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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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MASS APEX LIMITED

AND

RESUMPTION OF TRADING

THE ACQUISITION

The Board is pleased to announce that on 26 November 2012 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at a total consideration of HK\$68,000,000 (subject to downward adjustment) by a combination of cash and the Promissory Note.

GEM LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The Circular containing, among other things, (i) further information of the Acquisition; (ii) accountants' report of the Target Group; (iii) pro forma financial information on the Enlarged Group; (iv) valuation report on the Target Group; (v) the letters from the financial adviser of the Company and the auditors of the Company in respect of the valuation of the Target Group; and (vi) notice of the EGM, will be despatched to the Shareholders on 27 December 2012 and in compliance with the GEM Listing Rules, so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 27 November 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 5 December 2012.

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 26 November 2012 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at a total consideration of HK\$68,000,000 (subject to adjustment), which will be satisfied by combination of cash and the Promissory Note.

Date

26 November 2012 (after trading hours)

Parties

1. The Purchaser: Fame Network Limited, a wholly owned subsidiary of the Company
2. The Vendor: Mr. Ma Chun Loi

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and his associates are Independent Third Parties and do not have any personal or business relationship with (i) the Company and its connected persons (as defined in the GEM Listing Rules); and (ii) any vendors of the corporate transactions conducted by the Group in the past 24 months.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target. As at the date of this announcement, the Vendor is the beneficial owner of the Sale Shares.

Consideration

Pursuant to the terms of the Sale and Purchase Agreement, the Consideration of HK\$68,000,000 (subject to downward adjustment as described in the paragraph headed “Profit guarantee and adjustment to the Consideration” below) and shall be satisfied by the Purchaser in the following manner:

- (a) as to HK\$2,000,000 in cash as refundable cash deposit (the “**Deposit**”) which have been paid upon signing of the Sale and Purchase Agreement to the Vendor;
- (b) as to HK\$7,200,000 in cash to the Vendor upon Completion; and
- (c) as to the remaining balance of HK\$58,800,000 by the issue of the Promissory Note to the Vendor upon Completion.

The Company intends to raise fund to satisfy the cash payment of HK\$7,200,000 to the Vendor by way of rights issue to be conducted in or around mid-December 2012 (the “**Possible Rights Issue**”), however, up to the date of this announcement, no concrete terms on the Possible Rights Issue has been decided by the Company. The Possible Rights Issue and the Acquisition are not interconditional.

Further details of the Promissory Note are set out in the section headed “Promissory Note” below.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm’s length negotiations between the Purchaser and the Vendor and was determined after taking into account the following factors:

- (a) the preliminary valuation on the Target Group prepared by Roma Appraisals Limited, an independent professional valuer, adopting market approach and using enterprise value to earnings before interest, tax, depreciation and amortization multiple (“**EV/EBITDA Multiple**”) as the appropriate multiple, according to which the market value of the Target Group was approximately HK\$71 million as at 30 September 2012;
- (b) the business development potential and future prospects of the Target Group after taking into account performance of the Target Group for the period since the commencement of business of the Ma’s Japanese Group and its client base which includes restaurants chain in Hong Kong in addition to the stable growth in wholesale and retail industries in Hong Kong which will in turn drive the market demand for raw food materials;
- (c) the benefits expected to be generated to the Group as stated in the section headed “Reasons for and benefits of the Acquisition” below.

The principal assumptions used in the preliminary valuation of 100% equity interest of the Target Group are as follows:

- all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

- the projections made in estimating the earnings before interest, tax, depreciation and amortization of the Target Group are reasonable and will be materialized;
- the Target Group will be operated as planned and its financial performance would be stable;
- there will be sufficient supply of technical staff in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- there will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; and
- interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

The preliminary valuation on the Target Group under the market approach by applying EV/EBITDA Multiple involves the projection of a 12-month EBITDA of the Target Group. Therefore, the preliminary valuation constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules. Details of the valuation report together with the letters from the financial adviser of the Company and the auditors of the Company in respect of the valuation will be set out in the Circular to be despatched to the Shareholders.

Profit guarantee and adjustment to the Consideration

Pursuant to the Sale and Purchase Agreement, the Vendor has warranted and guaranteed to the Purchaser that the audited consolidated net profit after tax and after extraordinary items of the Target Group attributable to its businesses (“**Audited CNPAT**”) based on the audited accounts prepared in accordance with HKFRS for each of the years ending 31 December 2013 and 31 December 2014 will not be less than HK\$8,000,000 (the “**Guaranteed Amount**”) (collectively, the “**Profit Guarantee**”).

The Guaranteed Amount of HK\$8,000,000 was determined with reference to the annualized amount of the unaudited CNPAT of the Target Group of approximately HK\$8,538,000 based on unaudited CNPAT of the Target Group of approximately HK\$1,423,000 for the period from the date of its corporation (9 August 2012) to 30 September 2012.

In the event that the Audited CNPAT for each of the years ending 31 December 2013 and 31 December 2014 be less than the Guaranteed Amount, the Consideration will be adjusted downward and with the principal amount of the Promissory Note be reduced on a dollar-for-dollar basis for the shortfall between the Audited CNPAT and the Guaranteed Amount in the corresponding period. The maximum amount of downward adjustment to the Consideration for the shortfall between the Audited CNPAT and the Guaranteed Amount for each period including loss making situation will be the Guaranteed Amount of HK\$8,000,000.

The downward adjustment of the Consideration will be effected by the reduction of the principal amount of the Promissory Note which will be done within 90 Business Days on delivery by the Purchaser to the Vendor a statement set forth the Audited CNPAT after publication of the consolidated results of the Target Group for each of the years ending 31 December 2013 and 31 December 2014.

The Purchaser will prepare a calculation of the Audited CNPAT of the Target Group in accordance with Hong Kong Financial Reporting Standards and the adjustment to the Consideration (if any) for each of the years ending 31 December 2013 and 31 December 2014. The due date for determination of the Audited CNPAT and the adjustment to the Consideration (if any) shall be within 90 Business Days after publication of the consolidated financial results of the Target Group for each of the aforesaid periods.

The Company will make further announcements about the fulfillment or non-fulfillment of the Profit Guarantee to each of the guaranteed period ending 31 December 2013 and 31 December 2014.

Conditions precedent

Completion shall be conditional upon satisfaction of each of the following conditions precedent:

- (a) the passing by Shareholders at the EGM of a resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereby as required by GEM Listing Rules;
- (b) legal and financial due diligence, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure, of each member of the Target Group being completed to the satisfaction of the Purchaser in its sole discretion and that there no matter arising from the due diligence review which in the opinion of the Purchaser may adversely affect the value of the Sale Shares;
- (c) the Purchaser having obtained a valuation report on the Target issued by a valuer nominated by the Purchaser showing the valuation of the Target being not less than HK\$68,000,000 to the satisfaction of the Purchaser;
- (d) it has not come to the attention of the Purchaser that any material adverse changes or effect on the Target Group has occurred prior to the Completion Date or are likely to occur before the Completion Date;
- (e) all the representations and warranties contained in the Sale and Purchase Agreement remain true, accurate and not misleading in all respects;
- (f) the Purchaser having obtained a confirmation from the Vendor confirming that, from the date of the Sale and Purchase Agreement, there is no material adverse change or effect in respect of the financial or trading position of any member of the Target Group;

- (g) all necessary consents and approvals required to be obtained on the part of the Purchaser and the Vendor in respect of the Sale and Purchase Agreement and the transaction contemplated thereby having been obtained; and
- (h) the issuance of the audited report of the Target Group for the period commencing from the incorporation of the Target ending 31 December 2012 showing the net profit after tax of the Target Group will not be less than HK\$3,169,399.

In the event the conditions precedent are not fulfilled before the Long Stop Date or the Vendor and the Purchaser have not reached any agreement in writing to extend the Long Stop Date, the Sale and Purchase Agreement shall be terminated and the Vendor and the Purchaser shall have no further obligations under the Sale and Purchase Agreement save as to any rights on any antecedent breach of the Sale and Purchase Agreement. The Deposit shall be refunded, without any interest, to the Purchaser on demand within 5 business days after the Long Stop Date if any of the Conditions is not fulfilled on or before the Long Stop Date, or such earlier date on which the Purchaser believes acting reasonably that one or more of the Conditions will not be capable of fulfilment on or before the Long Stop Date.

As at the date of this announcement, no condition precedent has been fulfilled and the conditions precedent cannot be waived by either the Vendor or the Purchaser.

Prior to entering into the Sale and Purchase Agreement, the Company has (i) reviewed the basic corporate documents to understand the Target Group's history and shareholding structure; (ii) reviewed the business model of the Target Group, including their revenue source, target customers, costs element, strengths and weaknesses; (iii) reviewed historical financial information and other pertinent data of the Target Group; (iv) discussed with the Vendor, management and key personnel of the Target Group on the affairs and prospects of the Target Group; and (v) met and discussed with senior management of the Target Group of the business plan of the Target Group and related implementation strategies and latest status of development. In addition, the Company has engaged an independent valuer to prepare draft valuation report on the Target Group and has engaged a financial adviser to review the bases and assumptions adopted in the valuation. The Company has also discussed with the auditors of the Company on the relevant bases and assumptions adopted in the valuation.

Completion

Completion will take place on the Completion Date, being the third Business Days after all the conditions precedent of the Sale and Purchase Agreement have been fulfilled or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target will become a wholly owned subsidiary of the Group and financial results of the Target Group will be consolidated into the accounts of the Group.

There is no provision in the Sale and Purchase Agreement which grants any right to the Vendor to nominate its nominee to be appointed as Director and the Company has no intention to appoint the Vendor or his nominee as Director.

Given the terms of the Sale and Purchase Agreement were negotiated on an arm's length basis, the Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

PROMISSORY NOTE

Pursuant to the Sale and Purchase Agreement, the Company will issue the Promissory Note in the principal amount of HK\$58,800,000 to the Vendor as part of the settlement of the Consideration at Completion.

The principal terms of the Promissory Note are as follows:

Issuer:	The Company
Principal amount:	HK\$58,800,000
Maturity:	3 calendar years from the date of issue of the Promissory Note (the " Maturity Date ")
Interest:	3% per annum on the outstanding principal amount
Repayment:	The Company shall repay the principal sum of HK\$58,800,000 and all interest accrued thereon under the Promissory Note on the Maturity Date
Early redemption:	The Company may redeem the entire Promissory Note or any part of it at any price as may be agreed between the Company and the Vendor (or its assignee)
Transferability:	The Promissory Note may not be assigned or transferred to a connected person of the Company (as defined in the GEM Listing Rules) without prior written consent of the Company. Subject to provided therein, the Promissory Note may be transferred to any person in whole or in part by serving on the Company a transfer notice

The terms of the Promissory Note are determined after arm's length commercial negotiation between the Purchaser and the Vendor with reference to the prevailing market condition and the financial position of the Group. In view of the above, the Directors consider the terms of the Promissory Note including the interest rate of the Promissory Note are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

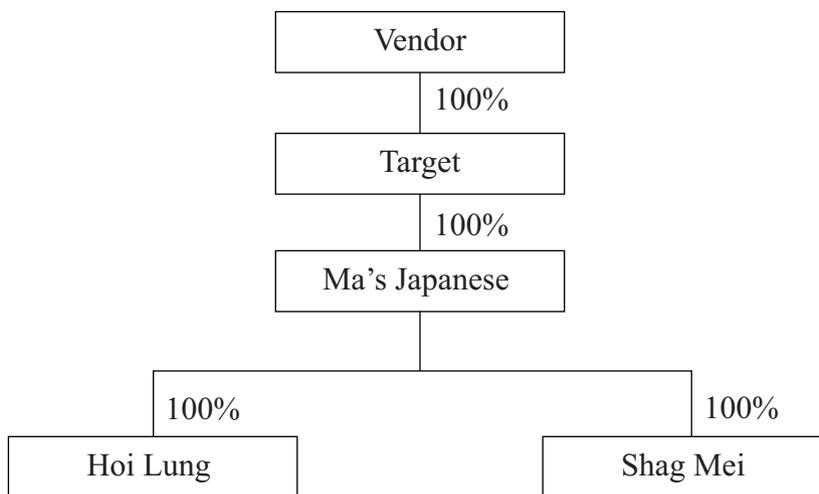
It is the Company's intention to repay the Promissory Note by its internal resources plus the funds generated from the Target Group to repay the Promissory Note (subject to adjustment in the manner as discussed in the paragraph headed "Profit guarantee and adjustment to the Consideration" for the shortfall between the Guaranteed Amount and the Audited CNPATs as a result of the Profit Guarantee if applicable) plus the funds generated by the Company in future fund raising exercises in the estimated proportion as to 5% from internal resources, 25%

from funds generated from the Target Group and 70% from funds generated by the Company in future fund raising exercises. Up to the date of this announcement, save for the Possible Rights Issue, the Company does not have any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any fund raising exercise.

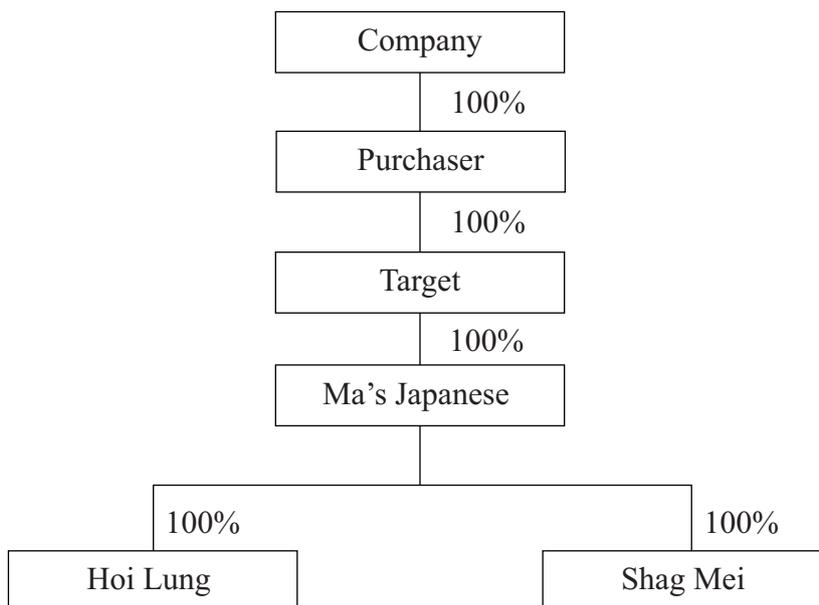
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after Completion:

Shareholding structure of the Target Group as at the date of this announcement



Shareholding structure of the Target Group immediately after Completion



INFORMATION ON THE TARGET GROUP

Business operations of the Target Group

The Target Group comprises the Target, Ma's Japanese, Hoi Lung and Shag Mei. The Target is an investment holding company and was incorporated in BVI on 3 July 2012. Ma's Japanese, Hoi Lung and Shag Mei (collectively, the "**Ma's Japanese Group**") are the principal operating subsidiaries of the Target Group. Ma's Japanese was incorporated in Hong Kong with limited liability on 9 August 2012. Hoi Lung and Shag Mei were both incorporated in Hong Kong on 16 August 2012.

Since its establishment, the Target Group is principally engaged in trading of raw food materials in Hong Kong. Whole salmon is the principal products traded by the Target Group. Apart from whole salmon, the Target Group also offers other food commodities which can be broadly categorized into frozen meat, frozen seafood and other grocery items. Products offer by the Target Group mainly have source of origin from Norway, Canada, Japan, Taiwan and the PRC.

Trading activities of the Target Group are clearly delineated among members of the Ma's Japanese Group. Each of Ma's Japanese, Hoi Lung and Shag Mei specializes in trading of whole salmon, frozen meat and frozen seafood respectively.

Currently, the Target Group has over 50 customers mainly located in Hong Kong. Major customers of the Target Group can be classified into (i) Japanese-style restaurants; (ii) food service providers of various cuisine style; (iii) food commodities wholesalers and distributors.

Management of the Target Group

Mr. Ma is the founder and the director of the Target Group. Mr. Ma is responsible for food commodities sourcing and market and product development of the Target Group. Prior establishing the Target Group, Mr. Ma possesses over 20 years of food materials procurement experience covering a diverse range of food materials, such as salmon, seafood, frozen meat and vegetables, etc. Mr. Ma has built up strong connections with various food materials suppliers. Traced back to mid of 1990s, Mr. Ma was already familiar with the channels for direct procurement of salmon from Norway, one of the sources of origin of salmon. In addition, Mr. Ma also has established business connections with various types of food services providers, including Japanese restaurants, supermarket chains and hotels, etc.

The Target Group also has experienced frontline sales team which possesses in-depth industry knowledge and with over 10 years of experience in food service and trading industry.

Financial information of the Target Group

The Target

Save for its entire equity interest in Ma's Japanese, the Target does not have other significant assets and liabilities and has not carried out any significant business activities since its incorporation on 3 July 2012.

The Ma's Japanese Group

According to the unaudited consolidated financial information of the Ma's Japanese Group for the period from 9 August 2012 (date of incorporation) to 30 September 2012, which was prepared in accordance with the Hong Kong Financial Reporting Standards, the Ma's Japanese Group generated a consolidated revenue of approximately HK\$8,732,000, a consolidated net profit before taxation of approximately HK\$1,704,000, and a consolidated net profit after taxation of approximately HK\$1,704,000. Since its establishment, the Ma's Japanese Group has generated profits from its trading business and no one-off or non-recurrent items were included in such profits.

As at 30 September 2012, the Ma's Japanese Group recorded an unaudited consolidated net asset value of approximately HK\$1,704,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Group has been focusing on the rationalization of its existing business operations and is considering to dispose of its under-performing investments in Fountain City Holdings Limited and Dragon Gain Worldwide Limited by exercising its put options and at the same time to explore opportunities to expand the Group's business operations for achieving financial growth for the Group and to maximize Shareholders' value.

To this end, the Directors consider the Acquisition is in line with the Group's business diversification strategy and represents an attractive investment opportunity for the Group to diversify and further expand its business portfolio into raw food materials trading sector. It is expected that the Acquisition will diversify and expand the source of income of the Group and will also generate additional and stable cashflow.

Having considered (i) the Hong Kong's real GDP in wholesale and retail industries was in an upward trend since 2008 and a year-to-year growth of approximately 6% was recorded in the second quarter of 2012; and (ii) the shift in consumer preference from fresh meat towards chilled and frozen meat which are considered to be safer and more hygienic as a result of growing public concern for food safety and health consciousness, the Directors are optimistic about the future prospect of the food materials trading industry in Hong Kong which the Target Group participated in.

In addition, the Target Group has been generating profit since its establishment and has quickly established its customer network, including some Japanese restaurants chain. The Directors believe that Acquisition will enhance the financial performance of the Group and bring investment returns to Shareholders.

Upon Completion, the Target will become a subsidiary of the Group and the financial results of the Target Group will be consolidated into the Group's financial statements. However, should suitable business opportunities arise in the future, the Group will continue to explore

and consider any of such business opportunities, including acquisitions or realisations, which are in line with the Group's business strategies and may enhance the Group's future business development. As at the date of this announcement, the Company has no intention to change the composition of its Board upon Completion.

The Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Apart from the Acquisition, up to the date of the announcement, the Company does not have any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) on any further acquisition of business and/or assets or investment opportunity.

Save as the Company's intention to exercise its put options to put back its investments in Fountain City Holdings Limited and Dragon Worldwide Limited to their respective original vendors pursuant to the terms of their respective sale and purchase agreements, up to the date of this announcement, the Company does not have any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) on any disposal, termination and/or scaling-down of the Company's existing businesses and major assets of the Group. The Company will make further announcement on the exercise or non-exercise of the put options over its investments in Fountain City Holdings Limited and Dragon Worldwide Limited in due course.

GEM LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

In this connection, an EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the relevant resolutions in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the Vendor and his associates are Independent Third Parties; and (ii) the Vendor and his associates did not hold any Shares, or options or securities convertible or exchangeable into Shares as at the date of the Sale and Purchase Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. If the Vendor and his associates hold any Shares on the date of the EGM, they will be required to abstain from voting on the relevant resolutions to be proposed at the EGM in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Circular containing, among other things, (i) further information of the Acquisition; (ii) accountants' report of the Target Group; (iii) pro forma financial information on the Enlarged Group; (iv) valuation report on the Target Group; (v) the letters from the financial adviser of the Company and the auditors of the Company in respect of the valuation of the Target Group; and (vi) notice of the EGM, will be despatched to the Shareholders on 27 December 2012 and in compliance with the GEM Listing Rules, so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 27 November 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 5 December 2012.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Share pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks generally are open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“Circular”	the shareholders' circular to be issued by the Company in accordance with the GEM Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereby
“Company”	TLT Lottotainment Group Limited (Stock code: 8022), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the GEM
“Completion”	completion of the transactions contemplated under the Sale and Purchase Agreement

“Completion Date”	the date on which the Completion takes place
“Consideration”	the consideration of HK\$68,000,000 payable by the Purchaser for the acquisition of the Sale Shares under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group upon Completion, together with the Target Group
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hoi Lung”	Hoi Lung Japanese Food Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rules)
“Long Stop Date”	4 months from the date of the Sale and Purchase Agreement or such later date to be agreed among the Purchaser and the Vendor in writing
“Ma’s Japanese”	Ma’s Japanese Food Limited, a company incorporated in Hong Kong with limited liability
“PRC”	the People’s Republic of China
“Promissory Note”	the promissory note in the aggregate principal amount of up to HK\$58,800,000 with maturity of three years and carry 3% interest per annum to be issued by the Company to the Vendor at Completion to satisfy part of the Consideration pursuant to the Sale and Purchase Agreement
“Purchaser”	Fame Network Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company

“Sale and Purchase Agreement”	the agreement to acquire the Sale Shares entered into between the Purchaser and the Vendor dated 26 November 2012
“Sale Shares”	100 shares of US\$1.00 each, representing the entire issued share capital of the Target
“Shag Mei”	Shag Mei Japanese Food Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) in the Company of HK\$0.50 each
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Mass Apex Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target, Ma’s Japanese, Hoi Lung and Shag Mei
“Vendor” or “Mr. Ma”	Mr. Ma Chun Loi
“%”	per cent

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

Hong Kong, 4 December 2012

As of the date of this announcement, the executive directors of the Company are Ms. Yip Man Yi, Mr. Chan Yun Fai and Mr. Au Yeung Yiu Chung; and the independent non-executive directors of the Company are Mr. Lau Shu Yan, Mr. Chiu Koon Shou and Mr. Li Kwok Chu.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

APPENDIX

Set out below are the texts of the letters from the financial adviser of the Company and the auditors of the Company in respect of the valuation of the Target Group to be included in the Circular:

(a) **Letter from the financial adviser of the Company**

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

Dear Sirs,

We refer to the announcement of TLT Lottotainment Group Limited (the “**Company**”) dated 4 December 2012 in relation to the Acquisition which constitutes a very substantial acquisition under the GEM Listing Rules (the “**Announcement**”). Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

Fortune Financial Capital Limited (“**FFC**”) hereby confirms that it has reviewed and discussed with the Company, the bases and assumptions adopted in the profit forecast prepared by Roma Appraisals Limited, the independent valuer of the Company (the “**Independent Valuer**”) in the course of their work, and has satisfied itself that the bases and assumptions have been made with due care and objectivity, and on a reasonable basis and that the profit forecast has been made by the Directors after due and careful enquiry.

We have not independently verified the computations leading to the Independent Valuer’s determination of the fair value and market value of the Ma’s Japanese Group. We have had no role or involvement and have not provided and will not provide any assessment of the fair value and market value of the Ma’s Japanese Group. Accordingly, save as expressly stated in this letter, we take no responsibility for and express no views, whether expressly or implicitly, on the fair value and market value of the Ma’s Japanese Group as determined by the Independent Valuer and set out in the valuation report issued by the Independent Valuer or otherwise.

FFC further confirms that the assessment, review and discussion carried out by it as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that it has, in arriving at its views, relied on information and materials supplied to it by the Independent Valuer, the Group and the Ma’s Japanese Group and opinions expressed by, and representations of, the employees and/or management of the Independent Valuer, the Group and the Ma’s Japanese Group. We have assumed that all information,

materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which the Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by FFC on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to FFC at the time of this letter, would have altered our respective assessment and review. Further, while the qualifications, bases and assumptions adopted by the Independent Valuer are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and the Independent Valuer.

FFC is acting as financial adviser to the Company in reviewing the profit forecast and will receive fees for such advice. FFC and its directors and affiliates will, neither jointly or severally, be responsible to anyone other than the Company for providing advice in connection with the review of the profit forecast, nor will FFC, its directors or affiliates, whether jointly or severally, owe any responsibility to anyone other than the Company.

Nothing in this letter should be construed as an opinion or view as to the fair value, market value or any other value of the Ma's Japanese Group or as an opinion or recommendation to any person as to whether they should acquire Shares or as to how to vote on the Acquisition, the Sale and Purchase Agreement, or other incidental or ancillary documents. Shareholders are recommended to read the Announcement with care.

A copy of this letter in its entirety may be reproduced in the circular to be dispatched to the Shareholders on the basis that none of the Company, the Independent Valuer or any other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

Yours faithfully,
Fortune Financial Capital Limited

(b) **Letter from the auditors of the Company**

The Board of Directors
TLT Lottotainment Group Limited
Rm A, 9th Floor,
Fortis Tower,
77-79 Gloucester Road,
Wanchai
HONG KONG

Dear Sirs

**TLT Lottotainment Group Limited (the “Company”)
and its subsidiaries (collectively referred to as the “Group”)
Comfort letter on Profit forecasts of Mass Apex Limited (the “Target Company”)
and its subsidiaries (collectively referred to herein as the “Target Group”)**

We are writing to report on the extent to which we have reviewed the profit forecast of the Target Group for the period from 1 January 2013 to 31 December 2013 (the “**Forecast**”) to be included in the Company’s Circular (the “**Circular**”) issued by the Company in connection with the acquisition of entire issued share capital of Mass Apex Limited (the “**Acquisition**”). Terms defined in the Circular shall have the same meanings when used herein.

Our opinion was based on the Forecast of the Target Group, for which the director of the Target Company is solely responsible, which were compiled on the basis of certain principal assumptions. We conducted our work in accordance with Audit Guildline 3.341 “Accountants’ report on profit forecast” issued by the issued by Hong Kong Institute of Certified Public Accountants.

We have reviewed the history, background and business model of the Target Group. We have reviewed the accounting policies, which have been adopted by the Target Group in the preparation of the Forecast so as to ensure that those accounting policies are acceptable and have been and have been consistently applied in he Forecast. We have reviewed the basis of assumptions, which have been made by the director of the Target Company in the preparation of the Forecast so as to ensure that those assumptions are accurate, reliable and supportable.

In our opinion, the calculation and accounting policies of the Forecast are concerned, has been properly complied in accordance with the bases and assumptions adopted by the director of the Target Company, as set out in the valuation report to be included in the Circular, and is presented on a basis consistent in all material respects with the accounting policies currently adopted by the Target Company as set out in the note of the Accountants’ Report, the text of which is set forth in the Circular.

Yours faithfully
Elite Partners CPA Limited
Certified Public Accountants
Hong Kong