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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

The Board is pleased to announce that after trading hours on 22 April 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 171,486,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at a price of HK\$0.151 per Placing Share.

The maximum number of the Placing Shares (being 171,486,000 Placing Shares) represents (i) approximately 6.87% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.43% of the existing issued share capital of the Company as enlarged by the Placing (assuming the maximum number of the Placing Shares is placed). The aggregate nominal value of the Placing Shares under the Placing (assuming the maximum number of the Placing Shares is placed) will be HK\$1,714,860.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the maximum gross proceeds from the Placing will be approximately HK\$25.9 million and the maximum net proceeds will be approximately HK\$24.7 million. It is expected that the entire net proceeds from the Placing will be used as general working capital of the Group.

GENERAL

The Placing Shares will be allotted and issued pursuant to the General Mandate. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Since completion of the Placing is subject to the fulfilment of the condition as described below, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Board is pleased to announce that after trading hours on 22 April 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 171,486,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at a price of HK\$0.151 per Placing Share.

Principal terms of the Placing Agreement are summarised below.

THE PLACING AGREEMENT

Date:

22 April 2015

Issuer:

The Company

Placing Agent:

Wing Fung Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent has conditionally agreed to place up to 171,486,000 Placing Shares, on a best endeavour basis, to not less than six Placees. The Placing Agent will receive a placing commission of 3.8% of the aggregate Placing Price of the Placing Shares actually placed in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

Placees:

The Placing Shares are to be placed to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has warranted and undertaken to the Company that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company. If any of the Placees becomes a new substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Placing Price:

The Placing Price of HK\$0.151 per Placing Share represents:

- (i) a discount of approximately 19.7% to the closing price of HK\$0.188 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 10.5% to the average closing price of HK\$0.1688 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market prices of the Shares.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the maximum gross proceeds from the Placing will be approximately HK\$25.9 million and the maximum net proceeds (after deduction of commission and other expenses of the Placing) will be approximately HK\$24.7 million. On such basis, the net issue price will be approximately HK\$0.144 per Placing Share.

Placing Shares:

The maximum number of 171,486,000 Placing Shares represents (i) approximately 6.87% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.43% of the existing issued share capital of the Company as enlarged by the Placing (assuming the maximum number of the Placing Shares is placed). The aggregate nominal value of the Placing Shares under the Placing (assuming the maximum number of the Placing Shares is placed) will be HK\$1,714,860.

Ranking:

The Placing Shares will rank, upon issued and fully paid up, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing:

Completion of the Placing is conditional upon the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement by 13 May 2015 (or such later date as the Company and the Placing Agent may agree in writing) (“**Long Stop Date**”).

If the above condition is not satisfied by the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the Placing Agent or the Company shall have any claim against the other in relation to the Placing save for any antecedent breaches.

Completion:

Completion of the Placing shall take place on the third Business Day after the fulfilment of the above condition (or such other date as the Company and the Placing Agent may agree in writing).

Mandate to allot and issue the Placing Shares:

The Placing Shares will be allotted and issued pursuant to the General Mandate refreshed by the Shareholders at the EGM held on 12 August 2014. Under the General Mandate, the Company is authorised to allot and issue up to 381,090,486 Shares until the revocation, variation or expiration of the General Mandate. The Company has allotted and issued 209,592,000 Shares pursuant to the General Mandate prior to the date of the Placing Agreement.

The allotment and issue of the Placing Shares are not subject to additional Shareholders' approval.

Force majeure:

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company under the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) mobile-online game business and provision of games related integral marketing services; (ii) provision of IT services; (iii) money lending business; (iv) provision of medical diagnostic and health check services; and (v) securities investments business.

As disclosed above, the maximum net proceeds from the Placing are estimated to be approximately HK\$24.7 million. It is expected that such net proceeds will be used as general working capital of the Group.

The Directors are of the view that the Placing represents a good opportunity for the Group to raise additional capital, which would allow the Company to increase its capital base and widen its shareholder base. The Directors (including the independent non-executive Directors) consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Intended use of net proceeds (approximately)	Actual use of net proceeds as at the date of this announcement
13 August 2014 and 28 August 2014	Placing of 209,592,000 Shares at HK\$0.134 per Share pursuant to the General Mandate	HK\$27.37 million was intended to be applied to acquire additional 6% issued share capital in Mighty Eight Investments Limited, details of which are set out in the announcement of the Company dated 13 August 2014	The entire net proceeds had been used for the acquisition of additional 6% issued share capital in Mighty Eight Investments Limited, details of which are set out in the announcements of the Company dated 13 August 2014 and 5 September 2014

Date of announcement	Fund raising activity	Intended use of net proceeds (approximately)	Actual use of net proceeds as at the date of this announcement
18 June 2014 and 29 August 2014	Issue of 381,078,000 Shares pursuant to the subscription agreement dated 18 June 2014	HK\$44.47 million, (i) Approximately HK\$20.47 million was intended to apply for investment in mobile-online game business as well as its related services offering when opportunities arise; and (ii) approximately HK\$24 million was intended to apply for repayment of borrowings of the Group, which principal amount are in the total sum of HK\$24 million and became due in December 2014	The entire net proceeds have been utilised, as to (i) approximately HK\$20.47 million had been utilised for the acquisition of additional 6% issued capital of Mighty Eight Investments Limited, details of which are disclosed in the announcements of the Company dated 13 August 2014 and 5 September 2014; and (ii) approximately HK\$24 million had been utilised for early repayment of borrowing of the Group

Date of announcement	Fund raising activity	Intended use of net proceeds (approximately)	Actual use of net proceeds as at the date of this announcement
6 June 2014 and 16 June 2014	Issue of 224,166,000 Shares on 16 June 2014 pursuant to the subscription agreement dated 6 June 2014	HK\$22.2 million, (i) approximately HK\$5.2 million of which was intended to be used for funding the consideration of the subscription of 125 new shares in Youle Holdings Limited at the subscription price of an aggregate of RMB4,166,700, details of which are set out in the announcement of the Company of the Company dated 28 May 2014; and (ii) approximately HK\$17 million of which was intended to be applied as general working capital of the Group	Save that (i) approximately HK\$5.2 million had been utilised for funding the consideration of the subscription of 125 new shares in Youle Holdings Limited at the subscription price of an aggregate of RMB4,166,700, details of which are set out in the announcements of the Company dated 28 May 2014 and 14 August 2014; and (ii) approximately HK\$9 million had been utilised for general working capital of the Group, the remaining net proceeds have not been utilised

Date of announcement	Fund raising activity	Intended use of net proceeds (approximately)	Actual use of net proceeds as at the date of this announcement
21 March 2014 and 20 May 2014	Rights issue on the basis of one rights Share for every two Shares held on 23 April 2014 at the subscription price of HK\$0.128 per rights Share	HK\$68.8 million, (i) HK\$2 million of which was intended to be applied for developing the Group's mobile-online game business, including design and research and development of mobile-online games and identifying and securing intellectual property rights, and such HK\$2 million is intended to be used to pay up the registered capital of a wholly owned subsidiary of the Company by August 2014 as set out in the announcements of the Company dated 12 March 2014 and 2 July 2014; (ii) HK\$61.8 million of which was intended to be applied for the acquisition of 13% issued share capital of Mighty Eight Investments Limited, details of which are set out in the announcement of the Company dated 2 April 2014 and the circular of the Company dated 19 June 2014, and completion of such acquisition took place in July 2014; and (iii) HK\$5 million of which was intended to be applied for general working capital of the Group	The entire net proceeds have been utilised, as to (i) HK\$2 million had been used to pay up the registered capital of a wholly owned subsidiary of the Company; (ii) HK\$61.8 million had been applied for the acquisition of 13% issued share capital of Mighty Eight Investments Limited, details of which are set out in the circular of the Company dated 19 June 2014 and the announcement of the Company dated 14 July 2014; and (iii) approximately HK\$5 million had been utilised for general working capital for the Group

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out as below:

Shareholders (<i>Note 1</i>)	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Turbo Pointer Limited (<i>Note 2</i>)	381,078,000	15.27	381,078,000	14.29
The Placees (<i>Note 3</i>)	–	–	171,486,000	6.43
Other public shareholders	<u>2,115,044,430</u>	<u>84.73</u>	<u>2,115,044,430</u>	<u>79.29</u>
Total	<u>2,496,122,430</u>	<u>100.00</u>	<u>2,667,608,430</u>	<u>100.00</u>

Notes:

1. The number of existing Shares held by the Shareholders mentioned in the table above is based on the register of members of the Company and/or information as published on the website of the Stock Exchange as at 22 April 2015.
2. Turbo Pointer Limited is wholly-owned by Mr. Zhang Xiongfeng, an executive Director and the chairman of the Company.
3. It is a term of the Placing Agreement that none of the Placees shall become a substantial shareholder of the Company upon the completion of the Placing.

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any additional Shareholders' approval.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Since completion of the Placing is subject to the fulfilment of the condition as disclosed above, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“acting in concert”	has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or public holiday or any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business
“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 in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 12 August 2014 at which, among other things, the General Mandate was refreshed by the Shareholders thereat
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate refreshed by the Shareholders at the EGM to authorise the Directors at the EGM to allot, issue or otherwise deal with up to 381,090,486 new Shares
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates
“Placee(s)”	any individual(s), corporate(s), institutional investor(s) or other investor(s) to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best endeavour basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Wing Fung Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 22 April 2015 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.151 per Placing Share
“Placing Shares”	a maximum of 171,486,000, new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By the order of the Board
China Mobile Games and Cultural Investment Limited
Zhang Peiao
Executive Director

22 April 2015

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 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>.