition.

(A) FINANCIAL INFORMATION

Statements of comprehensive income

		Years ended 31 August		
		2009	**2010**	**2011**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*7*	10,968	8,183	6,050
Cost of sales		(8,460)	(6,566)	(4,876)
Gross profit		2,508	1,617	1,174
Other income	*9*	11	78	–
Administrative expenses		(2,364)	(1,466)	(1,004)
Finance costs	*10*	(30)	(27)	(12)
Profit before tax	*11*	125	202	158
Income tax expense	*12*	–	–	–
Profit for the year and total comprehensive income for the year		125	202	158

Statements of financial position

	Notes	As at 31 August 2009 HK$'000	2010 HK$'000	2011 HK$'000
Non-current assets				
Property, plant and equipment	*14*	999	255	185
Current assets				
Trade receivables	*15*	760	417	373
Deposits paid		38	14	82
Amount due from a director	*16*	–	255	821
Bank balances and cash		–	11	75
		798	697	1,351
Current liabilities				
Trade payables	*17*	1,507	1,524	1,585
Accruals and deposits received	*18*	122	85	537
Amount due to a director	*16*	622	–	–
Bank borrowings	*19*	148	–	–
Obligations under finance lease	*20*	55	87	87
		2,454	1,696	2,209
Net current liabilities		(1,656)	(999)	(858)
Total assets less current liabilities		(657)	(744)	(673)
Non-current liabilities				
Bank borrowings	*19*	387	–	–
Obligations under finance lease	*20*	46	144	57
		433	144	57
NET LIABILITIES		(1,090)	(888)	(730)
CAPITAL AND RESERVE				
Share capital	*21*	10	10	10
Accumulated losses		(1,100)	(898)	(740)
CAPITAL DEFICIENCY		(1,090)	(888)	(730)

Statements of changes in equity

	Share capital	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 September 2008	10	(1,225)	(1,215)
Profit for the year and total comprehensive income for the year	–	125	125
At 31 August 2009 and 1 September 2009	10	(1,100)	(1,090)
Profit for the year and total comprehensive income for the year	–	202	202
At 31 August 2010 and 1 September 2010	10	(898)	(888)
Profit for the year and total comprehensive income for the year	–	158	158
At 31 August 2011	10	(740)	(730)

Statements of cash flows

		Years ended 31 August		
		2009	**2010**	**2011**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES				
Profit before tax		125	202	158
Adjustments for:				
Finance costs		30	27	12
Depreciation		110	105	96
Gain on disposal of property, plant and equipment		–	(34)	–
		265	300	266
Operating cash flows before movements in working capital				
Decrease in trade receivables		114	343	44
Decrease (increase) in deposits paid		37	24	(68)
(Decrease) increase in trade payables		(698)	17	61
Decrease (increase) in accruals and deposits received		(25)	(37)	452
Decrease (increase) in balance with a director		239	(877)	(566)
Cash (used in) generated from operations		(68)	(230)	189
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES		(68)	(230)	189
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(921)	(41)	(26)
Proceeds from disposal of property, plant and equipment		–	974	–
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		(921)	933	(26)

	Note	2009 HK$'000	2010 HK$'000	2011 HK$'000
		Years ended 31 August		
FINANCING ACTIVITIES				
Proceeds from new bank borrowings		450	–	–
Repayment of bank borrowings		(26)	(424)	–
Interest paid on bank borrowings		(17)	(16)	–
Repayment of obligation under finance lease		(55)	(130)	(87)
Interest paid on obligations under finance lease		(13)	(11)	(12)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		339	(581)	(99)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(650)	122	64
CASH AND CASH EQUIVALENTS (BANK OVER DRAFTS) AT THE BEGINNING OF YEAR		539	(111)	11
(BANK OVERDRAFTS) CASH AND CASH EQUIVALENTS AT THE END OF YEAR		(111)	11	75
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Bank balances and cash		–	11	75
Bank overdrafts	*19*	(111)	–	–
		(111)	11	75

(B) NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Hong Kong Marketing is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is Room 04, 21/F., Million Fortune Industrial Centre, 34-36 Chai Wan Kok Street, Tsuen Wan, N.T., Hong Kong.

Hong Kong Marketing is principally engaged in advertising and media project services.

The Financial Information is presented in Hong Kong Dollars ("HK$"), which is also the functional currency of Hong Kong Marketing.

2. APPLICATION OF NEW AND REVISED HKFRSs

Throughout the Relevant Periods, Hong Kong Marketing has applied all of the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the Relevant Periods.

In addition, the HKICPA issued HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" in November 2010, which has immediate effect. The Interpretation clarifies that amount repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current liability in the combined statements of financial position. Hong Kong Marketing has adopted this Interpretation throughout the Relevant Periods. Since Hong Kong Marketing did not have any term loans that contain "repayment on demand" clause, the application of HK Interpretation 5 has no financial impact on the results and the financial positions of Hong Kong Marketing.

As at the date of this report, the HKICPA issued the following new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and Interpretations ("INTs") (herein collectively referred to as "New HKFRSs"), which have been issued but are not yet effective as at the date of this report. Hong Kong Marketing has not early adopted these new and revised standards, amendments and interpretations.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendment)	Disclosure – Transfer of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangement[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
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HK(IFRIC)–INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[1]
HK(IFRIC)–INT 20	Stripping Costs in the Production Phase of a Surface Mine[3]

1 Effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2012

The sole director of Hong Kong Marketing anticipates that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial positions of Hong Kong Marketing.

3. SIGNIFICANT ACCOUNTING POLICIES

This Financial Information has been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the sole director of Hong Kong Marketing to exercise his judgements in the process of applying the accounting policies. The areas involving critical judgements and area where assumptions and estimates are significant to this Financial Information, are disclosed in note 4 to the Financial Information.

As at 31 August 2009, 2010 and 2011, Hong Kong Marketing had net current liabilities of approximately HK$1,656,000, HK$999,000 and HK$858,000 respectively and net liabilities of HK$1,090,000, HK$888,000 and HK$730,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on Hong Kong Marketing's ability to continue as a going concern. Therefore, Hong Kong Marketing may be unable to realise its assets and discharge its liabilities in the normal course of business.

This Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the sole director and the financial support of the Company upon the completion of the Acquisition, at a level sufficient to finance the working capital requirements of Hong Kong Marketing and to meet all third party obligations for at least the ensuing twelve months period. The sole director of Hong Kong Marketing are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should Hong Kong Marketing be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of Hong Kong Marketing's assets to their recoverable amounts and to provide for any further liabilities which might arise.

The significant accounting policies applied in the preparation of this Financial Information are set out below.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimated accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

As lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, Hong Kong Marketing assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to Hong Kong Marketing. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the statement of financial position and is amortised over the lease term on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Hong Kong Marketing's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, amount due from a director and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Hong Kong Marketing's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period given and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Hong Kong Marketing after deducting all of its liabilities. Hong Kong Marketing's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, amount due to a director, bank borrowings and obligations under finance lease are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by Hong Kong Marketing are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Hong Kong Marketing has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less, and bank overdrafts are shown within bank borrowings in current liabilities on the statements of financial position.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for service provided in the normal course of business, net of discounts and sales related taxes.

Service fee income is recognised when the service is rendered.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Hong Kong Marketing's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where Hong Kong Marketing is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Hong Kong Marketing expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefits costs

Payments to the retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Impairment losses on tangible assets

At the end of the reporting period, Hong Kong Marketing reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Hong Kong Marketing's accounting policies, which are described in note 3, the sole director of Hong Kong Marketing are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimation (see below), that the sole director have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Going concern

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the sole director and the financial support of the Company upon the completion of the Acquisition at a level sufficient to finance the working capital requirements of Hong Kong Marketing. Details are explained in note 3 to the Financial Information.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the deprecation charges and the amounts of assets written down for future periods.

Impairment losses for property, plant and equipment

Hong Kong Marketing evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. No impairment loss in respect of property, plant and equipment was recognised throughout the Relevant Periods.

Provision for impairment of trade and other receivables

The provisioning policy for trade and other receivables of Hong Kong Marketing is based on the evaluation of the collectability of those receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer and repayment pattern promised. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of the trade may be required.

Income tax

Hong Kong Marketing is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. CAPITAL RISK MANAGEMENT

Hong Kong Marketing manages its capital to ensure that Hong Kong Marketing will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Hong Kong Marketing's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Hong Kong Marketing consists of debt, which includes bank borrowings and obligations under finance lease, cash and cash equivalents and equity attributable to owners of Hong Kong Marketing, comprising issued share capital and reserves.

The sole director of Hong Kong Marketing reviews the capital structure periodically. As part of this review, the sole director of Hong Kong Marketing considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director, Hong Kong Marketing will balance its overall capital structure through capital injection and the issue of new debts or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)			
Trade receivables	760	417	373
Amount due from a director	–	255	821
Bank balances and cash	–	11	75
	760	683	1,269
Financial liabilities			
Financial liabilities at amortised cost			
Trade payables	1,507	1,524	1,585
Amount due to a director	622	–	–
Bank borrowings	535	–	–
Obligations under finance lease	101	231	144
	2,765	1,755	1,729

(b) Financial risk management objectives and policies

Hong Kong Marketing's major financial instruments include trade receivables, amount due from a director, bank balances and cash, trade payables, amount due to a director, bank borrowings and obligations under finance lease. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Hong Kong Marketing does not have significant foreign currency risk as Hong Kong Marketing's transactions are predominately in HK$. Hong Kong Marketing does not use derivative financial instruments to hedge its foreign currency risk.

Interest rate risk

Hong Kong Marketing is exposed to cash flow interest rate risk due to the fluctuation of the market interest rate on certain variable-rate bank balances and secured variable-rate bank borrowings as disclosed in note 19, which carry interest at prevailing market interest rates. Hong Kong Marketing's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate arising from Hong Kong Marketing's Hong Kong dollar denominated bank borrowings.

No sensitivity analysis is prepared for interest rate risk because the fluctuation and the respective impact is considered immaterial.

Credit risk

Hong Kong Marketing's maximum exposure to credit risk which will cause a financial loss to Hong Kong Marketing due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

Hong Kong Marketing due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the statement of financial position.

Hong Kong Marketing only trades with recognised and creditworthy third parties. It is Hong Kong Marketing's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, the sole director review the recoverable amount of each individual trade debt and loan regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the sole director considers that Hong Kong Marketing's credit risk is significantly reduced.

Hong Kong Marketing has concentration of credit risk as 56%, 65% and 4% of the total trade receivables was due from Hong Kong Marketing's largest customer and 72%,71% and 82% of five largest customers as at 31 August 2009, 2010 and 2011 respectively.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, Hong Kong Marketing's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The following table details Hong Kong Marketing's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Hong Kong Marketing can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted cash flows are estimated by using interest rate at the end of the reporting period.

	Less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 August 2009					
Non-derivative financial liabilities					
Trade payables	1,507	–	–	1,507	1,507
Amount due to a director	622	–	–	622	622
Bank borrowings	169	232	246	647	535
Obligations under finance lease	68	56	–	124	101
	2,366	288	246	2,900	2,765

	Less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 August 2010					
Non-derivative financial liabilities					
Trade payables	1,524	–	–	1,524	1,524
Obligations under finance lease	98	164	–	262	231
	1,622	164	–	1,786	1,755

	Less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 August 2011					
Non-derivative financial liabilities					
Trade payables	1,585	–	–	1,585	1,585
Obligations under finance lease	98	66	–	164	144
	1,683	66	–	1,749	1,729

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rates.

The sole director considers that carrying values of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their corresponding fair values.

7. REVENUE

Revenue comprises the net amounts received and receivable for services provided during the Relevant Periods.

8. SEGMENT INFORMATION

Hong Kong Marketing has one single reportable segment which was managed as a single strategic business unit that engaged in advertising and media project services in Hong Kong. Information reported to Hong Kong Marketing's chief operating decision maker, for the purpose of resources allocation and assessment performance is focused on the operating results of Hong Kong Marketing as a whole as Hong Kong Marketing's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

Hong Kong Marketing's operations and its non-current assets are principally located in Hong Kong. Accordingly, no geographical segment information is presented.

9. OTHER INCOME

	Years ended 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Rental income	11	44	–
Gain on disposal of property, plant and equipment	–	34	–
	11	78	–

10. FINANCE COSTS

	Years ended 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Finance charges on obligations under finance lease	13	11	12
Interest on bank loans wholly repayable within five years	17	16	–
	30	27	12

11. PROFIT BEFORE TAX

	Years ended 31 August		
	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax had been arrived at after charging/(crediting):			
Auditor's remuneration	10	10	11
Bank charges	9	4	6
Depreciation	110	105	96
Gain on disposal of property, plant and equipment	–	(34)	–
Operating leases payments in respect of land and building	182	55	54
Staff costs (excluding director's remuneration)			
– Salaries and allowances	1,234	698	415
– Retirement benefit scheme contributions	60	33	20
	1,294	731	435

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the Relevant Periods on the estimated assessable profit.

The income tax expense can be reconciled to the profit before tax per the statements of comprehensive income as follows:

	Years ended 31 August		
	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax	125	202	158
Tax at applicable rate at 16.5%	21	33	26
Tax effect of income not taxable for tax purpose	–	(5)	(3)
Tax effect of deductible temporary differences recognised	–	19	–
Utilisation of tax losses not previously recognised	(21)	(47)	(23)
Income tax expense	–	–	–

No deferred tax has been provided in the Financial Information as there are no material temporary differences as at the end of reporting periods.

Hong Kong Marketing has unrecognized tax losses of approximately HK$1,173,000, HK$886,000 and HK$748,000 for the years ended 31 August 2008, 2009 and 2010 respectively to offset against future taxable income. These tax losses do not expire under current legislation.

13. DIRECTOR'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Director's remuneration

The emoluments paid and payable to the sole director of Hong Kong Marketing during the Relevant Periods are analysed as follows:

For the year ended 31 August 2009

	Fees	Salaries and other benefit	Retirement benefits scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chang Ka Wai Henry	136	125	–	261
	136	125	–	261

For the year ended 31 August 2010

	Fees	Salaries and other benefit	Retirement benefits scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chang Ka Wai Henry	80	91	–	171
	80	91	–	171

For the year ended 31 August 2011

	Fees	Salaries and other benefit	Retirement benefits scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chang Ka Wai Henry	–	–	–	–
	–	–	–	–

During the Relevant Periods, no remuneration was paid or payable by Hong Kong Marketing to the sole director as director's remuneration or an inducement to join or upon joining Hong Kong Marketing or as compensation for loss of office. The sole director did not waive any remuneration during the Relevant Periods.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in Hong Kong Marketing for the years ended 31 August 2009, 2010 and 2011 included one, one and nil director respectively, details of whose emoluments are presented above. The emoluments of the remaining four, four and five individuals for the years ended 31 August 2009, 2010 and 2011 respectively are as follows:

	For the years ended 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other benefits	781	742	412
Contributions to retirement benefit scheme	34	29	20
	815	771	432

The emoluments were within the following bands:

	Number of individuals		
	2009	**2010**	**2011**
Nil to HK$1,000,000	4	4	5

No emoluments have been paid or payable by the Target Company to the sole director or any of the five highest paid individuals as an inducement to join or upon joining the Target Company or as compensation for loss of office in any of the Relevant Periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipments HK$'000	Total HK$'000
COST				
At 1 September 2008	–	220	133	353
Additions	900	–	21	921
At 31 August 2009 and 1 September 2009	900	220	154	1,274
Additions	–	288	13	301
Disposals	(900)	(220)	–	(1,120)
At 31 August 2010 and 1 September 2010	–	288	167	455
Additions	–	–	26	26
At 31 August 2011	–	288	193	481
ACCUMULATED DEPRECIATION				
At 1 September 2008	–	101	64	165
Provided for the year	24	55	31	110
At 31 August 2009 and 1 September 2009	24	156	95	275
Provided for the year	–	72	33	105
Elimination on disposals	(24)	(156)	–	(180)
At 31 August 2010 and 1 September 2010	–	72	128	200
Provided for the year	–	72	24	96
At 31 August 2011	–	144	152	296
CARRYING VALUES				
At 31 August 2009	876	64	59	999
At 31 August 2010	–	216	39	255
At 31 August 2011	–	144	41	185

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	Over unexpired lease term
Furniture, fixtures and equipment	20% per annum
Motor vehicles	25% per annum

The building of Hong Kong Marketing is situated on land in Hong Kong with a lease term between 10 to 50 years.

Motor vehicles of net book value of approximately HK$64,000, HK$216,000 and HK$144,000 as at 31 August 2009, 2010 and 2011 respectively are held under finance lease.

Leasehold land and building with carrying amounts of approximately HK$876,000, HK$Nil and HK$Nil as at 31 August 2009, 2010 and 2011 respectively have been pledged to secure bank-borrowings granted to Hong Kong Marketing (note 19).

15. TRADE RECEIVABLES

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	760	417	373

There is no credit period granted to the customer of Hong Kong Marketing and the trade receivables are due upon the services are rendered.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the reporting date.

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	372	73	201
31 to 60 days	313	175	131
61 to 90 days	3	102	–
Over 90 days	72	67	41
	760	417	373

As at 31 August 2009, 2010 and 2011, included in the trade receivables balance are debtors with aggregate carrying amount of approximately HK$760,000, HK$417,000 and HK$373,000 respectively are past due at the reporting date for which Hong Kong Marketing has not provided for impairment loss as the sole director is of the view that such receivables can be fully recoverable. Hong Kong Marketing does not hold any collateral over these balances.

16. AMOUNT DUE FROM/(TO) A DIRECTOR

Particulars of amount due from/(to) a director disclosed pursuant to Section 161B of the Companies Ordinance are as follows:

Amount outstanding at the end of each of the reporting periods:

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Chang Ka Wai Henry	(622)	255	821

Maximum amount outstanding during the Relevant Periods:

	Years ended 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Chang Ka Wai Henry	269	418	821

The amount due from/(to) a director is unsecured, interest-free and repayable on demand.

17. TRADE PAYABLES

The following is an aged analysis at the end of each of reporting periods of trade payables presented based on the invoice date:

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	335	341	400
31 to 60 days	328	385	108
61 to 90 days	218	368	371
Over 90 days	626	430	706
	1,507	1,524	1,585

The average credit period granted by supplier is normally within 30 days. Hong Kong Marketing has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

18. ACCRUALS AND DEPOSITS RECEIVED

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Accruals	111	85	57
Deposit received	11	–	480
	122	85	537

19. BANK BORROWINGS

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Bank overdrafts, secured	111	–	–
Secured bank loans – current portion	37	–	–
Bank borrowings – current portion	148	–	–
Secured bank loans – non-current portion	387	–	–
Total bank borrowings	535	–	–

Hong Kong Marketing's bank borrowings are repayable as follows:

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	148	–	–
Between 1 to 2 years	39	–	–
Between 2 to 5 years	128	–	–
	315	–	–
Later than 5 years	220	–	–
	535	–	–

At 31 August 2009, the bank borrowings of Hong Kong Marketing are secured by the following:

(i) legal charges over leasehold land and building included in property, plant and equipments with a carrying value of approximately HK$876,000 (note 14) ; and

(ii) unlimited personal guarantee executed by the sole director of Hong Kong Marketing.

At 31 August 2009, Hong Kong Marketing's bank borrowings bear floating interest rates at the Kong Kong Dollar Prime Lending Rate per annum. The weighted average effective interest rate per annum of Hong Kong Marketing's bank borrowings as at 31 August 2009 is 5.25%.

The carrying amounts of the bank borrowings approximate their fair values.

20. OBLIGATIONS UNDER FINANCE LEASE

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Current portion	55	87	87
Non-current portion	46	144	57
	101	231	144

Hong Kong Marketing's finance lease liabilities are repayable as follows:

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities – minimum lease payments			
Within 1 year	68	98	98
Later than 1 year and no later than 5 years	56	164	66
	124	262	164
Future finance charges on finance leases	(23)	(31)	(20)
Present value of finance lease liabilities	101	231	144

21. SHARE CAPITAL

	As at 31 August		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Authorised:			
10,000 ordinary shares of HK$1 each	10	10	10
Issued and fully paid:			
10,000 ordinary shares of HK$1 each	10	10	10

22. RELATED PARTY TRANSACTIONS

Hong Kong Marketing had the following transactions with its related parties during the Relevant Periods:

	Years ended		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Rental expenses paid to the sole director	54	54	54

The details of balance with a director are set out in the statements of financial position and note 16.

(C) SUBSEQUENT EVENTS

Hong Kong Marketing did not have any significant event occurred subsequent to the Relevant Period.

(D) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Hong Kong Marketing have been prepared in respect of any period subsequent to 31 August 2011.

Yours faithfully,

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong

8 February 2012

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

The Target Company is of investment holding nature. The Target Company has no material financial interest other than the investment in Hong Kong Marketing and has not commenced any business operation since its incorporation on 17 May 2011. Set out below is the management discussion and analysis on the Target Company for the financial period ended 31 August 2011 and Hong Kong Marketing for the three financial years ended 31 August 2011 (the "Relevant Periods").

Financial and business review

The Target Company had been principally engaged in investment holding during the period end 31 August 2011. The Target Company did not generate any revenue and recorded loss of approximately HK$3,000 for the financial period ended 31 August 2011.

Hong Kong Marketing had been principally engaged in advertising and media project services in Hong Kong during the Relevant Periods. Hong Kong Marketing recorded turnover of approximately HK$10.97 million, HK$8.18 million and HK$6.05 million for the three financial years ended 31 August 2009, 2010 and 2011 respectively.

The costs of sales of Hong Kong Marketing primarily comprises the costs of projects, which were approximately HK$8.46 million, HK$6.57 million and HK$4.88 million for the three financial years ended 31 August 2009, 2010 and 2011 respectively.

Hong Kong Marketing recorded profits of approximately HK$0.13 million, HK$0.20 million and HK$0.16 million for the three financial years ended 31 August 2009, 2010 and 2011 respectively.

The downturn of turnover and profit of Hong Kong Marketing in the past three years is mainly due to the volatility of the Hong Kong Economy and the product marketing and promotion industry. In considering of the popularity of multi-function mobile handset and device, Hong Kong Marketing is already establishing team in developing business in advertising and promotion through smartphone and mobile devices and Hong Kong Marketing will also plan to focus in this promising and high potential niche market.

Capital structure, financial resources and liquidity

The Target Company recorded net liabilities of approximately HK$3,000 as at 31 August 2011.

Hong Kong Marketing recorded net liabilities of approximately HK$1.09 million, HK$0.89 million and HK$0.73 million respectively as at 31 August 2009, 2010 and 2011.

Hong Kong Marketing generally financed its operations by cash generated from its business and capital injection from director and shareholder of Hong Kong Marketing. The use of proceeds from the capital injection will be mainly utilized as the general working capital for business development. As at 31 August 2009, Hong Kong Marketing's bank borrowings with an aggregate carrying amount of approximately HK$535,000 were secured by mortgages over certain of Hong Kong Marketing's leasehold land and buildings with the carrying amount of approximately HK$876,000. As at 31 August 2010 and 2011, Hong Kong Marketing had not obtained any bank borrowing.

Business strategies and future prospects

Other than the investment in Hong Kong Marketing, the Target Company had no any material future prospects.

Hong Kong Marketing aims at expanding the size of its advertising and media project business. In considering of the popularity of multi-function mobile handset and device, Hong Kong Marketing is already establishing team in developing business in advertising and promotion through smartphone and mobile devices and Hong Kong Marketing will also plan to focus in this promising and high potential niche market.

Other financial information of the Target Group

Capital commitment

The Target Company did not have any significant capital commitment as at 31 August 2011.

Hong Kong Marketing did not have any significant capital commitment as at 31 August 2009, 2010 and 2011.

Significant investments

There was no significant investment held by the Target Company during the period ended 31 August 2011. On 11 November 2011, the Target Company acquired 60% equity interests of Hong Kong Marketing.

There was no significant investment held by Hong Kong Marketing during the Relevant Periods.

Acquisition or disposal of subsidiary

The Target Company acquired 60% of Hong Kong Marketing at the consideration of HK$6,000 on 11 November 2011. Save for the said acquisition, the Target Company had no acquisition or disposal of subsidiary during the period ended 31 August 2011. Hong Kong Marketing had no acquisition or disposal of subsidiary during the Relevant Period.

Analysis of segment information

Hong Kong Marketing currently operates in one business and geographical segment in advertising and media project services in Hong Kong. Accordingly, Hong Kong Marketing does not have separately reportable segments.

In this few years, the advertising and media project business continue encountering high market competitiveness as more promotion channels are introduced and emerged. The promotion channels are now not only limited to traditional channels like press and magazine, TV, radio boardcasting but also extend to e-protocol like internet, e-forum, mobile-handset etc. Although this significant change leads to the high volatility of the market, it provides a flourish in this segment and also more development opportunities in the industry. Hong Kong Marketing continues in developing its promotion networks in different media and promotion protocols and strengthening its client base in this few years.

Employees and staff policy

The Target Company is an investment holding company and had no employee during the period ended 31 August 2011.

As at 31 August 2009, 2010 and 2011, Hong Kong Marketing had approximately 4, 4 and 5 full-time employees respectively, who were entitled to fixed salaries and other fringe benefits. The remuneration and package of Hong Kong Marketing's employees are periodically reviewed pursuant to internal remuneration policies.

Pledge of assets

As at 31 August 2011, the Target Company had no pledged assets.

As at 31 August 2009, Hong Kong Marketing's leasehold land and building with carrying amounts of approximately HK$876,000 had been pledged to secure bank borrowing granted to Hong Kong Marketing.

As at 31 August 2010 and 2011, Hong Kong Marketing had no pledged assets.

Hong Kong Marketing's finance lease obligations with an aggregate carrying amount of approximately HK$101,000, HK$231,000 and HK$144,000 as at 31 August 2009, 2010 and 2011 respectively were secured by mortgages over certain of Hong Kong Marketing's motor vehicles.

Future plans for material investments or capital assets

As at 31 August 2011, the Target Company had planned for investment in Hong Kong Marketing. On 11 November 2011, the Target Company acquired 60% equity interest of Hong Kong Marketing and became the holding company of Hong Kong Marketing.

As at 31 August 2009, 2010 and 2011, Hong Kong Marketing had no plans for material investments or capital assets.

Gearing ratio

As at 31 August 2011, the gearing ratio of the Target Company expressed in total debt as a percentage of net assets was nil%.

As at 31 August 2009, 2010 and 2011, the gearing ratios of Hong Kong Marketing expressed in total debt as a percentage of net assets were nil%.

Foreign exchange exposure

During the period ended 31 August 2011 and the Relevant Periods, the business operations of the Target Company and Hong Kong Marketing are in Hong Kong respectively. The Target Company and Hong Kong Marketing have minimal exposure to foreign exchange as there are no significant amounts of foreign currency denominated monetary assets and liabilities other than HK$.

Contingent liabilities

As at 31 August 2011, the Target Company did not have any significant contingent liabilities.

As at 31 August 2009, 2010 and 2011, Hong Kong Marketing did not have any significant contingent liabilities.

A. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

诚丰 Zenith

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TO THE DIRECTORS OF TLT LOTTOTAINMENT GROUP LIMITED

We report on the unaudited pro forma financial information ("Unaudited Pro Forma Financial Information") of TLT Lottotainment Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition (the "Acquisition") of the entire issued share capital of Creative Star Limited (hereinafter together with its subsidiaries and the Group upon completion of the Acquisition referred to as the "Enlarged Group") might have affected the financial information of the Group presented in the circular dated 8 February 2012 (the "Circular") for inclusion in Appendix IV to the Circular. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section B of this appendix.

Respective Responsibilities of Directors of the Company and the Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information of the Enlarged Group in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Enlarged Group as at 30 June 2011 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong

8 February 2012

B. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group ("Unaudited Pro Forma Financial Information") has been prepared in accordance with the paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of illustrating the effect of the proposed acquisition of the entire issued share capital of Creative Star Limited (the "Target Company", together with its subsidiaries are referred to as the "Target Group") by the Company (together with its subsidiaries are referred to as the "Group") (collectively the "Acquisition") as if Acquisition took place on 30 June 2011. The Group together with the Target Group is referred to as the Enlarged Group.

The following Unaudited Pro Forma Financial Information has been prepared on the basis of (i) unaudited consolidated statement of financial position of the Group as at 30 June 2011 which has been extracted from the published interim report of the Group for the six months ended 30 June 2011; (ii) statement of financial position of the Target Company as at 31 August 2011 extracted from the accountants' report as set out in Appendix II of this Circular; (iii) statement of financial position of Hong Kong Marketing Service Limited ("Hong Kong Marketing") as at 31 August 2011 extracted from the accountants' report as set out in Appendix III of this Circular and (iv) pro forma adjustments directly attributable to the Acquisition and not relating to future events or decisions, for the purpose of illustrating the effect of Acquisition as if the Acquisition had taken place on 30 June 2011.

The Unaudited Pro Forma Financial Information is based on the aforesaid historical data after giving effect to the pro forma adjustments that are (i) directly attributable to the transactions and (ii) factually supportable. A narrative description of the pro forma adjustments is summarized in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, and because of its nature, the Unaudited Pro Forma Financial Information does not purport to predict what the financial position of the Enlarged Group will be on completion of the Acquisition and it may not give a true picture of the financial position or results of the Enlarged Group had the Acquisition been completed as at 30 June 2011 or at any future date.

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group as at 30 June 2011	The Target Company as at 31 August 2011	Hong Kong Marketing as at 31 August 2011	Sub-total	Pro forma adjustments	Notes	Pro forma Financial Information of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*				
Non-current assets							
Property, plant and equipment	5,554	–	185	5,739			5,739
Intangible assets	292	–	–	292			292
Goodwill	95,488	–	–	95,488	20,447	4(a)	115,935
Derivative financial instruments	16,817	–	–	16,817			16,817
	118,151	–	185	118,336			138,783
Current assets							
Inventories	18	–	–	18			18
Trade and other receivables	56,921	–	1,276	58,197			58,197
Restricted bank deposits	1,685	–	–	1,685			1,685
Cash and cash equivalents	3,184	–	75	3,259	(20,006)	4(c)	(16,747)
	61,808	–	1,351	63,159			43,153
Current liabilities							
Trade and other payables	23,193	3	2,122	25,318			25,318
Finance lease payables	229	–	87	316			316
	23,422	3	2,209	25,634			25,634
Net current assets (liabilities)	**38,386**	**(3)**	**(858)**	**37,525**			**17,519**
Total assets less current liabilities	**156,537**	**(3)**	**(673)**	**155,861**			**156,302**

	The Group as at 30 June 2011 HK$'000 (Note 1)	The Target Company as at 31 August 2011 HK$'000 (Note 2)	Hong Kong Marketing as at 31 August 2011 HK$'000 (Note 3)	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	Pro forma Financial Information of the Enlarged Group HK$'000
Non-current liabilities							
Finance lease payables	717	–	57	774			774
Convertible notes	22,950	–	–	22,950			22,950
Promissory notes	85,606	–	–	85,606			85,606
	109,273	–	57	109,330			109,330
NET ASSETS (LIABILITIES)	47,264	(3)	(730)	46,531			46,972
CAPITAL AND RESERVES							
Share capital	15,552	–	10	15,562	(10)	4(b)	15,552
Share premium and reserves	38,075	(3)	(740)	37,332	743	4(b)	38,075
Equity attributable to owners of the Company	53,627	(3)	(730)	52,894			53,627
Non-controlling interests	(6,363)	–	–	(6,363)	(292)	4(b)	(6,655)
TOTAL EQUITY	47,264	(3)	(730)	46,531			46,972

Notes:

1. The balances are extracted from the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2011 included in the published interim report of the Group for the six months ended 30 June 2011.

2. The balances are extracted from the audited statement of financial position of the Target Company as at 31 August 2011 included in the accountants' report of the Target Company, as set out in Appendix II to this circular.

3. The balances are extracted from the audited statement of financial position of Hong Kong Marketing as at 31 August 2011 included in the accountants' report of Hong Kong Marketing, as set out in Appendix III to this circular.

4. (a) The identifiable assets and liabilities of the Target Company will be accounted for in the consolidated financial statements of the Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3 (Revised)"). For the purpose of determining goodwill arising from the acquisition transactions in the Unaudited Pro Forma Financial Information, it is assumed that the carrying values of the Target Company are recorded in the Unaudited Pro Forma Financial Information at their fair values as if the acquisition was completed on 30 June 2011.

For the purpose of this Unaudited Pro Forma Financial Information, the Company has ensured the steps taken on the assessment of impairment on goodwill has been properly performed in accordance with Hong Kong Accounting Standard No. 36 "Impairment of Assets" which is consistent with the accounting policy of the Company. On that basis, the Directors concluded that no impairment in the value of goodwill is considered necessary.

Based on the management's assessment on the business plan to be executed and the recoverable amount of the business to be acquired, the management considers that there is no impairment on the goodwill arising from the Acquisition as at 30 June 2011 as if the Acquisition was completed on the same date.

The Company's auditors will adopt consistent accounting policies and principal assumptions to assess the impairment of the Enlarged Group's intangible assets and goodwill during the future annual audit of the Group.

Goodwill arising from the Acquisition is estimated as follows:

	HK$'000
Cash consideration paid by the Company for acquisition of the Target Company	20,000
Less: Fair value of the net identifiable assets of the Target Group after its Acquisition	
Net liabilities of the Target Company	(3)
Add: Net liabilities of Hong Kong Marketing attributable to the Target Company *(note (i))*	(438)
Less: Cash consideration paid by the Target Company for acquisition of Hong Kong Marketing	(6)
Fair value of the net identifiable liabilities of the Target Company after restructuring	(447)
Goodwill arising from the Acquisition	20,447

(i) Fair value of the net identifiable liabilities of Hong Kong Marketing attributable to the Target Company:

	HK$'000
Net liabilities of Hong Kong Marketing	(730)
Less: Interests attributable to 40% non-controlling interests of Hong Kong Marketing	292
Net liabilities of Hong Kong Marketing attributable to the Target Company	(438)

4. (b) The pro forma adjustment represents cash payment of approximately HK$20,006,000 for the Acquisition and the elimination of investment cost of the Target Company of HK$20,000,000 and Hong Kong Marketing of HK$6,000 held by the Group against the respective share capital of approximately HK$10,000, share premium and pre-acquisition reserves of approximately HK$743,000 and to recognise share of interest of Hong Kong Marketing by non-controlling interest of approximately HK$292,000.

4. (c) The bank balances and cash of the Unaudited Pro Forma Financial Information is a negative cash balance of approximately HK$16,747,000 which has been prepared for illustrative purpose only. The cash consideration will be financed by the proceeds from the issue of the convertible bonds by the Company in October 2011 of approximately HK$50,000,000. Taking into accounts of the available cash and bank balance from received proceeds from the issue of the convertible bonds, in the opinion of the directors, as the date of report, the Group has sufficient cash balance to settle the cash consideration paid by the Company for acquisition of the Target Company of approximately HK$20,000,000 and the cash consideration paid by the Target Company for acquisition of Hong Kong Marketing of approximately HK$6,000 and has sufficient working capital for the operation of the Enlarged Group. The investment cost in Hong Kong Marketing of HK$6,000 was subsequently paid by the Vendor by way of cash on 11 November 2011.

1. 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 enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*HK$*
2,000,000,000	Shares	100,000,000
Issued and fully paid:		*HK$*
328,235,569	Shares	16,411,778

All Shares currently in issue rank pari passu in all respects with each others, including, in particular, as to dividends, voting rights and return of capital.

3. DISCLOSURE OF INTERESTS

Interests of directors

As at the Latest Practicable Date, the following Directors or chief executives of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Name of Directors	Capacity/nature of interests	Number of ordinary share(s) held	Number of underlying share(s) held	Approximate of aggregate percentage of the Company's issued share capital
Mr. Cheung Man Yau, Timothy	Beneficial Owner	–	1,300,000 *(Note)*	0.39%
Mr. Chan Kin Yip	Beneficial Owner	–	1,000,000 *(Note)*	0.30%
Mr. Sung Wai Tak, Herman	Beneficial Owner	–	100,000 *(Note)*	0.03%
Mr. Wong Lit Chor, Alexis	Beneficial Owner	–	100,000 *(Note)*	0.03%
Mr. Fung Wai Shing	Beneficial Owner	–	100,000 *(Note)*	0.03%

Note: The share options of the Company have been granted to Directors and employees on 29 June 2009 and/or 4 June 2010 and outstanding as at the Latest Practivable Date.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules.

4. LITIGATION

As at the Latest Practicable Date, the Enlarged Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

5. SERVICE CONTRACTS

Save as disclosed on page 8 of this circular under the heading "Service Contract" that the Vendor agrees to enter into a service contract with Hong Kong Marketing to serve as its managing director for a period of 2 years commencing from the date of Completion, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors are aware of, none of the Directors or the management shareholders of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

(a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 31 December 2010 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which is subsisting as at the date of this circular and is significant in relation to the business of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Enlarged Group) have been entered into by the members of the Enlarged Group after the date of two years immediately preceding the date of this circular, and up to the Latest Practicable Date, and are or may be material:

(i) the Acquisition Agreement;

(ii) the Supplemental Agreement;

(iii) the Second Supplemental Agreement;

(iv) the conditional subscription agreement entered into between the Company and Sun Finance Co., Ltd dated 8 August 2011 in relation to the subscription of the convertible bonds issued by the Company due 2012 with an initial conversion price of HK$0.30 per conversion share and an outstanding principal amount of HK$50 million, and the supplemental subscription agreement entered into between the Company and Sun Finance Co., Ltd dated 23 August 2011 to amend certain terms of the conditional subscription agreement dated 8 August 2011;

(v) the memorandum of understanding entered into between the Company and Mr. Chu Wai Hung Stephen dated 5 August 2011 in relation to the proposed acquisition of up to 51% of a company and its subsidiaries principally engaged in the music and entertainment business for the consideration in the range between HK$25 million to HK$30 million, and the termination agreement entered into between the Company and Mr. Chu Wai Hung Stephen dated 25 August 2011 to terminate the memorandum of understanding entered into between them on 5 August 2011;

(vi) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and Quest Stock Brokers (HK) Limited dated 4 August 2011 in relation to the placing of a maximum of 86,000,000 new shares at the placing price of HK$0.10 per placing share;

(vii) the conditional agreement for the sale and purchase entered into between the Company and Mr. Lui Bing Kin, Michael dated 25 May 2011 in relation to the acquisition of the entire share capital of Solution Gold Limited at the consideration of HK$30 million;

(viii) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 29 April 2011 in relation to the placing of a maximum of 90,884,000 new shares at the placing price of HK$0.25 per placing share, the amendment agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 2 May 2011 to amend the conditional placing agreement entered into between the parties dated 19 January 2011 by amending, modifying, supplementing and superseding the placing price of HK$0.32 per placing share by the new placing price of HK$0.295 per placing share;

(ix) the conditional agreement for the sale and purchase entered into between the Company and Mr. Gao Feng dated 27 April 2011 in relation to the acquisition of 25% share capital of Galaxy Mount International Limited for the consideration of HK$212 million, and the termination agreement entered into between the Company and Mr. Gao Feng dated 5 August 2011 to terminate the acquisition of 25% share capital of Galaxy Mount International Limited and refund of deposit of HK$46,000,000, and addendum to the termination agreement in relation to the acquisition of 25% issued share capital of Galaxy Mount International Limited entered into between the Company and Mr. Gao Feng dated 12 August 2011 to provide for the refund of deposit of HK$46,000,000 on or before 10 November 2011;

(x) the conditional placing agreement entered into between the Company and Mr. Luk Wing Kwong, Quintin dated 4 April 2011 in relation to the placing of a maximum of 100,000,000 new shares at the placing price of HK$0.295 per placing share;

(xi) the conditional sale and purchase agreement entered into between the Company, Mega Field International Limited and Mr. Au Chi Kong dated 30 March 2011 in relation to the disposal of 65% shareholding interest in and loan due from Wisdom In Holdings Limited at the consideration of HK$2.3 million;

(xii) the conditional sale and purchase agreement entered into between the Company and Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo dated 16 February 2011 in relation to the acquisition of Dragon Gain Worldwide Limited at the consideration of HK$41 million, and the supplemental agreement made between the Company and Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo dated 22 February 2011 to supplement certain terms and conditions of the sale and purchase agreement in relation to the right of Tang Tsz Hoo Anthony, Chan Chui Man and Yeung Wai Bo to buy from the Company up to 49% of the shares of Dragon Gain Worldwide Limited held by the Company as at the date of exercise of the call option subject to the terms and conditions of the call option deed;

(xiii) the conditional agreement entered into between the Company and Premier Capital Enterprises Limited dated 15 February 2011 in relation to the proposed restructuring of the zero coupon promissory note dated 3 December 2010 issued by the Company in the aggregate amount of HK$183,541,942 due and repayable on 8 January 2012;

(xiv) the conditional placing agreement entered into between the Company and Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 18 January 2011 in relation to the placing of a maximum of 64,000,000 new shares at the placing price of HK$0.32 per placing share and the amendment agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 19 January 2011 to amend the conditional placing agreement entered into between the parties dated 18 January 2011 to amend, modify, supplement and supersede the placing price of HK$0.32 per placing share by the new placing price of HK$0.295 per placing share;

(xv) the memorandum of understanding entered into between the Company and Dragon Gain Worldwide Limited dated 10 January 2011 in relation to the proposed acquisition of not less than 20% issued share capital of a company principally engaged in the organization, production and management of stage drama in Mainland China and Asian region and payment of HK$2.5 million by the Company to Dragon Gain Worldwide Limited as refundable deposit;

(xvi) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin, VC Brokerage Limited and Cheong Lee Securities Limited dated 30 December 2010 in relation to the placing of a maximum of 98,000,000 new shares at the placing price of HK$0.32 per placing share;

(xvii) the memorandum of understanding entered into between the Company and Mr. Gao Feng dated 16 December 2010 in relation to the possible acquisition of up to 30% issued share capital of Galaxy Mount International Limited, the addendum to the memorandum of understanding entered into between the Company and Mr. Gao Feng dated 6 January 2011 for the payment of HK$12,500,000 by the Company to Mr. Gao Feng as refundable deposit, and the second addendum to the memorandum of understanding in respect of the possible acquisition of up to 30% issued share capital of Galaxy Mount International Limited entered into between the Company and Mr. Gao Feng dated 26 January 2011 for the payment of HK$13,500,000 by the Company to Mr. Gao Feng as refundable deposit;

(xviii) the conditional sale and purchase agreement entered into between the Company, Lai Chun Hung and Diwang Limited dated 7 October 2010 in relation to the acquisition of 51% equity interest in Fountain City Holdings Limited at the consideration of HK$34,500,000;

(xix) the memorandum of understanding entered into between the Company and Daiwang Limited dated 15 September 2010 in relation to the possible acquisition of 51% equity interest in Fountain City Holdings Limited for a consideration of HK$34,500,000; and

(xx) the conditional placing agreement entered into between the Company, Shiny Galaxy Enterprises Limited and VC Brokerage Limited dated 8 September 2010 in relation to the placing of a maximum of 66,000,000 new shares at the placing price of HK$0.30 per placing share.

9. EXPERT AND CONSENT

The following are the qualification of the expert who have given opinions or advice which are contained in this circular:

Name	Qualifications
Zenith CPA Limited	Certified Public Accountants

Zenith CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Zenith CPA Limited does not have any interest, either direct or indirect, in any assets which have been, since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group nor had any shareholding in any member of the Enlarged Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday) at the principal place of business of the Company in Hong Kong at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong from 8 February 2012, the date of this circular up to and including 24 February 2012:

(a) the memorandum of association and the Articles of the Company;

(b) the annual reports of the Company for the three years ended 31 December 2008, 2009 and 2010;

(c) the interim report of the Company for the six months ended 30 June 2011;

(d) the "Letter from the Board, the text of which is set out on pages 4 to 11 of this circular;

(e) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

(f) the accountants' report on Hong Kong Marketing, the text of which is set out in Appendix III to this circular;

(g) the letter on the unaudited pro forma financial information of the Enlarged Group issued by Zenith CPA Limited set out in Appendix IV to this circular;

(h) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this Appendix to this circular;

(i) the consent letter referred to in the paragraph under the heading "Expert and Consent" in this Appendix to this circular; and

(j) this circular.

11. GENERAL

(a) The registered office and principal place of business of the Company is located at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong.

(b) The compliance office of the Company is Cheung Man Yau, Timothy ("Mr. Cheung"). Mr. Cheung is also the chief executive officer and executive Director of the Company. He graduated from The University of Hong Kong and is a qualified professional accountant with more than 29 years of extensive experience in management, finance, audit and accounting fields.

(c) The secretary of the Company is Mr. Tang Man Leong ("Mr. Tang"). Mr. Tang graduated from the University of Glamorgan in United Kingdom with a bachelor's degree in Business Accounting and he is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(d) The share registrar and transfer office of the Company is Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The Company's audit committee ("Audit Committee") comprises of three independent non-executive Directors, namely, Mr. Sung Wai Tak Herman, Mr. Wong Lit Chor, Alexis and Mr. Fung Wai Shing. The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and internal control procedures of the Group. The background of the members of Audit Committee are set out below:

(i) Mr. Sung Wai Tak, Herman ("Mr. Sung"), aged 53, was appointed as an Independent Non-executive Director on 2 January 2001. He is also a member of the Audit Committee and the Remuneration Committee. Save as disclosed above, Mr. Sung does not hold any other position in the Company or any of its subsidiaries. Mr. Sung is a solicitor of the High Court of the Hong Kong Special Administrative Region and the Supreme Court of New South Wales in Australia. Mr. Sung is the director of Tak Sing (Asia) Limited, Prosper Get Investments Limited, Silver Shores Limited and is also appointed as an independent non-executive director of Ming Kei Holdings Limited, a company listed on the GEM Board. Save as disclosed above, Mr. Sung 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.

(ii) Mr. Wong Lit Chor, Alexis ("Mr. Wong"), aged 53, was appointed an Independent Non-executive Director on 24 September 2004. He is also a member of the Audit Committee and the Remuneration Committee of the Company. Save as disclosed above, Mr. Wong does not hold any other position in the Company or any of its subsidiaries. Mr. Wong graduated from the University of Toronto, Canada in 1981 with a Bachelor's degree in Arts majoring in economics and commerce. He also holds a Master's degree in Business Administration obtained from the Chinese University of Hong Kong in 1987. He has over 23 years of banking, investment, corporate finance and securities dealing experience gained from working as a senior executive in a number of listed local and PRC financial services companies. He is currently a director and responsible person of Quam Securities Company Limited for Types 1 and 4 regulated activities under the Securities and Futures Ordinance. He is also an independent non-executive director of Inspur International Limited and China Fortune Holdings Limited, which are companies listed on Main Board of the Stock Exchange. Save as disclosed above, Mr. Wong 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.

(iii) Mr. Fung Wai Shing ("Mr. Fung"), aged 42, 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. 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 14 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.

TLT LOTTOTAINMENT GROUP LIMITED
彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a Extraordinary General Meeting of TLT Lottotainment Group Limited (the "Company") will be held at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong, on 24 February 2012 at 11:00 a.m. as special business, to consider and, if thought fit, to pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

1. "**THAT**

(a) the conditional sale and purchase agreement (the "**Acquisition Agreement**") as defined in the circular dated 8 February 2012 despatched to the shareholders of the Company (the "**Circular**"), a copy of which has been produced to this meeting marked "A" and signed by the chairman hereof for the purpose of identification, and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company be and is hereby authorised to do all such acts and things as he in his sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Acquisition Agreement and the transactions contemplated thereunder, and, where required, any amendment of the terms of the Acquisition Agreement as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations."

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

Hong Kong, 8 February 2012

Registered Office and principal place of business in Hong Kong:
Room A, 9th Floor,
Fortis Tower,
77–79 Gloucester Road,
Wanchai,
Hong Kong

Notes:

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead at the Meeting in accordance with the Articles of the Company. A proxy need not be a Shareholder but must be present in person to represent the shareholder.

2. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.

3. Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.

As at the date of this notice, 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.