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China Mobile Games and Cultural Investment Limited

中國手遊文化投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

VOLUNTARY ANNOUNCEMENT – MEMORANDUM OF UNDERSTANDING

THE MOU

On 15 July 2014, after trading hours, the Company entered into the MOU with the PRC Company, pursuant to which the Company has conditionally proposed to subscribe for, the Subscription Shares at RMB3,000,000. The Subscription Shares represent 20% of the issued share capital of the Holding Company as enlarged by the issue of the Subscription Shares. Options to subscribe further shares in the Holding Company are also proposed to be granted by the Holding Company to the Company so that the maximum shareholding of the Company in the Holding Company will be increased to 49%.

The Holding Company is a company proposed to be incorporated in Samoa with limited liability and will be an investment holding company.

The Board would like to emphasize that no legally binding agreement in relation to the Proposed Subscription has been entered into by the Company with any party as at the date of this announcement (save as to the confidentiality, due diligence, costs, governing law, dispute resolution, binding effect and exclusivity under the MOU). As the Proposed Subscription may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This is a voluntary announcement made by the Company.

THE MOU

On 15 July 2014, after trading hours, the Company entered into the MOU with the PRC Company, pursuant to which the Company has conditionally proposed to subscribe for, the Subscription Shares at RMB3,000,000.

Major terms of the MOU are set out below:

Date:

15 July 2014

Parties:

- (i) The Company; and
- (ii) the PRC Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the PRC Company and its ultimate beneficial owners is an Independent Third Party.

Subject matter of the MOU:

The Company has conditionally proposed to subscribe for the Subscription Shares at RMB3,000,000. The Subscription Shares represent 20% of the issued share capital of the Holding Company as enlarged by the issue of the Subscription Shares.

Options to subscribe further shares in the Holding Company are also proposed to be granted by the Holding Company to the Company so that the maximum shareholding of the Company in the Holding Company will be increased to 49%.

The exercise price and exercise period of the Options shall be determined upon further negotiations between the parties to the MOU.

Due diligence review:

Within six (6) months (or such longer period as the parties to the MOU shall agree) after the signing of the MOU ("**Exclusivity Period**"), the Company shall be entitled to carry out due diligence inspection on the Holding Group, the Holding Group shall, and shall procure relevant company to, provide reasonable assistance in this respect ("**Due Diligence Review**").

Conditions precedent:

Completion of the Proposed Subscription is conditional upon, among other conditions, the Company being satisfied with the results of the Due Diligence Review, completion of the Proposed Reorganisation (as defined below) and compliance with all applicable legal and regulatory requirements by the Holding Group.

Exclusivity:

The PRC Company undertakes that, during the Exclusivity Period, no party to the MOU shall, unless with the written consent of the Company, directly or indirectly, negotiate, discuss or enter into any verbal or written memorandum, agreement or arrangement with any third party with regard to the subject matter contemplated under the MOU or to negotiate, discuss or enter into any verbal or written memorandum in order to hinder or impede the consummation of the transactions contemplated under the MOU.

INFORMATION ON THE HOLDING GROUP

The PRC Company is a company incorporated in the PRC. The permitted business scope of the PRC Company is, among others, the technology development of the internet technology products, technology transfer, technology advisory, technology services, development and sale of computer software, computer network engineering, repair and maintenance of computer auxiliary equipment, installation and sale of electronic products and parts. One of the senior management team of the PRC Company has extensive experience in the online game industry and had been involved in the operation, management and marketing of a popular racing game “Kart Rider (跑跑卡丁車)”. The PRC Company represented to the Company that it has commenced the design and development of a new RPG mobile-online game, which is targeted to be launched in the fourth quarter of 2014.

Pursuant to the MOU, it is proposed that the Holding Company will be incorporated in Samoa with limited liability and will be an investment holding company. It is also the intention of the parties to the MOU that the Holding Company will establish a wholly-owned subsidiary to be incorporated in Hong Kong (“**Hong Kong Company**”) and which will also be an investment holding company. The Hong Kong Company will hold the entire equity interest of the PRC Company (“**Proposed Reorganisation**”).

GENERAL

The Proposed Subscription, if materialized, may constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules. Further announcement(s) in relation to the Proposed Subscription will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

The Board would like to emphasize that no legally binding agreement in relation to the Proposed Subscription has been entered into by the Company with any party as at the date of this announcement (save as to the confidentiality, due diligence, costs, governing law, dispute resolution, binding effect and exclusivity under the MOU). As the Proposed Subscription may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	China Mobile Games and Cultural Investment Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Holding Company”	a company proposed to be incorporated in Samoa with limited liability and the proposed holding company of the Hong Kong Company and the PRC Company
“Holding Group”	the Holding Company and its subsidiaries
“Independent Third Party”	a party who is a third party independent of the Company and its connected persons and their respective associates (within the meaning of the GEM Listing Rules)
“MOU”	the memorandum of understanding dated 15 July 2014 entered into between the Company and the PRC Company in relation to the Proposed Subscription

“Options”	the options proposed to be granted by the Holding Company to the Company to subscribe further shares in the Holding Company so that the maximum shareholding of the Company in the Holding Company will be increased to 49%
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Company”	上海網岩網路科技有限公司 (in English, for identification purpose, Shanghai Wang Yan Network Technology Co., Ltd.), a company incorporated in the PRC
“Proposed Subscription”	the proposed subscription of the Subscription Shares
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the shares of the Holding Company proposed to be allotted and issued to the Company at completion of the Proposed Subscription, which represent 20% of the issued share capital of the Holding Company as enlarged by the issue of the Subscription Shares
“%”	per cent.

On behalf of the Board
China Mobile Games and Cultural Investment Limited
Zhang Xiongfeng
Chairman

Hong Kong, 15 July 2014

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Zhang Xiongfeng, Mr. Zhang Peiao and Mr. Hung Kenneth, and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the GEM Listing Rules 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the website of the Company at <http://www.cmgc.com.hk>.