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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)

**(I) PROPOSED OPEN OFFER
OF NOT LESS THAN 131,294,226 AND
NOT MORE THAN 131,635,698 OFFER SHARES
AT HK\$0.50 PER OFFER SHARE ON THE BASIS OF TWO OFFER SHARES
FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(III) RESUMPTION OF TRADING**

Financial adviser to the Company



Underwriter



Quest Stockbrokers (HK) Limited

PROPOSED OPEN OFFER

The Company proposes to raise not less than approximately HK\$65.6 million and not more than approximately HK\$65.8 million before expenses by issuing not less than 131,294,226 Offer Shares and not more than 131,635,698 Offer Shares at the Offer Price of HK\$0.50 per Offer Share on the basis of two Offer Shares for every one existing Share held on the Record Date and payable in full on acceptance. Qualifying Shareholders are not entitled to apply for excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The Board is pleased to announce that on 5 February 2013 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and the relevant arrangements in respect of the Open Offer. The Open Offer will be fully underwritten by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

If the Underwriter terminates the Underwriting Agreement or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Accordingly, the Open Offer may or may not proceed and the Shareholders and potential investors are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

GENERAL

The Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to the GEM Listing Rules, the controlling Shareholder and its associates are required to abstain from voting in favour of the resolution relating to the Open Offer. As at the date of this announcement, there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. An independent board committee of the Company comprising all the independent non-executive Directors will be appointed to make recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard. A Circular containing, among other things, further details of the Open Offer, the increase in authorised share capital of the Company and a notice convening the EGM will be despatched to the Shareholders on or before 5 March 2013.

INCREASE IN AUTHORISED SHARE CAPITAL

The Board has determined by resolution to propose to the Shareholders to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$1,000,000,000 by the creation of 1,800,000,000 new Shares of HK\$0.50 each and shall convene a meeting of the Shareholders to pass an ordinary resolution to approve the increase of the authorised share capital of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 6 February 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 8 February 2013.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	Two (2) Offer Shares for every one (1) existing Share held on the Record Date
Offer Price:	HK\$0.50 per Offer Share
Number of Shares in issue as at the date of this announcement:	65,647,113 Shares
Number of Offer Shares: <i>(Note)</i>	Not less than 131,294,226 Offer Shares and not more than 131,635,698 Offer Shares
Number of Shares in issue upon completion of the Open Offer: <i>(Note)</i>	A minimum of 196,941,339 Shares and a maximum of 197,453,547 Shares

Note: Assuming all outstanding Share Options are not exercised and no other issue of Shares on or before the Record Date, there will be 131,294,226 Offer Shares. Assuming all outstanding Share Options are exercised and no other issue of Shares on or before the Record Date, there will be 131,635,698 Offer Shares.

As at the date of this announcement, (i) the outstanding principal amount of the Convertible Note is HK\$28,080,000 which entitling the CN Holder to subscribe for 2,359,664 Shares (taking no account of the effect of the Proposed CN Amendments) or 56,160,000 Shares (assuming the Proposed CN Amendments announced on 8 January 2013 become effective); and (ii) there are 170,736 outstanding Share Options.

The CN Holder has given an irrevocable undertaking to the Company that the CN Holder shall not exercise the conversion rights under the Convertible Note to convert the Convertible Note into new Shares or transfer the Convertible Note to any third party from the date of the Underwriting Agreement up to and including the Record Date. The minimum number of 131,294,226 Offer Shares is arrived at assuming no new Shares will be issued after the date of this announcement and up to the Record Date. The maximum number of 131,635,698 Offer Shares is arrived at assuming the 170,736 outstanding Share Options are fully exercised on or prior to the Record Date.

The number of Offer Shares to be issued pursuant to the terms of the Open Offer represents 200% of the existing issued share capital of the Company and approximately 66.67% of the enlarged issued share capital of the Company immediately upon completion of the Open Offer.

As at the date of this announcement, save for the Convertible Note and the Share Options as detailed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Offer Price

The Offer Price for the Offer Shares is HK\$0.50 per Offer Share payable in cash and in full upon application by a Qualifying Shareholder. The Offer Price of HK\$0.50 per Offer Share represents:

- (a) a premium of approximately 49.25% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 47.93% to the average closing price of approximately HK\$0.338 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 12.36% to the theoretical ex-entitlement price of approximately HK\$0.445 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day.

The Offer Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price and trading liquidities of the Shares under the prevailing market conditions. The Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider the terms of the Open Offer, including the Offer Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Offer Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) will be approximately HK\$0.48.

Status of the Offer Shares

The Offer Shares when allotted, issued and fully paid, shall rank pari passu in all respects with the Shares in issue on the date of allotment of the Offer Shares, including the right to receive all future dividends and distributions of which are on or after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as member of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on 25 March 2013.

Rights of the Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will ascertain whether there are any Overseas Shareholders on the Record Date. In determining whether there will be Excluded Shareholders, the Company will make enquiry regarding the legal restrictions, if any, under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relationship to the Company's offering of the Offer Shares to the Overseas Shareholders in compliance with the GEM Listing Rules. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The Company will disclose the results of the enquiry in the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 26 March 2013 to Wednesday, 3 April 2013, both dates inclusive. No transfers of Shares will be registered during this period.

No excess application for the Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Fractions of Offer Shares

Entitlement to the Offer Shares will be rounded down to the nearest whole number. Fractional entitlements of the Offer Shares will not be allotted and will be aggregated and taken up by the Underwriter in accordance to the terms and conditions of the Underwriting Agreement.

Certificates of the fully-paid Offer Shares

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" below, share certificates for the fully paid Offer Shares are expected to be posted on or before Tuesday, 30 April 2013 to those Qualifying Shareholders who have accepted and paid for the Offer Shares by ordinary post at his/her/its own risk.

Application for listings

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in the Offer Shares. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Offer Shares may be settled through CCASS.

UNDERWRITING ARRANGEMENTS FOR THE OPEN OFFER

The Underwriting Agreement

Date	:	5 February 2013
Underwriter	:	Quest Stockbrokers (HK) Limited
Underwriting commitment of the Underwriter	:	All the Offer Shares, being not less than 131,294,226 Offer Shares and not more than 131,635,698 Offer Shares
Commission	:	3% of the aggregate Offer Price of the Underwritten Shares actually taken up by the Underwriter

The commission rate was determined between the Company and the Underwriter by reference to the market rate. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Underwriter is not interested in any Shares. Pursuant to the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter.

Termination of the Underwriting Agreement

If at any time on or before 4:00 p.m. on the 2nd Business Day following the Final Acceptance Date:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Open Offer; or

- (b) there shall be:
- (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 Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the GEM Listing Rules) other than relating to the Open Offer;
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere

which is or are, in the reasonable opinion of the Underwriter:–

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer,

then the Underwriter may, by notice in writing given to the Company on or before 4:00 p.m. on the 2nd Business Day after the Final Acceptance Date, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter thereunder shall cease and determine and no party 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 (save for any antecedent breaches hereof) and the Open Offer shall not proceed.

Upon the giving of such notice, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Company shall not be liable to pay any underwriting commission.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the GEM Listing Rules and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on the earliest of (i) the Prospectus Posting Date; (ii) the date required for posting of the Prospectus to comply with the Companies Ordinance; (iii) the date required for posting of the Prospectus to comply with the GEM Listing Rules; or (iv) on or before the 2nd Business Day after the Record Date;
- (c) the passing by the Shareholders at the EGM of an ordinary resolutions to approve the Open Offer and the increase in authorised share capital from HK\$100,000,000 to HK\$1,000,000,000 by the creation of 1,800,000,000 new Shares of HK\$0.50 each;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Offer Shares; and
- (e) the Underwriting Agreement not being terminated in accordance with the section headed “Termination of the Underwriting Agreement” above

and that in the event any of the above conditions (a) to (e) not being fulfilled on or before the Final Acceptance Date (or such later date or dates as may be agreed between the Company and the Underwriter) or if the Underwriting Agreement shall be rescinded pursuant to clause which stating that the Company shall not issue any announcement or circular relating to the Open Offer from the date thereof up to and including the completion of the Open Offer without prior consultation with the Underwriter as to the contents thereof and the timing and manner of the making or despatch thereof, and the Company shall take into account requirements on the part of the Underwriter in relation thereto, all obligations and liabilities of the parties thereunder shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches hereof).

The Company agrees to use to its best endeavours to procure fulfilment of all the conditions mentioned above and to do all such other acts and things as may be required to carry into effect the Open Offer. The Underwriter shall give the Company all necessary assistance in this connection.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Open Offer is on a fully underwritten basis. This will remove to a certain degree, the completion risk associated with a fund raising exercise such as a private placement on a best-efforts basis. In addition, the Open Offer will not incur any interest expense burden to the Group if compared to bank borrowings. The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Group should they wish to do so.

The estimated gross proceeds from the Open Offer will be approximately HK\$65.6 million to approximately HK\$65.8 million. The estimated net proceeds (after deduction of expenses which include the underwriting commission and legal and professional fees related to the Open Offer) from the Open Offer of approximately HK\$62.6 million to approximately HK\$62.8 million will be applied as follows:

- (a) approximately HK\$60 million will be used for the repayment of the Loan Facility; and
- (b) the remaining balances will be used for general working capital.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Open offer:

Scenario 1: Assuming (i) all outstanding Share Options are not exercised; and (ii) no other issue of Shares on or before the Record Date:

	Immediately after completion of the Open Offer					
	As at the date of this announcement		Assuming all Shareholders take up all the Offer Shares at HK\$0.50 each		Assuming nil acceptance by the Shareholders and the Underwriter and/or sub-underwriters take up all of the Offer Shares at HK\$0.50 each	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Public Shareholders	65,647,113	100.00	196,941,339	100.00	65,647,113	33.33
The Underwriter and/or sub-underwriters and subscribers procured by them	0	0.00	0	0.00	131,294,226	66.67
	<u>65,647,113</u>	<u>100.00</u>	<u>196,941,339</u>	<u>100.00</u>	<u>196,941,339</u>	<u>100.00</u>

Scenario 2: Assuming (i) all outstanding Share Options are exercised; and (ii) no other issue of Shares on or before the Record Date:

	Immediately after completion of the Open Offer					
	As at the date of this announcement		Assuming all Shareholders take up all the Offer Shares at HK\$0.50 each		Assuming nil acceptance by the Shareholders and the Underwriter and/or sub-underwriters take up all of the Offer Shares at HK\$0.50 each	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Public Shareholders	65,647,113	99.74	196,941,339	99.74	65,647,113	33.24
Holder of the Share Options	170,736	0.26	512,208	0.26	170,736	0.09
The Underwriter and/or sub-underwriters and subscribers procured by them	0	0.00	0	0.00	131,635,698	66.67
	<u>65,817,849</u>	<u>100.00</u>	<u>197,453,547</u>	<u>100.00</u>	<u>197,453,547</u>	<u>100.00</u>

Note:

The Underwriter has undertaken with the Company (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 Open Offer; 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, 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 immediately after completion of the Open Offer.

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, 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.

FUND-RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The following are the details of the fund raising activities of Company in the past twelve months before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
4 October 2012	Placing of 6,564,711 Shares under general mandate	HK\$2.98 million	For financing the general working capital needs of the Group	Funds of HK\$2.98 million were used for payment of operating expenses of the Group including the payment of rent, building management fee, salary, legal and professional fee and interest expenses
8 June 2012, 20 June 2012, 4 July 2012, 6 July 2012, 18 July 2012 and 3 August 2012	Rights issue of 196,941,341 Pre-consolidated Shares	HK\$8.7 million	The payment of the interest and/or the principal due under the Loan Facility	Funds of HK\$8.7 million were used for the payment of the interest due under the Loan Facility
23 May 2012	Placing of 65,647,113 new Pre-consolidated Shares under general mandate	HK\$7.32 million	For financing the general working capital needs of the Group	Funds of HK\$7.32 million were used for payment of operating expenses of the Group including the payment of rent, building management fee, salary, legal and professional fee and interest expenses

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

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Despatch of Circular and proxy form of EGM	on or before Tuesday, 5 March 2013
Latest time and date for return of proxy form of EGM (not less than 48 hours prior to time of EGM)	11:00 a.m. Monday, 18 March 2013
Time and date of EGM	11:00 a.m. Wednesday, 20 March 2013
Announcement of results of EGM	Wednesday, 20 March 2013
Last day of dealings in Shares on a cum-entitlement basis.	Thursday, 21 March 2013
First day of dealings in shares on an ex-entitlement basis	Friday, 22 March 2013
Latest time and date for lodging transfers of the Shares in order to qualify for the Open Offer	4:30 p.m. Monday, 25 March 2013
Closure of Register of members (both dates inclusive)	Tuesday, 26 March 2013 to Wednesday, 3 April 2013
Record Date for the Open Offer	Wednesday, 3 April 2013
Register of members re-opens	Friday, 5 April 2013
Despatch of the Prospectus Documents	Friday, 5 April 2013
Latest time and date for acceptance and payment for the Offer Shares.	4:00 p.m. Monday, 22 April 2013
Latest time and date for termination of the Underwriting Agreement	4:00 p.m., Wednesday, 24 April 2013
Announcement of results of the Open Offer	Monday, 29 April 2013
Despatch of refund cheques if the Open Offer is terminated	Tuesday, 30 April 2013
Share certificates of the Offer Shares to be posted.	Tuesday, 30 April 2013
Expected first day of dealings in the Offer Shares	Thursday, 2 May 2013

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTE AND THE OUTSTANDING SHARE OPTIONS

As a result of the Open Offer, the conversion price of the Convertible Note and the exercise price and the number of Shares to be issued pursuant to the outstanding Share Options may be adjusted in accordance with the respective terms and conditions of the Convertible Note and the share option scheme of the Company and the GEM Listing Rules or guidelines issued by the Stock Exchange from time to time. The Board will instruct its auditors or an independent financial adviser to certify the adjustments, if any, to the Convertible Note and the outstanding Share Options and will inform the CN Holder and the holders of the outstanding Share Options of the adjustments, if any, accordingly. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

WARNING OF THE RISK OF DEALING IN THE SHARES

If the Underwriter terminates the Underwriting Agreement or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Accordingly, the Open Offer may or may not proceed and the Shareholders and potential investors are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

GENERAL

The Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to the GEM Listing Rules, the controlling Shareholder and its associates are required to abstain from voting in favour of the resolution relating to the Open Offer. As at the date of this announcement, there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. An independent board committee of the Company comprising all the independent non-executive Directors will be appointed to make recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard. A Circular containing, among other things, further details of the Open Offer, the increase in authorised share capital of the Company and a notice convening the EGM will be despatched to the Shareholders on or before 5 March 2013.

INCREASE IN AUTHORISED SHARE CAPITAL

The Board has determined by resolution to propose to the Shareholders to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$1,000,000,000 by the creation of 1,800,000,000 new Shares of HK\$0.50 each.

The increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. No Shareholder is required to abstain from voting on the resolution in relation to the increase in authorised share capital at the EGM.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 6 February 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 8 February 2013.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Application Form”	the application form for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System, established and operated by HKSCC
“Circular”	the circular containing, among other things, further details of the Open Offer, the increase in authorised share capital of the Company and a notice convening the EGM to be despatched to the Shareholders
“CN Holder”	Mr. Fung Yue Tak, Derek, the holder of the Convertible Note
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Convertible Note”	the zero coupon convertible note due 2013 issued by the Company on 28 March 2011 in an aggregate principal amount of HK\$60,000,000 and held as to HK\$28,080,000 by the CN Holder as at the date of this announcement

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company for approving the Open Offer and the increase in authorised share capital of the Company
“Excluded Shareholders”	those Overseas Shareholder(s) to whom the Company (having obtained relevant and necessary legal opinions) considers it necessary or expedient not to offer the Offer Shares on account of the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Final Acceptance Date”	22 April 2013 or such other date as may be agreed between the Company and the Underwriter and described as the latest date for acceptance of the Offer Shares in the Prospectus
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the Shareholders other than controlling Shareholders and their respective associates or, where there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“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)
“Last Trading Day”	5 February 2013, the last trading day of the Shares on the Stock Exchange prior to the trading halt in the Shares on the Stock Exchange with effect from 9:00 am on 6 February 2013, pending the release of this announcement
“Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“Loan Facility”	the loan facility entered into between the Company and Gain All Investments Limited on 30 May 2012

“Offer Price”	HK\$0.50 per Offer Share
“Offer Share(s)”	new Shares to be allotted and issued under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Offer Price on the basis of two (2) Offer Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown in the register of member of the Company on the Record Date) which are outside Hong Kong
“Pre-consolidated Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company before the Share Consolidation
“Proposed CN Amendments”	the proposed change of the terms of the Convertible Note pursuant to the agreement entered into between the Company and the CN Holder dated on 8 January 2013, details of which are disclosed in the announcement of the Company dated 8 January 2013
“Prospectus”	the prospectus to be issued by the Company to the Shareholders as required under the Companies Ordinance in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	the date of despatch of the Prospectus Documents as the Underwriter may agree in writing with the Company
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	3 April, 2013, or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the consolidation of every ten Pre-consolidated Shares of HK\$0.05 each in the issued and unissued share capital of the Company into one Share of HK\$0.50 each in the issued and unissued share capital of the Company, which became effective on 19 September 2012

“Share Option(s)”	the option(s) granted by the Company to subscribe for Shares under the share option scheme adopted by the Company on 30 July 2001, amended on 2 December 2008 and terminated on 9 May 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter”	Quest Stockbrokers (HK) Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 5 February 2013 in relation to the Open Offer entered into between the Company and the Underwriter
“Underwritten Shares”	all the Offer Shares other than those Offer Shares to be taken up by the Qualifying Shareholders
“%”	per cent

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

Hong Kong, 7 February 2013

As of the date of this announcement, the executive Directors are Ms. Yip Man Yi, Mr. Chan Yun Fai and Mr. Au Yeung Yiu Chung; and the independent non-executive Directors 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>.