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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:
CAPITAL INJECTION AGREEMENT
AND MEMORANDUM OF UNDERSTANDING**

THE CAPITAL INJECTION AGREEMENT

On 25 July 2014, after trading hours, the Investor (a wholly-owned subsidiary of the Company) entered into the Capital Injection Agreement with the PRC Target, pursuant to which the Investor has agreed to inject the registered capital of RMB530,000 into the PRC Target.

Upon completion of the Capital Injection, the registered capital of the PRC Target will be increased from RMB500,000 to RMB1,030,000 and upon completion of the contribution to the increased registered capital made by all the shareholders of the PRC Target, the PRC Target will be held by the Investor and the Existing Shareholders as to approximately 51% and 49% respectively.

THE MOU

On 25 July 2014, after trading hours, the Company and the Existing Shareholders entered into the MOU, pursuant to which the Company proposes to subscribe for the Subscription Shares. The Subscription Shares will represent not less than 51% of the issued share capital of the Target as enlarged by the issue of the Subscription Shares. It is proposed that the amount of the investment made by the Company to the Target shall not exceed RMB10 million.

Pursuant to the MOU, it is proposed that the Target will be principally engaged in the provision of mobile game integral marketing services.

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 exclusivity and due diligence, confidentiality and governing law under the MOU).

This is a voluntary announcement made by the Company.

On 25 July 2014, after trading hours, the Investor (a wholly-owned subsidiary of the Company) entered into the Capital Injection Agreement with the PRC Target, pursuant to which the Investor has agreed to inject the registered capital of RMB530,000 into the PRC Target.

THE CAPITAL INJECTION AGREEMENT

Major terms of the Capital Injection Agreement are set out below.

Date:

25 July 2014

Parties:

- (a) the Investor, a wholly foreign owned enterprise established in the PRC on 30 June 2014 and a wholly-owned subsidiary of the Company; and
- (b) the PRC Target, a company incorporated in the PRC which is principally engaged in the provision of mobile game integral marketing services.

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

Subject matter of the Capital Injection Agreement:

Capital Injection

As at the date of this announcement, the registered capital of the PRC Target was RMB500,000 which shall be contributed as to RMB350,000 by Shareholder A and as to RMB150,000 by Shareholder B.

Pursuant to the Capital Injection Agreement, the Investor has agreed to inject the registered capital of RMB530,000 into the PRC Target. Upon completion of the Capital Injection, the registered capital of the PRC Target will be increased from RMB500,000 to RMB1,030,000 and upon completion of the contribution to the increased registered capital made by all the shareholders of the PRC Target, the PRC Target will be held by the Investor and the Existing Shareholders as to approximately 51% and 49% respectively.

Completion of the Capital Injection:

Completion of the Capital Injection will be considered as having taken place after the registration with the State Administration for Industry & Commerce of the PRC in respect of the Capital Injection having been completed.

THE MOU

On 25 July 2014, after trading hours, the Company and the Existing Shareholders entered into the MOU, pursuant to which the Company proposes to subscribe for the Subscription Shares. The Subscription Shares will represent not less than 51% of the issued share capital of the Target as enlarged by the issue of the Subscription Shares.

Major terms of the MOU are set out below:

Date:

25 July 2014

Parties:

- (a) the Company;
- (b) Shareholder A; and
- (c) Shareholder B.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shareholder A and Shareholder B is an Independent Third Party.

Subject matter of the MOU:

The Company proposes to subscribe for the Subscription Shares. The Subscription Shares will represent not less than 51% of the issued share capital of the Target as enlarged by the issue of the Subscription Shares. It is proposed that the amount of the investment made by the Company to the Target shall not exceed RMB10 million.

Other terms of the MOU:

The Company is entitled to carry out due diligence inspection on the Target and its subsidiary (if any) within six months (or such longer period as the parties to the MOU shall agree) after the incorporation of the Target ("**Exclusivity Period**").

During the Exclusivity Period, the Company has exclusive negotiation right regarding the Proposed Subscription and none of the party to the MOU shall negotiate with, or in any form, discuss with, any third party with regard to the subject matter contemplated under the MOU (including but not limited to the Proposed Subscription).

The Company is entitled to nominate any designated company to take up the Subscription Shares.

INFORMATION ON THE PRC TARGET AND THE TARGET

The PRC Target is a company incorporated in the PRC and is principally engaged in the provision of mobile game integral marketing services.

Pursuant to the MOU, it is proposed that the Target will be principally engaged in the provision of mobile game integral marketing services.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION AND THE MOU

The Group is principally engaged in (i) design and research and development of mobile-online games and identifying and securing intellectual property rights for onward sale or licensing; (ii) provision of IT services; (iii) money lending business; (iv) provision of medical diagnostic and health check services; and (v) securities investment business.

The Directors consider the Capital Injection Agreement and the MOU represents good opportunities for the Group to develop the Group's mobile-online game business as well as its related services offering. The Directors consider that the entering into of the Capital Injection Agreement and the MOU are in line with the Group's business objective to become one of the leading players in the mobile-online game industry.

The Board considers that the terms of the Capital Injection Agreement and the MOU are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The transactions contemplated under the Capital Injection Agreement do not constitute notifiable transactions of the Company for the purpose of Chapter 19 of the GEM Listing Rules.

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 exclusivity and due diligence, confidentiality and governing law under the MOU).

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Capital Injection”	the capital injection of RMB530,000 into the PRC Target to be made by the Investor in accordance with the terms of the Capital Injection Agreement
“Capital Injection Agreement”	the agreement dated 25 July 2014 entered into between the Investor and the PRC Target in relation to the Capital Injection
“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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Shareholders”	Shareholder A and Shareholder B
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)

“Investor”	WOFE, 迹象信息技术(上海)有限公司 (unofficial English name for identification purpose, Jixiang Information Technology (Shanghai) Co., Ltd.), a wholly foreign owned enterprise established in the PRC on 30 June 2014 and a wholly-owned subsidiary of the Company
“Macau”	the Macau Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 25 July 2014 entered into between the Company and the Existing Shareholders in relation to the Proposed Subscription
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“PRC Target”	上海智趣廣告有限公司 (unofficial English name for identification purpose Shanghai Zhiqu Advertisement 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
“Shareholder A”	Xu Jia Liang
“Shareholder B”	Xu Xiao Feng
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the shares of the Target proposed to be allotted and issued to the Company at completion of the Proposed Subscription, which will represent not less than 51% of the issued share capital of the Target as enlarged by the issue of the Subscription Shares

“Target” a company proposed to be incorporated with limited liability
“%” per cent.

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

Hong Kong, 25 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>.