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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 POSSIBLE ACQUISITION

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

The Board is pleased to announce that, on 5 August 2011, the Company and the Prospective Seller entered into the MOU in relation to the Proposed Acquisition of 51% equity interest in the Target Company.

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

The Board is pleased to announce that, on 5 August 2011, the Company and the Prospective Seller entered into the MOU in relation to the Proposed Acquisition of 51% equity interest in the Target Company.

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

Information of the Target Company

The Target Company is incorporated in the British Virgin Islands. Based on the information provided by the Prospective Seller, the Target Company and its subsidiaries are principally engaged in the music and entertainment business.

Principal terms of the MOU

Pursuant to the MOU,

1. the Company may (subject to, inter alia, satisfaction of the due diligence review and entering into of the Definitive Agreement) acquire from the Prospective Seller 51% equity interest in the Target Company;
2. the consideration for the Proposed Acquisition, subject to further negotiation will be in the range between HK\$25,000,000 and HK\$30,000,000, which will be satisfied by cash, securities of the Company or a combination of both;
3. subject to the full provision of the required due diligence documents, both the Company and the Prospective Seller shall use their efforts to complete the due diligence review on the Target Company and/or its subsidiaries (as the case may be) within five months after the date of the MOU ("**Due Diligence Review Period**"); and
4. in the event that either the Company or the Prospective Seller is not satisfied with the result of the due diligence review on or before the expiry of the Due Diligence Review Period, the MOU will lapse and neither party shall have any obligations towards the other party nor has any claims against the other party.

The MOU is not legally binding on the parties thereto.

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.

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	TLT LOTTOTAINMENT GROUP LIMITED, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on GEM (stock code: 8022)
“Connected person”	has the meaning set out in the GEM Listing Rules
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 5 August 2011 entered into between the Company and the Prospective Seller
“Proposed Acquisition”	the proposed acquisition of 51% of equity interest in the Target Company by the Company
“Prospective Seller”	Mr. Chu Wai Hung, Stephen, the sole shareholder owning 100% equity interest in the Target Company

“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”	a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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

Hong Kong, 5 August 2011

As of the date hereof, the executive Directors are Mr. Cheung Man Yau, Timothy, Mr. Chan Kin Yip and Mr. Lai Chun Hung; and 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>.