

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code : 8022)

PROFIT GUARANTEE

Reference is made to the announcements of the Company dated 14 November 2011, 25 November 2011 and 28 February 2012 and the circular of the Company dated 7 February 2012 relating to the acquisition of the entire issued share capital of Creative Star Limited. The Board wishes to announce that the Guaranteed Profit for the Target Group for the calendar year ended on 31 December 2012 of not be less than HK\$2.7 million guaranteed by the Vendor has not been met and the Vendor has not fulfilled his obligation to compensate the Company over the short fall of the Guaranteed Profit in accordance with the Agreement.

Reference is made to the announcements of the Company dated 14 November 2011, 25 November 2011 and 28 February 2012 (the “Announcements”) and the circular of the Company dated 7 February 2012 (the “Circular”) in relation to the acquisition of the entire issued share capital of the Target Company. Unless otherwise stated, the definitions and terms defined in the Announcements and the Circular shall bear the same meanings when used in this announcement.

GUARANTEED PROFIT

On 14 November 2011 the Company (as purchaser) and the Vendor (as vendor) entered into the Agreement pursuant to which the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company, for a consideration of HK\$20 million. The Consideration of HK\$20 million was determined after arm’s length negotiations between the Company and the Vendor taking into account, amongst other things, the Guaranteed Profit to be provided by the Vendor to the Company.

Pursuant to the Agreement, the Vendor has unconditionally and irrevocably guaranteed to the Company that the consolidated profit for the Target Group after tax and minority interest for the calendar year ended on 31 December 2012 shall not be less than HK\$2,700,000 (the “Guaranteed Profit”). In the event the consolidated profit for the Target Group as guaranteed by the Vendor cannot be reached or the Target Group is suffering a loss, the Vendor shall within 10 days after the audited financial statements of the Company for the year ended 31 December 2012 are being published, compensate the Company with a sum equivalent to the short fall of the Guaranteed Profit times a multiplier of 7.4 and in the event the Target Group is suffering a loss for the year, compensate the Company with a sum equivalent to the amount of the loss of the Target Group and the Guaranteed Profit times a multiplier of 7.4.

The Board wishes to announce that the actual audited consolidated net profit after taxation and minority interest of the Target Group for the year ended 31 December 2012 was HK\$979,469.60 and therefore the Guaranteed Profit of HK\$2,700,000 has not been met. Accordingly, the Vendor shall compensate in the sum of HK\$12,731,924.96 to the Company (the “Compensation Sum”), being the shortfall of the Guaranteed Profit and the actual profit (HK\$2,700,000-HK\$979,469.60) in the sum of HK\$1,720,530.40 times the multiplier of 7.4.

The Vendor has not effected payment of the Compensation Sum to the Company on or before 6 April 2013, being 10 days after the audited financial statements of the Company for the year ended 31 December 2012 are being published due to tight financial position. The Company has demanded the Vendor to effect payment of the Compensation Sum and the Vendor has agreed and confirmed that he would effect full payment of the Compensation Sum by the end of May 2013.

The Company will make further update announcement on the payment of the Compensation Sum in due course.

By order of the Board
TLT Lottotainment Group Limited
Zhao Tuanjie
Chairman and Executive Director

Hong Kong, 6 May 2013

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

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

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