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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF UP TO 30% ISSUED SHARE CAPITAL OF GALAXY MOUNT INTERNATIONAL LIMITED

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

THE MOU dated 16 December 2010

The Board is pleased to announce that, on 16 December 2010, the Company and the Prospective Seller entered into the MOU in respect of the Proposed Acquisition. Pursuant to the MOU, the consideration for the Proposed Acquisition has not yet been determined and may be satisfied by the Company in cash and/or by issue and allotment of new Shares, or a combination of any of the above, or any other forms as the Company and the Prospective Seller may agree.

The MOU may or may not lead to the entering into of the Definitive Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Definitive Agreement materializes, the transaction contemplated thereunder may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcements will be made in respect thereof as and when required by the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

THE MOU DATED 16 DECEMBER 2010

The Board is pleased to announce that, on 16 December 2010, the Company and the Prospective Seller entered into the MOU in respect of the Proposed Acquisition.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Prospective Seller is an Independent Third Party.

Information of the Target Company

The Target Company is incorporated in the British Virgin Islands. The Target Company owns 100% equity interest in HK Holding which in turn owns 100% equity interest in WFOE. It is proposed that WFOE would enter into the Consultancy and Management Agreement with Beijing DOXTV pursuant to which Beijing BOXTV will engage WFOE on an exclusive basis to provide certain consultancy and management services in return for service fee.

Principal terms of the MOU

Pursuant to the MOU,

1. subject to (a) WFOE and Beijing DOXTV having entered into the Consultancy and Management Agreement; (b) the Company obtaining a legal opinion on the laws of the PRC which should be in a form to its satisfaction on the legality and validity on the Consultancy and Management Agreement and the arrangements thereunder; and (c) the Company's completion of the Due Diligence Inspection (as defined below) to the satisfaction of the Company, the Company proposes to, by itself or through its wholly owned subsidiary, acquire up to 30% of the issued share capital of the Target Company from the Prospective Seller;
2. the consideration for the Proposed Acquisition, which has not yet been determined, may be satisfied by the Company in cash, and/or by issue and allotment of new Shares, or a combination of any of the above, or any other forms as the Company and the Prospective Seller may agree;
3. subject to the consent of the Prospective Seller (the Prospective Seller should not unreasonably decline the reasonable requests from the Company or its advisors), the Company is entitled to designate accountants' firm, valuer, financial advisor and other professionals to audit, value and otherwise inspect the Target Group, the Businesses and/or other assets of the Target Group ("**Due Diligence Inspection**") during the Inspection Period, that is, 6 months after the date of the MOU; the Prospective Seller shall use its best endeavours to assist in the Due Diligence Inspection, including, without limitation, to provide information reasonably required by the Company and/or the advisors appointed by the Company and to respond to the questions raised by them;
4. the Company should complete the relevant Due Diligence Inspection within the Inspection Period and within seven days after the end of the Inspection Period, in writing notify the Prospective Seller as to whether the Company would proceed with the Proposed Acquisition;

5. In the case that the Proposed Acquisition would be proceeded with, the parties should endeavor to negotiate in good faith terms of the Definitive Agreement within 30 days of the date of the aforementioned notification (“**Long Stop Date**”);
6. during the Inspection Period, the Company has exclusive negotiation right regarding the Proposed Acquisition (“**Exclusive Negotiation Period**”) and the Prospective Seller shall not negotiate with or in any form, discuss with, any third party in regard to the Proposed Acquisition unless the MOU is terminated in accordance with paragraph 7 below before the end of the Exclusive Negotiation Period;
7. the MOU would be terminated upon the occurrence of any of the following:
 - (a) the parties mutually agree in writing to terminate the MOU;
 - (b) the Company informing the Prospective Seller in writing of its intention not to proceed with the Proposed Acquisition;
 - (c) the Long Stop Date unless the relevant parties have entered into the Definitive Agreement; or
 - (d) the execution of the Definitive Agreement.
8. the Company and the Prospective Seller each shall bear its own cost in relation to the discussion and negotiation of the Proposed Acquisition, including the preparation of the MOU and the Definitive Agreement; and
9. the MOU was intended to record the preliminary mutual understanding between the parties and to serve as a platform for further negotiations and, save for the terms of the MOU quoted in paragraphs 3, 6, 8 above and the terms of the MOU about confidentiality, was not intended to create legal relation and does not constitute a binding contract.

GENERAL

The MOU may or may not lead to the entering into of the Definitive Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Definitive Agreement materializes, the transaction contemplated thereunder may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcements will be made in respect thereof as and when required by the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Beijing DOXTV”	北京天天放送文化傳播有限公司(unofficial English translation as “DOXTV Corporation (Beijing) Limited”, a company established in the PRC with limited liability
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“Board”	the board of Directors
“Businesses”	operating (a) TV Channel “Audiovisual World (音像世界)”, (b) high definition television transmission and its relevant value-added business, and (c) ETC value-added service
“Company”	TLT LOTTOTAINMENT GROUP LIMITED, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM
“connected person”	has the meaning set out in the GEM Listing Rules
“Consultancy and Management Agreement ”	the consultancy and management services agreement to be entered into between Beijing DOXTV and WFOE pursuant to which Beijing DOXTV would engage WFOE on an exclusive basis to provide certain consultancy and management services in return for service fee
“Definitive Agreement”	the formal sale and purchase agreement to be entered into between the Prospective Seller and the Company with respect to the Proposed Acquisition
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Holding”	DOXTV CORPORATION (BEIJING) LIMITED 北京天天放送文化傳播有限公司, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	independent third party who is not a connected person of the Company as defined in the GEM Listing Rules and is independent of the Company and connected person of the Company
“Inspection Period”	6 months after the date of the MOU, extendable by written consents of the Company and the Prospective Seller
“MOU”	the memorandum of understanding dated 16 December 2010 entered into between the Company and the Prospective Seller
“PRC”	the Peoples’ Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Prospective Seller”	Mr. Gao Feng
“Proposed Acquisition”	the proposed acquisition of up to 30% of the issued share capital of the Target Company by the Company or its wholly owned subsidiary
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GALAXY MOUNT INTERNATIONAL LIMITED, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	Target Company and WFOE
“WFOE”	天天放送(珠海)商貿有限公司 (unofficial English translation as “Tiantianfangsong (Zhuhai) Commercial and Trading Company Limited”), a wholly foreign owned enterprise established in the PRC
“%”	per cent.

By Order of the Board
TLT LOTTOTAINMENT GROUP LIMITED
Cheung Man Yau, Timothy
Chief Executive Officer and Executive Director

Hong Kong, 16 December 2010

As of the date hereof, the executive Directors are Mr. Wong Wai Sing, Mr. Cheung Man Yau, Timothy, Mr. Chan Kin Yip, Mr. Cheng Wing Hong and Mr. Lai Chun Hung; while the independent non-executive Directors are Mr. Sung Wai Tak, Herman, Mr. Wong Lit Chor, Alexis and Mr. Fung Wai Shing.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

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