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

ADVANCE TO AN ENTITY

Reference is made to the Company's announcements dated 16 December 2010 and 6 January 2011.

The Board is pleased to announce that, on 26 January 2011 (after trading hours), the Company and the Prospective Seller entered into the Second Addendum, pursuant to which the Company has agreed to pay within seven calendar days from the date of the Second Addendum, to the Prospective Seller the Second Deposit.

The payment of the Second Deposit, when aggregated with the First Deposit, by the Company to the Prospective Seller constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under the GEM Listing Rules. The payment of the Deposits also constitutes an advance to an entity for the Company under the GEM Listing Rules.

The Proposed Acquisition may or may not materialize and the Shareholders and the potential investors are advised to exercise caution when dealing in the Shares of the Company.

Reference is made to the MOU Announcement dated 16 December 2010 and the Company's announcement dated 6 January 2011 (together with the MOU Announcement, the "Announcements") in relation to the entering into of an addendum to the MOU (the "First Addendum") pursuant to which the Company has agreed to pay to the Prospective Seller a deposit (the "First Deposit"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements, unless defined otherwise herein.

THE SECOND ADDENDUM

The Board is pleased to announce that on 26 January 2011 (after trading hours), the Company and the Prospective Seller (who to the best of the Directors' knowledge, information, and belief and having made all reasonable enquiries, is an Independent Third Party) entered into another addendum (the "Second Addendum") to the MOU pursuant to which the Company had agreed to pay within seven calendar days from the date of the Second Addendum, to the Prospective Seller a deposit (the "Second Deposit") in the sum of HK\$13,500,000, as refundable deposit, and part payment of the consideration, if the Definitive Agreement is entered into between the Company and the Prospective Seller. After the payment of the Second Deposit, the Company would have paid to the Prospective Seller an aggregate of HK\$26,000,000 as deposits (the "Deposits") pursuant to the First Addendum and the Second Addendum.

In the event that the Definitive Agreement is entered into by the Company and the Prospective Seller prior to the Long Stop Date, the Deposits shall be applied towards to reduce the Company's obligation to pay an equivalent amount of the cash portion of the consideration payable by the Company under the Definitive Agreement.

In the event that the Definitive Agreement is not entered into by the Company and the Prospective Seller prior to the Long Stop Date or if the MOU (as varied and supplemented by the First Addendum and the Second Addendum) is terminated by any party thereto in accordance with the MOU (as varied and supplemented by the First Addendum and the Second Addendum), the Prospective Seller shall, within three calendar days after the earlier of (i) the Long Stop Date or (ii) the day on which the MOU (as varied and supplemented by the First Addendum and the Second Addendum) is terminated, pay to the Company a sum which is equal to the Deposits.

In the event that the final consideration agreed between the parties and as stipulated in the Definitive Agreement does not comprise any cash portion, the Prospective Seller shall, within three calendar days after the entering into of the Definitive Agreement, pay to the Company a sum which is equal to the Deposits and in the event that the cash portion comprised in the final consideration agreed between the parties and as stipulated in the Definitive Agreement is less than the Deposits, the Prospective Seller shall, within three calendar days after the entering into of the Definitive Agreement, pay to the Company a sum which is equal to the difference between the Deposits and the amount of the cash portion comprised in the final consideration.

DIRECTORS' VIEWS AND REASONS FOR THE FIRST AND SECOND ADDENDUMS

The terms of the First Addendum and the Second Addendum were arrived at after arm's length negotiations between the Company and the Prospective Seller. The payment of the First Deposit and the Second Deposit has been funded from internal resources of the Group. The Directors consider that the transactions contemplated under the First Addendum and the Second Addendum are on normal commercial terms and the terms of the First Addendum and the Second Addendum are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The payment of the Deposits by the Company represents the Company's gesture to show its interest to proceed with the Proposed Acquisition. The Directors consider that the Proposed Acquisition would provide an opportunity for the Group to further enhance its entertainment business. More information on the Target and the Prospective Seller were set out in the MOU Announcement.

The Directors wish to emphasise that up to the date of this announcement, no detailed terms of the Proposed Acquisition, including the amount of the consideration and how it shall be satisfied, have been agreed upon by the Company and the Prospective Seller.

IMPLICATIONS UNDER THE GEM LISTING RULES

The payment of the Second Deposit, when aggregated with the First Deposit, by the Company constitutes a discloseable transaction for the Company and will be subject to notification and announcement requirements under the GEM Listing Rules. The payment of the Deposits also constitutes an advance to an entity for the Company under the GEM Listing Rules given the amount of the Deposits exceeds 8% of the assets ratio of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the Company is required to make the relevant disclosures under Rule 17.17 of the GEM Listing Rules.

GENERAL

The Group is principally engaged in the provision of lottery-based mobile online game recharge service, internet e-gaming, rendering of travel agent services, entertainment programme production, events organization and operation of an artist training school.

The Proposed Acquisition may or may not materialize and Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

For and on behalf of the Board
TLT LOTTOTAINMENT GROUP LIMITED
Cheung Man Yau, Timothy
Chief Executive Officer and Executive Director

Hong Kong, 26 January 2011

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>.