



TLT LOTTOTAINMENT GROUP LIMITED

彩娛集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 8022

THIRD QUARTERLY REPORT 20

09



中国体育彩票
CHINA SPORTS LOTTERY

高频体彩手机投注 充值十
随时随地，轻松投注，永不

返奖率升至**59%** 奖金

玩法简单多样 申

15分钟 开奖一期 好

“复式”可当单式买 **2元**也

支持十一运 再

高频体彩手机投

中国体育彩票

中国体育彩票
CHINA SPORTS LOTTERY

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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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of TLT Lottotainment Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange for the purpose of giving information with regard to TLT Lottotainment Group Limited. The directors of TLT Lottotainment Group Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

THIRD QUARTERLY RESULTS (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

HIGHLIGHTS

- The Group achieved a turnover of approximately HK\$111,943,000 (continuing operation: HK\$15,563,000 and discontinued operation: HK\$96,380,000) for the nine months ended 30 September 2009 (2008: approximately HK\$142,818,000), representing a decrease of approximately 22% as compared with the turnover for the corresponding period in 2008. The decrease in turnover is mainly due to the disposal of public transportation business on 30 June 2009.
- Loss from ordinary activities attributable to equity holders of the Company for the nine months and three months ended 30 September 2009 was approximately HK\$85,307,000 (2008: loss of HK\$5,763,000) and HK\$22,540,000 (2008: loss of HK\$999,000) respectively. The loss from ordinary activities attributable to equity holders of the Company for the nine months and three months ended 30 September 2009 were mainly contributed by the non-cash amortization of intangible assets totalling approximately HK\$50,218,000 and HK\$17,324,000 respectively and imputed interest expense on promissory notes and convertible bonds totalling approximately HK\$42,868,000 and HK\$12,643,000 respectively.
- Basic loss per share for continuing and discontinued operation for the nine months and three months ended 30 September 2009 was approximately 19.14 HK cents and 5.06 HK cents respectively (Basic loss per share of the corresponding period in 2008: approximately 3.19 HK cents and 0.55 HK cent respectively). Loss per share for continuing operation for the nine months and three months ended 30 September 2009 was approximately 17.29 HK cents and 3.37 HK cents respectively (2008: N/A).
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2009 (2008: Nil).

THIRD QUARTERLY RESULTS (UNAUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

The board (the "Board") of directors (the "Directors") of TLT Lottotainment Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months and three months ended 30 September 2009 together with comparative unaudited figures for the corresponding periods in 2008 (the "Relevant Periods") as follows:

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
TURNOVER					
Continuing operation	2	15,563	11,656	6,723	3,546
Discontinued operation		96,380	131,162	–	47,320
		111,943	142,818	6,723	50,866
COST OF SERVICES		(113,986)	(132,779)	(5,314)	(45,054)
GROSS (LOSS)/PROFIT		(2,043)	10,039	1,409	5,812
OTHER NET INCOME	2	16,404	23,824	–	11,437
ADMINISTRATIVE EXPENSES		(91,923)	(37,001)	(22,507)	(16,585)
FINANCE COSTS	5	(43,660)	(2,629)	(12,654)	(922)
LOSS BEFORE TAXATION		(109,501)	–	(33,752)	–
Continuing operation		(109,501)	–	(33,752)	–
Discontinued operation		(11,721)	(5,767)	–	(258)
TAXATION	6	–	–	–	–
LOSS FOR THE PERIOD		(109,501)	–	(33,752)	–
Continuing operation		(109,501)	–	(33,752)	–
Discontinued operation		(11,721)	(5,767)	–	(258)
		(121,222)	(5,767)	(33,752)	(258)
OTHER COMPREHENSIVE INCOME (NET OF TAX)					
Exchange differences on translation of financial statements of overseas subsidiaries		90	337	90	115
Disposal of subsidiaries		5,196	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(115,936)	(5,430)	(33,662)	(143)

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD				
ATTRIBUTABLE TO:				
Equity Holders of the Company	(85,307)	(5,763)	(22,540)	(999)
Minority Interest	(35,915)	(4)	(11,212)	741
	<u>(121,222)</u>	<u>(5,767)</u>	<u>(33,752)</u>	<u>(258)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity Holders of the Company	(80,021)	(5,426)	(22,450)	(884)
Minority Interest	(35,915)	(4)	(11,212)	741
	<u>(115,936)</u>	<u>(5,430)</u>	<u>(33,662)</u>	<u>(143)</u>
LOSS PER SHARE				
For continuing and discontinued operations				
– Basic (HK cents)	19.14	3.19	5.06	0.55
– Diluted (HK cents)	N/A	N/A	N/A	N/A
For continuing operation				
– Basic (HK cents)	17.29	–	3.37	–
– Diluted (HK cents)	N/A	N/A	N/A	N/A

Notes

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Notes:

1. Basis of preparation and principal accounting policies

The Group's financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

HKFRS 8 Operating Segments

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure Standard that has resulted in a redesignating of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) Presentation of Financial Statements

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

All significant intra-group transactions and balances within the Group have been eliminated on consolidation.

The consolidated third quarterly results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

2. Turnover and revenue

The Group is engaged in the provision of lottery-based mobile online game recharge service and rendering of bus services through public routes, bus hire and sightseeing ticket, taxi rental as well as management fees. Revenue recognized during the Relevant Periods are as follows:

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover				
Continuing operation				
– Mobile Recharging Service Income	2,064	–	1,241	–
– Travel Agent Services Income	13,499	11,656	5,482	3,546
Discontinued operation				
– Related bus services				
– Public bus routes	71,930	101,516	–	32,840
– Hire a bus services and sightseeing ticket	16,022	11,751	–	5,851
– Taxi rental	6,702	15,971	–	7,765
– Management fee	1,726	1,924	–	864
	111,943	142,818	6,723	50,866
Other revenue				
Advertising income on fleet body	844	1,658	–	1,077
Subsidy from local authority	13,594	18,088	–	7,405
Sundries	1,966	4,078	–	2,955
	16,404	23,824	–	11,437
Total revenue	128,347	166,642	6,723	62,303

3. Segmental information

No geographical segment analysis of the Group's performance for the nine months ended 30 September 2009 is presented as all of the turnover and contribution to operating results of the Group are attributable in the People's Republic of China (the "PRC").

An analysis of the Group's revenues and results for the period by business segments is as follows:

(i) For the nine months ended 30 September 2009 (Unaudited)

	Continuing operations		Discontinued operations				Total HK\$'000
	Mobile Recharging Services Income HK\$'000	Travel Agent Services Income HK\$'000	Hire a bus services and Public routes sightseeing ticket HK\$'000	Taxi Rental HK\$'000	Management fee HK\$'000		
Turnover	2,064	13,499	71,930	16,022	6,702	1,726	111,943
Cost of services	(1,645)	(11,930)	(75,955)	(17,150)	(6,084)	(1,222)	(113,986)
Gross profit	419	1,569	(4,025)	(1,128)	618	504	(2,043)
Administrative expenses	(13,890)	(1,833)	(12,709)	(3,720)	(2,611)	(2,199)	(36,962)
Segment results	(13,471)	(264)	(16,734)	(4,848)	(1,993)	(1,695)	(39,005)
Unallocated items:							
Other revenue							16,404
Administrative expenses							(54,961)
Finance costs							(43,660)
Loss before taxation							(121,222)
Taxation							-
Loss for the period							(121,222)

(ii) For the nine months ended 30 September 2008 (Unaudited)

	Continuing operations		Discontinued operations				Total HK\$'000
	Mobile Recharging Services Income HK\$'000	Travel Agent Services Income HK\$'000	Public routes HK\$'000	Hire a bus services and sightseeing ticket HK\$'000	Taxi Rental HK\$'000	Management fee HK\$'000	
Turnover	–	11,657	108,393	8,360	12,817	1,591	142,818
Cost of services	–	(10,713)	(104,407)	(7,158)	(9,421)	(1,080)	(132,779)
Gross profit	–	944	3,986	1,202	3,396	511	10,039
Administrative expenses	–	(2,008)	(17,433)	(291)	(2,306)	(36)	(22,074)
Segment results	–	(1,064)	(13,447)	911	1,090	475	(12,035)
Unallocated items:							
Other revenue							23,824
Administrative expenses							(14,927)
Finance costs							(2,629)
Loss before taxation							(5,767)
Taxation							–
Loss for the period							(5,767)

4. Loss Before Taxation

Loss before taxation is arrived at after charging the following:

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Cost of services	113,986	132,779	5,314	45,054
Amortisation of intangible assets	50,218	113	17,324	36
Depreciation	1,147	2,068	280	1,201
Operating lease rentals in respect of land and buildings	3,896	799	1,547	285
Staff costs including directors' emoluments	23,518	18,373	3,568	2,785

5. Finance costs

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Imputed interest on convertible bonds	23,177	294	5,539	42
Imputed interest on promissory notes	19,691	–	7,104	–
Interest on bank loans and overdrafts	792	2,335	11	880
	43,660	2,629	12,654	922

6. Taxation

No provision for Hong Kong profits tax has been made as the Group did not have assessable profit subject to Hong Kong Profits Tax during the relevant periods.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

7. Interim dividend

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2009 (2008: Nil).

8. Loss per share

The calculation of the basic loss per share for continuing and discontinued operation is based on loss from the ordinary activities attributable to equity holders of the Company for the nine months and three months ended 30 September 2009 of approximately HK\$85,307,000 and approximately HK\$22,540,000 respectively (corresponding periods of 2008: Loss of approximately HK\$5,763,000 and Loss of approximately HK\$999,000 respectively) and on a weighted average of 445,664,835 (2008: 180,437,956) shares in issue during the periods.

For loss per share of continuing operation, it is calculated based on loss from the ordinary activities attributable to equity holders of the Company for the nine months and three months ended 30 September 2009 of approximately HK\$77,055,000 and approximately HK\$15,019,000 respectively (corresponding periods of 2008: N/A) and on a weighted average of 445,664,835 (2008: N/A) shares in issue during the periods.

No diluted loss per share have been presented as the exercise of the convertible bonds and conversion of share options would have an anti-dilutive effect.

9. Capital and Reserves

	Share capital	Share premium	Exchange reserve	Merger reserve	Statutory reserves	Asset revaluation reserve	Convertible bonds reserve	(Accumulated losses)/ retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2009	2,160	36,472	14,253	(490)	3,227	306	-	(41,057)	14,871	6,270	21,141
Loss for the period	-	-	-	-	-	-	-	(80,021)	(80,021)	(35,915)	(115,936)
Shares issued upon completion of acquisition of subsidiaries	440	25,960	-	-	-	-	-	-	26,400	-	26,400
Convertible bonds issued upon completion of acquisition of subsidiaries	-	-	-	-	-	-	149,802	-	149,802	-	149,802
Shares issued upon conversion of convertible bond	2,867	191,402	-	-	-	-	(69,267)	-	125,002	-	125,002
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	268,256	268,256
Disposal of subsidiaries	-	-	-	490	(3,178)	(213)	-	2,901	-	21	21
Release of exchange reserve due to disposal of subsidiaries	-	-	(13,992)	-	-	-	-	-	(13,992)	-	(13,992)
As at 30 September 2009	<u>5,467</u>	<u>253,834</u>	<u>261</u>	<u>-</u>	<u>49</u>	<u>93</u>	<u>80,535</u>	<u>(118,177)</u>	<u>222,062</u>	<u>238,632</u>	<u>460,694</u>

In accordance with the relevant PRC regulations, subsidiaries of the Company established in the PRC are required to transfer a certain percentage of their profit after taxation, if any, to the general reserve which comprise of the statutory reserve and the enterprise expansion fund. The percentage of the transfer is determined by the board of directors of the subsidiaries.

The above reserves are non-distributable and calculated by reference to the PRC statutory financial statements of these subsidiaries.

10. Acquisition of subsidiaries

On 8 January 2009, the acquisition of 65% issued share capital of Wisdom In Holdings Limited was completed. The amount of the goodwill arising as a result of the acquisition was approximately HK\$296,983,000. Details of the transaction were disclosed in the Company's circular dated 5 November 2008.

The net assets of Wisdom In Holdings Limited and its subsidiaries ("Wisdom In Group") acquired in the transaction and the goodwill arising are as follows:

	(Unaudited) As at 8 January 2009	
	Wisdom In Group's carrying amount	Adjusted Fair value
	HK\$'000	HK\$'000
Net assets/(liabilities)	(17,908)	556,230
Less: minority interest	(6,268)	(269,730)
	<hr/>	<hr/>
Value of the acquired assets/(liabilities)	(11,640)	286,500
Assignment of current account		12,631
Goodwill		296,983
		<hr/>
		596,114
		<hr/> <hr/>
		(Unaudited)
		As at 1 January 2009
		Fair value
		HK\$'000
Satisfied by:		
Cash		5,000
Issue of 44,000,000 shares of the Company at issue price of HK\$0.60 per consideration share		26,400
Issue of convertible bonds		409,200
Issue of promissory notes (Present Value)		155,514
		<hr/>
Total consideration		596,114
		<hr/> <hr/>

11. Discontinued operations

On 6 May 2009, pursuant to the sale and purchase agreement entered into between the Company and Cable Best Development Limited (the "Purchaser"), the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to buy the 100% interest of Argos Bus Services (China) Company Limited and its subsidiaries (the "Target Group") but excluding 雅高企業管理顧問(南京)有限公司 (Argos Enterprise Management Consultant (Nanjing) Limited[#]) and 徐州中國國際旅行社有限公司 (Xuzhou China International Travel Service Limited[#]) for a total consideration of HK\$1,931,680 (the "Disposal"). The Disposal took place on 30 June 2009. Details of the transaction were disclosed in the Company's circular dated 11 June 2009.

12. Share capital

The share capital of the Company as at 30 September 2009 is 546,681,818 ordinary shares and equivalent to HK\$5,466,818 (31 December 2008: 216,000,000 ordinary shares which is equivalent to HK\$2,160,000). The change in share capital is mainly due to the issue of consideration shares to Mr. Zhang Wei Ting as part of the consideration of the very substantial acquisition and the issue of shares converted from the convertible bonds.

For identification purpose

BUSINESS REVIEW

The unaudited turnover of the Group decreased by approximately 22% to approximately HK\$111,943,000 as compared with the turnover for the corresponding period in 2008.

During the nine months ended 30 September 2009, continuing operations achieved a turnover of approximately HK\$15,563,000, representing an increase of 33% as compared with the turnover for the corresponding period in 2008. The discontinued operation achieved a turnover of approximately HK\$96,380,000 as at 30 June 2009.

ACQUISITION OF LOTTOTAINMENT BUSINESS

References are made to (i) the announcements of the Company dated 15 October 2008, 8 January 2009, 6 April 2009, 7 August 2009 and 6 November 2009 in relation to the very substantial acquisition pursuant to the terms and conditions set out in the Master Agreement, the First, Second and Third Supplemental Agreements to the Master Agreement; (ii) the circular of the Company dated 5 November 2008 and; (iii) the announcement of the Company dated 26 November 2008 of the results of extraordinary general meeting of the Company held on 26 November 2008.

On 23 September 2008, Mega Field International Limited (“Mega Field”), a wholly-owned subsidiary of the Company, entered into the Master Agreement with Mr. Zhang Wei Ting pursuant to which Mr. Zhang Wei Ting has conditionally agreed to dispose of Wisdom In Holdings Limited (“Wisdom In”) which subsidiaries are engaged in the provision of nationwide telecommunications value-added services, including packaged message subscription, payment or recharging services for mobile phone subscribers in the PRC and Mega Field has conditionally agreed to acquire the Sale Shares and the Sale Loan of Wisdom In at a total consideration of HK\$695 million.

The acquisition took place on 8 January 2009. Mr. Zhang Wei Ting, Mega Field and the Company have entered into the Third Supplemental Agreement on 6 November 2009, whereby the undertaking period has been further extended from ten months to fourteen months after the completion of acquisition (i.e. from 8 November 2009 to 8 March 2010) as the JV Company requires more time in negotiating the Mobile Lottery Recharging Services Agreements with Liaoning Sport Lottery Administrative Center.

DISPOSAL OF PUBLIC TRANSPORTATION BUSINESS

References are made to the announcements of the Company dated 11 May 2009 and 30 June 2009, respectively and the circular of the Company dated 12 June 2009 in relation to the very substantial disposal.

The Company entered into a sale and purchase agreement dated 6 May 2009 with an independent third party in relation to the disposal of the entire issued share capital of its subsidiary, Argos Bus Services (China) Company Limited (“Argos Bus China”), at the consideration of HK\$1,500,000, and Argos Bus China’s indebtedness to the Company at the consideration of HK\$6,500,000, subject to the adjustment.

The completion of the disposal took place on 30 June 2009. Argos Bus China and its subsidiaries but excluding 雅高企業管理顧問(南京)有限公司 (Argos Enterprise Management Consultant (Nanjing) Limited#) and 徐州中國國際旅行社有限公司 (Xuzhou China International Travel Service Limited#) ceased to be subsidiaries of the Company since 1 July 2009.

Save as disclosed above, there were no acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 30 September 2009.

FUTURE PROSPECT

Apart from the travel agent services, we continue to participate in mobile lottery online business and other lottery sales channel in the PRC.

With our lottotainment business launched in Shandong province in January this year, we have achieved a steady growth in the number of both agents and subscribers using our "Tanglu Mobile Payment platform" ("TMP platform") for participating in mobile lottery online ("MLO"). MLO is a new lottery sale channel in China of which players can subscribe lottery by connecting online to the betting server of Sports Lottery Administrative Center through GPRS. The Group will shortly launch the business in other six provinces (namely Hainan, Qinghai, Gansu, Shaanxi, Hubei and Liaoning) in China. Being the first enterprise authorized by the China Sports Lottery Administration Centre to develop the TMP platform in 2007 and the first enterprise to launch the TMP platform in Shandong in January 2009, the Company has competitive edge against any potential competitors and could well achieve our target – Becoming the leading lottery-based mobile online game service provider in China.

In addition to our MLO business, the Group also step in the lottery sale of "Sports Betting". Sports Betting (競彩) is a new lottery game on single match soccer and basketball recently launched in the PRC. This game is proved to be popular and successful in other countries like the USA, UK and other European countries while it is only at an early stage in China market. As the World Cup is coming next year, as well as the increasing convenience of watching live soccer matches all over the world and the huge population of soccer and basketball lovers in China, we consider there is huge potential for the sports betting market sector. Our subsidiary, TLT Services (Shanghai) Limited (上海唐路科技服務有限公司), was approved by the Shandong Sports Lottery Administrative Center ("SSLAC") on 26 August 2009 to operate Sports Betting (競彩) sales outlet in Shandong Province for SSLAC and the first Sports Betting sales outlet was launched in Qingdao on 23 October 2009.

For identification purpose

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the following Directors or chief executives of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 (including interests or short positions which they were taken or deemed to have under such provisions 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.

Name of Director	Capacity/ nature of interests	Number of ordinary share(s) held	Number of underlying share(s) held	Approximate of aggregate percentage of the Company's issued share capital
Mr. Cheung Man Yau, Timothy	Corporate	50,000,000 (Note 1)	–	9.15%
Mr. Wong Man Chiu, Ronnie	Corporate	1,161,342 (Note 2)	–	0.21%
Mr. Wong Wai Sing	Beneficial	3,350,000	–	0.61%
	Corporate	64,500,000 (Note 3)	–	11.80%
Mr. Chan Kin Yip	Beneficial	–	3,000,000 (Note 4)	0.55%
Mr. Cheng Wing Hong	Beneficial	–	1,500,000 (Note 4)	0.27%
Mr. Sung Wai Tak, Herman	Beneficial	–	500,000 (Note 4)	0.09%
Mr. Wong Lit Chor, Alexis	Beneficial	–	500,000 (Note 4)	0.09%
Mr. Fung Wai Shing	Beneficial	–	500,000 (Note 4)	0.09%

Notes:

1. Wonderful Source Limited, which directly holds 50,000,000 Shares, is wholly owned by Mr. Cheung Man Yau, Timothy, the executive Director and Chief Executive Officer of the Company. By virtue of Part XV of the SFO, Mr. Cheung Man Yau, Timothy is deemed to be interested in these 50,000,000 Shares.
2. 10,277,360 Shares are held by Sino Market Enterprises Limited which is beneficially owned as to 22.6% by Mellin Enterprises Limited. Mr. Wong Man Chiu, Ronnie, an executive director of the Company, has 50% control in Mellin Enterprises Limited, therefore, Mr. Wong Man Chiu, Ronnie has 1,161,342 shares as the effective interests of the Company.
3. These 64,500,000 Shares are held by Shiny Galaxy Enterprises Limited which is beneficially owned by Mr. Wong Wai Sing, a non-executive Director of the Company. By virtue of Part XV of the SFO, Mr. Wong Wai Sing is deemed to be interested in these 64,500,000 Shares.
4. The share options of the Company have granted to directors and employees on 29 June 2009 and outstanding as at 30 September 2009.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and 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 Model Code.

SHARE OPTION SCHEME

A share option scheme was adopted on 30 July 2001 and amended on 21 December 2008 by the shareholders of the Company under which the Directors may, at their discretion, grant options to themselves and any employees of the Group entitling them to subscribe for shares representing up to a maximum of 10 per cent. of the shares in the Company in issue from time to time (excluding shares which have been allotted and issued pursuant to the share option scheme).

Details of the movements in the share options granted to various Directors and employees of the Group and exercised during the nine months ended 30 September 2009 under the share option scheme are as follows:

Name or category	Date of grant	Exercisable period	Subscription price per share of the Company	Outstanding as at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2009
Directors								
Mr. Chan Kin Yip	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	-	3,000,000	-	-	3,000,000
Mr. Cheng Wing Hong	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	-	1,500,000	-	-	1,500,000
Mr. Sung Wai Tak, Herman	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	-	500,000	-	-	500,000
Mr. Wong Lit Chor, Alexis	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	-	500,000	-	-	500,000
Mr. Fung Wai Shing	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	-	500,000	-	-	500,000
Other Employees	29/06/2009	29/06/2009 to 28/06/2019	HK\$0.614	-	3,800,000	-	-	3,800,000
In aggregate				-	9,800,000	-	-	9,800,000

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the share option scheme referred to above, at no time during the nine months ended 30 September 2009 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate and none of the Directors, or their spouses or children under the age of the 18, had any right to subscribe for the Shares in the Company, or had exercised any such rights.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the nine months ended 30 September 2009.

SUBSTANTIAL SHAREHOLDERS OF INTEREST IN SHARES

As at 30 September 2009, other than the interests and short positions of the Directors or chief executives of the Company disclosed above, person or corporation who had interests in the shares and underlying shares and 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 was, 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 any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity and nature of interests	Number of ordinary Shares held	Percentage of the Company's issued share capital
Premier Capital Enterprises Limited (<i>Note</i>)	Beneficial	397,318,182	72.68%
Mr. Zhang Wei Ting (<i>Note</i>)	Corporate	397,318,182	72.68%
Mr. Fan Chen Yen	Beneficial	30,000,000	5.49%

Note: These shares are owned by Premier Capital Enterprises Limited, a company wholly owned by Mr. Zhang Wei Ting. The 397,318,182 Shares held by Premier Capital Enterprises Limited consist of convertible bonds which can be converted into 333,318,182 shares of the Company during its conversion period of three years from 9 January 2009. Mr. Zhang is deemed to be interested in 397,318,182 Shares pursuant to Part XV of the SFO.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 30 September 2009, the Directors or chief executives of the Company were not aware of any party who had an interest or short position in the shares or underlying shares 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the nine months ended 30 September 2009.

COMPETING INTERESTS

As at 30 September 2009, as far as the Directors are aware of, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group.

COMPLIANCE ADVISER'S INTERESTS

Pursuant to the agreement dated 26 June 2008 entered into between the Company and GF Capital (Hong Kong) Limited ("GF Capital"), GF Capital has received a fee for acting as the Company's compliance adviser commenced on 30 June 2008, the date on which the shares of the Company were resumed, and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing from the date of the appointment of compliance adviser.

Neither GF Capital nor its director or employees or associates had any interests in the securities of the Company, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company as at 30 September 2009.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are the review and supervision of the Company's financial reporting process and internal control systems. As at the date of this report, the audit committee comprised three independent non-executive Directors, namely Mr. Fung Wai Shing, Mr. Sung Wai Tak, Herman and Mr. Wong Lit Chor, Alexis.

The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated financial statements for the nine months ended 30 September 2009.

By order of the Board
TLT Lottotainment Group Limited
Wong Wai Sing
Chairman

Hong Kong, 11 November 2009

As of the date hereof, the executive Directors are Mr. Cheung Man Yau, Timothy, Mr. Wong Man Chiu, Ronnie, Mr. Chan Kin Yip and Mr. Cheng Wing Hong; the non-executive Director is Mr. Wong Wai Sing (Chairman); while the independent non-executive Directors are Mr. Fung Wai Shing, Mr. Sung Wai Tak, Herman and Mr. Wong Lit Chor, Alexis.