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If you are in doubt as to any aspect of this Circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in TLT Lottotainment Group Limited (the "Company"), you should at once hand this Circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



Underwriter of the Open Offer



Quest Stockbrokers (HK) Limited

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 8 to 28 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 53 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 29 of this circular.

A notice convening the EGM to be held at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong on Monday, 8 April 2013 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Ltd, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer" of the letter from the Board on pages 15 to 16 of this circular. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" on pages ii to iii of this circular) on or before the Latest Time for Termination. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares up to the date when the conditions of the Open Offer are fulfilled.

19 March 2013

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company by the Underwriter at any time prior to the Latest Time for Termination or such other date as agreed between the Company and the Underwriter if 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 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,

TERMINATION OF THE UNDERWRITING AGREEMENT

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.

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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, 19 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. Saturday, 6 April 2013
Time and date of EGM	11:00 a.m. Monday, 8 April 2013
Announcement of results of EGM	Monday, 8 April 2013
Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 9 April 2013
First day of dealings in shares on an ex-entitlement basis	Wednesday, 10 April 2013
Latest time and date for lodging transfers of the Shares in order to qualify for the Open Offer	4:30 p.m. Thursday , 11 April 2013
Closure of Register of members (both dates inclusive)	Friday, 12 April 2013 to Thursday, 18 April 2013
Record Date for the Open Offer	Thursday, 18 April 2013
Register of members re-opens	Friday, 19 April 2013
Despatch of the Prospectus Documents	Friday, 19 April 2013
Latest time and date for acceptance and payment for the Offer Shares	4:00 p.m. Tuesday, 7 May 2013
Latest time and date for termination of the Underwriting Agreement	4:00 p.m., Thursday, 9 May 2013
Announcement of results of the Open Offer	Tuesday, 14 May 2013
Despatch of refund cheques if the Open Offer is terminated	Wednesday, 15 May 2013
Share certificates of the Offer Shares to be posted	Wednesday, 15 May 2013
Expected first day of dealings in the Offer Shares	Thursday, 16 May 2013

EXPECTED TIMETABLE

All times and dates in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in this Circular 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.

DEFINITIONS

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

“2011 Share Consolidation”	the consolidation of every five Pre-consolidated 2011 Shares of HK\$0.01 each in the issued and unissued share capital of the Company into one share of HK\$0.05 each in the issued and unissued share capital of the Company, which became effective on 19 October 2011
“2012 Share Consolidation”	the consolidation of every ten Pre-consolidated 2012 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
“Acquisition”	the proposed acquisition of the entire issued share capital of Mass Apex Limited by the Company pursuant to a sale and purchase agreement dated 26 November 2012, details of which are set out in the announcement of the Company dated 4 December 2012
“Application Form”	the application form for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	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
“Circular”	this circular in relation to the Open Offer
“CN Holder”	Mr. Fung Yue Tak, Derek, the holder of the Convertible Note

DEFINITIONS

“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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Convertible Note(s)”	the zero coupon convertible note(s) due 2013 all issued by the Company on 28 March 2011 in an aggregate principal amount of HK\$60 million held as to HK\$28,080,000 by the CN Holder as at the Latest Practicable Date
“Director(s)”	director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened at 11:00 a.m. on 8 April 2013 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”	7 May 2013 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 Offer Shares
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities of GEM
“Goldin Financial” / “Independent Financial Adviser”	Goldin Financial Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors has been formed to make recommendations to the Independent Shareholders in relation to the Open Offer
“Independent Shareholder(s)”	any 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, being the date of the Underwriting Agreement
“Latest Practicable Date”	18 March 2013, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Final Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“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

DEFINITIONS

“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
“PRC”	the People’s Republic of China
“Pre-consolidated 2011 Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the 2011 Share Consolidation became effective on 19 October 2011
“Pre-consolidated 2012 Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company before the 2012 Share Consolidation became effective on 19 September 2012
“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 8 January 2013 and the further supplemental deed entered into between the Company and the CN Holder dated 1 March 2013, details of which are disclosed in the announcements of the Company dated 8 January 2013 and 1 March 2013 and the circular of the Company dated 13 March 2013
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	19 April 2013 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
“Qualifying Shareholders”	Shareholders other than the Excluded Shareholders
“Record Date”	18 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
“Registrar”	the share registrar of the Company in Hong Kong, being Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“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
“%” or “per cent.”	percentage or per centum

LETTER FROM THE BOARD



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

Executive Directors:

Ms. Yip Man Yi (*Chairman*)

Mr. Chan Yun Fai

Mr. Au Yeung Yiu Chung

Non-executive Director:

Mr. Lau Kin Hon

Independent non-executive Directors:

Mr. Lau Shu Yan

Mr. Li Kwok Chu

Mr. Chiu Koon Shou

Registered office:

Room A, 9th Floor

Fortis Tower

77-79 Gloucester Road

Wanchai

Hong Kong

*Head office and principal place of
business in Hong Kong:*

Room A, 9th Floor

Fortis Tower

77-79 Gloucester Road

Wanchai

Hong Kong

19 March 2013

To the Shareholders

Dear Sir/Madam,

**(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; AND
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

INTRODUCTION

Proposed Open Offer

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.

LETTER FROM THE BOARD

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 Share 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 Share 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.

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.

The purpose of this Circular is to provide you with further details regarding the Open Offer and the increase in authorised share capital.

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 Latest Practicable Date	:	65,647,113 Shares
Number of Offer Shares (Note)	:	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 (Note)	:	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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, (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 and 1 March 2013 become effective); and (ii) there are 170,736 outstanding Share Options. For further details of the Proposed CN Amendments, please refer to the circular of the Company dated 13 March 2013.

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 Latest Practicable Date 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 Latest Practicable Date, 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 9.89% over the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 49.25% over the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 47.93% over 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;
- (d) a premium of approximately 44.93% over the average closing price of approximately HK\$0.345 per Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (e) a premium of approximately 36.61% over the average closing price of approximately HK\$0.366 per Share as quoted on the Stock Exchange for the six months up to and including the Last Trading Day;
- (f) a discount of approximately 47.42% to the average closing price of approximately HK\$0.951 per Share as quoted on the Stock Exchange (taking into account the 2012 Share Consolidation adjustment) for the twelve months up to and including the Last Trading Day; and
- (g) a premium of approximately 12.36% over 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 and the par value of the Shares. To assess the fairness and reasonableness of the Offer Price, the Board has considered the par value of the Shares and the closing price of the Shares for the 12-month period prior to the date of the Underwriting Agreement (the "Review Period"). During the Review Period, the highest closing price of the Shares was HK\$3.2 on 7 February 2012 as quoted on the Stock Exchange and the 12-month average closing price of the Shares was HK\$0.951. The Offer Price represents a 84.38% discount to the highest closing price of the Shares and a 47.42% discount to the 12-month average closing price of the Shares. The Directors are of the view that reviewing a longer period of the market price of the Shares would be more appropriate for determining the Offer Price given the thin trading liquidity of the Shares. Having considered the above and the funding needs of the Group, the Board considers that the Offer Price is fair and reasonable and that it is in the best interests of the Company and the Independent 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 11 April 2013.

LETTER FROM THE BOARD

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 (if applicable).

Closure of register of members

The register of members of the Company will be closed from Friday, 12 April 2013 to Thursday, 18 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 including the preparation, printing, posting of excess application form for the Offer Shares and handling of any excess application for the Offer Shares. 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.

The Board considers that the absence of the excess application arrangement can save additional efforts and costs which is in the interest of the Company. The Offer Shares are offered to all Qualifying Shareholders on an equal basis, hence, it is fair to all Qualifying Shareholders including the Independent Shareholders. Therefore, the Board considers it is fair and reasonable for the Company not to have excess application arrangement in order to lower the administrative costs in view of the loss making track record and present financial position of the Company and the absence of the excess application arrangement under the Open Offer is acceptable.

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.

LETTER FROM THE BOARD

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 Wednesday, 15 May 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 Latest Practicable Date, the Underwriter is not interested in any Shares. Pursuant to the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter.

LETTER FROM THE BOARD

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,

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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

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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 thereof).

The Company agrees to use 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

As stated in the announcement of the Company dated 4 December 2012 regarding the Acquisition, the Company intends to conduct rights issue around mid-December 2012 to satisfy part of the consideration of the Acquisition, however, as the time took to find a suitable underwriter was longer than expected and due to market environment, the Company is only able to start discussion on the Open Offer until mid-January 2013.

The Directors are of the opinion that, taking into account its internal resources and the presently available credit facilities of the Group, the Group will not have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this Circular. This is principally due to the Company's liabilities for the next twelve month to pay (i) the Convertible Note in an outstanding principal amount of HK\$28.08 million owing to the CN Holder due on 28 March 2013 if the CN Holder does not convert any of the principal into Shares on or before the maturity date; and (ii) the total drawdown amount of the Loan Facility on or before the maturity date on 29 May 2013 (as at the Latest Practicable Date, the outstanding amount of the Loan Facility is HK\$118.4 million); and (iii) HK\$7.2 million to the vendor upon completion of the Acquisition.

The Directors are aware that the Group's liquidity position would depend largely on the successful conclusion of future equity fund raising activities, the Proposed CN Amendments and the extension of the Loan Facility. As at the Latest Practicable Date, the extension of the Loan Facility is still under negotiation and there is no conclusion or proposal or concrete terms has been made. Failure to obtain future financing may adversely affect the working capital position of the Group and the Directors consider that the Open Offer enable the Company to improve its liquidity position.

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. Since the Company cannot issue shares at a discount to par value under the Companies Ordinance, the Offer Price is at a premium over the closing price of the Shares on the Last Trading Day. The Company considers that there may not be trading of the nil-paid rights attached in rights issue in view of the premium of the Offer Price over the recent closing price of the Shares, therefore, the Company conducts the fund raising exercise by way of Open Offer. Although the Offer Price is above the market price of the Shares on the Last Trading Day,

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the Company considers that the Offer Price should not be the only factor to be considered in assessing the fairness and reasonableness of the Open Offer. Having considered that the Open Offer enable the Company to strengthen its financial position and discharge part of its indebtedness which will lessen its financial burden and in turn beneficial to the future development of the Group, all the Qualifying Shareholders are given equal opportunities to decide whether to participate in the Open Offer, 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 Board has considered several alternatives for raising funds, such as bank borrowings, debt financings, pro-rata equity fund raising exercise and placing of new Shares under the general mandate. Bank borrowings and debt financing would, however, be difficult provided that the unfavorable financial performance of the Group in the past few years, and the possibility in inducing significantly high interest expenses to the Group. The Board has also considered raising funds by way of placing of new Shares. However, under the existing general mandate of the Company which was refreshed and approved by the Shareholders in the extraordinary general meeting held on 4 January 2013, only 13,129,422 new Shares, representing 20% of the issued share capital of the Company as at the date of the extraordinary general meeting for approving the general mandate, can be issued in which the amount to be raised could only meet the Company's working capital requirement and is insufficient for the repayment of principal and interests amount under the Loan Facility. As at the Latest Practicable Date, the Company does not have any plan to utilize the existing general mandate.

In light of the above, the Company considers pro-rata equity fund raising such as rights issue/open offer which would incur underwriting commission and generally higher documentation preparation costs and professional fees.

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 part of the principal amount of the Loan Facility upon receipt of the proceeds from the Open Offer; and
- (b) the remaining balances will be used for general working capital, including (i) approximately HK\$1 million for administrative expenses and (ii) approximately HK\$1.6 million for accounts payable of the Company.

As at the Latest Practicable Date, there is no concrete repayment schedule for the remaining principal amount of the Loan Facility since the extension of the Loan Facility is still under negotiation and there is no conclusion or proposal or concrete terms has been made.

LETTER FROM THE BOARD

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date 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 Latest Practicable Date		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>Number of Shares</i>	%	<i>Number of Shares</i>	%
Public Shareholders	64,993,113	99.00	194,979,339	99.00	64,993,113	33.00
CN Holder	654,000	1.00	1,962,000	1.00	654,000	0.33
The Underwriter and/or sub-underwriters and subscribers procured by them	0	0.00	0	0.00	131,294,226	66.67
	65,647,113	100.00	196,941,339	100.00	196,941,339	100.00

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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 Latest Practicable Date		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	64,993,113	98.75	194,979,339	98.75	64,993,113	32.91
CN Holder	654,000	0.99	1,962,000	0.99	654,000	0.33
Holders 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
	65,817,849	100.00	197,453,547	100.00	197,453,547	100.00

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.

The Company received confirmation letters from the Underwriter that save for two potential subscribers (the "Subscribers"), both are Independent Third Parties, who may hold more than 10% issued share capital of the Company, none of the Underwriter, sub-underwriters and/or any subscribers procured by it/sub-underwriters will become a substantial Shareholder upon completion of the Open Offer. The Subscribers and their respective associates are independent and not connected with each other and have no personal or business relationship with each other in the past 24 months from the Latest Practicable Date. The Subscribers will not individually or in aggregate hold 30% or more of the issued share capital of the Company. The Subscribers may become substantial Shareholders when there is under-subscription of the Offer Shares by the existing Shareholders. As at the Latest Practicable Date, no agreement or arrangement has been made between each of the Subscribers and the Underwriter and/or sub-underwriters. Each of the Subscribers confirms that he and his associates do not have any relationship, either personal or business, directly or indirectly, with (i) the Group and its connected persons; (ii) the CN Holder and his associates; (iii) the vendor of the Acquisition and his associates; and (iv) any vendors of and/or any parties involved and their respective associates in the corporate transactions conducted by the Group in the past 24 months from the Latest Practicable Date.

The Company will make further announcement if the Subscribers become substantial Shareholders upon completion of the Open Offer.

LETTER FROM THE BOARD

FUND-RAISING EXERCISE OF THE COMPANY IN THE PAST TWENTY FOUR MONTHS

Set out below is the fund raising exercises conducted by the Company since 1 February 2011.

	1	2	3	4	5	6	7
Date of announcement and/or circular	6 April 2011	29 April 2011	4 August 2011	8 August 2011, 23 August 2011 and 3 October 2011	23 May 2012	8 June 2012, 20 June 2012, 4 July 2012, 6 July 2012, 18 July 2012, 24 July 2012 and 3 August 2012	4 October 2012
Fund raising activity	Top-up placing of 100,000,000 Pre-consolidated 2011 Shares	Top-up placing of 65,000,000 Pre-consolidated 2011 Shares	Top-up placing of 86,000,000 Pre-consolidated 2011 Shares	Issue of HK\$50 million convertible bonds	Placing of 65,647,113 Pre-consolidated 2012 Shares	Rights issue of 196,941,341 Pre-consolidated 2012 Shares	Placing of 6,564,711 Shares
Individual dilution effect (calculated by dividing the increase in Shares/Pre-consolidated 2011 Shares/Pre-consolidated 2012 Shares/Shares (as the case maybe) with the aggregate number of Pre-consolidated 2011 Shares/Pre-consolidated 2012 Shares/Shares (as the case maybe) immediately after the event)	8.61%	4.71%	5.24%	45.84% based on the maximum number of 277,777,777 Pre-consolidated 2012 Shares converted at the minimum conversion price of HK\$0.18 per conversion share and the enlarged issued share capital of the Company as 606,013,346 Pre-consolidated 2012 Shares	16.67%	33.33%	10.00%
Accumulated dilution effect with reference to the number of Pre-consolidated 2011 Shares in issue of the Company as at 1 February 2011 (i.e. 954,424,242 Pre-consolidated 2011 Shares)	9.48%	14.74%	20.82%	63.21%	67.34%	75.57%	77.47%

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1	2	3	4	5	6	7
<p>Net proceeds (approximately)</p>	<p>Approximately HK\$28,700,000</p>	<p>Approximately HK\$15,350,000</p>	<p>Approximately HK\$8,250,000</p>	<p>Approximately HK\$49,600,000</p>	<p>Approximately HK\$7,320,000</p>	<p>Approximately HK\$8,700,000</p>
<p>Intended Uses</p>	<p>For financing possible future investments which may include the acquisition of up to 30% of issued share capital of Galaxy Mount International Limited should such transaction is consummated, repayment of promissory notes, repayment of other borrowings and/or for general working capital purposes of the Group</p>	<p>For financing possible future investments which may include the acquisition of up to 25% of issued share capital of Galaxy Mount International Limited, repayment of promissory notes, repayment of other borrowings and/or for general working capital purposes of the Group</p>	<p>For financing future investment, repayment of promissory notes, repayment of other borrowings and/or for general working capital purpose of the Group</p>	<p>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.</p>	<p>The payment of the interest and/or the principal due under the Loan Facility</p>	<p>For financing the general working capital needs of the Group</p>

LETTER FROM THE BOARD

1	Funds of around HK\$15 million and HK\$5 million out of the net proceeds were respectively used for early repayment of promissory notes and as refundable consultancy service deposit. Funds of HK\$5.5 million were used for payment as part of consideration for acquisition of 25% issued share capital of Galaxy Mount International Limited and repayment of other borrowings. The remaining balance of approximately HK\$350,000 was used as general working capital of the Group.	2	Funds of around HK\$14.5 million and HK\$0.5 million out of the net proceeds were used respectively for payment as part of the consideration for acquisition of 25% issued share capital of Galaxy Mount International Limited and repayment of other borrowings. The remaining balance of approximately HK\$350,000 was used as general working capital of the Group.	3	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.	4	Funds of HK\$5 million were used as refundable deposit for possible acquisition of 100% issued share capital of Creative Star Limited, details of which were set out in the Company's announcement dated 14 November 2011. Funds of around HK\$5.5 million were used for operation of stage drama. Funds of around HK\$6.3 million were used for the operation of artist school. Funds of around HK\$2 million were used for repayment of other borrowings. Furthermore, funds of approximately HK\$5 million were used for payment of operating expenses of the Group.	5	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.	6	Funds of HK\$8.7 million were used for the payment of interest due under the Loan Facility.	7	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.
Actual Uses													

LETTER FROM THE BOARD

THE ACCUMULATED POTENTIAL DILUTION EFFECT ON ISSUE OF NEW SHARES/CONVERTIBLE SECURITIES (INCLUDING THE OPEN OFFER) IN THE PAST 24 MONTHS

Since 1 February 2011:

1. an aggregate of 251,000,000 Pre-consolidated 2011 Shares have been issued in relation to placings and top-up subscriptions (Note 1);
2. an aggregate of 262,588,454 Pre-consolidated 2012 Shares have been issued in relation to placings and rights issue (Note 1);
3. 6,564,711 Shares have been issued in relation to placing (Note 1);
4. an aggregate of 321,753,606 Pre-consolidated 2011 Shares have been issued as consideration shares (as to the issue of 145,283,018 Pre-consolidated 2011 Shares as partial consideration for the acquisition of 100% interest in Dragon Gain Worldwide Limited as disclosed in the Company's announcement dated 16 February 2011; and as to the issue of 176,470,588 Pre-consolidated 2011 Shares as consideration for the acquisition of 100% interest in Solution Gold Limited as disclosed in the Company's announcement dated 25 May 2011);
5. the Company issued a convertible note on 28 March 2011 in the principal amount of HK\$60,000,000 in partial early redemption of a promissory note due in 2012. In case where the conversion rights attached to such convertible note are exercised in full, a maximum of 214,285,714 Pre-consolidated 2011 Shares will fall to be allotted and issued (Note 2);
6. the Company issued a convertible note in the principal amount of HK\$50,000,000 on 28 October 2011 (the "Bonds"). In case where the conversion rights attached to such convertible note are exercised in full and assuming that all conversion shares are issued at a minimum conversion price of HK\$0.18 per conversion share, a maximum of 277,777,777 Pre-consolidated 2012 Shares will fall to be allotted and issued (Note 3);
7. On 24 May 2012, the Company received a letter from the holder of the Bonds stating that the instrument dated 28 October 2011 constituting the Bonds had already been terminated. After careful consideration by the Board, the Company accepted the Bonds holder's position regarding the termination of the said instrument on 25 May 2012.
8. Based on the maximum of 131,635,698 Shares to be allotted and issued under the Open Offer, the individual dilution effect immediately after the Open Offer is 66.67% and the accumulated dilution effect with reference to the number of Pre-consolidated 2011 Shares in issue of the Company as at 1 February 2011 (i.e. 954,424,242 Pre-consolidated 2011 Shares) is 91.18%.

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Note 1: For the individual and accumulative dilution effects for each issue, please refer to page 20 of this circular.

Note 2: For this convertible note, the dilution effect is 18.34% based on a maximum of 214,285,714 Pre-consolidated 2011 Shares which may fall to be allotted and issued and the enlarged issued share capital of the Company as 1,168,709,956 Pre-consolidated 2011 Shares (being the sum of the said 214,285,714 Pre-consolidated 2011 Shares and the number of Pre-consolidated 2011 Shares in issue of the Company as at 28 March 2011 (i.e. 954,424,242 Pre-consolidated 2011 Shares)).

Note 3: For this convertible note, the dilution effect is 45.84% based on a maximum of 277,777,777 Pre-consolidated 2012 Shares which may fall to be allotted and issued and the enlarged issued share capital of the Company as 606,013,346 Pre-consolidated 2012 Shares (being the sum of the said 277,777,777 Pre-consolidated 2012 Shares and the number of Pre-consolidated 2012 Shares in issue of the Company as at 28 October 2011 (i.e. 328,235,569 Pre-consolidated 2012 Shares)).

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS

As a result of the Open Offer, the exercise price and the number of Shares to be issued pursuant to the outstanding Share Options may be adjusted in accordance with the terms and conditions of 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 outstanding Share Options and will inform 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 upon completion of the Open Offer.

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. Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 10 April 2013 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer are subject are fulfilled (which is expected to be at 4:00 p.m. on Thursday, 9 May 2013), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. 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.

LETTER FROM THE BOARD

RISK FACTORS

Shareholders and prospective investors should consider carefully all the information set out in this Circular and, in particular, should evaluate the following risks in connection with an investment in the Company before making any investment decision (including the Open Offer) in relation to the Company.

RISKS RELATING TO THE OPEN OFFER

Termination of the Underwriting Agreement

Shareholders and prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreement giving notice in writing to the Company upon the occurrence of any of the events stated in the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" of this Circular on or before 4:00 p.m. on the 2nd Business Day following the Final Acceptance Date.

Dilution of the Shareholders' equity interests

The Group may require additional funds in the future to finance its expansion of business and operations. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the interests of the existing Shareholders may be diluted as a result of such equity fund raising.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group maintains a significant level of liabilities and the business of the Group may be adversely affected by the lack of refinancing options

The Group has been building up significant level of liabilities, which is mainly attributable to the outstanding Convertible Note in the principal amount of HK\$28.08 million and the total drawdown amount of the Loan Facility of approximately HK\$118.4 million as at the Latest Practicable Date. Upon completion of the Open Offer, although it is expected that there will be substantial debt reduction of the Loan Facility, there remains of significant amount of the Convertible Note that are outstanding and are expected to mature on 28 March 2013 (if the Proposed CN Amendments are not approved by the Shareholders) and there is uncertainty as to how much of the Loan Facility will remain outstanding. The Group is well conscious of the risk that the Company may not be able to obtain the necessary funding, either through debt or equity financing or both, to re-finance the Loan Facility and to redeem the Convertible Note as and when they fall due. The current level of gearing could potentially constrain the Group's operation with significant consequences such as, among others, (i) constrains on the Group's working capital position and capital expenditures due to the use of a substantial portion of the Group's cash flows for debt servicing, and (ii) limit the Group's ability to obtain, as well as an increase in the cost of, additional financing to fund future working capital and capital expenditures. Hence, the Directors cannot provide absolute assurance that the Group will

LETTER FROM THE BOARD

have the ability to raise necessary financing to fund the Group's working capital, capital expenditures and other debt obligations. As such, the Group's business, prospects and financial condition may be materially and adversely affected.

Reliance on key executives and personnel

The future success of the Group will depend to a large extent on the continued efforts of the Directors and senior management of the Group as a whole. There is no assurance that these key executives or personnel will not voluntarily terminate their employment with the Group. Although the Group does not rely on any one particular Director or senior management staff of the Group, the loss of any of the Group's key executives or personnel could be detrimental to the ongoing success of the Group's operations.

The Group's continued success will also depend on its ability to attract and retain qualified personnel in order to manage its existing operations as well as its future growth. The Group may not be able to successfully attract, assimilate or retain the personnel they need and this could negatively impact on the Group's ability to expand their business effectively.

Termination of conditional sale and purchase agreement regarding the Acquisition

The Group expected that the Acquisition will diversify and expand the source of income of the Group and will also generate additional and stable cash flow. As the Group has exercised its rights to put back those under-performing subsidiaries, the growth of the Group depends on the performance of the target of the Acquisition. Should the Acquisition not be approved by the Shareholders or not to proceed, this adversely affects the Group's development and performance.

GENERAL

As the Open Offer will increase the issued share capital of the Company by more than 50%, in accordance with Rule 10.39 of the GEM Listing Rules, the Open Offer must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, 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 Open Offer. As at the Latest Practicable Date, 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 have been appointed to make recommendation to the Independent Shareholders in respect of the Open Offer. Goldin Financial has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

INCREASE IN AUTHORISED SHARE CAPITAL

In order to facilitate the possible issue of the Shares and provide for future expansion in the share capital of the Company, 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.

EGM

The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this Circular. The EGM will be convened at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Monday, 8 April 2013 for the purpose of, considering and, if thought fit, approving the Open Offer and the transactions contemplated thereunder and the increase in authorised share capital of the Company.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Hong Kong Registrars Ltd. at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee and the letter from the Independent Financial Adviser set out on page 29 and pages 30 to 53 respectively of this Circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Open Offer at the EGM.

LETTER FROM THE BOARD

Accordingly, the Directors believe that the terms of the Open Offer and the Underwriting Agreements are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Open Offer at the EGM. The Directors also recommend the Shareholders to vote in favour of the proposed resolution approving the increase in authorised share capital of the Company at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this Circular, from the Independent Board Committee to the Independent Shareholders regarding the Open Offer:



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

19 March 2013

To the Independent Shareholders

Dear Sir or Madam,

**(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**

We refer to the circular of the Company dated 19 March 2013 (the "Circular") of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Company as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned. Goldin Financial has been appointed to advise the Independent Shareholders and the Independent Board Committee in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of Goldin Financial as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 30 to 53 of the Circular, we are of the opinion that the Open Offer is in the interests of the Company and the Independent Shareholders as a whole and the terms of the Open Offer and the Underwriting Agreements are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Open Offer.

Yours faithfully,
Independent Board Committee
Mr. Lau Shu Yan **Mr. Li Kwok Chu** **Mr. Chiu Koon Shou**
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Goldin Financial setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer which has been prepared for the purpose of inclusion in this circular.



高銀融資有限公司

GOLDIN FINANCIAL LIMITED

Goldin Financial Limited

23/F

Two International Finance Centre

8 Finance Street

Central

Hong Kong

19 March 2013

*To the Independent Board Committee and
the Independent Shareholders of
TLT Lottotainment Group Limited*

Dear Sirs,

**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**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, details of which are contained in the letter from the Board (the "Letter from the Board") of the circular of the Company dated 19 March 2013 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Lau Shu Yan, Mr. Chiu Koon Shou and Mr. Li Kwok Chu, being the independent non-executive Directors, has been established to make recommendations to the Independent Shareholders as to whether the Open Offer is on normal commercial terms and is fair and reasonable and whether the Open Offer is in the interests of the Company and the Shareholders as a whole and to advise the Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, Goldin Financial Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, and to make recommendations as to, among others, whether the Open Offer is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole and as to voting in respect of the relevant resolution at the EGM. Our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the announcement of the Company dated 7 February 2013 (the "Announcement"), the Underwriting Agreement, the annual report of the Company for the year ended 31 December 2011 (the "Annual Report 2011") and the interim report of the Company for the six months ended 30 June 2012 (the "Interim Report 2012"). We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the Open Offer, the businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, which we have relied upon them in formulating our opinion, are true, accurate and complete in all material respects through the date up to the date of the EGM and the Shareholders will be notified of any material changes in respect of the Open Offer as soon as possible.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for the Open Offer to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or any material information given to us is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer, and this letter, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation on the Open Offer to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the rendering of travel agent services, entertainment, programme production, events organisation, TV-series production, operation of an artist training school and operation of stage drama during the year ended 31 December 2011. Subsequent to the year ended 31 December 2011, the Group acquired the equity interests in Hong Kong Marketing Service Limited and extended its principal activities to product advertising and promotion, marketing agency and planning, functional organization and media project services. In July and August 2012, the Group also engages in securities investments and money lending business respectively. On 26 November 2012, the Group entered into a sale and purchase agreement with a vendor to acquire the entire issued share capital of Mass Apex Limited, which through its subsidiaries is principally engaged in trading of raw food materials in Hong Kong, at a total consideration of HK\$68,000,000 (subject to downward adjustment). On 28 December 2012, the Group exercised a put option and put back the entire issued share capital of Dragon Gain Worldwide Limited to its original vendor at the pre-agreed put option price of HK\$49,200,000 and thereby discontinue with operation of the business of stage drama. On the even date, the Group also exercised a put option and put back the 51% equity interest in Fountain City Holdings Limited to its original vendor at the pre-agreed put option price of HK\$58,650,000 and thereby discontinue with operation of the businesses of entertainment programme production, events organization, TV-series production and operation of an artist training school (subject to the Shareholders' approval), details of which are contained in the announcement of the Company dated 7 January 2013.

Set out below are the audited financial information of the Group for the year ended 31 December 2010 and 31 December 2011 and the unaudited financial information of the Group for the six months ended 30 June 2011 and 30 June 2012 as extracted from the Annual Report 2011 and the Interim Report 2012 respectively:

Table 1: Financial highlights of the Group

	For the year ended 31 December		For the six months ended 30 June	
	2010 HK\$'000 (audited)	2011 HK\$'000 (audited)	2011 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
<i>(From continuing operations)</i>				
Turnover	24,733	25,480	12,274	12,888
Loss after taxation	(21,878)	(127,431)	(7,064)	(41,167)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		As at
	2010	2011	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	54,077	177,959	189,137
Current assets	15,158	52,365	25,609
Current liabilities	(42,866)	(103,524)	(212,717)
Net current liabilities	(27,708)	(51,159)	(187,108)
Total equity	(165,551)	9,283	(25,083)

For the year ended 31 December 2011, the audited turnover of the Group from continuing operations increased to approximately HK\$25.48 million from approximately HK\$24.73 million of the prior year, representing an increase of approximately 3.03%, and the audited loss after taxation from continuing operations was approximately HK\$127.43 million, compared to a loss of approximately HK\$21.88 million of the prior year. According to the Annual Report 2011, the widen loss was mainly due to impairment losses on investment deposit, associates, intangible assets and goodwill. As at 31 December 2011, the audited net current liabilities and total equity of the Group were approximately HK\$51.16 million and approximately HK\$9.28 million, respectively.

For the six months ended 30 June 2012, the unaudited turnover of the Group from continuing operations increased to approximately HK\$12.89 million from approximately HK\$12.27 million in the corresponding period of the prior year, representing a rise of approximately 5.05%, and the unaudited loss after taxation from continuing operations was approximately HK\$41.17 million, compared to a loss of approximately HK\$7.06 million in the corresponding period of the prior year. According to the Interim Report 2012, the widen loss was mainly due to lower other income and gain with the absence of gain on disposal of subsidiaries of approximately HK\$16.67 million and gain on restructuring of promissory notes of approximately HK\$7.82 million recorded for the six months ended 30 June 2011. As at 30 June 2012, the unaudited net current liabilities and total equity of the Group were approximately HK\$187.11 million and approximately HK\$(25.08) million, respectively.

2. Reasons for and use of proceeds of the Open Offer

Background of the Open Offer

As set out in the Letter from the Board, 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. Since the Company cannot issue shares at a discount to par value under the Companies Ordinance, the Offer Price is at a premium over the closing price of the Shares

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

on the Last Trading Day. The Company considers that there may not be trading of the nil-paid rights attached in rights issue in view of the premium of the Offer Price over the recent closing price of the Shares, therefore, the Company conducts the fund raising exercise by way of Open Offer. Although the Offer Price is above the market price of the Shares on the Last Trading Day, the Company considers that the Offer Price should not be the only factor to be considered in assessing the fairness and reasonableness of the Open Offer. Having considered that the Open Offer enable the Company to strengthen its financial position and discharge part of its indebtedness which will lessen its financial burden and in turn beneficial to the future development of the Group, all the Qualifying Shareholders are given equal opportunities to decide whether to participate in the Open Offer, 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: (i) approximately HK\$60 million will be used for the repayment of part of the principal amount of the Loan Facility upon receipt of the proceeds from the Open Offer; and (ii) the remaining balances will be used for general working capital, including (i) approximately HK\$1 million for administrative expenses and (ii) approximately HK\$1.6 million for accounts payable of the Company. As at the Latest Practicable Date, there is no concrete repayment schedule for the remaining principal amount of the Loan Facility since the extension of the Loan Facility is still under negotiation and there is no conclusion or proposal or concrete terms has been made.

As disclosed in the announcement of the Company dated 6 June 2012, among others, on 30 May 2012, the Company has entered into a loan agreement with Gain All Investments Limited (“Gain All”), an independent third party of the Company and its associates, whereby Gain All has conditionally agreed to grant to the Company the Loan Facility of HK\$165 million for a fixed term of 12 months and at the agreed interest rate of 1.5% per month (representing an annual interest rate of 18%). As disclosed in the announcement of the Company dated 21 December 2012, the Group has received the outstanding deposit of HK\$41 million from Mr. Gao Feng. As advised by the management of the Company, the Group has utilised HK\$40.2 million of such proceeds to partially settle the principal amount of the Loan Facility of HK\$37 million and related interest expenses of HK\$3.2 million. As at the Latest Practicable Date, the outstanding principal amount of the Loan

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Facility was HK\$118.4 million which will mature on 29 May 2013. The Company would bear an interest expense of approximately HK\$21.31 million per annum for the outstanding principal amount of the Loan Facility if it is not to be repaid and is agreed to be extended, representing approximately 83.6% of the revenue for the year ended 31 December 2011. Having considered that (i) the outstanding principal amount of the Loan Facility will mature in May 2013; (ii) the repayment of part of the outstanding principal amount of the Loan Facility would significantly reduce the interest burden of the Group; and (iii) the Open Offer will increase the working capital of the Group to support the Group's development, we are of the view that the intended usage of the proceeds from the Open Offer is justifiable.

Working capital requirement of the Group

As disclosed in the section headed "Working capital statement" in Appendix I to the Circular (the "Working Capital Statement"), the Directors are of the opinion that, taking into account its internal resources, the proceeds from the Open Offer and the presently available credit facilities of the Group, the Group will not have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of the Circular. This is principally due to the Company's liabilities for the next twelve month to pay (i) the Convertible Notes in an outstanding principal amount of HK\$28.08 million owing to the CN Holder due on 28 March 2013 if the CN Holder does not convert any of the principal into Shares on or before the maturity date; and (ii) the total drawdown amount of the Loan Facility on or before the maturity date on 29 May 2013 (as at the Latest Practicable Date, the outstanding amount of the Loan Facility is HK\$118.4 million); and (iii) HK\$7.2 million to the vendor upon completion of the Acquisition. The cash and cash equivalents of the Group as at 31 January 2013 was approximately HK\$2.5 million.

In view of the foregoing, on one hand, the Company is actively exploring other measures to fulfil the future working capital requirement such as additional equity fund raising. On the other hand, the Company proposed to extend the repayment of the Convertible Notes (please refer to the announcements of the Company dated 8 January 2013 and 1 March 2013 and the circular of the Company dated 13 March 2013) and considers the necessity to extend the Loan Facility. As at the Latest Practicable Date, the extension of the Loan Facility is still under negotiation and there is no conclusion or proposal or concrete terms has been made. As of the date of the Circular, there is no discussion, negotiation or arrangements in respect of aforesaid fund raising measures or timetable and no contracts or agreements or concrete terms has been entered into in respect of any fund raising measures. Moreover, the Directors expect that the acquisition of Mass Apex Limited will increase the income stream and bring additional stable earnings to the Group in the near future.

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The Directors are aware that the Group's liquidity position would depend largely on the successful conclusion of future equity fund raising activities, the Proposed CN Amendments and the extension of the Loan Facility. Failure to obtain future financing may adversely affect the working capital position of the Group.

Subject to the successful conclusion of the aforesaid future equity fund raising activities, the Proposed CN Amendments and the extension of the Loan Facility, the Directors believe that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of the Circular.

Having considered that (i) the cash and cash equivalents of approximately HK\$2.5 million of the Group as at 31 January 2013; (ii) the trade and other payable of approximately HK\$62.3 million of the Group as at 30 June 2012 as disclosed in the Interim Report 2012; (iii) the Convertible Notes in an outstanding principal amount of HK\$28.08 million owing to the CN Holder due on 28 March 2013 if the CN Holder does not convert any of the principal into Shares on or before the maturity date; (iv) the total drawdown amount of the Loan Facility on or before the maturity date on 29 May 2013 (as at the Latest Practicable Date, the outstanding amount of the Loan Facility is HK\$118.4 million); and (v) HK\$7.2 million to the vendor upon completion of the Acquisition, we concur with the Directors' view that the Group will not have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of the Circular, in view of the internal resources, the proceeds from the Open Offer and the presently available credit facilities of the Group as disclosed in the Working Capital Statement, and we are of the view that the Open Offer would increase the working capital of the Group and is in the interest of the Company and the Shareholders as a whole.

Trading prospects of the Group

(i) Travel agent business

Travel agency business operates with stable and internally generated cash flow and ranks first in revenue contribution to the Group. Business environment of the PRC travel industry remains competitive and the Group has to face a difficult environment, in particular, continuous growth in the operating costs due to inflation. However, given that annual disposal income per capita continues to grow in the PRC and more and more overseas locations are freely open for PRC citizens, the travel agency business has arranged more tours in overseas locations especially Europe, Taiwan and Japan to generate higher tour income than domestic one. In addition, in view of continuously increasing purchase power of PRC citizens, the demand of privilege service and arrangement for tour is robust. The travelling agency business will re-design and re-structure its tour package to capture this segment market. The Directors will from time to time to review the performance of each tours and will stream down and/or suspense tour(s) with poor performance or less

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profitable to concentrate its resource to expand the segment market as mentioned. Given operating with stable and internally generated cash flow, the funding and cash flow requirement is comparatively lower, the Directors are optimistic in the business growth of its travel agency operation.

(ii) Entertainment business (Discontinued)

The uncertainty of granting the official school license to Macau Talent Academy Limited leads to serious deferment of the development and has adverse effect on financial performance of this segment. Entertainment business has failed to provide any profits to the Group. As such, on 28 December 2012, the Group took corrective action by exercising the put-option to put back 51% of the entire issued shares of Fountain City Holdings Limited and the whole entertainment business to their original vendor to mitigate the loss. Disposal of the entertainment business will be subject to the Shareholders' approval. The Company will make further announcement to update the Shareholders on the progress of the repayment schedule from the original vendor of the disposal.

(iii) Stage drama business (Discontinued)

In view of the unsatisfactory sales performance, failure to secure sponsorship and unexpected increase of operating cost, despite the Group's effort in tightening the cost control, stage drama business has failed to bring in economic benefits to the Group and has caused adverse financial result to the Group. As a result of unsatisfactory result of the stage drama business, on 28 December 2012, the Group has exercised a put option to transfer back all the shares of Dragon Gain Worldwide Limited and the whole business to the vendors and discontinued stage drama operation. As at the Latest Practicable Date, the Company received approximately HK\$17 million from the exercise of the abovementioned put option. The remaining portions will be settled in the following manner: (i) a sum of HK\$10 million will be received on or before 30 April 2013; (ii) a further sum of HK\$10 million will be received on or before 30 June 2013; and (iii) a final sum of HK\$12.2 million will be received on or before 31 August 2013. For further details of the receipt schedule, please refer to the announcement of the Company dated 28 December 2012.

(iv) Advertising and marketing business

Advertising and marketing business generates stable cash flow which ranks second in revenue contribution to the Group and becomes one of the core businesses of the Group. Following disposal of underperforming entertainment and stage drama businesses, the Group will focus and reallocate its resources for pursuing business development in advertising and marketing business, including reposition of its service mix and widening its scope of services to capture potential business opportunities in function organization for enhancing its performance with its internally generated cash flow. In view of continuous prosperity of domestic music concert

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performance, this segment started penetrating in the business of concert production and coordination. This segment has successfully secured contracts for production and coordination of three music concerts and one talk show. In addition, this segment plans to have five to eight more engagement of this. In view of the popularity of smart phone devices, the Board intends to produce game or game platform to generate i) downloading sharing income; ii) advertising income through game/game platform; and iii) sponsorship or advertising income from advertisers. The Directors are of the view that there is a strong potential growth of this segment.

(v) Securities trading business

Due to the economic downturn in the United States and triggered by the unresolved European debt issue, the condition of Hong Kong stock market is relatively volatile. The Group will keep focusing and balancing the risk and return from its investment and will closely monitor the performance of its investment portfolio. Furthermore, the Group will put more effort in the analysis of the stock market to ensure the Group can take corrective action to change its investment portfolio to minimize the risk and maximize the return when appropriate.

Looking into the future, the Group will continue to review its existing businesses from time to time and strive to improve the efficiency and effectiveness of the business operation and enhance financial position of the Group.

In coming year, after completion of the Acquisition and the disposal of 51% interests in the issued share capital of Fountain City Holdings Limited (the "Disposal"), details of which are set out in the announcement of the Company dated 7 January 2013, the Group will continue to develop and rationalize its existing businesses and will allocate appropriate resources to different business segments of the Group depending on the then business environment and performance of each segment with the view of improving its business performance. The Directors also consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income for generating profits and return for the Company and the Shareholders.

Upon completion of the Acquisition, the Directors consider that the Acquisition will enable the Group to broaden its business offering and tap into a new line of business in raw food materials trading. The Acquisition will enhance the operation base and future income base of the Group. Furthermore, given the financial performance of the target group of the Acquisition, the Directors expect that the Acquisition represents an opportunity for the Group to diversify from its existing business to a profitable business which will meet the Group's investment objectives and bring immediate contributions to the Group for achieving improved return for the Group.

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As at the Latest Practicable Date, save for the Acquisition as disclosed in the announcements of the Company dated 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013 and 8 March 2013, the Company had not identified any suitable investment opportunities and was not in discussions for any investment projects.

Save for the Acquisition as disclosed in the announcements of the Company dated 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013 and 8 March 2013 and the Disposal as disclosed in the announcements of the Company dated 28 December 2012, 7 January 2013, 28 January 2013, 8 February 2013 and 8 March 2013, the Group does not have any agreement, arrangement, understanding intention or negotiation (concluded or otherwise) about (i) any fund-raising plan (including the issue of new Shares and/or convertible securities; (ii) any issue of new Shares and/or convertible securities for cash and/or as consideration; (iii) any acquisition and/or investment in new business and/or material assets from independent third parties or connected persons; and (iv) any disposal, termination, and/or scaling-down of the existing businesses and major assets of the Group as at the Latest Practicable Date.

With reference to the Annual Report 2011, revenue from the travel agent business for the year ended 31 December 2011 accounted for approximately 94% of the Group's total revenue for the year ended 31 December 2011. Accordingly, we have conducted research on the Group's travel agent business. According to China Statistical Yearbook for 2012 published by the National Bureau of Statistics of China in September 2012, the volume of tourism of PRC residents (in terms of number of visits) increased from approximately 1.61 billion visits in 2007 to approximately 2.64 billion visits in 2011, representing a growth rate of approximately 63.98% during the period. According to 《中國旅遊業“十二五”發展規劃綱要》 (the Twelfth-five year plan for the tourism industry) issued by the PRC government in December 2011, the PRC government targeted to increase the volume of tourism of PRC residents to approximately 3.3 billion visits in 2015, representing an annual growth rate of 10% for the period from 2011 to 2015. Having considered the above, we are of the view that the travel agent business of the Group will benefit from the robust tourism market in the PRC as well as the favourable government policy and that the outlook of the Group's travel agent business in the PRC is optimistic.

We noted that the Acquisition has not yet been completed as at the Latest Practicable Date and the target group has a short track record period. As disclosed in the announcement of the Company dated 4 December 2012, the vendor has warranted and guaranteed to the Group that the audited consolidated net profit after tax and after extraordinary items of the target group attributable to its businesses 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 "Profit Guarantee"). According to the Reports on Monthly Survey of Retail Sales published by the

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Census and Statistics Department of Hong Kong in February 2011, February 2012 and January 2013, the trading amount of fish, livestock and poultry (fresh or frozen), other than sales in supermarkets, increased from HK\$9,389 million in 2010 to HK\$9,779 million in 2012 in Hong Kong, representing a mild increasing trend of trading of raw food materials in Hong Kong. Having considered the Profit Guarantee and the increase in demand for raw food materials in Hong Kong, we are of the view that the trading of raw food materials business would bring in positive impact to the Group after completion of the Acquisition.

Other financing alternatives

As advised by the Directors, the Company has also considered other alternative means of financing, including other forms of equity financing and debt financing. The Directors have considered raising capital by way of placing of new Shares. However, a share placement, unlike the Open Offer which offers an opportunity for the existing Shareholders to participate in the enlargement of the capital base of the Company, will result in immediate dilution to the shareholding interests of the existing Shareholders, and under the existing general mandate of the Company which was refreshed and approved by the then Shareholders in the extraordinary general meeting held on 4 January 2013, only 13,129,422 new Shares, representing 20% of the issued share capital of the Company as at the date of the extraordinary general meeting for approving the general mandate, can be issued in which the amount to be raised could only meet the Company's working capital requirement and is insufficient for the repayment of principal and interests amount under the Loan Facility. As at the Latest Practicable Date, the Company does not have any plan to utilise the existing general mandate. As such, we concur with the Directors that a share placement is not a desirable alternative to the Open Offer.

As discussed with the management of the Company, the Company considers that bank borrowings and debt financing would, however, be difficult provided that the unfavourable financial performance of the Group in the past few years, and the possibility in inducing significantly high interest expenses to the Group, while the Open Offer provides a relatively less costly way of financing the operations of the Group without increasing the gearing ratio of the Group.

Since the Company cannot issue Shares at a discount to par value of the Share under the Companies Ordinance, the Offer Price is set at a premium over the closing price of the Share on the Last Trading Day. The Company considers that there may not be trading of the nil-paid rights attached in rights issue in view of the premium of the Offer Price over the recent closing price of the Shares, therefore, the Company conducts the fund raising exercise by way of Open Offer.

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After the considerations of various financing alternatives available to the Group, the Directors consider the Open Offer to be the most appropriate method of fund raising and in the best interest of the Company and the Shareholders, as opposed to other alternative means of financing, the Open Offer 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 to participate in the future business development of the Company should they wish to do so.

Taking into account that (i) a share placement would result in immediate dilution to the shareholding interests of the existing Shareholders and the amount to be raised by placing of new Shares under existing general mandate could only meet the Company's working capital requirement and is insufficient for the repayment of principal and interests amount under the Loan Facility; (ii) both bank financing and debt financing will inevitably increase the total borrowings of the Group so as the gearing ratio of the Group of approximately 0.82 times as at 30 June 2012 (calculated based on the total borrowings over total assets according to the Interim Report 2012); and (iii) there may not be trading of the nil-paid rights attached in rights issue since the Offer Price is set at a premium over the closing price of the Share on the Last Trading Day and rights issue has a higher cost and take a longer time to complete as compared to open offer because of additional administrative costs and expenses of the Company in arranging trading arrangement of the nil-paid rights with the share registrar and additional time for trading of nil-paid rights shares, we consider that the Open Offer to be the most appropriate method of fund raising as opposed to the aforesaid fund raising methods for the Group.

Despite that (i) the Group has been loss-making for years and ceasing some of its existing businesses; (ii) the Acquisition has not yet been completed; (iii) the Share price has been declining in the past 12 months; and (iv) the Offer Price is at significant premium over the Share price on the Last Trading Day, having considered that (i) the cash and cash equivalents of approximately HK\$2.5 million of the Group as at 31 January 2013 and net liabilities of approximately HK\$25.08 million of the Group as disclosed in the Interim Report 2012; (ii) the Group would utilise the fund to be raised by the Open Offer to settle part of the outstanding principal amount of the Loan Facility which in turn would substantially reduce the interest expenses of the Group and improve the gearing ratio of the Group and it will increase the capital base of the Group; (iii) it will strengthen the working capital of the Group to support the Group's development; (iv) the working capital requirements of the Group as disclosed in the Working Capital Statement; (v) the outlook of the travel agent industry in the PRC and trading of raw food materials industry in Hong Kong is optimistic and the Open Offer could enable 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; and (vi) the Open Offer to be the most

appropriate method of fund raising as opposed to other alternative means of financing for the Group, we are of the view that the Open Offer is in the interest of the Company and the Shareholders as a whole.

3. Principal terms of the Open Offer

Basis of the 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.

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 Latest Practicable Date 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 Offer Price

The Offer Price of HK\$0.50 per Offer Share represents:

- (i) a premium of approximately 49.25% over the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 47.93% over 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;
- (iii) a premium of approximately 12.36% over 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;
- (iv) a premium of approximately 44.93% over the average closing price of approximately HK\$0.345 per Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day;

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- (v) a premium of approximately 36.61% over the average closing price of approximately HK\$0.366 per Share as quoted on the Stock Exchange for the six months up to and including the Last Trading Day;
- (vi) a discount of approximately 47.42% to the average closing price of approximately HK\$0.951 per Share as quoted on the Stock Exchange (taking into account the 2012 Share Consolidation adjustment) for the twelve months up to and including the Last Trading Day; and
- (vii) a premium of approximately 9.89% over the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

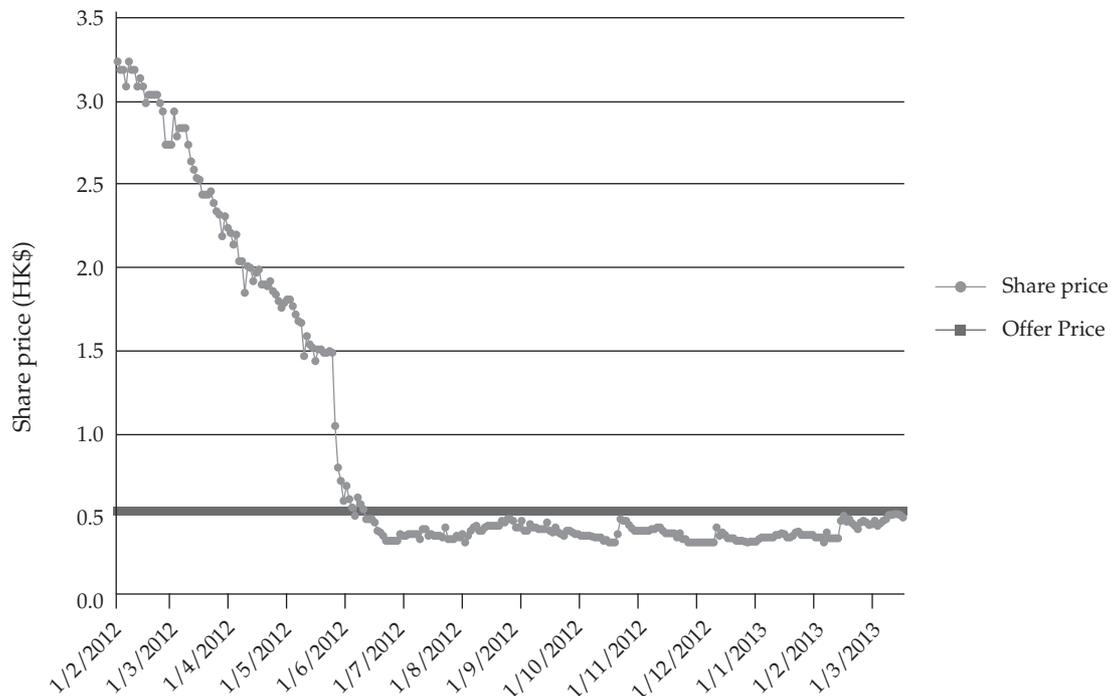
As stated in the Letter from the Board, The Offer Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price and trading liquidity of the Shares under the prevailing market conditions and the par value of the Shares. To assess the fairness and reasonableness of the Offer Price, the Board has considered the par value of the Shares and the closing price of the Shares for the 12-month period prior to the date of the Underwriting Agreement. During the Review Period, the highest closing price of the Shares was HK\$3.2 on 7 February 2012 as quoted on the Stock Exchange and the 12-month average closing price of the Shares was HK\$0.951. The Offer Price represents a 84.38% discount to the highest closing price of the Shares and a 47.42% discount to the 12-month average closing price of the Shares. The Directors are of the view that reviewing a longer period of the market price of the Shares would be more appropriate for determining the Offer Price given the thin trading liquidity of the Shares. Having considered the above and the funding needs of the Group, the Board considers that the Offer Price is fair and reasonable and that it is in the best interests of the Company and the Shareholders as a whole. We noted that the Offer Price is equal to the par value of the Share of HK\$0.50 per Share since the Company cannot issue Shares at a discount to par value of the Share under the Companies Ordinance.

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Historical Share price performance

Set out below is the daily closing price of the Shares for the period from 1 February 2012, being the twelve-month period prior to the date of the Underwriting Agreement, up to and including the Latest Practicable Date (the "Comparison Period"):

Share price performance against the Offer Price during the Comparison Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended from 27 November 2012 to 4 December 2012, 2 January to 7 January 2013 and 6 February to 7 February 2013 during the Comparison Period.

During the Comparison Period, the highest and lowest closing price of the Shares were HK\$3.2 and HK\$0.31 respectively as quoted on the Stock Exchange. The average closing price of the Shares during the Comparison Period was approximately HK\$0.90. The Offer Price represents (i) a discount of approximately 84.4% to the highest closing price of the Share; (ii) a discount of approximately 44.4% to the average closing price of the Share; and (iii) a premium of approximately 61.3% over the lowest closing price of the Share during the Comparison Period.

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Historical trading volume of the Shares

Table 2 below shows the average daily trading volume of the Shares per month, and the respective percentages of the Shares' monthly trading volume as compared to the total number of issued Shares at the beginning of the respective month, during the Comparison Period:

Table 2: Trading volume of the Shares during the Comparison Period

Month	Total trading volume of the Shares	No. of trading days (Note 1)	Average daily trading volume (Approximate)	No. of Shares in issue at the beginning of the month	Average daily trading volume over outstanding Shares (Note 2) (Approximate %)
Feb-12	51,637,000	21	2,458,905	328,235,569	0.75
Mar-12	61,398,622	22	2,790,846	328,235,569	0.85
Apr-12	42,528,600	18	2,362,700	328,235,569	0.72
May-12	133,440,118	22	6,065,460	328,235,569	1.85
Jun-12	86,026,660	21	4,096,508	328,235,569	1.25
Jul-12	21,274,800	21	1,013,086	393,882,682	0.26
Aug-12	25,754,200	23	1,119,748	393,882,682	0.28
Sept-12	9,795,120	20	489,756	393,882,682	0.12
Oct-12	2,263,400	20	113,170	59,082,402	0.19
Nov-12	895,220	18	49,734	65,647,113	0.08
Dec-12	18,525,820	17	1,089,754	65,647,113	1.66
Jan-13	2,747,360	18	152,631	65,647,113	0.23
Feb-13	10,172,120	15	678,141	65,647,113	1.03
March-13 (Up to the Latest Practicable Date)	2,548,600	12	212,383	65,647,113	0.32

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

- (1) Trading in the Shares was suspended from 27 November 2012 to 4 December 2012, 2 January to 7 January 2013 and 6 February to 7 February 2013 during the Comparison Period.
- (2) Based on the Shares in issue at the beginning of the respective month.
- (3) On 19 September 2012, consolidation of every ten Shares of HK\$0.05 each in the issued and unissued Shares into one consolidated Share of HK\$0.5 each in the issued and unissued Shares.

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As illustrated from Table 2 above, we note that the average daily trading volume of the Shares per month ranges between approximately 0.08% to approximately 1.85% as a percentage of the Shares in issue at the beginning of the respective month. Based on the above, we consider that the liquidity of the Shares was thin during the Comparison Period.

Comparison of the Offer Price

To assess the fairness and reasonableness of the Offer Price, we have reviewed fund raising exercises that are selected based on the following criteria: (i) announced by companies listed on the Stock Exchange; (ii) by way of open offer of ordinary shares; and (iii) during the three-month period prior to the Last Trading Day which represents a reasonable and meaningful period to reflect the recent market condition and sentiment for conducting open offer to raise fund. We have, to our best effort, identified and made references to, so far as we are aware, 5 companies which meet the aforesaid criteria, and are exhaustive and each of them represents a fair and representative sample (the “Comparables”). Independent Shareholders should note that the companies of the identified open offer exercise are not identical to the Company in terms of principal business, operations and financial position, and that the determination of offer price of the open offer exercise was made reference to the arm’s length commercial negotiation between the companies and the underwriters, the share price performance, financial positions of the companies and the then prevailing market condition. Nevertheless, we consider that such open offer exercises could provide a general reference for the recent common market practice of companies listed on the Stock Exchange

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with respect of open offer exercises under similar market condition and sentiments as the Open Offer. Details of our analyses are set out in the following table:

Table 3: Analysis of open offer exercises

Company name (stock code)	Date of announcement	Premium/(Discount) of the offer price over/to the closing price per share on the respective last trading day <i>Approximate %</i>	Underwriting commission %	Excess application arrangement (Yes/No)	Ratio for allotment
TeleEye Holdings Limited (8051)	15 Nov 2012	(58.20)	2.00	Yes	1 for 2
China Neng Xiao Technology (Group) Limited (8047)	11 Dec 2012	(73.40)	3.50	No	1 for 2
Far East Holdings International Limited (36)	14 Dec 2012	(39.39)	4.50	Yes	1 for 2
Solargiga Energy Holdings Limited (757)	15 Jan 2013	(12.07)	1.00	Yes	1 for 5
Perception Digital Holdings Limited (1822)	30 Jan 2013	(37.27)	3.00	No	1 for 2
Minimum		(12.07)	1.00		
Maximum		(73.40)	4.50		
Mean		(44.07)	2.80		
Median		(39.39)	3.00		
The Open Offer		49.25	3.00	No	2 for 1

Note: The open offer conducted by FU JI Food and Catering Services Holdings Limited (stock code: 1175) and Aurum Pacific (China) Group Limited (stock code: 8148) are excluded in the analysis due to that the shares of which have long been suspended for trading.

As shown in Table 3 above, it is common for listed issuers in Hong Kong to issue offer shares at a discount to the relevant share price on the respective last trading day. However, we note that the Offer Price is set at a premium over the closing price of the Shares on the Last Trading Day.

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We were given to understand that with the Offer Price set at a premium over the Share price on the Last Trading Day as compared to a discount pricing,

- (i) the capital base of the Company could be enlarged, and the net tangible liabilities of the Company and the net tangible liabilities per Share will be improved (to a larger extent than as if the Offer Price is set at a discount to the Share price on the Last Trading Day) irrespective of whether the Qualifying Shareholders take up their entitlements or not, which all Shareholders would benefit from it as a result of the Open Offer. With reference to the Unaudited Pro Forma Financial Information as disclosed in Appendix II to the Circular, the consolidated net tangible liabilities per Share will be significantly reduced from HK\$2.51 to HK\$0.21 (based on 131,294,226 Offer Shares) and from HK\$2.51 to HK\$0.19 (based on 131,635,698 Offer Shares) as a result of the Open Offer;
- (ii) with the thin trading liquidity of the Shares as discussed in the section headed "Historical trading volume of the Shares" above, the market price of the Shares may be influenced by a slight change in trading volume of the Shares, implying a disposal of a small amount of the Shares may exert downward pressure on the Share price, and thus the recent market price may not serve the only indicator for determining the Offer Price, and that setting the Offer Price with reference to the average closing price of the Share for a longer period, representing a discount of approximately 47.42% to the average closing price of the Share during the Review Period, could serve a meaningful and reasonable indicator; and
- (iii) the Offer Price is equal to the par value of the Share of HK\$0.50 per Share since the Company cannot issue Shares at a discount to par value of the Share under the Companies Ordinance.

Despite that (i) the Offer Price represents a significant amount of premium over the Share price on the Last Trading Day, lowering its attractiveness to the Qualifying Shareholders to apply for their respective entitlements under the Open Offer; and (ii) it is common for listed issuers in Hong Kong to issue offer shares at a discount to the relevant share price on the respective last trading day, having considered that (i) the low cash balance of the Group as at 31 January 2013 and net liabilities position of the Group as at 30 June 2012 as disclosed in the Interim Report 2012; (ii) with the Offer Price set at a premium, the capital base of the Company could be enlarged, and the consolidated net tangible liabilities of the Company and the consolidated net tangible liabilities per Share will also be improved (to a larger extent than as if the Offer Price is set at a discount to the Share price on the Last Trading Day); (iii) the Group would utilise the fund to be raised by the Open Offer to settle

part of the outstanding principal amount of the Loan Facility which in turn would substantially reduce the interest expenses of the Group and improve the gearing ratio of the Group; (iv) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Offer Shares; (v) with the thin trading liquidity of the Shares as discussed in the section headed "Historical trading volume of the Shares" above, the market price of the Shares may be influenced by the slight change in trading volume of the Shares, implying a disposal of a small amount of Shares may exert downward pressure on the Share price, and thus the recent market price may not serve the only indicator for determining the Offer Price, and that setting the Offer Price with reference to the average closing price of the Share for a longer period, representing a discount of approximately 47.42% to the average closing price of the Share during the Review Period, could serve a meaningful and reasonable indicator; and (vi) the Offer Price is equal to the par value of the Share since the Company cannot issue Shares at a discount to par value of the Share under the Companies Ordinance, we concur with the Directors that the Offer Price is on normal commercial term, fair and reasonable and that it is in the interests of the Company and the Shareholders as a whole.

4. Application for excess 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, including the preparation, printing, posting of excess application form for the Offer Shares and handling of any excess application for the Offer Shares, in view of the loss making track record and present financial position of the Company. 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.

Having considered that (i) 2 out of 5 of the Comparables did not adopt excess application arrangement when they conducted open offer for fund raising and we believed that the absence of the excess application arrangement is not an uncommon market practice; (ii) the related administration costs would be lowered in the absence of excess application arrangement; and (iii) all Shareholders not accepting the Open Offer shall have their interests in the Company diluted but they shall be able to benefit from the overall improvement of the financial position of the Company upon completion of the Open Offer, we are of the view that the absence of excess application arrangement is fair and reasonable.

5. Underwriting arrangements

Pursuant to the Underwriting Agreement, the Underwriter will receive a commission calculated as 3% of the aggregate Offer Price of the Underwritten Shares of not less than 131,294,226 and not more than 131,635,698 (depending on the number of outstanding Share Options being exercised before the Record Date).

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Upon enquiry with the management of the Company, the underwriting commission was determined between the Company and the Underwriter after arm's length negotiation. We noted from the analysis on the open offer exercises as set out in Table 3 above that the underwriting commission charged by the respective underwriters of the open offer exercises ranged from 1% to 4.5% on funds raised. The commission rate of 3% charged by the Underwriter falls within the range, but is slightly above the mean of that of the Comparables. Nevertheless, having considered that (i) the underwriting commission was determined between the Company and the Underwriter after arm's length negotiation; and (ii) the commission rate of 3% charged by the Underwriter falls within the range of the Comparables, we are of the view that the terms of the Underwriting Agreement (including the underwriting commission paid to the Underwriter) is in line with the market practice and is fair and reasonable.

6. Potential dilution effect to the Shareholders

The Open Offer 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 to participate in the future business development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Open Offer to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 66.67%.

As a result of the series of share placements and corporate exercises (including the Open Offer) of the Company in the past 24 months immediately preceding to the Latest Practicable Date (details of which are set out in the sections headed "Fund raising exercise of the Company in the past twenty four months and The accumulated potential dilution effect on issue of new shares/convertible securities (including the Open Offer) in the past 24 months" of the Circular), the accumulated dilution effect with reference to the number of Pre-consolidated 2011 Shares in issue of the Company as at 1 February 2011 (i.e. 954,424,242 Pre-consolidated 2011 Shares) is 91.18%.

Having taken into account that (i) the interest burden and gearing ratio of the Group would improve upon the settlement of part of the outstanding principal amount of the Loan Facility; (ii) the Open Offer would strengthen the capital base and financial flexibility and therefore enhancing the Group's financial position; and (iii) all Qualifying Shareholders are offered an equal opportunity to maintain their shareholding interests in the Company and allowed to participate in the business growth of the Company, we consider that the potential dilution effect of the Open Offer, taking into account the accumulated dilution effect of the series of share placements and corporate exercises, is acceptable.

7. Financial effects of the Open Offer

(i) Net tangible liabilities

According to the unaudited pro forma financial information of the Group as in respect of the Open Offer set out in Appendix II to the Circular, the unaudited consolidated net tangible liabilities of the Group was approximately HK\$98.92 million as at 30 June 2012. Upon completion of the Open Offer, based on 131,294,226 Offer Shares to be issued, the unaudited pro forma adjusted consolidated net tangible liabilities of the Group will be approximately HK\$36.27 million. Such increase is attributable to the estimated net proceeds from the Open Offer of approximately HK\$62.6 million based on 131,294,226 Offer Shares to be issued. This significant improvement in the financial position of the Group is beneficial to the Company and the Shareholders as a whole.

(ii) Liquidity

According to the Interim Report 2012, the cash and cash equivalents of the Group as at 30 June 2012 was approximately HK\$4.4 million. Upon completion of the Open Offer, the Company would raise net proceeds of approximately HK\$62.6 million based on the minimum of 131,294,226 Offer Shares to be issued. The cash and cash equivalents of the Group is expected to increase. As such, the net current liabilities and current ratio of the Company will improve accordingly.

(iii) Gearing ratio

According to the Interim Report 2012, the gearing ratio of the Group as at 30 June 2012 was approximately 0.82 times (calculated based on the total borrowings over total assets according to the Interim Report 2012). Upon completion of the Open Offer, the capital base of the Group would be enlarged upon completion of the Open Offer whilst the borrowings of the Group are not expected to change immediately after completion of the Open Offer. As such, the gearing ratio of the Group is expected to improve upon completion of the Open Offer.

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RECOMMENDATIONS

Despite that (i) the Company has conducted frequent fund raising activities in the past 24 months (details of which are set out in the section headed “Fund-raising exercise of the Company in the past twenty four months” of the Circular); (ii) the Share price has been declining in the past twelve months; and (iii) the Offer Price represents a premium of approximately 49.25% over the closing price of HK\$0.335 per Share on the Last Trading Day and the number of Offer Shares to be issued represents 200% of the existing issued share capital of the Company, based on the abovementioned principal factors and reasons for the Open Offer, in particular that:

- the proceeds from the Open Offer is intended to be applied for the settlement of part of the outstanding principal amount of the Loan Facility and general working capital of the Group, which is expected to reduce the interest burden and improve the gearing ratio of the Group;
- all Qualifying Shareholders are offered an equal opportunity to participate in the Open Offer to take up their provisional allotments in full to maintain their respective shareholdings in the Company;
- the working capital requirements of the Group as disclosed in the Working Capital Statement;
- the Open Offer to be the most appropriate method of fund raising and in the best interest of the Company and the Shareholders, as opposed to other alternative means of financing;
- setting the Offer Price with reference to the average closing price of the Share for a longer period, representing a discount of approximately 47.42% to the average closing price of the Share during the Review Period, could serve a meaningful and reasonable indicator taking into account the effect of the thin liquidity of the Share;
- the Offer Price is equal to the par value of the Share of HK\$0.50 since the Company cannot issue Shares at a discount to par value of the Share under the Companies Ordinance;
- the Offer Price set at a premium could enlarge the capital base of the Company and improve the net tangible liabilities per Share;
- the underwriting commission charged by the Underwriter is fair and reasonable;
- the potential dilution effect on the shareholding interest of the Shareholders is acceptable; and
- the positive potential financial effects of the Open Offer on the Group,

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we are of the view that the terms of the Open Offer are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Open Offer.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

1. THREE YEAR AND SIX MONTH FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2009, year ended 31 December 2010, year ended 31 December 2011 and six months ended 30 June 2012 are disclosed on pages 28-108 of the 2009 annual report published on 29 March 2010, pages 30-112 of the 2010 annual report published on 30 March 2011, pages 36-124 of the 2011 annual report published on 2 April 2012 and pages 2-22 of the 2012 interim report published on 17 August 2012 of the Company respectively, which were published on both the GEM website (www.hkgem.com) and the Company's website (www.lottotainment.com.hk).

Events since 31 December 2011*Acquisition of Mass Apex Limited*

On 26 November 2012, the Group entered into a sale and purchase agreement with a vendor to acquire the entire issued share capital of Mass Apex Limited at a total consideration of HK\$68,000,000 (subject to downward adjustment). As at the Latest Practicable Date, HK\$2,000,000 was paid by the Company as refundable cash deposit upon signing of the sale and purchase agreement. Mass Apex Limited together with its subsidiaries are principally engaged in the trading of raw food materials business in Hong Kong. The Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. For more details of the Acquisition, please refer to the announcements of the Company dated on 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013 and 8 March 2013.

Acquisition of Creative Star Limited

On 14 November 2011, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group has conditionally agreed to acquire the entire issued share capital of Creative Star Limited ("Creative Star"). The total consideration paid for the acquisition of Creative Star was HK\$20,000,000. The acquisition, which constituted as a major transaction under the GEM Listing Rules, was completed on 28 February 2012. Creative Star become a wholly-owned subsidiary of the Group.

Creative Star is an investment holding company, incorporated in the Republic of Vanuatu with limited liability, and held as to 60% of the shares of Hong Kong Marketing Service Limited ("Hong Kong Marketing"). Hong Kong Marketing is incorporated in Hong Kong with limited liability and engaged in product advertising and promotion, marketing agency and planning, function organization and media project services.

Details of the transaction were disclosed in the Company's announcements dated 14 November 2011, 25 November 2011, 20 January 2012 and 28 February 2012 respectively.

Purchase, Redemption or Sale of Listed Securities of the Company

During the period from 1 January 2012 to the Latest Practicable Date, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities except the issue of 65,647,113 Pre-consolidated 2012 Shares at a price of HK\$0.12 per placing share by way of placing on 5 June 2012, the issue of 196,941,341 Pre-consolidated 2012 Shares at a price of HK\$0.05 per rights share by way of rights issue on 14 September 2012 and the issue of 6,564,711 Shares at a price of HK\$0.50 per placing share by way of placing on 11 October 2012.

2. STATEMENT OF INDEBTEDNESS**Borrowing**

At the close of business on 31 January 2013, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Circular, the Group had total borrowings amounted to HK\$147,018,432 comprising, (i) the Loan facility of approximately HK\$118,400,000 were secured by debenture of the Company dated 20 June 2012 under which all the undertaking property, assets, goodwill, rights and revenues of the Company; (ii) obligation under finance lease of approximately HK\$373,000 were secured by motor vehicles and equipment; and (iii) liability component of the Convertible Note of approximately HK\$28,245,432, which were unsecured, transferable and interest free.

Commitments and contingent liabilities

As at 31 January 2013, the Group did not have any significant commitments and contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 January 2013, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities. Save as aforesaid, the Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 January 2013 and up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, taking into account its internal resources, the proceeds from the Open Offer and the presently available credit facilities of the Group, the Group will not have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this Circular. This is principally due to the Company's liabilities for the next twelve month to pay (i) the Convertible Note in an outstanding principal amount of HK\$28.08 million owing to the CN Holder due on 28 March 2013 if the CN Holder does not convert any of the principal into Shares on or before the maturity date; and (ii) the total drawdown amount of the Loan Facility on or before the maturity date on 29 May 2013 (as at the Latest Practicable Date, the outstanding amount of the Loan Facility is HK\$118.4 million); and (iii) HK\$7.2 million to the vendor upon completion of the Acquisition. The cash and cash equivalents of the Group as at 31 January 2013 was approximately HK\$2.5 million.

In view of the foregoing, on one hand, the Company is actively exploring other measures to fulfill the future working capital requirement such as additional equity fund raising. On the other hand, the Company proposed to extend the repayment of the Convertible Notes (please refer to the announcements of the Company dated 8 January 2013 and 1 March 2013 and the circular of the Company dated 13 March 2013) and considers the necessity to extend the Loan Facility. As at the Latest Practicable Date, the extension of the Loan Facility is still under negotiation and there is no conclusion or proposal or concrete terms has been made. As of the date of this Circular, there is no discussion, negotiation or arrangements in respect of aforesaid fund raising measures or timetable and no contracts or agreements or concrete terms has been entered into in respect of any fund raising measures. Moreover, the Directors expect that the acquisition of Mass Apex Limited will increase the income stream and bring additional stable earnings to the Group in the near future.

The Directors are aware that the Group's liquidity position would depend largely on the successful conclusion of future equity fund raising activities, the Proposed CN Amendments and the extension of the Loan Facility. Failure to obtain future financing may adversely affect the working capital position of the Group.

Subject to the successful conclusion of the aforesaid future equity fund raising activities, the Proposed CN Amendments and the extension of the Loan Facility, the Directors believe that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this Circular.

4. MATERIAL ADVERSE CHANGE

Save as disclosed below, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group was made up.

As stated in the (i) first quarterly results announcement for the three months ended 31 March 2012, the Group's unaudited consolidated loss for the period was higher than that for the corresponding three months ended 31 March 2011; (ii) profit warning announcement of the Company dated 7 August 2012 and set out in the interim results announcement of the Company for the six months ended 30 June 2012 dated 14 August 2012, the Group's unaudited consolidated net loss for the six months ended 30 June 2012 increased significantly as compared to the corresponding six months ended 30 June 2011 due to the gain on disposal of certain subsidiaries in the same period of last year; and (iii) profit warning announcement of the Company dated 8 November 2012 and set out in the third quarterly results announcement of the Company for the nine months ended 30 September 2012 dated 12 November 2012, the Group's unaudited consolidated net loss for the nine months ended 30 September 2012 increased significantly as compared to the corresponding nine months ended 30 September 2011 due to the gain on disposal of certain subsidiaries in the same period of last year; and (iv) profit warning announcement of the Company dated 18 March 2013, the Group is expected to record a decrease in loss for the year ended 31 December 2012 as compared to the audited results for the corresponding period in 2011 due to the reversal of impairment loss in 2011.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

As at the Latest Practicable Date, the Company is principally engaged in travel agent business, advertising and marketing business and securities trading business. Set out below is a detailed discussion on the performance of various business segments of the Company:

Travel agent business

Travel agency business operates with stable and internally generated cash flow and ranks first in revenue contribution to the Group. Business environment of the PRC travel industry remains competitive and the Group has to face a difficult environment, in particular, continuous growth in the operating costs due to inflation. However, given that annual disposal income per capita continues to grow in the PRC and more and more overseas locations are freely open for PRC citizens, the travel agency business has arranged more tours in overseas locations especially Europe, Taiwan and Japan to generate higher tour income than domestic one. In addition, in view of continuously increasing purchase power of PRC citizens, the demand of privilege service and arrangement for tour is robust. The traveling agency business will re-design and re-structure its tour package to capture this segment market. The Directors are from time to time to review the performance of each tours and will stream down and/or suspense tour(s) with poor performance or less profitable to concentrate its resource to expand the segment market as mentioned. Given operating with stable and internally generated cash flow, the funding and cash flow requirement is comparatively lower, the Directors are optimistic in the business growth of its travel agency operation.

Entertainment business (Discontinued)

The uncertainty of granting the official school license to Macau Talent Academy Limited leads to serious deferment of the development and has adverse effect on financial performance of this segment. Entertainment business has failed to provide any profits to the Group. As such, on 28 December 2012, the Group took corrective action by exercising the put-option on to put back 51% of the entire issued shares of Fountain City Holdings Limited and the whole entertainment business to their original vendor to mitigate the loss. Disposal of the entertainment business will be subject to the Shareholders' approval. The Company will make further announcement to update the Shareholders on the progress of the repayment schedule from the original vendor of the disposal.

Stage drama business (Discontinued)

In view of the unsatisfactory sales performance, failure to secure sponsorship and unexpected increase of operating cost, despite the Group's effort in tightening the cost control, stage drama business has failed to bring in economic benefits to the Group and has caused adverse financial result to the Group. As a result of unsatisfactory result of the stage drama business, on 28 December 2012, the Group has exercised a put option to transfer back all the shares of Dragon Gain Worldwide Limited and the whole business to the vendors and discontinued stage drama operation. As at the Latest Practicable Date, the Company received approximately HK\$17 million from the exercise of the abovementioned put option. The remaining portions will be settled in the following manner: (i) a sum of HK\$10 million will be received on or before 30 April 2013; (ii) a further sum of HK\$10 million will be received on or before 30 June 2013; and (iii) a final sum of HK\$12.2 million will be received on or before 31 August 2013. For further details of the receipt schedule, please refer to the announcement of the Company dated 28 December 2012.

Advertising and marketing business

Advertising and marketing business generates stable cash flow which ranks second in revenue contribution to the Group and becomes one of the core businesses of the Group. Following disposal of underperforming entertainment and stage drama businesses, the Group will focus and reallocate its resources for pursuing business development in advertising and marketing business, including reposition of its service mix and widening its scope of services to capture potential business opportunities in function organization for enhancing its performance with its internally generated cash flow. In view of continuous prosperity of domestic music concert performance, this segment started penetrating in the business of concert production and coordination. This segment has successfully secured contracts for production and coordination of three music concerts and one talk show. In addition, this segment plans to have five to eight more engagement of this. In view of the popularity of smart phone devices, the Board intends to produce game or game platform to generate 1) downloading sharing income 2) advertising income through game/game platform and 3) sponsorship or advertising income from advertisers. The Directors are of the view that there is a strong potential growth of this segment.

Securities trading business

Due to the economic downturn in the United States and triggered by the unresolved European debt issue, the condition of Hong Kong stock market is relatively volatile. The Group will keep focusing and balancing the risk and return from its investment and will closely monitor the performance of its investment portfolio. Furthermore, the Group will put more effort in the analysis of the stock market to ensure the Group can take corrective action to change its investment portfolio to minimize the risk and maximize the return when appropriate.

Looking into the future, the Group will continue to review its existing businesses from time to time and strive to improve the efficiency and effectiveness of the business operation and enhance financial position of the Group.

In coming year, after completion of the Acquisition and the disposal of 51% interests in the issued share capital of Fountain City Holdings Limited (the "Disposal"), details of which are set out in the announcement of the Company dated 7 January 2013, the Group will continue to develop and rationalize its existing businesses and will allocate appropriate resources to different business segments of the Group depending on the then business environment and performance of each segment with the view of improving its business performance. The Directors also consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income for generating profits and return for the Company and the Shareholders.

Upon completion of the Acquisition, the Directors consider that the Acquisition will enable the Group to broaden its business offering and tap into a new line of business in raw food materials trading. The Acquisition will enhance the operation base and future income base of the Group. Furthermore, given the financial performance of the target group of the Acquisition, the Directors expect that the Acquisition represents an opportunity for the Group to diversify from its existing business to a profitable business which will meet the Group's investment objectives and bring immediate contributions to the Group for achieving improved return for the Group.

As at the Latest Practicable Date, save for the Acquisition as disclosed in the announcements of the Company dated 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013 and 8 March 2013, the Company had not identified any suitable investment opportunities and was not in discussions for any investment projects.

Save for the Acquisition as disclosed in the announcements of the Company dated 4 December 2012, 27 December 2012, 25 January 2013, 8 February 2013 and 8 March 2013 and the Disposal as disclosed in the announcements of the Company dated 28 December 2012, 7 January 2013, 28 January 2013, 8 February 2013 and 8 March 2013, the Group does not have any agreement, arrangement, understanding intention or negotiation (concluded or otherwise) about (i) any fund-raising plan (including the issue of new Shares and/or convertible securities; (ii) any issue of new Shares and/or convertible securities for cash and/or as consideration; (iii) any acquisition and/or investment in new business and/or material assets from independent third parties or connected persons; and (iv) any disposal, termination, and/or scaling-down of the existing businesses and major assets of the Group as at the Latest Practicable Date.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular from the independent reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong.



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

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

Dear Sirs,

We report on the unaudited pro forma financial information (the “Unaudited Pro Forma Net Tangible (Liabilities)”) of TLT Lottotainment Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed open offer of not less than 131,294,226 offer shares and not more than 131,635,698 offer shares at an offer price of HK\$0.50 each on the basis of two offer shares for every one share held on the record date as defined in an announcement dated 7 February 2013, might have affected the financial information presented, for the inclusion in Appendix II of the circular dated 19 March 2013 (the “Circular”). The basis of preparation of the Unaudited Pro Forma Net Tangible (Liabilities) is set out in Appendix II to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

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

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

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unaudited financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Net Tangible (Liabilities) with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Net Tangible (Liabilities) has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Net Tangible (Liabilities) as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The Unaudited Pro Forma Net Tangible (Liabilities) is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or any future date.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Net Tangible (Liabilities) has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Net Tangible (Liabilities) as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules

Your faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE (LIABILITIES) OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE
COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible (liabilities) attributable to owners of the Company has been prepared in accordance with paragraph 31(1) of Chapter 7 of the GEM Listing Rules set out below to illustrate the effect of the Open Offer on the unaudited consolidated net tangible liabilities of the Group as if it had taken place on 30 June 2012.

The unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group attributable to owners of the Company had the Open Offer been completed as at 30 June 2012 or at any future date.

The following unaudited pro forma statement of the adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company is prepared based on the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2012, extracted from the published interim report of the Group for the six months ended 30 June 2012, with adjustment described below:

	Unaudited consolidated net tangible (liabilities) attributable to owners of the Company as at 30 June 2012 HK\$'000 (Note 1)	Estimated net proceeds from the Open Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible (liabilities) attributable to owners of the Company as at 30 June 2012 HK\$'000	Unaudited pro forma adjusted consolidated net tangible (liabilities) attributable to owners of the Company per Share before the completion of the Open Offer HK\$ (Note 4)	Unaudited pro forma adjusted consolidated net tangible (liabilities) attributable to owners of the Company per Share immediately after the completion of the Open Offer HK\$ (Note 5)
Based on 131,294,226 Offer Shares at offer price of HK\$0.5 per Offer Share ("Minimum Open Offer")	(98,917)	62,647	(36,270)	(2.51)	(0.21)
Based on 131,635,698 Offer Shares at offer price of HK\$0.5 per Offer Share ("Maximum Open Offer")	(98,917)	62,818	(36,099)	(2.51)	(0.19)

Notes:

- 1) The unaudited consolidated net tangible liabilities attributable to the owners of the Company as at 30 June 2012 has been extracted from the published interim report of the Company for the six months ended 30 June 2012 after deducting intangible assets of approximately HK\$43,255,000 and goodwill of approximately HK\$34,438,000.
- 2) The estimated net proceeds from the Open Offer of
 - i) approximately HK\$62,647,000 are based on the minimum number of 131,294,226 Offer Shares to be issued at the Offer Price of HK\$0.50 per Offer Share (assuming outstanding Share Options are not exercised on or before the Record Date) and after deducting estimated expenses of approximately HK\$3,000,000 attributable to the Open Offer.
 - ii) approximately HK\$62,818,000 are based on maximum number of 131,635,698 Offer Shares to be issued at the Offer Price of HK\$0.50 per Offer Share (assuming outstanding Share Options are fully exercised on or before the Record Date) and after deducting estimated expenses of approximately HK\$3,000,000 attributable to the Open Offer.
- 3) Subsequent to the end of the reporting period in September 2012, the Company consolidated its shares on the basis that every ten shares of HK\$0.05 be consolidated into one consolidated share of HK\$0.50 (the "2012 Share Consolidation"). If taking account the effect of the 2012 Share Consolidation in September 2012 and as if the 2012 Share Consolidation has been completed on 30 June 2012, the consolidated shares as at 30 June 2012 will be approximately 39,388,268 consolidated shares.
- 4) The unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group per share attributable to the owners of the Company before the completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group attributable to the owners of the Company as at 30 June 2012 of approximately HK\$98,917,000 as disclosed in note 1 above, divided by 39,388,268 consolidated shares of the Company in issue (after taking into the effect of the 2012 Share Consolidation) as at 30 June 2012.
- 5) For Minimum Open Offer, the calculation of the unaudited pro forma consolidated net tangible (liabilities) per share is based on 170,682,494 shares which comprise 39,388,268 consolidated shares in issue as at 30 June 2012 assuming the 2012 Share Consolidation has been effective accordingly and 131,294,226 Offer Shares assuming no exercise of the outstanding Share Options, after the completion of the Open Offer.

For Maximum Open Offer, the calculation of the unaudited pro forma consolidated net tangible (liabilities) per share is based on 171,194,702 shares which comprise 39,388,268 consolidated shares in issue as at 30 June 2012, full exercise of the outstanding Share Options with proceeds of HK\$3,776,000 and 131,635,698 Offer Shares, after the completion of the Open Offer.
- 6) Subsequent to the end of the reporting period in September 2012 and October 2012, the Company issued a right issue and a placing agreement, pursuant to which, the Company has issued 19,694,134 consolidation shares (196,941,341 Pre-consolidated 2012 Shares) for the right issue (the "Rights Issue") and 6,564,711 shares (the "Placing") at the price of HK\$0.50 per shares. The Rights Issue and Placing has been completed on September 2012 and October 2012 with net proceeds of approximately HK\$8,700,000 and HK\$2,980,000 respectively.

If taking account the effect of the Rights Issue in September 2012 and Placing in October 2012 and as if the Right Issue and Placing has been completed on 30 June 2012, the financial impact on the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group as at 30 June 2012 are as follows:

- i) For Minimum Open Offer, the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group after Open Offer will decrease from approximately HK\$36,270,000 to approximately HK\$24,590,000. For Maximum Open Offer, the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group after Open Offer will decrease from approximately HK\$36,099,000 to approximately HK\$24,419,000;
- ii) For Minimum Open Offer, the number of shares in issue will increase from approximately 170,682,494 shares to 196,941,339 shares. For Maximum Open Offer, the number of shares in issue will increase from approximately 171,194,702 shares to 197,453,547 shares; and
- iii) For Minimum Open Offer, the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group per share upon completion of the Open Offer as at 30 June 2012 will changed from HK\$0.21 to HK\$0.13. For Maximum Open Offer, the unaudited pro forma adjusted consolidated net tangible (liabilities) of the Group per share upon completion of the Open Offer as at 30 June 2012 will changed from HK\$0.19 to HK\$0.12.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. SHARE CAPITAL OF THE COMPANY

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

<i>Authorised:</i>		<i>HK\$</i>
<u>200,000,000</u>	Shares	<u>100,000,000</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>65,647,113</u>	Shares	<u>32,823,557</u>

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

- (A) No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.
- (B) The Shares are listed and traded on the GEM of the Stock Exchange. None of the Shares is listed, or dealt in, or any other exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be, sought on any other stock exchange.

3. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

Interests and Short Positions of Substantial Shareholders

As at the Latest Practicable Date, the Directors or chief executives of the Company were not aware of any party who had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. LITIGATION

On 10 October 2012, a writ of summon (the "Writ") was served on the Company. The Writ was issued on 21 September 2012 by Song Zizhang (the "Plaintiff") against: (i) Cheung Man Yau, Timothy (the former CEO and Executive Director) as 1st defendant, (ii) Glorison Development Limited as 2nd defendant (a company owned by 1st defendant) and the Company as 3rd defendant.

Pursuant to the Writ, the Plaintiff claims, among other things, against the Company for (i) a declaration that the Company do cause the transfer of all TLT Services (Shanghai) Limited's shares to the Plaintiff; and (ii) an order that the Company do transfer or cause to transfer the Licence (the "Licences", defined in the statement of Claim indorsed to the Writ as to mean the two licenses for the purposes of permission to operate add-value mobile business and permission to use recharging and access code of short message services in China obtained by Shanghai Tang Road Communication Company Limited (whose name was later changed to TLT (Shanghai) Limited)).

On 8 January 2009, the Company had acquired an indirect equity interest of TLT Services (Shanghai) Limited through the acquisition of 65% share capital in Wisdom In Holdings Limited and reference is made to the announcements of the Company dated 30 July 2008, 15 October 2008 and 8 January 2009 and the circular of the Company dated 5 November 2008 for details of the relevant acquisition.

The abovementioned indirect share equity of TLT Services (Shanghai) Limited was disposed of by the Company on 4 April 2011 through the disposal of the Company's 65% share capital in Wisdom In Holdings Limited and reference is made to the announcements of the Company dated 30 March 2011 and 4 April 2011 for details of the relevant disposal.

The Board is of the view that the Plaintiff's claims against the Company under the Writ are unfounded and the Company has on 13 December 2012 applied to the High Court to strike out the Plaintiff's claim against the Company under the Writ and hearing of the application is scheduled on 22 May 2013.

Details of the transaction were published in the Company's announcement dated 10 October 2012.

As at the Latest Practicable Date, no claim amounts involved in the subject claims.

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

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors are aware of, none of the Directors or the management Shareholders (as defined in the GEM Listing Rules) or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 31 December 2011 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this Circular and is significant in relation to the business of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) a supplemental agreement entered into between the Company and Fung Yue Tak, Derek dated 1 March 2013 to further amend the condition of the convertible note by adding three new events of default;
- (b) the Underwriting Agreement;
- (c) the extension agreement entered into between the Company and Fung Yue Tak, Derek date 8 January 2013 to amend the conditions of the convertible note with principal amount of HK\$60,000,000 due 2013 issued by the Company on 28 March 2011;

- (d) letter from the Company to the original vendors of Dragon Gain Worldwide Limited dated 28 December 2012 regarding the put option to transfer back all the shares of Dragon Gain Worldwide Limited to the original vendors at the pre-agreed put option exercise price of HK\$49,200,000;
- (e) letter from the Company to the original vendor of Fountain City Holdings Limited dated 28 December 2012 regarding the put option to transfer back 51% of the entire issued shares of Fountain City Holdings Limited to the original vendor at the option exercise price of HK\$58,650,000;
- (f) the sale and purchase agreement dated 26 November 2012 entered into between Fame Network Limited as purchaser, a wholly owned subsidiary of the Company, and Mr. Ma Chun Loi as vendor in relation to the acquisition of the entire issued share capital of Mass Apex Limited at the consideration of HK\$68 million;
- (g) the repayment agreement entered into between the Company and Mr. Gao Feng dated 26 November 2012 for the full refund of the outstanding deposit of HK\$41 million by Mr. Gao Feng to the Company on or before 31 December 2012 in connection with the Galaxy Mount Acquisition Termination (as defined below);
- (h) the conditional placing agreement entered into between the Company and Freeman Securities Limited dated 4 October 2012 in relation to the placing of 6,564,711 new shares at the placing price of HK\$0.50 per placing share;
- (i) the underwriting agreement dated 8 June 2012 and/or the supplementary underwriting agreement dated 20 June 2012 entered into between the Company and Freeman Securities Limited in relation to the underwriting arrangement in respect of the proposed rights issue of the Company on the basis of one rights share for every two of the then existing share of HK\$0.05 each held on the record date;
- (j) the loan agreement entered between the Company and Gain All Investments Limited dated 30 May 2012 in relation to a loan facility of HK\$165 million for a fixed term of 12 months at an agreed interest rate of 1.5% per month;
- (k) the conditional placing agreement entered into between the Company and Freeman Securities Limited dated 23 May 2012 in relation to the placing of 65,647,113 new shares at the placing price of HK\$0.12 per placing share. The net proceed was approximately HK\$7.32 million;
- (l) the sale and purchase agreement dated 14 November 2011 entered into between Mr. Chang Ka Wai as vendor and the Company as purchaser relating to the sale and purchase of the one ordinary share of US\$1.00 in the issued share capital of Creative Star Limited at the consideration of HK\$20 million. Creative Star Limited owns 60% of the issued share capital of Hong Kong

Marketing Service Limited. The principal business of Hong Kong Marketing Service Limited is product advertising and promotion, marketing agency and planning, function organisation and media project services;

- (m) the supplemental agreement dated 25 November 2011 made between Mr. Chang Ka Wai and the Company to amend and vary terms of the sale and purchase agreement dated 14 November 2011;
- (n) the second supplemental agreement dated 20 January 2012 made between Mr. Chang Ka Wai and the Company to further amend the terms of the sale and purchase agreement dated 14 November 2011;
- (o) the conditional subscription agreement entered into between the Company and Sun Finance Co., Ltd dated 8 August 2011 in relation to the subscription of the convertible bonds issued by the Company due 2012 with an initial conversion price of HK\$0.30 per conversion share and an outstanding principal amount of HK\$50 million, and the supplemental subscription agreement entered into between the Company and Sun Finance Co., Ltd dated 23 August 2011 to amend certain terms of the conditional subscription agreement dated 8 August 2011;
- (p) the memorandum of understanding entered into between the Company and Mr. Chu Wai Hung Stephen dated 5 August 2011 in relation to the proposed acquisition of up to 51% of a company and its subsidiaries principally engaged in the music and entertainment business for the consideration in the range between HK\$25 million to HK\$30 million, and the termination agreement entered into between the Company and Mr. Chu Wai Hung Stephen dated 25 August 2011 to terminate the memorandum of understanding entered into between them on 5 August 2011;
- (q) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and Quest Stock Brokers (HK) Limited dated 4 August 2011 in relation to the placing of a maximum of 86,000,000 new shares at the placing price of HK\$0.10 per placing share. The net proceed was approximately HK\$8.25 million;
- (r) the conditional agreement for the sale and purchase entered into between the Company and Mr. Lui Bing Kin, Michael dated 25 May 2011 in relation to the acquisition of the entire share capital of Solution Gold Limited at the consideration of HK\$30 million. Solution Gold Limited owns 30% of the issued share capital of Star Most Limited, which in turn owns 87.5% interest in Fiorucci Limited (the "Star Most Group"). The principal business of the Star Most Group is wholesale, retail distribution, franchising of fashion products, including fashion products under the brand name "Fiorucci";
- (s) the conditional placing agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 29 April 2011 in relation to the placing of a maximum of 90,884,000 new shares at the placing price of HK\$0.25 per placing share, the amendment agreement entered into between the Company, Mr. Luk Wing Kwong, Quintin and VC Brokerage Limited dated 2 May 2011 to amend the conditional placing agreement

entered into between the parties dated 19 January 2011 by amending, modifying, supplementing and superseding the placing price of HK\$0.32 per placing share by the new placing price of HK\$0.295 per placing share. The net proceed was approximately HK\$15.35 million;

- (t) the conditional sale and purchase agreement for a potential investment in a paid digital television channel in the PRC entered into between the Company and Mr. Gao Feng dated 27 April 2011 in relation to the acquisition of 25% share capital of Galaxy Mount International Limited for the consideration of HK\$212 million, and the termination agreement entered into between the Company and Mr. Gao Feng dated 5 August 2011 to terminate the acquisition of 25% share capital of Galaxy Mount International Limited and refund of deposit of HK\$46,000,000 (the "Galaxy Mount Acquisition Termination"), and addendum to the termination agreement in relation to the acquisition of 25% issued share capital of Galaxy Mount International Limited entered into between the Company and Mr. Gao Feng dated 12 August 2011 to provide for the refund of deposit of HK\$46,000,000 on or before 10 November 2011;
- (u) the conditional placing agreement entered into between the Company and Mr. Luk Wing Kwong, Quintin dated 4 April 2011 in relation to the placing of a maximum of 100,000,000 new shares at the placing price of HK\$0.295 per placing share. The net proceed was approximately HK\$28.7 million;
- (v) the conditional sale and purchase agreement entered into between the Company, Mega Field International Limited and Mr. Au Chi Kong dated 30 March 2011 in relation to the disposal of 65% shareholding interest in and loan due from Wisdom In Holdings Limited at the consideration of HK\$2.3 million.

9. EXPERTS AND CONSENT

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

Name	Qualifications
Goldin Financial Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Elite Partners CPA Limited	Certified Public Accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the above experts have any interest, either direct or indirect, in any assets which have been, since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. EXPENSES

The estimated expenses in connection with the Open Offer, including the underwriting commission, financial advisory fees, printing registration, translation, legal and accountancy charges and other related expenses are estimated to amount to approximately HK\$3 million and will be payable by the Company.

The Company will settle approximately HK\$1 million of legal and professional fee for the Open Offer by making use of part of the put option exercise price of approximately HK\$17 million received up to February 2013 in relation to the exercise of the put option to transfer back all the shares of Dragon Gain Worldwide Limited to the original vendors. The maximum amount of underwriting commission of approximately HK\$2 million will be settled out of the subscription money after completion of the Open Offer.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday) at the principal place of business of the Company in Hong Kong at Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong from 19 March 2013, the date of this Circular up to the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2010 and 2011, the interim report of the Company for the six months ended 30 June 2012 and the third quarterly report of the Company for the nine months ended 30 September 2012;
- (c) the Letter from the Board, the text of which is set out on pages 8 to 28 of this Circular;
- (d) the letter of advice from the Independent Financial Adviser, the full text of which is set out on pages 30 to 53 of this Circular;
- (e) the letter of advice from the Independent Board Committee, the full text of which is set out on page 29 of this Circular;
- (f) the letter on the unaudited pro forma financial information of the Group issued by Elite Partners CPA Limited set out in Appendix II to this Circular;
- (g) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this Appendix to this Circular;
- (h) the consent letter referred to in the paragraph under the heading "Experts and Consent" in this Appendix to this Circular;
- (i) a copy of each circular issued pursuant to the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules which has been issued since the date of the latest published audited accounts; and
- (j) this Circular.

12. CORPORATE INFORMATION

Registered office and principal place of business in Hong Kong	Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong
Underwriter	Quest Stockbrokers (HK) Limited Unit A&B, 1st Floor, Harbour Commercial Building, 122–124 Connaught Road Central, Sheung Wan, Hong Kong
Legal adviser to the Company	Tso Au Yim & Yeung 5/F, Ka Wah Bank Centre, 232 Des Voeux Road Central, Central, Hong Kong
Auditor	Elite Partners CPA Limited Suite 921-921A, 9th Floor, Star House, 3 Salisbury Road Tsim Sha Tsui, Kowloon, Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited 16th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong Wing Hang Bank, Limited 161 Queen’s Road Central, Central, Hong Kong
Share registrar and transfer office	Hong Kong Registrars Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
Authorised representatives	Ms. Yip Man Yi Mr. Au Yeung Yiu Chung
Company secretary	Mr. Wong Po Keung

Compliance Officer Mr. Au Yeung Yiu Chung

Audit Committee Mr. Lau Shu Yan (*Chairman*)
Mr. Chiu Koon Shou
Mr. Li Kwok Chu

The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and internal control procedures of the Group. The background of the members of Audit Committee are set out in section "PARTICULARS OF DIRECTORS".

13. PARTICULARS OF DIRECTORS

Name	Correspondence Address
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Executive Directors

Ms. Yip Man Yi	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
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Mr. Chan Yun Fai	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
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Mr. Au Yeung Yiu Chung	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
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Non-executive Director

Mr. Lau Kin Hon	Room A, 9th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
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*Independent
non-executive Directors*

Mr. Li Kwok Chu Room A, 9th Floor,
Fortis Tower,
77-79 Gloucester Road,
Wanchai,
Hong Kong

Mr. Chiu Koon Shou Room A, 9th Floor,
Fortis Tower,
77-79 Gloucester Road,
Wanchai,
Hong Kong

Mr. Lau Shu Yan Room A, 9th Floor,
Fortis Tower,
77-79 Gloucester Road,
Wanchai,
Hong Kong

The brief biographies of the Directors are set out below:

Executive Directors

Ms. Yip Man Yi (“Ms. Yip”), aged 41, was appointed as chairman and Executive Director on 10 April 2012. She is also a member of the Remuneration Committee. Ms. Yip is also the director of a subsidiary. Save as disclosed above, Ms. Yip does not hold any other position with the Company or any of its subsidiaries. Ms. Yip graduated from Seneca College of Applied Arts and Technology, Toronto, Canada. Ms. Yip has since her appointment as chairman and executive director of the Company been working full time for the Company and normally spends approximately 35 hours working for the Company each week and has attended all meetings of the Board that were being held. Ms. Yip’s role and responsibility in the Company is overseeing the overall investments of the Company and advising the Company on its investment strategies. Ms. Yip has more than 15 years working experiences and had worked for a number of listed companies in Hong Kong in handling investor relationship and as assistant to directors, she has also gained invaluable experiences on corporate sales and global bank business while working with HSBC Markets (Asia) Limited. Prior to joining the Company she was the sales and marketing director of her own family business responsible for formulating marketing strategies on growth development. With the wealth of experiences Ms. Yip had gained in investments, finance and marketing, the Board believes it will be best to position her as the chairman to oversee the overall investments of the Company and to advise the Company on its investment strategies. Ms. Yip was nominated as chairman and executive director to the Board by Mr. Cheung Man Yau, Timothy (“Mr. Cheung”), a former executive director and chief executive officer of the Company. Save as disclosed above, Ms. Yip does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

Mr. Chan Yun Fai (“Mr. Chan”), aged 25, was appointed as an Executive Director on 10 March 2012. Mr. Chan is also the director of a number of subsidiaries. Save as disclosed above, Mr. Chan does not hold any other position with the Company or any of its subsidiaries. Mr. Chan holds a Bachelor Degree of Science (Actuarial Science) from the Ohio State University, the United State of America. Mr. Chan has since his appointment as executive director of the Company been working full time for the Company and normally spends approximately 35 hours working for the Company each week and has attended all meetings of the Board that were being held. Mr. Chan’s role and responsibility in the Company is overseeing operations of the investment projects of the Company and handle the relationships between the Company and the operators of the Company’s investment projects. Mr. Chan has gained considerable experiences in sales and marketing in various industries including metal products and food products, the Board believes it will be best to position Mr. Chan to oversee operations of the Company’s investment projects and the maintain close relationships with the operators of the Company’s investment projects. Mr. Chan was nominated as executive director to the Board by Mr. Cheung. Save as disclosed above, Mr. Chan does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

Mr. Au Yeung Yiu Chung (“Mr. Au Yeung”), aged 31, was appointed as an Executive Director on 10 March 2012. Mr. Au Yeung is also the director of a number of subsidiaries. Save as disclosed above, Mr. Au Yeung does not hold any other position with the Company or any of its subsidiaries. Mr. Au Yeung graduated from the Hong Kong Polytechnic University with a bachelor of Applied Biology in Biotechnology in 2004. Mr. Au Yeung has since his appointment as executive director of the Company been working full time for the Company and normally spends approximately 35 hours working for the Company each week and has attended all meetings of the Board that were being held. Mr. Au Yeung’s role and responsibility in the Company is overseeing compliance and financial aspect of the Company and to explore the possibility for the Company to embark on a new line of business in securities investments. Mr. Au Yeung has completed Licensing Examination for Securities and Futures Intermediaries Papers 1, 7 and 8 organized by the Hong Kong Securities Institute. Mr. Au Yeung has more than 7 years experiences in the insurance and securities industries and prior to joining the Company he had for companies such as Aviva General Insurance Limited, AXA (China Region) Insurance Company Limited, VC Brokerage Limited and Beijing Securities Limited, the Board believes it will be best to position Mr. Au Yeung to oversee compliance and financial aspect of the Company. The Company is also exploring the possibility of embarking on a new line of business in securities investments and Mr. Au Yeung’s experience in the securities industry will be valuable to the Company’s future business development. Mr. Au Yeung was nominated as executive director to the Board by Mr. Cheung. Save as disclosed above, Mr. Au Yeung does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

Non-executive Director

Mr. Lau Kin Hon (“Mr. Lau”), age 45, is a practicing solicitor in Hong Kong. Mr. Lau obtained a bachelor of laws degree with honours from University College, London, U.K. He is currently a partner of a law firm in Hong Kong. He is also an executive director of CL Group (Holdings) Limited (Stock Code: 8098) and a non-executive director of Lisi Group (Holdings) Limited (Stock Code: 526), both of which are listed on the Stock Exchange of Hong Kong Limited. Save as aforesaid, Mr. Lau did not hold any other directorship in any public listed companies in the last three years.

Mr. Lau had been the independent non-executive director of Fujian Group Limited (“FGL”), Seapower Resources International Limited (“SRI”) and I-China Holdings Limited (“ICL”) respectively. FGL was incorporated in Hong Kong whose principal business was property investment. FGL was subject to a winding up petition at the High Court of Hong Kong in 2003 and provisional liquidators were appointed on 15 January 2003. Successful restructuring of FGL was completed on 11 December 2003 and the said winding up petition and provisional liquidators were discharged accordingly. SRI was incorporated in the Cayman Islands whose principal businesses were property investment and cold storage. SRI was subject to a winding up petition at the High Court of Hong Kong in 2001 and provisional liquidators were appointed on 31 December 2001. Successful restructuring of SRI was completed on 5 December 2003 and the said winding up petition and provisional liquidators were discharged accordingly. ICL was incorporated in Bermuda whose principal business was investment holding. ICL was subject to a winding up petition at the High Court of Hong Kong in 2002 and provisional liquidators were appointed on 5 December 2002. Successful restructuring of ICL was completed on 23 April 2004 and the said winding up petition and provisional liquidators were discharged accordingly. Mr. Lau has confirmed that there was no wrongful act on his part leading to the winding up petitions in respect of FGL, SRI and ICL.

Independent non-executive Directors

Mr. Li Kwok Chu (“Mr. Li”), aged 56, was appointed as an Independent Non-executive Director, a member of the Audit Committee and the Remuneration Committee on 16 March 2012 and the chairman of the Nomination Committee. Save as disclosed above, Mr. Li does not hold any other position with the Company or any of its subsidiaries. Mr. Li is a chairman and chief executive officer of Pakco Group and has rich experience in administration and management field. Prior to Mr. Li joining Pakco Group, he was the managing director of Pakco Security (HK) Limited. Save as disclosed above, Mr. Li does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

Mr. Chiu Koon Shou (“Mr. Chiu”), aged 43, was appointed as an Independent Non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 20 April 2012. Save as disclosed above, Mr. Chiu does not hold any other position with the Company or any of its subsidiaries. Mr. Chiu graduated from the London School of Economics and Political Science, London University with a bachelor of Economics. He also holds a master degree of Law from the University College, London University. Mr. Chiu is a solicitor of the High Court of the Hong Kong Special Administrative Region and the Supreme Court of England and Wales. Mr. Chiu is a principal and solicitor of Victor Chiu Tsang & Partners and has substantial experience in insolvency and restructuring (contentious and non-contentious), debt recovery, PRC investments and general commercial work. He is also the member of the Insolvency Law Committee of the Law Society of Hong Kong. Mr. Chiu was an independent non-executive director of Far East Pharmaceutical Technology Limited (now known as United Gene High-Tech Group Limited) from 1 September 2004 to 13 May 2009, a company listed on the Main Board of the Stock Exchange whose subsidiaries are principally engaged in the manufacturing and distribution of pharmaceutical products. A petition was filed on 15 September 2004 to wind up Far East Pharmaceutical Technology Limited in respect of the default of a syndicated bank loan and since then, liquidators have been appointed. Mr. Chiu was not involved in the arrangement of the syndicated bank loan and his appointment was made after the said default had occurred. Save as disclosed above, Mr. Chiu does not hold any other directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years or other major appointment and qualifications.

Mr. Lau Shu Yan (“Mr. Lau”), aged 31, was appointed as an independent non-executive director and chairmen of the audit and remuneration committees and member of the nomination committee on 11 July 2012. Save as disclosed above, Mr. Lau does not hold any other position with the Company or any of its subsidiaries. Mr. Lau graduated from the University of Newcastle in United Kingdom with a bachelor’s degree in Accounting and Financial Analysis. He is a Certified Public Accountant (Practising) in Hong Kong, a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lau has over 8 years experience in finance, auditing and accounting fields. Mr. Lau had previously worked in an international accounting firm and he is currently a partner of an audit firm. Save as disclosed above, Mr. Lau did not hold any other directorship in any public listed companies in the last three years.

Company Secretary

Mr. Wong Po Keung, graduated from the University of South Australia with a master degree in Business Administration. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wong has over 18 years of experience in auditing, accounting and financial management.

NOTICE OF EGM



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8022)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of TLT Lottotainment Group Limited (the “Company”) will be held at Room A, 9th Floor, Fortis Tower, 77–79 Gloucester Road, Wanchai, Hong Kong on Monday, 8 April 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **THAT**
 - (a) the authorised share capital of the Company of HK\$100,000,000 comprising of 200,000,000 shares of HK\$0.50 each (the “Shares”) be and is hereby increased to HK\$1,000,000,000 comprising of 2,000,000,000 Shares, by the creation of an additional 1,800,000,000 Shares; and
 - (b) the directors of the Company be and are hereby authorised to do all other acts and things and execute all documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the transactions contemplated under resolution 1(a) above.

2. **THAT** subject to the fulfillment of the conditions set out in the underwriting agreement dated 5 February 2013 (the “Underwriting Agreement”) in respect of the proposed open offer by the Company and entered into between the Company and Quest Stockbrokers (HK) Limited (the “Underwriter”) (a copy of the Underwriting Agreement has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification):
 - (a) the allotment and issue of not less than 131,294,226 offer shares but not more than 131,635,698 offer shares (the “Offer Shares”) by way of open offer to the holders of Shares (the “Shareholders”) at the offer price of HK\$0.50 per Offer Share in the proportion of two Offer Shares for every one existing Share held by the Shareholders whose names appear on the register of members of the Company on Thursday, 18 April 2013 (the “Record Date”) (the “Open Offer”) as described in further details in a circular issued by the Company dated 19 March 2013 of which the notice convening this Meeting forms part and on and subject to such terms and conditions as may be determined by the directors of the Company, be and is hereby approved, confirmed and ratified;

NOTICE OF EGM

- (b) the directors of the Company be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the directors of the Company may make such exclusions or other arrangements in relation to Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (c) the directors of the Company be and is hereby authorised to do all acts and things in connection with the allotment and issue of the Offer Shares, the implementation of the Open Offer and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate and in the interests of the Company."

By Order of the Board
TLT LOTTOTAINMENT GROUP LIMITED
Yip Man Yi
Chairman and Executive Director

Hong Kong, 19 March 2013

Room A, 9th Floor
Fortis Tower
77-79 Gloucester Road
Wanchai
Hong Kong

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Notes:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 19 March 2013. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish.
- (3) In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- (4) In the case of joint holders of shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
- (5) Any voting at the Meeting shall be taken by poll.