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TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT



FREEMAN SECURITIES LIMITED

On 23 May 2012, after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed with the Company to place 65,647,113 Placing Shares on a fully underwritten basis to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$0.12 per Placing Share.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the extraordinary general meeting of the Company held on 5 March 2012. As at the date of this Announcement, no Shares have been allotted and issued pursuant to the General Mandate. The 65,647,113 Placing Shares to be allotted and issued will utilize the full capacity of the General Mandate, representing approximately 20% of the existing issued share capital of the Company as at the date of this Announcement, and approximately 16.67% of the enlarged issued share capital of the Company immediately following the Placing. Since the Placing Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

The Completion of the Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

If the foregoing condition is not fulfilled on or prior to the 30th day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the Placing Agreement).

The gross proceeds and net proceeds from the Placing will be approximately HK\$7.88 million and HK\$7.32 million, respectively, which will be used to finance the general working capital needs of the Group.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

23 May 2012 (after trading hours)

Parties

Issuer: The Company

The Placing Agent: Freeman Securities Limited, an Independent Third Party not connected to the Company or its connected persons (as defined in the GEM Listing Rules)

The Placing

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed, during the period from the execution of the Placing Agreement to 5:00 p.m. on the 15th day after the date of the Placing Agreement (or such other period as agreed by the Placing Agent and the Company), to procure Placees to subscribe 65,647,113 Placing Shares at HK\$0.12 per Placing Share, representing approximately 20% of the issued share capital as at the date of this Announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares. The Placing is fully underwritten. The aggregate nominal value of the Placing Shares will be HK\$3,282,355.65.

Placees

The Placing Shares will be placed to not less than six Placees which will be individuals, institutional or other professional investors, and who and whose ultimate beneficial owners shall be Independent Third Parties not connected with the Company and its connected persons. The Placing Agent has also agreed to use all reasonable endeavours to ensure none of the Placees and their ultimate beneficial owners shall become a controlling shareholder (as defined in the GEM Listing Rules) of the Company upon taking up the Placing Shares.

Placing Price

The Placing Price of HK\$0.12 per Placing Share represents:

- (i) a discount of approximately 17.24% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 17.81% to the average closing price of HK\$0.146 per Share as quoted on the Stock Exchange for the last five trading days up to and including the day immediately prior to the Last Trading Day.

The Placing Price of HK\$0.12 per Placing Share was determined on arm's length basis between the Company and the Placing Agent based on current market conditions and the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price of the Placing Shares is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares will be issued fully paid up and ranking pari passu in all respects among themselves and with the existing Shares in issue, including to the right to receive all dividends and distributions which may be declared made or paid after the Completion Date and will be issued free and clear of all liens, encumbrances or other third party rights.

Conditions of the Placing

The Completion of Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

If the foregoing condition is not fulfilled on or prior to the 30th day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the Placing Agreement).

General Mandate to issue the Placing Shares

65,647,113 Placing Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 65,647,113 Shares. As at the date of this Announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Placing Shares is not subject to any further approval by the Shareholders. The 65,647,113 Placing Shares to be allotted and issued will utilize the full capacity of the General Mandate.

Completion of the Placing

Completion of the Placing will take place on the second Business Day after the date on which all the conditions in respect of the Placing under the Placing Agreement are fulfilled or such other date as the Company and the Placing Agent shall agree.

Commission

The Placing Agent will be entitled to a commission of 3% of the amount equal to the Placing Price multiplied by the total number of the Placing Shares.

Termination

The Placing Agreement may be terminated if at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties contained in the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or elsewhere or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective Shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement by giving notice to the Company as afore-mentioned, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

APPLICATION FOR LISTING

Applications will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this Announcement and immediately after the Completion of the Placing is as follows:

Name of Shareholder	As at the date of this Announcement		Shareholding immediately after Completion of the Placing	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Mr. Luk Wing Kwong, Quintin	50,351,800	15.34	50,351,800	12.78
Placees	0	0	65,647,113	16.67
Other Shareholders	<u>277,883,769</u>	<u>84.66</u>	<u>277,883,769</u>	<u>70.55</u>
Total	<u>328,235,569</u>	<u>100</u>	<u>393,882,682</u>	<u>100</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is mainly engaged in provision of travel agent services, artist management services, advertising and marketing services and operation of stage drama.

Upon the full placement of the 65,647,113 Placing Shares, the gross proceeds raised from the Placing will be approximately HK\$7.88 million. After taking into account the estimated expenses in relation to the Placing, the estimated net proceeds from the Placing will be approximately HK\$7.32 million, representing a net price of approximately HK\$0.1115 per Placing Share. The net proceeds from the Placing are intended to be used for the Group's general working capital.

The Directors consider that the Placing represents a good opportunity to raise additional funds so as to replenish the capital base of the Company and widen the Company's shareholder base. Accordingly, the Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds to be raised	Proposed use of the net proceeds	Actual use of the net proceeds
8 August 2011, 23 August 2011 and 3 October 2011	Issue of HK\$50 million convertible bonds	Approximately HK\$49,600,000	For financing (i) the subscription for a new joint venture company as announced on 25 August 2011 at a consideration of approximately HK\$1.5 million, details of which have been set out in the announcement made by the Company on 25 August 2011; (ii) acquisition and investment within the scope of major business of the Group when suitable opportunity arises; and (iii) the general working capital of the Group, including but not limited to the operation and/or expansion of the Group's existing operating business.	Funds of HK\$20 million were used for acquisition of 100% issued share capital of Creative Star Limited, details of which were set out in the Company's announcement dated 14 November 2011. Funds of around HK\$5.5 million were used for operation of stage drama. Funds of around HK\$6.3 million were used for the operation of artist school. Funds of around HK\$2 million were used for repayment of other borrowings. Furthermore, funds of approximately HK\$15.3 million were used for payment of operating expenses of the Group. The remaining balance has been deposited in bank and not yet been utilized. Such remaining balance will be applied for the Group's general working capital purpose.

Date of announcement	Fund raising activity	Net proceeds to be raised	Proposed use of the net proceeds	Actual use of the net proceeds
4 August 2011	Top-up placing of 86,000,000 pre-consolidated Shares	Approximately HK\$8,250,000	For financing future investment, repayment of promissory notes, repayment of other borrowings and/or for general working capital purpose of the Group.	Funds of around HK\$2.8 million and HK\$1.9 million were used respectively for operation of stage drama and for system development. Funds of HK\$1.5 million and HK\$2.05 million were used respectively as capital contribution for a new joint venture company as announced on 25 August 2011 and as payment of general operating expenses including legal and professional assurance service costs, printer costs and salary.

GENERAL

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Announcement”	this announcement of the Company in relation to the Placing
“Associates”	with the meaning given to that term in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks generally are open for business in Hong Kong
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the GEM

“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the second Business Day after the date on which all the General Mandate conditions have been satisfied or such other date as the Company and the Placing Agent may agree
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate to allot, issue and deal with the Shares granted to the Directors pursuant to the resolutions passed at the extraordinary general meeting of the Company on 5 March 2012
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong currency
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Last Trading Day”	23 May 2012, being the last trading day for the Shares prior to the issue of this Announcement
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares under the General Mandate by way of a private placing of the Placing Shares to selected investors procured by the Placing Agent on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Freeman Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance
“Placing Agreement”	the agreement entered between the Company and the Placing Agent on 23 May 2012
“Placing Price”	the price of HK\$0.12 per Placing Share

“Placing Share(s)”	65,647,113 Shares to be placed under the Placing
“Share(s)”	ordinary shares with par value of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	with the meaning ascribed thereto in the GEM Listing Rules

By order of the Board
TLT Lottotainment Group Limited
Yip Man Yi
Chairman and Executive Director

Hong Kong, 23 May 2012

As at the date of this announcement, the Board comprises the following Directors:–

Executive Directors:

Ms. Yip Man Yi (*Chairman*)
Mr. Cheung Man Yau, Timothy
(*Chief Executive Officer*)
Mr. Lee Chi Shing, Caesar
Ms. Cheng Sze Man
Mr. Chan Yun Fai
Mr. Au Yeung Yiu Chung

Independent Non-executive Directors:

Mr. Fung Wai Shing
Mr. Li Kwok Chu
Mr. Chiu Koon Shou

This announcement, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from its date of its posting and on the Company’s website at <http://www.lottotainment.com.hk>.