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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)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF PATALOGUE LIMITED**

The Board is pleased to announce that on 12 November 2014 after trading hours, the Company entered into the Agreement with the Vendors pursuant to which the Company has conditionally agreed to acquire from the Vendors the entire issued share capital of the Target together with all shareholder's loan due from the Target to the Vendors as at Completion at the consideration of HK\$18 million to be paid by the issue of the Promissory Note in favour of the Vendors.

Based on the relevant percentage ratios calculations under the GEM Listing Rules, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

#### **THE AGREEMENT**

**Date:** 12 November 2014

**Parties:**

1. Chan Ernest Kar Kit and Chung Kit Yee Kitty as vendors; and
2. the Company as purchaser.

To the best information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Vendors are Independent Third Parties.

## **Assets to be acquired**

The Sale Shares, representing the entire issued share capital of the Target, together with all shareholder's loan due from the Target to the Vendors as at Completion.

## **Consideration**

The consideration for the Acquisition is HK\$18 million and is to be satisfied by the Purchaser upon Completion by issuing the Promissory Note in favour of the Vendors (or their nominees).

The Consideration was determined after arm's length negotiations between the Vendor and the Company after taking into consideration of, among others, the estimated market value of 100% equity interest of the Target as at 1 September 2014 of HK\$18,054,000 million ("**Valuation**") as advised by B.I. Appraisals Limited, an independent valuation firm.

## **Conditions precedent**

The completion of the Agreement is subject to the following conditions precedent:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendors, the Target and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained;
- (c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereby having been obtained;
- (d) the warranties by the Vendors set out in the Agreement remaining true and accurate in all respects.

If the above conditions are not satisfied (or as the case may be, waived by the Company in respect of (a) and (d) only) on or before 5:00 p.m. on 12 December 2014, or such later date as the Vendors and the Company may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

## Completion

Completion shall take place on the third Business Day after the day on which all the conditions precedent of the Agreement are satisfied (or the case may be, waived by the Company), or such other date as the Vendors and the Company may agree in writing.

## Promissory Note

The principal terms of the Promissory Note are as follows:

Issuer:	The Company
Principal amount:	HK\$18,000,000
Maturity date:	the first anniversary of the date of issue of the Promissory Note (the “ <b>Maturity Date</b> ”)
Interest:	The Promissory Note shall bear interest at the interest rate of 2% per annum on the outstanding principal amount
Repayment:	The principal may be repaid in full or in part at any time without penalty prior to the Maturity Date. All outstanding principal shall be repaid on the Maturity Date
Transferability:	The holder of the Promissory Note may freely assign or transfer the Promissory Note whether in whole or in part to any person (other than a connected person (as defined in the GEM Listing Rules) of the Company)

## INFORMATION ON THE TARGET

The Target is a company incorporated in Hong Kong with limited liability and is wholly owned by the Vendors. The Target is principally engaged in mobile app business. The major asset of the Target is an application specifically built for iPad user named “Patalogue” (“**Product**”). According to the Vendors, the Product is a customizable sales & presentation tool and platform for small & medium businesses to easily build their iPad catalogue at minimum costs.

According to the audited accounts of the Target, the audited loss before and after tax for the period from 13 July 2012 (date of incorporation) to 31 December 2013 were both approximately HK\$387,000. The unaudited net assets value of the Target as at 31 August 2014 was approximately HK\$467,000.

## **PROFIT FORECAST**

The Valuation is based on discounted cash flow using the income-based approach. Therefore, the Valuation is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules.

Set out below are the major assumptions adopted by B.I. Appraisals Limited in the Valuation:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target operates or intends to operate has or would be officially obtained and renewable upon expiry.
- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized.
- There will be sufficient supply of technical staff in the industry in which the Target operates, and the Target will retain competent management, key personnel and technical staff to support its ongoing operations and developments.
- There will be no major change in the current taxation laws in the localities in which the Target operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target.
- Interest rates and exchange rates in the localities for the operation of the Target will not differ materially from those presently prevailing.
- The Target's revenue will grow at 3.78%, which was the expected inflation rate in Hong Kong, perpetually beyond the fifth projection year (2019 year-ended).

Elite Partners CPA Limited, acting as the reporting accountants of the Company, has reviewed the calculations of the discounted future estimated cash flows on which the Valuation is based, which do not involve the adoption of accounting policies.

The Directors confirm that the discounted future estimated cash flows on which the Valuation is based has been made after due and careful enquiry.

A letter from Elite Partners CPA Limited and a letter from the Board are included in the appendices to this announcement.

The following is the qualification of each expert who has provided its conclusion or advice, which is contained in this announcement:

<b>Name</b>	<b>Qualifications</b>
Elite Partners CPA Limited	Certified Public Accountants
B.I. Appraisals Limited	Professional valuer

As at the date of this announcement, each of Elite Partners CPA Limited and B.I. Appraisals Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

Each of Elite Partners CPA Limited and B.I. Appraisals Limited has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it is included.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in provision of travel agent services, advertising and marketing services, trading of securities and mobile application business.

The Target will become a wholly owned subsidiary of the Company upon completion of the Acquisition. The Directors are of the view that, through the Acquisition, the Group will be able to further expand their market share within the mobile app market, which is a rapidly growing market. Also, the Directors are of the view that there are synergy effects with the existing marketing businesses of the Group upon completion of the Acquisition. In light of the fact that there will not be any immediate cash outflow on the part of the Group for the Acquisition, and the historical record of the Product, the Board believes that the future prospects of the Target is promising.

The Directors are of the view that the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

Based on the relevant percentage ratios calculations under the GEM Listing Rules, the Acquisition constitutes a discloseable transaction of the Company and therefore is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Acquisition”	the acquisition of the entire issued share capital in the Target together with all shareholder’s loan pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 12 November 2014 made between the Vendors and the Company relating to the sale and purchase of the Sale Shares
“Board”	the Board of directors of the Company
“Company”	TLT Lottotainment Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on GEM
“Completion”	completion of the transactions contemplated under the Agreement
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the consideration of HK\$18 million payable by the Company to the Vendors under the Agreement
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons

“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	the 10,000 fully paid ordinary shares in the issued share capital of the Target held and beneficially owned by the Vendors, representing the entire issued share capital of the Target
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Patalogue Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Vendors
“Vendors”	Mr Chan Ernest Kar Kit and Ms Chung Kit Yee Kitty

By Order of the Board of  
**TLT Lottotainment Group Limited**  
**Wu Wenbei**  
*Chairman and Executive Director*

Hong Kong, 12 November 2014

*As of the date hereof, the executive directors of the Company are Mr. Wu Wenbei and Ms. Lin Yan Jenny; while the independent non-executive directors of the Company are Ms. Lam Yuk Ying, Elsa, Mr. Liu Kwong Sang and Mr. Yiu Yuen Kai.*

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

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

## APPENDIX 1

### LETTER FROM ELITE PARTNERS CPA LIMITED

The following is the text of a report from Elite Partners CPA Limited for the purpose of inclusion in this announcement.

12 November 2014  
The Board of Directors  
TLT Lottotainment Group Limited  
Room A, 9th Floor, Fortis Tower,  
77-79 Gloucester Road,  
Wanchai, Hong Kong

Dear Sirs

**TLT Lottotainment Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)**

**Comfort letter on profit forecast underlying the valuation of the Patalogue Limited (the “Target”) in connection with discloseable transaction of the Group**

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) report dated 12 September 2014 prepared by B.I. Appraisals Limited in respect of the Valuation of the Target as at 1 September 2014 in connection with proposed acquisition of 100% equity interest of the Target with all shareholder’s loan due from the Target to the Vendors as at completion, as published in the Company’s announcement dated 12 November 2014 (the “**Announcement**”). Capitalised terms used in this letter have the same meanings as defined in the Announcement of the Company dated 12 November 2014 unless the context otherwise requires.

The Valuation which is determined based on the discounted cash flows and is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Growth Enterprise Market Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

## **Respective responsibilities of the directors of the Company and the reporting accountants**

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the Valuation which is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules.

It is our responsibility to report, as required by Rule 19.61 of the GEM Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

### **Basis of opinion**

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the assumptions made by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Target. Accordingly, we do not express an audit opinion.

### **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully

#### **Elite Partners CPA Limited**

*Certified Public Accountants Hong Kong*

**Yip Kai Yin**

Practising Certificate Number: P05131

## APPENDIX 2

### LETTER FROM THE BOARD

The following is the text of a letter from the Board for the purpose of inclusion in this announcement.

Date: 12 November 2014

Listing Division  
The Stock Exchange of Hong Kong Limited  
11/F., One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

Dear Sirs

**Re: Discloseable Transaction – Acquisition of the entire issued share capital of Patalogue Limited**

We refer to the announcement of the Company dated 12 November 2014 (the “**Announcement**”) and also the valuation report dated 12 September 2014 (the “**Valuation**”) on the 100% equity interest in Patalogue Limited by B.I. Appraisals Limited, an independent professional valuer, which constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules.

We have discussed with B.I. Appraisals Limited on the bases and assumptions upon which the Valuation is based. We have also considered the letter from Elite Partners CPA Limited dated 12 November 2014 as set out in Appendix I to the Announcement regarding the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows is based on a number of bases and assumptions pertaining to the businesses of Patalogue Limited. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of Patalogue Limited may or may not achieve as expected and the variation may be material.

On the basis of the foregoing, we confirm that the discounted future estimated cash flows upon which the Valuation is based have been made after due and careful enquiry.

Yours faithfully

For and on behalf of the Board of Directors of  
TLT Lottainment Group Limited  
Name: Wu Wenbei  
Title: Director