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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)

(1) TERMINATION OF MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION; AND (2) SHAREHOLDERS' AGREEMENT IN RESPECT OF A JOINT VENTURE COMPANY

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

Reference is made to the Company's announcement dated 5 August 2011.

The Board announces that on 25 August 2011 (after trading hours), (1) the Company and the Prospective Seller entered into the Termination Agreement, pursuant to which the Company and the Prospective Seller agreed to terminate the MOU with immediate effect; and each of them has confirmed that it has no claim against the other arising from and in connection with the MOU or for or by reason of any act matter or thing relating thereto; and (2) the Company, the Target Company and the JV Company entered into the Shareholders' Agreement pursuant to which the Company and the Target Company agree to carry on the Business through the JV Company and its wholly-owned subsidiaries.

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

Reference is made to the announcement of the Company dated 5 August 2011 (“**MOU Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the MOU Announcement.

THE TERMINATION AGREEMENT

The Board announces that on 25 August 2011 (after trading hours), the Company and the Prospective Seller entered into a termination agreement (“**Termination Agreement**”), pursuant to which the Company and the Prospective Seller agreed to terminate the MOU with immediate effect (“**Termination**”); and each of them has confirmed that it has no claim against the other arising from and in connection with the MOU or for or by reason of any act matter or thing relating thereto.

THE SHAREHOLDERS’ AGREEMENT

On 25 August 2011 (after trading hours), the Company, the Target Company and Victory Team Group Limited (a company incorporated in the British Virgin Islands with limited liability and was wholly owned by the Target Company as at the date of this announcement) (“**JV Company**”) entered into a shareholders’ agreement (“**Shareholders’ Agreement**”), pursuant to which the Company and the Target Company agree to carry on the business of organizing concerts and singing contests in the People’s Republic of China (“**Business**”) through the JV Company or its wholly-owned subsidiaries.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Target Company and its ultimate shareholders are independent third parties who are not connected persons of the Company as defined in the GEM Listing Rules and are independent of the Company and the connected persons of the Company.

Pursuant to the Shareholders’ Agreement,

1. before 30 November 2011 or on such other date as may be agreed between the Company and the Target Company, the Company shall take reasonable steps to subscribe for 51 shares (“**JV Company Shares**”) of US\$1 each in the capital of the JV Company (which will represent 51% of the total issued JV Company Shares immediately upon completion of the subscription of the JV Company Shares by the Company and the Target Company pursuant to the Shareholders Agreement (“**Enlarged JV Company Share Capital**”)) at HK\$1,500,000 while the Target Company shall take reasonable steps to subscribe for 49 JV Company Shares (which will represent 49% of the Enlarged JV Company Share Capital) at HK\$1,441,176;
2. none of the Company nor the Target Company is obliged to make further capital contribution to the JV Company when the issued share capital of the JV Company is equal to or exceeds HK\$2,941,176 (or an equivalent amount) unless otherwise agreed by them in writing; and
3. each of the Company and the Target Company undertakes and covenants that it shall not, and shall procure that any of its subsidiaries shall not, while it is a direct or indirect shareholder of the JV Company and/or any of its subsidiaries, other than through the JV Company and/or its subsidiaries, carry on or be concerned, engaged or interested directly or indirectly in the Business (in any capacity whatsoever), during the period commencing on the date of the Shareholders’ Agreement to the date which is first anniversary of the date on which it ceases to be a direct or indirect shareholder of the

JV Company and any of its subsidiaries. For avoidance of doubt, the Company and the Target Company are not restricted by the Shareholders' Agreement to engage in the business of organizing concerts and singing contests in Hong Kong and any other place outside the People's Republic of China (which shall exclude Hong Kong, Macau and Taiwan for this purpose).

GENERAL

The Directors believe that the Termination has no material adverse impact on the interests of the Company the Shareholders as well as the existing business and financial position of the Company as the proposed formation of the JV Company is, in substance, a modified form of co-operation between the Company and the Prospective Seller (through his interests) in the Target Company.

The entering into the Shareholders' Agreement by the Company does not constitute any transaction discloseable under Chapter 19 or 20 of the GEM Listing Rules.

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

Hong Kong, 25 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>.