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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO SHARES
HELD ON THE RECORD DATE
AND
PROPOSED SHARE CONSOLIDATION
AND
CHANGE IN BOARD LOT SIZE**

Underwriter of the Rights Issue



FREEMAN SECURITIES LIMITED

PROPOSED RIGHTS ISSUE

The Board proposes to raise not less than approximately HK\$9.85 million before expenses (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) but not more than approximately HK\$9.88 million before expenses (assuming no repurchase of Shares and the maximum number of 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme are exercised in full on or before the Record Date) by issuing not less than 196,941,341 Rights Shares and not more than 197,541,341 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at a Subscription Price of HK\$0.05 per Rights Share on the basis of one Rights Share for every two Shares held on the Record Date. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be approximately HK\$8.87 million (no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$8.90 million (assuming no repurchase of Shares and the maximum number of 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme are exercised in full on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue to the payment of the interest on the debts in the principal amount of HK\$50,000,000 owing to Sun Finance Company Limited as referred to in the Company's announcement dated 27 May 2012.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, Premier Capital Enterprises Limited (the "**Premier Capital**"), the holder of Convertible Notes (equivalent to 20,057,142 Shares if converted in full) of the Company, has given an irrevocable undertaking to the Company, amongst others, that Premier Capital shall not until the date of the completion of the Rights Issue exercise their rights under the Convertible Notes to convert any outstanding principal under the Convertible Notes into the Shares (equivalent to 20,057,142 Shares if converted in full).

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed "Conditions of the Rights Issue" of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

PROPOSED SHARE CONSOLIDATION

The Board proposes to effect the Share Consolidation on the basis that every ten (10) Shares of HK\$0.05 be consolidated into one (1) Consolidated Share of HK\$0.5 each.

CHANGE IN BOARD LOT SIZE

The Shares currently traded in board lots of 5,000 each. The Company proposes to change the board lot size of the Consolidated Shares to 3,000 each upon the Share Consolidation becoming effective.

GENERAL

As the proposed Rights Issue will not increase the issued share capital or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

The Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Non-Qualifying Shareholders, if any, for their information only. No PAL or EAF will be despatched to the Non-Qualifying Shareholders.

A circular containing, among other things, (i) details of the Share Consolidation; and (ii) notice of the EGM, will be despatched to the Shareholders on or before 28 June 2012.

PROPOSED RIGHTS ISSUE

On 8 June 2012, the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting arrangements in respect of the proposed Rights Issue.

Issue statistics

Basis of the Rights Issue	:	one Rights Share for every two Shares held on the Record Date
Number of Shares in issue as at the date of this announcement	:	393,882,682 Shares
Number of Rights Shares	:	not less than 196,941,341 Rights Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 197,541,341 Rights Shares (assuming no repurchase of Shares and the maximum number of 1,200,000 outstanding Options granted on 29 June 2009 under the Share Option Scheme are exercised in full on or before the Record Date)
Subscription Price	:	HK\$0.05 per Rights Share
Number of Rights Shares underwritten by the Underwriter	:	all the Rights Shares, being not less than 196,941,341 Rights Shares and not more than 197,541,341 Rights Shares

Note:

Assuming further issue of new Shares upon full exercise of the 1,200,000 share Options granted under the Share Option Scheme on or before the Record Date, a total of 1,200,000 new Shares may fall to be issued. Accordingly, an additional 600,000 Rights Shares would be issued, in which case the maximum number of Rights Shares that may be issued by the Company pursuant to the Rights Issue will increase to 197,541,341.

As at the date of this announcement:

- (i) there were 1,200,000 outstanding Options (“the 1,200,000 Options”) granted on 29 June 2009 under the Share Option Scheme adopted by the Company which are convertible or exchangeable into Shares after 29 June 2012.

- (ii) there were 3,400,000 outstanding Options granted on 4 June 2010 under the Share Option Scheme but such options are not convertible or exchangeable until 4 June 2013.
- (iii) Premier Capital, the holder of Convertible Notes (equivalent to 20,057,142 Shares if converted in full), has given an irrevocable undertaking to the Company that Premier Capital shall not until the date of the completion of the Rights Issue exercise their rights under the Convertible Notes to convert any outstanding principal under the Convertible Notes into the Shares.

As at the date of this announcement, save for disclosed above, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 196,941,341 nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the 196,941,341 Rights Shares. The aggregate nominal value of the 196,941,341 Rights Shares will be HK\$9,847,067.05.

Qualifying Shareholders

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's 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 for registration by no later than 4:30 p.m. on 15 June 2012.

Closure of register of members

The register of members of the Company will be closed from 18 June 2012 to 22 June 2012, both days inclusive. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs.

Subscription Price

The Subscription Price is HK\$0.05 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a premium of approximately 11.11% to the closing price of HK\$0.045 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 1.96% to the average closing price of approximately HK\$0.051 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day; and
- (c) a premium of approximately 6.38% to the theoretical ex-rights price of approximately HK\$0.047 per Share based on the closing price of HK\$0.045 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) will be approximately HK\$0.045.

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two Shares in issue and held at the close of business on the Record Date, being not less than 196,941,341 Rights Shares and not more than 197,541,341 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. The aggregate of fractions of the Rights Shares will be sold by the Company in the market, and, if a net premium can be obtained the proceeds will be retained by the Company for its own benefit. Any unsold aggregate of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for excess Rights Shares

Qualifying Shareholders of nil-paid Rights Shares may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted. Applications for excess Rights Shares may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated based on a sliding scale with reference to the number of the excess Rights Shares applied for (i.e. applications for a smaller number of Rights Shares are allocated with a higher percentage of successful application; whereas applications for a larger number of Rights Shares are allocated with a smaller percentage of successful application), and with board lot allocations to be made on a best effort basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company at the close of business on the Record Date, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on 15 June 2012.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 20 July 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 20 July 2012 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the GEM of the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

1. the delivery to the Stock Exchange and the filing with and registration of the Prospectus (with all documents required to be attached thereto by section 342C of the Companies Ordinance), the PAL and the EAF (all having been duly authorised for registration by the Stock Exchange and certified by any two (2) Directors or their respective authorised agents) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance on or before the Prospectus Date;
2. the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date;

3. the GEM Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms), either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant) before 8:00 a.m. on the first day of dealings in nil-paid Rights Shares and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the first day of dealings in fully-paid Rights Shares; and
4. the obligations of the Underwriter under this Agreement not being terminated by the Underwriter in accordance with the terms in the Underwriting Agreement.

The implementation and completion of the Rights Issue and the Share Consolidation are not conditional on each other and are to be implemented and completed separately. The Company shall not effect the Share Consolidation prior to the completion of the Rights Issue in accordance with the Underwriting Agreement.

In the event that the above conditions have not been satisfied on or before 4:00 p.m. on 8 September 2012 (or such later date as the Underwriter and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENTS

The Underwriting Agreement

The principal terms and conditions of the Underwriting Agreement are summarised as below:

Date	:	8 June 2012
Underwriter	:	Freeman Securities Limited
Underwriting commitment of the Underwriter	:	All the Rights Shares, being not less than 196,941,341 Rights Shares and not more than 197,541,341 Rights Shares have been fully underwritten by the Underwriter
Commission	:	3% of the aggregate Subscription Price of the Underwritten Shares actually issued as determined on the Record Date
Undertakings	:	The Company shall not from the date hereof until after the Record Date issue any new Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares save and except for purpose of issuing Shares to the grantee of the 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme.

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 4:00 p.m. on the Latest Termination Date or such other date as agreed between the Company and the Underwriter, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of that Underwriter) material in the context of the Rights Issue; or
- (b)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the GEM of the Stock Exchange; or
 - (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares "taken up"; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, that Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement except that the Company shall remain liable to pay all expenses, fees, costs and charges (other than the underwriting commission) relating to the Rights Shares and the Rights Issue. If the Underwriter exercise such right, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

EXPECTED TIMETABLE

The expected timetable of the proposed Rights Issue and Share Consolidation is as follows:

2012

(Hong Kong time)

Last day of dealings in the Shares on cum-rights basis	Wednesday, 13 June
Ex-date (the first day of dealings in the Shares on ex-rights basis)	Thursday, 14 June
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 15 June
Register of members closes (both days inclusive)	Monday, 18 June to Friday, 22 June
Record Date	Friday, 22 June
Register of members to be re-opened.	Monday, 25 June
Prospectus Documents to be posted.	Monday, 25 June
First day of dealings in nil-paid Rights Shares	Wednesday, 27 June
Despatch of Circular and proxy form of EGM in respect of the Share Consolidation.	Thursday, 28 June
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 29 June
Last day of dealings in nil-paid Rights Shares	Thursday, 5 July
Latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares	4:00 p.m. on Tuesday, 10 July
Latest time for the termination of the Underwriting Agreement.	4:00 p.m. on Friday, 13 July
Latest time for lodging proxy form of EGM in respect of the Share Consolidation.	9:00 a.m. on Wednesday, 18 July
Announcement of allotment results	Thursday, 19 July
Despatch of certificates for fully-paid Rights Shares and refund cheques	Friday, 20 July

Expected time and date of the EGM in respect of the Share Consolidation.	9:00 a.m. on Friday, 20 July
Announcement of result of the EGM in respect of the Share Consolidation.	Friday, 20 July
Effective date of the Share Consolidation	Monday, 23 July
Expected first date of dealings in fully-paid Rights Shares	Monday, 23 July
Dealings in the Consolidated Shares commences.	9:00 a.m. on Monday, 23 July
Original counter for trading in Shares (in board lots of 5,000 Shares) closes	9:00 a.m. on Monday, 23 July
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in form of existing share certificates in Red colour) opens	9:00 a.m. on Monday, 23 July
Free exchange of existing share certificates for new share certificates for the Consolidated Shares commences	Monday, 23 July
Original counter for trading in the Consolidated Shares (in board lots of 3,000 Consolidated Shares) re-opens	9:00 a.m. on Monday, 6 August
Parallel trading in the Consolidated Shares (in form of new share certificates in Green colour and existing share certificates in Red colour) begins	9:00 a.m. on Monday, 6 August
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.	9:00 a.m. on Monday, 6 August
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in form of existing share certificates in Red colour) closes.	4:00 p.m. on Friday, 24 August
Parallel trading in the Consolidated Shares (in form of new share certificates in Green colour and existing share certificates in Red colour) ends.	4:00 p.m. on Friday, 24 August
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.	4:00 p.m. on Friday, 24 August
Free exchange of existing share certificates for new share certificates in Green colour ends.	4:30 p.m. on Tuesday, 28 August

All times and dates specified in this announcement refer to Hong Kong local times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as appropriate in accordance with the Listing Rules.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, Premier Capital, is the holder of Convertible Notes (equivalent to 20,057,142 Shares if converted in full) of the Company. Premier Capital has given an irrevocable undertaking to the Company, amongst others, that Premier Capital shall not until the date of the completion of the Rights Issue exercise their rights under the Convertible Notes to convert any outstanding principal under the Convertible Notes into the Shares (equivalent to 20,057,142 Shares if converted in full).

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company assuming there is no change in the shareholding structure of the Company from the date of this announcement to the date immediately after completion of the Rights Issue.

Scenario 1:

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date:

Shareholder	As at the date of this Announcement		Immediately after completion of the Rights Issue assuming the Rights Shares are subscribed for in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders takes up any of the Rights Shares and the Underwriter and sub-underwriters and subscribers procured by them take up the Rights Shares to the maximum extend	
	No. of Shares	approx. %	No. of Shares	approx. %	No. of Shares	approx. %
Mr. Luk Wing Kwong, Quintin	50,351,800	12.78	75,527,700	12.78	50,351,800	8.52
The Underwriter and sub-underwriters and subscribers procured by them	–	–	–	–	196,941,341	33.33
Other Shareholders	343,530,882	87.22	515,296,323	87.22	343,530,882	58.15
Total	<u>393,882,682</u>	<u>100</u>	<u>590,824,023</u>	<u>100</u>	<u>590,824,023</u>	<u>100</u>

Scenario 2:

Assuming no repurchase of Shares and the maximum number of 1,200,000 outstanding Options granted on 29 June 2009 under the Share Option Scheme are exercised in full on or before the Record Date:

Shareholder	As at the date of this Announcement		Assuming no (i) no repurchase of Shares; and (ii) the maximum number of 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme are exercised in full on or before the Record Date)		Immediately after completion of the Rights Issue assuming the Rights Shares are subscribed for in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders takes up any of the Rights Shares and the Underwriter and sub-underwriters and subscribers procured by them take up the Rights Shares to the maximum extend	
	No. of Shares	approx. %	No. of Shares	approx. %	No. of Shares	approx. %	No. of Shares	approx. %
Mr. Luk Wing Kwong, Quintin	50,351,800	12.78	50,351,800	12.74	75,527,700	12.74	50,351,800	8.50
The Underwriter and sub-underwriters and subscribers procured by them	-	-	-	-	-	-	197,541,341	33.33
Holder of the 1,200,000 Options granted on 29 June 2009	-	-	1,200,000	0.30	1,800,000	0.30	1,200,000	0.20
Other Shareholders	343,530,882	87.22	343,530,882	86.95	515,296,323	86.95	343,530,882	57.97
Total	393,882,682	100	395,082,682	100	592,624,023	100	592,624,023	100

Note:

The Underwriter has undertaken with the Company that (i) that it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and (ii) that it shall, in fulfillment of its obligations pursuant to the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue.

In addition, the Underwriter undertakes to the Company that in fulfillment of its obligations pursuant to the Underwriting Agreement to procure subscribers for any Underwritten Shares not taken up, it shall ensure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s) are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its Subsidiaries or any of their respective associates such that the Company will be able to comply with the minimum public float requirement set out in Rule 11.23 of the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

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

The gross proceeds from the Rights Issue will be approximately HK\$9.85 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$9.88 million (assuming no repurchase of Shares and the maximum number of 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme are exercised in full). The estimated net proceeds from the Rights Issue will be approximately HK\$8.87 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$8.90 million (assuming no repurchase of Shares and the maximum number of 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme are exercised in full). The Company intends to apply the net proceeds from the Rights Issue to the payment of the interest on the debts in the principal amount of HK\$50,000,000 owing to Sun Finance Company Limited as referred to in the Company's announcement dated 27 May 2012.

The Board considers that it is prudent to finance the Group by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds to be raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
23 May 2012	Placing of 65,647,113 new Shares under general mandate	HK\$7,320,000	For financing the general working capital needs of the Group	Fund of HK\$1.16 million were used for payment of operating expenses of the Group. The remaining balance has been deposited in bank and not yet 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 (approximately)	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 notes	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 and 28 February 2012. 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\$15.8 million were used for payment of operating expenses of the Group.
4 August 2011	Top-up placing of 86,000,000 pre-consolidated Shares	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

Save as abovementioned, the Company had not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

PROPOSED SHARE CONSOLIDATION

The Board proposes to effect the Share Consolidation on the basis that every ten (10) Shares of HK\$0.05 be consolidated into one (1) Consolidated Share of HK\$0.5 each.

As at the date of this announcement, the authorized share capital of the Company is HK\$100,000,000, divided into 2,000,000,000 Shares, of which 393,882,682 Shares are in issue and fully paid. Upon the Share Consolidation becoming effective, the authorized share capital of the Company will become HK\$100,000,000 divided into 200,000,000 Consolidated Shares.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation will be conditional upon the following:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (b) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares to be issued and allotted upon the Share Consolidation becoming effective.

EFFECTS OF SHARE CONSOLIDATION

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or result in any change in the rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled. The Consolidated Shares shall rank *pari passu* in all respects with each other.

LISTING APPLICATION FOR CONSOLIDATED SHARES

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

CHANGE IN BOARD LOT SIZE

The Shares currently traded in board lots of 5,000 each. The Company proposes to change the board lot size of the Consolidated Shares to 3,000 each upon the Share Consolidation becoming effective.

REASONS FOR SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting its securities. In view of the recent trading price of the Shares and at the request of the Stock Exchange, the Board proposes to effect the Share Consolidation in order to comply with the trading requirements of the Listing Rules. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares.

The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

EXCHANGE OF SHARE CERTIFICATES ARRANGEMENT

Should the Share Consolidation become effective, Shareholders may, during the period from Monday, 23 July 2012 to Tuesday, 28 August 2012 (both days inclusive) during the business hours, submit existing certificates for the Shares in red colour to the Company's branch share registrar, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange, at the expense of the Company, for new share certificates in green colour for the Consolidated Shares. It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates to the branch share registrar of the Company for exchange. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for Consolidated Shares. Existing certificates for the Shares will cease to be good for delivery but will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time at the expense of the Shareholders.

ODD LOT ARRANGEMENTS AND FRACTIONAL CONSOLIDATED SHARES

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, the Company has agreed to procure an arrangement with an agent to stand in the market to provide matching services for the odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangement and the new share certificates will be set out in the circular of the Company to be dispatched to the Shareholders.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders, but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

GENERAL

A circular containing, among other things, (i) details of the Share Consolidation; and (ii) notice of the EGM, will be despatched to the Shareholders on or before 28 June 2012.

As the proposed Rights Issue will not increase the issued share capital or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

The Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Non-Qualifying Shareholders, if any, for their information only. No PAL or EAF will be despatched to the Non-Qualifying Shareholders.

DEFINITIONS

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

“Acceptance Date”	10 July 2012 or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	TLT Lottotainment Group Limited (Stock Code: 8022), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the GEM of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.50 each upon the Share Consolidation becoming effective
“Convertible Notes”	the Zero Coupon Convertible Notes due 2013 all issued by the Company to Premier Capital Enterprises Limited on 28 March 2011 with total outstanding principal amount of HK28,080,000 as at the date of this announcement
“Director(s)”	director(s) of the Company from time to time
“EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, inter alia, the Share Consolidation
“Freeman Securities”	Freeman Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activities under the SFO
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	8 June 2012, being the date of the Underwriting Agreement
“Latest Termination Date”	the third Business day after the Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Option(s)”	the option(s) to subscribe for Shares under the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriter
“Posting Date”	25 June 2012 or such other date as the Underwriter may agree in writing with the Company, as the expected date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders for information only (as the case may be)
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders

“Record Date”	22 June 2012 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	the share registrar of the Company in Hong Kong, being Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one Rights Share for every two Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Shares to be issued and allotted under the Rights Issue on the basis of one Rights Share for every two Shares in issue on the Record Date, being 196,941,341 Shares based on the Company’s issued share capital as at the date of this announcement, or if the maximum number of 1,200,000 outstanding options granted on 29 June 2009 under the Share Option Scheme are exercised in full on or before the Record Date, an aggregate of 197,541,341 Shares
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every ten (10) Shares of HK\$0.05 each into one (1) Consolidated Share of HK\$0.50 each
“Share Option Scheme”	the share option scheme adopted by the Company on 30 July 2001, amended on 2 December 2008, and terminated on 9 May 2011
“Share(s)”	existing ordinary share(s) of HK\$0.05 each in the Share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.05 per Rights Share
“Underwriter”	Freeman Securities Limited

“Underwriting Agreement”	the underwriting agreement dated 8 June 2012 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	All the Rights Shares
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 8 June 2012

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

Executive Directors:

Ms. Yip Man Yi (*Chairman*)
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 Company 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “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>.