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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)**

**TERMINATION OF SUBSCRIPTION AGREEMENT,  
GRANT OF LOAN  
AND CHANGE OF USE OF PROCEEDS OF SPECIFIC PLACING**

**TERMINATION OF SUBSCRIPTION AGREEMENT AND GRANT OF LOAN**

Reference is made to the announcement of the Company dated 15 May 2015 in relation to the Subscription Agreement.

On 23 September 2015, after trading hours, the Subscriber (a wholly-owned subsidiary of the Company), the Target, the Existing Shareholder and the Warrantor entered into the Agreement, pursuant to which (i) the parties to the Agreement have agreed to terminate the Subscription Agreement; and (ii) the Subscriber has agreed to extend the date of refund of the Deposit (i.e. HK\$6,250,000) (i.e. three Business Days after the date of termination of the Subscription Agreement) to the Maturity Date, and such extension was agreed and treated as a loan granted by the Subscriber to the Warrantor.

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Loan are less than 5%, the grant of the Loan does not constitute notifiable transaction of the Company under the GEM Listing Rules.

## **CHANGE OF USE OF PROCEEDS OF THE PLACING**

Reference is made to the Company's announcements dated 9 July 2015 and 21 August 2015 and the Company's circular dated 23 July 2015 in relation to, among others, the Placing. As set out in the Company's circular dated 23 July 2015, approximately HK\$38 million of the net proceeds of the Placing were intended to be used to fund the Subscription and the shareholder's loan to be provided after completion of the Subscription.

As the Subscription Agreement has been terminated on 23 September 2015 and the Subscription will not proceed, the intended use of the net proceeds of the Placing of approximately HK\$38 million will be changed to fund the money lending business of the Group and/or the acquisition of securities for the securities investments business of the Group.

Reference is made to the announcement of the Company dated 15 May 2015 in relation the Subscription Agreement entered into between the Subscriber (a wholly-owned subsidiary of the Company), the Target, the Existing Shareholder and the Warrantor, pursuant to which the Company proposed to, among others, subscribe for, and the Target has conditionally agreed to allot and issue, the Subscription Shares (representing 30% of the issued share capital of the Target as enlarged by the issue of the Subscription Shares) at the Subscription Price of HK\$18,750,000, upon and subject to the terms and conditions of the Subscription Agreement.

## **THE AGREEMENT**

The Board wishes to announce that, on 23 September 2015, after trading hours, the Subscriber, the Target, the Existing Shareholder and the Warrantor entered into the Agreement, pursuant to which (i) the parties to the Agreement have agreed to terminate the Subscription Agreement; and (ii) the Subscriber has agreed to extend the date of refund of the Deposit (i.e. HK\$6,250,000) (i.e. three Business Days after the date of termination of the Subscription Agreement) to the Maturity Date, and such extension was agreed and treated as a loan granted by the Subscriber to the Warrantor.

Major terms of the Agreement are set out below.

**Date**

23 September 2015

**Parties**

- (i) the Subscriber, a wholly-owned subsidiary of the Company;
- (ii) the Target;
- (iii) the Existing Shareholder; and
- (iv) the Warrantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Target, the Existing Shareholder, the Warrantor and, where applicable, its ultimate beneficial owners are Independent Third Parties.

**Termination of the Subscription Agreement**

As it is expected that the Conditions Precedent set out in the Subscription Agreement would not be able to be fulfilled at or before 4:00 p.m. on the Long Stop Date, the Subscriber, the Target, the Existing Shareholder and the Warrantor have agreed to terminate the Subscription Agreement on 23 September 2015.

## **The Loan**

Pursuant to the Subscription Agreement, the Target and the Warrantor (as the Target's warrantor) are required to refund the Deposit to the Subscriber within three Business Days after termination of the Subscription Agreement. The Subscriber has agreed to extend the date of refund of the Deposit to the Maturity Date, and such extension was agreed and treated as a loan granted by the Subscriber to the Warrantor. Details of the Loan are set out below:

Principal Amount of the Loan	:	HK\$6,250,000
Interest	:	15% per annum
Repayment	:	The Warrantor shall repay the principal amount of the Loan under the Agreement and the interest accrued thereon on the Maturity Date
Maturity Date	:	being the same date after 12 months from the date of the Agreement (and if there is no such date within the month, being the last day of the 12th month)

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Loan are less than 5%, the grant of the Loan does not constitute notifiable transaction of the Company under the GEM Listing Rules.

## **CHANGE OF USE OF PROCEEDS OF THE PLACING**

Reference is made to the Company's announcements dated 9 July 2015 and 21 August 2015 and the Company's circular dated 23 July 2015 in relation to, among others, the Placing. As set out in the Company's circular dated 23 July 2015, approximately HK\$38 million of the net proceeds of the Placing were intended to be used to fund the Subscription and the shareholder's loan to be provided after completion of the Subscription.

As the Subscription Agreement has been terminated on 23 September 2015 and the Subscription will not proceed, the intended use of the net proceeds of the Placing of approximately HK\$38 million will be changed to fund the money lending business of the Group and/or the acquisition of securities for the securities investments business of the Group.

## DEFINITIONS

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

“Agreement”	the agreement dated 23 September 2015 entered into between the Subscriber, the Target, the Existing Shareholder and the Warrantor in relation to (i) the termination of the Subscription Agreement; and (ii) the grant of the Loan by the Subscriber to the Warrantor
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday and 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 licensed banks in Hong Kong are generally 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
“Conditions Precedent”	conditions precedent to the completion of the Subscription pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deposit”	the sum of HK\$6,250,000, paid by the Subscriber to the Target as refundable deposit of the Subscription pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company

“Existing Shareholder”	Brave Regal Limited 勇煌有限公司, a company incorporated in the British Virgin Islands with limited liability, an investment holding company and the existing shareholder of the Target as at the date of the Subscription Agreement
“GEM”	the Growth Enterprise Market of 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”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Loan”	the loan granted by the Subscriber to the Warrantor pursuant to the terms and conditions of the Agreement, details of which are set out in the paragraph headed “The Loan” in this announcement
“Long Stop Date”	30 September 2015, being the long stop date to the Subscription Agreement
“Placing”	the offer by way of private placing of 2,500,002,000 new shares of the Company by or on behalf of Great Roc Capital Securities Limited as the placing agent to the placee(s), on a best endeavour basis, on the terms and subject to the conditions set out in the conditional placing agreement entered into between the Company and the placing agent dated 9 July 2015, details of which are set out in the Company’s announcements dated 9 July 2015 and 21 August 2015 and the Company’s circular dated 23 July 2015
“RMB”	Renminbi, the lawful currency of the PRC

“Subscriber”	Luck Motion Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares
“Subscription Agreement”	the subscription agreement dated 15 May 2015 entered into between the Subscriber, the Target, the Existing Shareholder and the Warrantor in relation to the Subscription, details of which are set out in the Company’s announcement dated 15 May 2015
“Subscription Price”	an aggregate of HK\$18,750,000 for the subscription of the Subscription Shares
“Subscription Shares”	the 3,000 new shares of the Target to be allotted and issued to the Subscriber at the Subscription Price at completion of the Subscription
“Target”	Huge Brave Limited 巨勇有限公司, a company incorporated in the British Virgin Islands with limited liability
“Warrantor”	Mr. Fu Yong

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

23 September 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, Ms. Wu Qimin and Mr. Wong Ching Yip.*

*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>.*