

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Mobile Games and Cultural Investment Limited (“Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)**

**(1) DISCLOSEABLE TRANSACTION:  
ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET;  
(2) MAJOR TRANSACTION:  
DEEMED DISPOSAL OF APPROXIMATELY 25.1% INTEREST  
IN A SUBSIDIARY;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at 9:00 a.m. on Friday, 13 February 2015 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use by the shareholders at the extraordinary general meeting is enclosed herein.

Whether or not you are able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meetings or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

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

28 January 2015

## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning 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 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
“BVI”	the British Virgin Islands
“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
“Completion”	completion of the Acquisition and the Disposal
“Completion Date”	the third Business Day after the last outstanding Condition shall have been fulfilled or waived (or such other date agreed by Luck Key and the Vendor in writing) on which Completion is to take place
“Condition(s)”	condition(s) precedent to the Completion as set out in the paragraph headed “Conditions Precedent” in the letter from the Board of this circular
“Consideration”	the sum of HK\$11,882,000, being the consideration for the sale and purchase of the Sale Shares and the Sale Loan
“Consideration Shares”	4,570 new shares of Luck Key, which shall represent approximately 27.9% of the issued share capital of Luck Key as enlarged by the allotment and issue of such shares
“Director(s)”	the director(s) of the Company

## DEFINITIONS

“Disposal”	the deemed disposal of approximately 25.1% equity interest in Luck Key as a result of the allotment and issue of the Consideration Shares to the Vendor pursuant to the terms of the SP Agreement
“EGM”	the extraordinary general meeting of the Company convened to be held at 9:00 a.m. on Friday, 13 February 2015 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong to consider and, if thought fit, approve the SP Agreement and the transactions contemplated thereunder
“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
“HK Cyclotron”	Hong Kong Cyclotron Laboratories Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is a third party independent of the Company and its connected persons and their respective associates (as defined in the GEM Listing Rules)
“Latest Practicable Date”	23 January 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Long Stop Date”	31 March 2015 (or such later date as Luck Key and the Vendor may agree in writing)
“Luck Key”	Luck Key Investment Limited, a company incorporated in the BVI with limited liability and is a non-wholly-owned subsidiary of the Company
“Luck Key Group”	Luck Key and its subsidiaries

## DEFINITIONS

“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Target Group as a whole
“PET”	the acronym of Positron Emission Tomography
“Sale Loan”	the amount of HK\$6,333,000 owing by the Target to the Vendor and to be assigned to Luck Key at Completion
“Sale Shares”	7 issued shares of US\$1.00 each, representing 70% of the issued share capital in the Target
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“SP Agreement”	the sale and purchase agreement dated 31 December 2014 entered into between the Vendor, the Warrantor and Luck Key in relation to the Acquisition and the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 1,170 new shares of Luck Key, representing approximately 9.9% of the then issued share capital of Luck Key, by Town Health BVI under the subscription agreement dated 26 August 2014 entered into between Luck Key and Town Health BVI, completion of which took place on 26 August 2014. Details of such subscription are set out in the Company’s announcement dated 26 August 2014
“Target”	Ever Full Harvest Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target and its subsidiary i.e. HK Cyclotron
“Town Health BVI”	Town Health (BVI) Limited, a company incorporated in the BVI with limited liability, the holding company of the Vendor and a wholly-owned subsidiary of Town Health International
“Town Health Group”	Town Health International and its subsidiaries

## DEFINITIONS

“Vendor”	Town Health Healthcare Services Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Town Health International
“Vendor’s Warranties”	the representations, warranties and undertakings given by the Vendor and the Warrantor under the SP Agreement
“Warrantor” or “Town Health International”	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3886)
“%”	per cent.

## LETTER FROM THE BOARD



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)**

*Executive Directors:*

Mr. Zhang Xiongfeng (*Chairman*)  
Mr. Zhang Peiao (*Chief Executive Officer*)  
Mr. Hung Kenneth

*Independent non-executive Directors:*

Mr. Wong Siu Keung, Joe  
Mr. Wong Ching Yip  
Mr. Luk Chi Shing

*Registered office:*

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Room 1210A1, 12/F.  
Champion Building  
301-309 Nathan Road  
Kowloon  
Hong Kong

28 January 2015

*To the Shareholders*

Dear Sir or Madam

**(1) DISCLOSEABLE TRANSACTION:  
ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET;  
AND  
(2) MAJOR TRANSACTION:  
DEEMED DISPOSAL OF APPROXIMATELY 25.1% INTEREST  
IN A SUBSIDIARY**

### INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2014 in which the Company announced that after trading hours on 31 December 2014, Luck Key, a non-wholly-owned subsidiary of the Company, the Vendor and the Warrantor entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell and Luck Key has conditionally agreed to acquire the Sale Shares (representing 70% of equity interest in the Target) and the Sale Loan at the aggregate consideration of HK\$11,882,000.



## LETTER FROM THE BOARD

The purpose of this circular is to give you, among other things, further information relating to (i) details of the SP Agreement and the transactions contemplated thereunder; (ii) the financial information relating to the Group; and (iii) a notice of the EGM.

### THE SP AGREEMENT

Major terms of the SP Agreement are set out below.

**Date:**

31 December 2014

**Parties:**

Vendor : Town Health Healthcare Services Limited, a company incorporated in the BVI with limited liability and an investment holding company. The Vendor is wholly-owned by Town Health BVI, which in turn is wholly-owned by Town Health International.

Warrantor : Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3886). Town Health International and its subsidiaries are principally engaged in (i) healthcare business investments; (ii) provision and management of healthcare and related services; and (iii) properties and securities investments and trading.

Purchaser : Luck Key Investment Limited, a company incorporated in the BVI with limited liability and a non-wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save that Luck Key is owned as to approximately 9.9% by the Vendor's holding company (i.e. Town Health BVI) as at the Latest Practicable Date, each of the Vendor, the Warrantor and their ultimate beneficial owners is an Independent Third Party.

**Assets to be acquired:**

The Vendor has conditionally agreed to sell, and Luck Key has conditionally agreed to purchase, the Sale Shares free from all encumbrances. The Sale Shares represent 70% of equity interest in the Target.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the remaining 30% of the equity interest in the Target was held by Open Fortune Limited, a company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Open Fortune Limited and its ultimate beneficial owner is an Independent Third Party.

The Vendor has conditionally agreed to assign, and Luck Key has conditionally agreed to accept the assignment of all the Vendor's title, right, benefit and interest to, of and in the Sale Loan in the amount of HK\$6,333,000 absolutely free from all encumbrances with effect from the Completion Date.

### **Conditions Precedent:**

Completion is subject to the fulfilment or (if applicable) waiver of the following Conditions:

- (a) the sale and purchase of the Sale Shares and the Sale Loan, the allotment and issue of the Consideration Shares and other transactions as contemplated under the SP Agreement having been approved by the Shareholders (who are not required to abstain from voting in such respect under the GEM Listing Rules or otherwise) at the EGM;
- (b) Luck Key being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that Luck Key may consider necessary) on the Target Group and its assets, liabilities, activities, operations, prospects and other status which Luck Key, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (c) (if applicable) the receipt from the Vendor of all such waivers, consents or other documents as Luck Key may require in relation to the completion of the transactions contemplated under the SP Agreement;
- (d) there is no Material Adverse Change or prospective Material Adverse Change; and
- (e) Luck Key being satisfied that, from the date of the SP Agreement and at any time before the Completion, that the Vendor's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the SP Agreement by the Vendor or the Warrantor.

Conditions (a) and (c) are not capable of being waived by any parties to the SP Agreement. Luck Key may waive Conditions (b), (d) and (e).

## LETTER FROM THE BOARD

If any of the Conditions shall not have been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties under the SP Agreement shall cease and terminate, save and except for provisions in relation to confidentiality, costs and expenses, miscellaneous matters, notices and governing law and jurisdiction which provisions shall remain in full force and effect, and no party under the SP Agreement shall have any claim against the other save for claim (if any) in respect of any antecedent breach under the SP Agreement.

As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived and the Company does not intend to waive any of the Conditions.

### **Consideration**

The Consideration payable by Luck Key to the Vendor for the sale and purchase of the Sale Shares and the Sale Loan shall be HK\$11,882,000 of which:

- (a) the purchase price of the Sale Shares shall be HK\$5,549,000; and
- (b) the purchase price of the Sale Loan shall be HK\$6,333,000.

The Consideration shall be satisfied by the allotment and issue, credited as fully paid, of the Consideration Shares, which will represent approximately 27.9% of the issued share capital of Luck Key as enlarged by the issue of the Consideration Shares, upon Completion.

The Consideration (including the consideration for the Consideration Shares) was determined after arm's length negotiations between the Vendor and Luck Key by taking into account (i) the face value of the Sale Loan of approximately HK\$6,333,000, which represents the purchase price for the Sale Loan; (ii) the historical financial performance of the Target Group, including the increase in its unaudited consolidated net profit after taxation from approximately HK\$1,469,000 for the nine months ended 31 December 2013 to approximately HK\$2,111,000 for the ten months ended 31 October 2014 (as the financial year of the Target was changed from 31 March to 31 December after 31 March 2013, the unaudited consolidated net profit after taxation for the financial period of nine months ended 31 December 2013 was used as the comparative figure in determining the basis for the Consideration); and (iii) the unaudited consolidated net asset value of Luck Key Group as at 31 October 2014 of approximately HK\$30,698,000, to such extent that the consideration for the Consideration Shares would represent approximately 27.9% of the unaudited consolidated net asset value of Luck Key Group as at 31 October 2014 as enlarged by the consideration for the issue of the Consideration Shares (i.e. HK\$11,882,000).

### **Completion**

Completion will take place on the Completion Date.

Immediately after Completion, Luck Key will own 70% equity interest in the Target, and the financial results of the Target will be consolidated with the results of the Group.

## LETTER FROM THE BOARD

### DEEMED DISPOSAL UPON COMPLETION

Since the Consideration will be satisfied by the allotment and issue, credited as fully paid, of the Consideration Shares by Luck Key to the Vendor on Completion, which will represent approximately 27.9% of the issued share capital of Luck Key as enlarged by the allotment and issue of the Consideration Shares, taking into account the existing 90.1% stake in Luck Key, the Group's equity interest in Luck Key will be reduced to approximately 65.0%, the Company is deemed to have disposed of approximately 25.1% equity interest in Luck Key under the GEM Listing Rules.

The Disposal will not result in a loss of control by the Group in Luck Key and the Disposal will be recorded as an equity transaction as defined in the Hong Kong Financial Reporting Standards and the accounting policy of the Group. Therefore, it is expected that the Group will not record any gain or loss from the Disposal in the income statement of the Group.

The consideration for the Consideration Shares represents an excess of approximately HK\$4,177,000 over 25.1% of the net assets value of the Luck Key Group as at 31 October 2014.

Upon Completion, Luck Key will be owned as to approximately 65.0% by the Group and Luck Key will remain as a subsidiary of the Company after the Disposal.

### INFORMATION ON THE TARGET GROUP

The Target is a company incorporated under the laws of the BVI with limited liability and is an investment holding company. The Target owns the entire equity interest in HK Cyclotron, a company incorporated under the laws of Hong Kong and is principally engaged in the manufacturing of PET Radiopharmaceuticals for medical use. HK Cyclotron is an existing supplier of certain hospitals in Hong Kong and the Luck Key Group for supplying Fludeoxyglucose 18F ("18F-FDG"). 18F-FDG is a kind of PET Radiopharmaceuticals most commonly used for medical diagnostic purposes in the medical imaging modality called positron emission tomography or PET which is used in oncology to study glucose metabolism for diagnosis and staging of diseases, such as cancers and monitor the treatment effects of cancers.

Revenue of the Target Group is derived from the sale of 18F-FDG manufactured by the Target Group to its customers. During the ten months ended 31 October 2014, Luck Key Group contributed approximately 42% of the total revenue of HK Cyclotron. The cost structure of the Target Group mainly comprises cost of materials, staff costs and depreciation charges for medical equipments.

18F-FDG are manufactured by the Target Group on a daily basis after sufficient sales orders have been received by the Target Group in advance.

The Target Group's major suppliers include the companies that provide FASTLAB Cassettes and O-18 isotopes for the Target Group's manufacture of 18F-FDG.

Other than the holding of the entire issued share capital of HK Cyclotron, the Target does not have any other material asset.

## LETTER FROM THE BOARD

The Target Group attributed its past success to the following competitive advantages:

### **Operating in an industry with high entry barrier**

According to the Radiation Ordinance (Chapter 303 of the laws of Hong Kong) and the Pharmacy and Poisons Ordinance (Chapter 138 of the laws of Hong Kong), a Radiopharmaceutical manufacturer and its related operation staff have to undergo a series of testings/examinations and legal procedures before it can obtain the requisite certificates and licences for the manufacture and sale of Radiopharmaceutical. Such registration procedures involved in the application of the requisite certificates and licences create hurdle for new entrants into the industry.

### **Limited supply in the local industry**

The Target Group is one of the few domestic Radiopharmaceutical manufacturers for commercial purpose in Hong Kong. HK Cyclotron has commenced commercial manufacture and sale of PET Radiopharmaceuticals since January 2006. Since import of PET Radiopharmaceuticals from overseas suppliers is virtually impossible due to the critical limitation of the product's half-life of approximately 110 minutes, it's believed that the supply of PET Radiopharmaceuticals in Hong Kong is limited to few domestic Radiopharmaceutical manufacturers.

### **Strong and dedicated management team**

HK Cyclotron has experienced management team and operational staffs to lead its operations. The directors of HK Cyclotron have extensive experience and accumulated indepth knowledge in the medical technology industry and/or related business. All of the laboratory staffs of HK Cyclotron possess Irradiating Apparatus Licence.

The unaudited consolidated total assets value and the net liabilities of the Target Group as at 31 October 2014 are approximately HK\$16,535,000 and approximately HK\$2,146,000 respectively. As at 31 October 2014, the Target owed to its shareholders an aggregate sum of HK\$16,600,000. The unaudited consolidated financial information of the Target Group for the year ended 31 March 2013 and nine months ended 31 December 2013 are as follows:

	<b>Year ended 31 March 2013 HK\$'000</b>	<b>Nine months ended 31 December 2013 (Note) HK\$'000</b>
Net (loss)/profit before taxation	(170)	1,760
Net (loss)/profit after taxation	(131)	1,469

*Note:* After 31 March 2013, the financial year of the Target changed from 31 March to 31 December.

## LETTER FROM THE BOARD

Currently, the Target is indebted to the Vendor and Open Fortune Limited, being the holder of 30% of the issue share capital of the Target, a sum of HK\$10,400,000 and HK\$6,200,000 respectively. Upon Completion, the Sale Loan, which amounted to HK\$6,333,000, will be assigned to Luck Key and the Target will remain owing HK\$4,067,000 to the Vendor. Such sum represents 24.5% of the aggregate amount of all the shareholder's loans that the Target owes to its owners (direct and indirect), and such percentage corresponds to the Town Health Group's effective equity interest in the Target upon Completion.

### INFORMATION ON THE LUCK KEY GROUP

Luck Key is a company incorporated under the laws of the BVI with limited liability and a non-wholly-owned subsidiary of the Company. Luck Key Group is principally engaged in the provision of medical diagnostic and health check services.

Currently, Luck Key Group is operating an aggregate of 9 health check centres and 2 laboratories which are located in Central, Causeway Bay, Jordon, Mong Kok, Shatin, Sheung Shui and Yuen Long under the brands of "HKHC", "OPUS", "C.T. Scan" and "Yuen Foong". Luck Key Group provides one-stop comprehensive medical diagnostic and health check services with advanced imaging technology and full-range laboratory services. It has approximately 200 experienced medical and healthcare professionals and supporting staff. The flagship centre of Luck Key Group is located in Jordon, Kowloon, which is the first and the only private owned health check centre in Hong Kong to incorporate the three top-end imaging modalities, being 64 Slice CT, 3T MRI and 16 Slice PET/CT, in a single location.

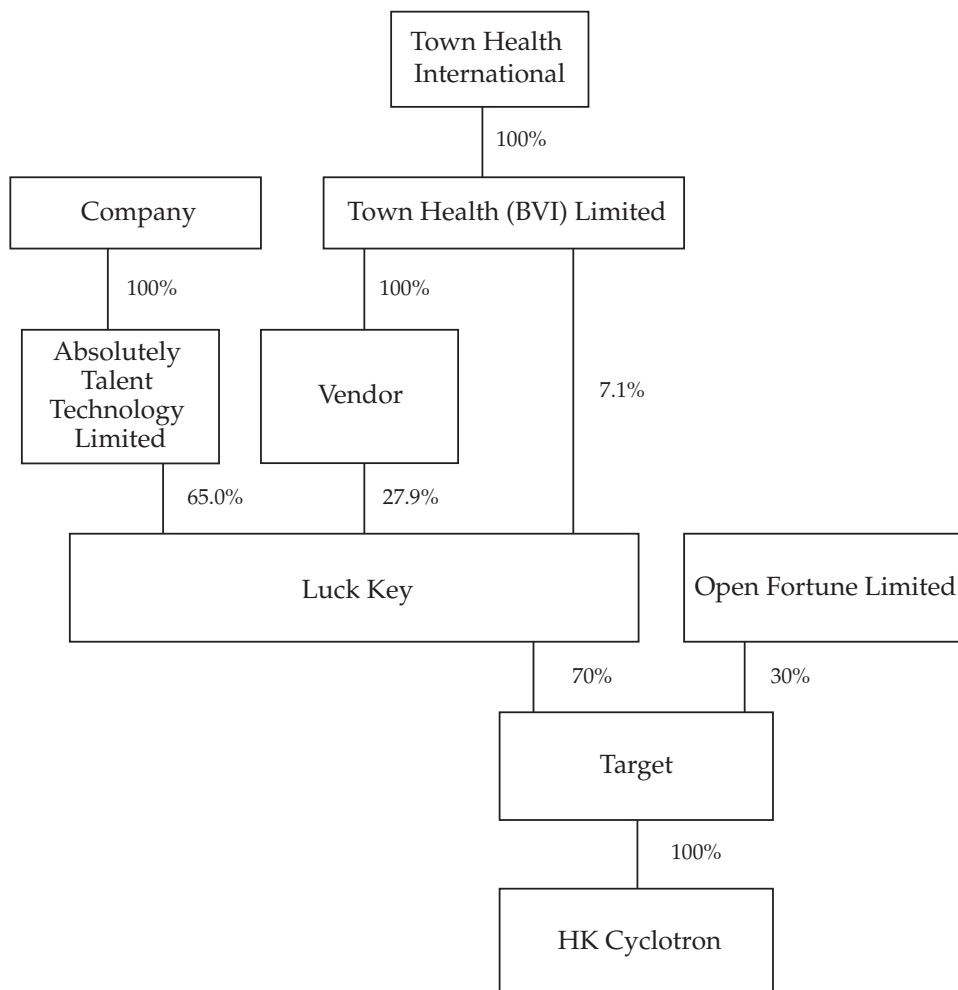
Upon Completion, the Group will hold approximately 65.0% of the issued share capital of Luck Key and Town Health Group will hold approximately 35.0% the issued share capital of Luck Key, and Luck Key will remain as a subsidiary of the Company.

The unaudited consolidated total assets value and the net assets value of Luck Key Group as at 31 October 2014 are approximately HK\$79,927,000 and approximately HK\$30,698,000 respectively. The consolidated financial information of Luck Key Group for the two years ended 31 December 2012 and 2013 are as follows:

	<b>Year ended 31 December 2012 HK\$'000 (audited)</b>	<b>Year ended 31 December 2013 HK\$'000 (unaudited)</b>
Net profit/(loss) before taxation	20,486	(31,333)
Net profit/(loss) after taxation	21,659	(26,770)

## LETTER FROM THE BOARD

The following diagram illustrates a simplified corporate structure of the Luck Key Group upon Completion:



### REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SP AGREEMENT

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

The Target Group is principally engaged in the manufacturing of PET Radiopharmaceuticals for medical use and is the major supplier of raw materials (including 18F-FDG) for the Group's health check business. Pursuant to the SP Agreement, Luck Key is entitled to request for the resignation of all the existing directors of the Target Group and to appoint directors to the Target Group. It is expected that, upon Completion, the majority of the directors of the Target would be members appointed by Luck Key. As HK Cyclotron, an existing supplier of the Luck Key Group for supplying 18F-FDG, will become a subsidiary of Luck Key upon Completion, the supply of 18F-FDG to the Luck Key Group can be assured, maintained and coordinated in a more efficient and effective manner, taking into account the demand for the products of the Target Group by other

## LETTER FROM THE BOARD

members of the Luck Key Group. As such, the Board believes that the Acquisition will enhance operational efficiency of the Group's health check business.

The Directors also consider that the settlement of the Consideration by the allotment and issue of the Consideration Shares is in the interest of the Company and the Shareholders as a whole, as the Group can retain its cash for the Group's future development and operation.

The Directors also consider that as a result of the increase in Town Health Group's equity interests in Luck Key, the better the financial performance of the enlarged Luck Key Group, the more benefits the shareholders of Luck Key can enjoy. As such, it is the common goal of both the Group and the Town Health Group to improve the performance of the Luck Key Group with an aim to bring greater return to the shareholders of Luck Key. Upon Completion, it is expected that the Town Health Group will appoint a director, who will be experienced in the provision and management of healthcare services, to Luck Key. In view of the aforesaid, the relationship between Town Health Group and Luck Key Group can be further strengthened and additional synergetic effects can be provided to Luck Key Group by leveraging on the expertise of the Town Health Group in respect of provision and management of healthcare services which will benefit and complement the business development of Luck Key Group in Hong Kong.

Open Fortune Limited, which owned 30% of the equity interest in the Target as at the Latest Practicable Date, wishes to maintain its interest in the Target after Completion. The Company agrees to this given that the Group will have control in the Target through the Acquisition.

As at the Latest Practicable Date, the Group does not have any intention to acquire further interest in the Target Group or any other similar business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition will constitute a discloseable transaction of the Company under the GEM Listing Rules.



## LETTER FROM THE BOARD

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal, either standalone or in aggregate with the Subscription, are more than 25% but less than 75%, the Disposal will constitute a major transaction of the Company under the GEM Listing Rules and is subject to notification, announcement and shareholders' approval requirements of chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.24 of the GEM Listing Rules, the Acquisition and the Disposal under the SP Agreement constitute one transaction involving both an acquisition and a disposal and the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to that classification. Accordingly, both the Acquisition and the Disposal are subject to notification, announcement and Shareholders' approval requirements of Chapter 19 of the GEM Listing Rules.

### THE EGM

The EGM will be held at 9:00 a.m. on Friday, 13 February 2015 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong, the notice of which is set out on pages EGM-1 to EGM-3 of this circular, for the Shareholders to consider and, if thought fit, approve the SP Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposal).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

### VOTING AT THE EGM

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except when the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in the notice of the EGM will be voted on by way of poll.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolutions to be proposed at the EGM.

## LETTER FROM THE BOARD

### RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the terms of the SP Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposal) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution to be proposed relating to the SP Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposal) at the EGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

## 1. STATEMENT OF INDEBTEDNESS

### **Borrowings**

As at the close of business on 31 December 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had an outstanding borrowing of HK\$15,000,000, which was an unsecured and a unguaranteed short term borrowing due to an Independent Third Party.

### **Security and guarantees**

As at the close of business on 31 December 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had not utilised any banking facility.

### **Contingent liabilities**

As at the close of business on 31 December 2014, the Group did not have any significant contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 31 December 2014.

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group, in the absence of unforeseeable circumstance, the Group has sufficient working capital for its present requirements that is for at least the next twelve months following the date of this circular.

### 3. FINANCIAL AND TRADING PROSPECTS

#### Mobile-online game business

The Group aims to develop as one of the leading players in mobile-online gaming industry. With the increasing penetration of smart mobile devices and advanced technologies, the Group expects that money spent on mobile games by users of smart mobile devices will grow rapidly in the future. Subsequent to 2013, the Group has tapped into the industry through a series of acquisition, entering into cooperation agreement and license agreement, demonstrating the determination of the Group to implement the new business strategy.

In January, April and August, the Group entered into three sale and purchase agreements with Century Grand Holdings Limited (“**Century Grand**”) pursuant to which the Group has acquired an aggregate of 24% interest in the issued share capital of Mighty Eight Investments Limited (“**Mighty Eight**”). The major subsidiaries and controlled companies of Mighty Eight include Something Big Technology Company Limited (“**HK SBT**”), 帝覺（上海）網絡科技有限公司 (unofficial English name being PrimeVision Tech Company Limited, “**PrimeVision**”), 上海頑迦網絡科技有限公司 (unofficial English name being, Shanghai Wanjia Network Technology Co., Ltd.) (“**Shanghai Wanjia**”) and 上海顛視數碼科技有限公司 (unofficial English name being Shanghai Something Big Technology Co., Ltd.) (“**Shanghai SBT**”). Mighty Eight is an investment holding company. HKSBT is principally engaged in development and operation of mobile-online games. It is also responsible for marketing and distribution of games developed by the Shanghai Wanjia and Shanghai SBT to the international markets. PrimeVision is principally engaged in development of mobile-online games, provision of related technical and consulting services and import and export of such mobile-online games products. Shanghai SBT is one of the pioneers in the mobile-online game market and is well known for its original SanGuo-themed games, namely SanGuo-Mobile (手機三國), which is popular in the Greater China and South East Asia regions and ranked high on various digital distribution platforms for mobile application software, including Google Play and App Store. Shanghai SBT is a wholly-owned subsidiary of Shanghai Wanjia. Mighty Eight through PrimeVision has entered into contractual arrangements with Shanghai Wanjia to conduct its principal business in the PRC in order to comply with the applicable PRC laws and regulations and to assert management control over the operations of, and enjoy all the economic benefits of, Shanghai Wanjia and Shanghai SBT.

On 30 June 2014, the Group established a wholly foreign owned enterprise, 迹象信息技術（上海）有限公司 (unofficial English name for identification purpose, Jixiang Information Technology (Shanghai) Co., Ltd.) (“**WOFE**”), in the PRC which is principally engaging in the design, research and development of mobile-online games. The WOFE has commenced the design and development of a new innovative RPG mobile-online game, which is targeted to be launched in the first half year of 2015.

In August 2014, the Group completed the subscription of 12.5% issued share capital of Youle Holdings Limited (“**Youle Holdings**”), which is also principally engaged in design and development of mobile-online games through its subsidiaries. Upon completion of the said subscription, Youle Holdings Limited became an associate of the Company. Further in September 2014, WOFE has made capital injection into 上海智趣廣告有限公司 (unofficial English name for identification purpose only, Shanghai Zhiqu Advertisement Co., Ltd.), a PRC company which is principally engaged in the provision of games related integral marketing services.

In September 2014, Timely Investments Limited (a wholly-owned subsidiary of the Company) (“**Timely Investments**”) entered into the subscription agreement with, among others, Wang Yan Network Limited (網岩網路有限公司) (“**Wang Yan Network**”), pursuant to which Timely Investments had conditionally agreed to subscribe for, and Wang Yan Network had conditionally agreed to allot and issue, 20 new shares of Wang Yan Network for an aggregate subscription price of HK\$3,750,000, upon and subject to the terms and conditions of the subscription agreement. One of the conditions precedent to completion of the subscription is that Wang Yan Network shall, through Wang Yan Network (HK) Limited, acquire the entire equity interest of 上海網岩網絡科技有限公司 (Shanghai Wang Yan Network Technology Co. Ltd.), a company which is principally engaged in the technology development of the internet technology products. On 5 December 2014, the subscription was completed and Wang Yan Network was owned as to 20% by Timely Investments as at the Latest Practicable Date.

In addition to strategic investment in mobile-online games designer and operator, the Group has also been actively looking for potential intellectual property rights to develop mobile-online games. In March 2014, the Group entered into an exclusive licence agreement with Jade Dynasty Publications Limited (“**Jade Dynasty**”) pursuant to which Jade Dynasty granted the exclusive licence to the Group for the development of mobile games and other related products based on the contents of the designated comics, including but not limited to the character images, storylines, display screen, circumstances and various items (weapons and costumes) of various comics series during the licence period. The Group is in negotiation with Jade Dynasty for the suitable contents for development of mobile games products.

As an integral part of the strategy to broaden the Group’s offerings on mobile-online games, in July 2014, a joint venture was established with Ample China Development Limited, a wholly-owned subsidiary of Universe International Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 1046). The joint venture will be principally engaged in the development and sale of computer and mobile phone games.

On 12 November 2014, China Sky Profit Limited (“**China Sky**”), a wholly-owned subsidiary of the Company, entered into the capital injection agreement with 上海熱爪數碼科技有限公司 (in English, for identification purpose, Shanghai Re Zhua Digital Technology Co., Ltd., “**Re Zhua**”), a PRC company

principally engaged in development of mobile-online games, pursuant to which the Group has agreed to inject RMB3 million into Re Zhua as contribution towards the registered capital and the additional paid-in capital of Re Zhua. As set out in the Company's announcement dated 14 August 2014, Re Zhua and 上海蠻錘數碼科技有限公司 (English name for identification only, Shanghai WildHammer Digital Technology Co., Ltd.) ("**WildHammer**"), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Youle Holdings, have entered into a licence agreement. Pursuant to such licence agreement, Re Zhua granted WildHammer the worldwide exclusive licence to operate the mobile-online game namely "怪物也囂張" (in English, for identification purpose, Monster Master) developed by Re Zhua (i.e. to maintain the relevant procedure, software and hardware and undertake the marketing, sales and customer services) for a period of three years from the date when the game commences operation. Upon completion of the capital injection, Re Zhua will be owned as to 20% by the Group.

Looking ahead, the Group will stay focus on the investment and development of mobile-online games business riding on the wave of the sharp growth and soaring potential demand for games. In the meantime, the Directors will also source other business opportunities for diversifying the business portfolios with the aim to create better returns for the investors.

#### **Money lending business**

In September 2014, one of the Group's wholly-owned subsidiaries has obtained another money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry on its money lending business. The Group is primarily focusing its resources on the investment in mobile-online game business and development of mobile-online games, and as at the Latest Practicable Date, there was no loan receivables yet to be collected. However, the Board considers the demand for money lending is increasing, and the Group will pay close attention to the market conditions so as to capture business opportunities in this segment when the Group has sufficient cash for further investment in money lending business.

#### **Health Check business**

Currently, the Group is operating an aggregate of 9 health check centres and 2 laboratories in Hong Kong. The Directors are regularly reviewing the operations of health check centers and strive to improve the operational efficiency of its health check business so as to enhance its competitiveness in the market and profitability. With the aging population in Hong Kong, the management of the Group believes that the people in Hong Kong will become more health conscious and there will be an increase in demand in the health check services for the coming decades. With reference to the financial performance of the health check business for the first three quarters of 2014 which generated profits as compared to losses for the first three quarters of 2013, the Board is optimistic about the prospects of its health check business and expects that its health check business will continue to generate stable revenue and cash flows to the Group.

The Group will effectively allocate its resources in the health check business.

#### **Securities investments**

The Group's investment portfolio mainly comprises investments in listed securities. The Group is primarily focusing its resources on the investment and development of mobile-online game business and as at the Latest Practicable Date, the Group held certain listed securities. The Group will continue optimizing its investment portfolios and will consider realising its existing investment in securities when opportunities arise so as to create value for its shareholders.

Save that the Company ceased its IT business in November 2014, the Company does not intend to dispose of or scale down any of the company's existing business.

#### **4. EFFECT OF THE DISPOSAL AND ACQUISITION**

Upon Completion, the Group's equity interest in Luck Key will be reduced from approximately 90.1% to approximately 65.0% and Luck Key will continue to be a non-wholly-owned subsidiary of the Company. The financial results of Luck Key will continue to be consolidated by the Group. The Disposal will be recorded as an equity transaction as defined in the Hong Kong Financial Reporting Standards and the accounting policy of the Group.

In addition, upon Completion, the Target will become a 70% non-wholly-owned subsidiary of the Company and the financial results of the Target will be consolidated with the results of the Group.

#### **Assets and liabilities**

Based on the unaudited consolidated financial information of the Target Group as at 31 October 2014, upon Completion, the total assets of the Group are expected to increase by approximately HK\$23,586,000 and the total liabilities of the Group are expected to increase by approximately HK\$12,348,000. The total assets and liabilities of the Group to be recorded by the Group upon Completion are subject to audit and will be assessed after Completion.

#### **Earnings**

Since Luck Key will remain as a subsidiary of the Company after Completion, the financial results of the Target Group continue to be consolidated with those of the Group and the earnings of the Group will not be affected solely as a result of the Disposal. However, as the Target will become a 70% subsidiary of the Company and the financial results of the Target will be consolidated with the results of the Group, the earnings of the Group is expected to increase.

## 1. RESPONSIBILITY STATEMENT

This circular, 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 regarding the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to the Rules 5.46 to 5.47 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long position in the Shares of the Company

Name of Director	Capacity	Number of Shares	Approximate Percentage
Zhang Xiongfeng	Interest through controlled corporation	735,678,000 Shares (Note 1)	29.47%

*Note 1:* Being the aggregate of (i) 381,078,000 new Shares issued to Turbo Pointer Limited on 29 August 2014; and (ii) 354,600,000 new Shares proposed to be issued to Turbo Pointer Limited which is beneficially and wholly-owned by Mr. Zhang Xiongfeng. As such, Mr. Zhang Xiongfeng is deemed to be interested in the all the 735,678,000 Shares by virtue of the SFO. Mr. Zhang Xiongfeng is also the director of Turbo Pointer Limited.



## (ii) Long position in the underlying Shares of the Company

Name of Director	Capacity	Number of underlying Shares	Approximate Percentage
Zhang Xiongfeng	Beneficial owner	57,163,573 Shares (Note 2)	2.29%
Zhang Peiao	Beneficial owner	38,109,049 Shares (Note 3)	1.53%

*Notes:*

- These are 57,163,573 new Shares to be issued upon exercise of the options granted to Mr. Zhang Xiongfeng pursuant to the share option scheme of the Company adopted on 10 November 2010.
- These are 38,109,049 new Shares to be issued upon exercise of the options granted to Mr. Zhang Peiao pursuant to the share option scheme of the Company adopted on 10 November 2010.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to the Rules 5.46 to 5.47 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(b) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

*Long position in Shares of the Company*

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
China New Economy Fund Limited	Beneficial owner	300,006,000 Shares	12.02%
Turbo Pointer Limited (Note 1)	Beneficial owner	735,678,000 Shares (Note 2)	29.47%
Hydra Capital SPC for and on behalf of SP#1 ("Hydra")	Beneficial owner	645,660,000 Shares (Note 3)	25.87%
DRL Capital Investment Management Limited ("DRL")	Interest through controlled corporation	645,660,000 Shares (Note 4)	25.87%
Favour Sino Holdings Limited ("Favour Sino")	Interest through controlled corporation	645,660,000 Shares (Note 4)	25.87%
Convoy (BVI) Limited ("Convoy BVI")	Interest through controlled corporation	645,660,000 Shares (Note 4)	25.87%
Convoy Financial Holdings Limited ("Convoy")	Interest through controlled corporation	645,660,000 Shares (Note 4)	25.87%
Convoy Asset Management Limited ("CAM")	Investment Manager	645,660,000 Shares (Note 5)	25.87%

Note 1: Mr. Zhang Xiongfeng, an executive Director, is the director of Turbo Pointer Limited.

Note 2: Being the aggregate of (i) 381,078,000 new Shares issued to Turbo Pointer Limited on 29 August 2014; and (ii) 354,600,000 new Shares proposed to be issued to Turbo Pointer Limited, which is beneficially and wholly-owned by Mr. Zhang Xiongfeng. As such, Mr. Zhang Xiongfeng is deemed to be interested in the 735,678,000 Shares by virtue of the SFO.

*Note 3:* These are the 645,660,000 new Shares proposed to be issued to Hydra Capital SPC for and on behalf of SP#1.

*Note 4:* According to the disclosure of interests notice filed by Convoy on 24 October 2014, Hydra is wholly and beneficially owned by DRL, which is owned as to 70% by Favour Sino. Favour Sino is wholly and beneficially owned by Convoy BVI, which is in turn wholly and beneficially owned by Convoy, whose shares are listed on the Stock Exchange (Stock Code: 1019). As such, each of DRL, Favour Sino, Convoy BVI and Convoy is deemed to be interested in the 645,660,000 new Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

*Note 5:* CAM is the investment manager of Hydra and is deemed to be interested in the 645,660,000 new Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept under Section 336 of Part XV of the SFO.

### **3. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any business which competes or may compete, either directly or indirectly, with the business of the Group.

### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### **5. DIRECTORS' INTEREST IN ASSETS CONTRACTS OR ARRANGEMENTS**

On 18 June 2014, the Company entered into a subscription agreement with Turbo Pointer Limited, which was then beneficially and wholly-owned by Mr. Zhang Xiongfeng, who was then an executive Director and chairman of the Board, pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer Limited conditionally agreed to subscribe for, 381,078,000 new Shares at the subscription price of HK\$0.118 per Share. The said subscription was completed on 29 August 2014. Details of the said subscription agreement are set out in the Company's announcements dated 18 June 2014 and 29 August 2014, and the Company's circular dated 21 July 2014.

On 10 October 2014, the Company entered into another subscription agreement with Turbo Pointer Limited, pursuant to which the Company conditionally agreed to allot and issue, and Turbo Pointer Limited conditionally agreed to subscribe for 354,600,000 new Shares at the subscription price of HK\$0.22 per Share. Details of the subscription agreement are set out in the Company's announcement dated 10 October 2014.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor has any Director had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 7. MATERIAL CONTRACTS

During the two years immediately preceding the date of this circular, the following contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by the Group and are or may be material:

- (i) the sale and purchase agreement dated 22 March 2013 and entered into between Absolutely Talent Technology Limited ("**Absolutely Talent**") (a wholly-owned subsidiary of the Company) as the purchaser, and Plenty Cash Investment Limited as the vendor, in relation to the acquisition of 100% interest in Funa Assets Limited at the consideration of HK\$40,000,000, details of which are set out in the announcement of the Company dated 22 March 2013;
- (ii) the sale and purchase agreement dated 16 April 2013 (as amended by an addendum dated 19 July 2013) and entered into between Absolutely Talent as the purchaser, the Company as the purchaser's guarantor, and three vendors ("**LK Vendors**"), namely Jun Yang Solar Power Investments Limited (formerly known as China Gogreen Assets Investment Limited), Town Health (BVI) Limited and Dr. Fung Yiu Tong, Bennet, in relation to the acquisition of the entire issued share capital of Luck Key and the obligations, liabilities and debts owing or incurred by Luck Key and its subsidiaries to the LK Vendors prior to completion, at the consideration of HK\$85,000,000, further details of which are set out in the announcements of the Company dated 16 April 2013 and 19 July 2013 and the circular of the Company dated 24 August 2013;

- (iii) the deed of novation dated 18 July 2013 and entered into between Successful Treasure Investments Limited (“**Successful Treasure**”) (a wholly-owned subsidiary of the Company), Keen Profit Development Limited and Enrich Marine Sdn. Bhd (“**EMS**B”), pursuant to which, among other matters, Successful Treasure novated its rights and obligations in and under the Investment Agreement dated 25 April 2012 and entered into between Successful Treasure and EMSB to Keen Profit Development Limited, further details of which are set out in the announcement of the Company dated 18 July 2013;
- (iv) the joint venture agreement dated 2 October 2013 and entered into between Absolutely Talent (a wholly-owned subsidiary of the Company) and ChinaQFii Company Limited (“**ChinaQFii**”), in relation to the formation of a joint venture company (“**JV Company**”), which would be principally engaged in research, development, operation and management of web-based platform for deal sourcing and matching services and providing information regarding project investment and fund investment. The proposed initial issued capital of the JV Company would be HK\$10,000 which shall be contributed as to 70% by Absolutely Talent and as to 30% by ChinaQFii, and the maximum investment in the JV Company would be HK\$20,000,000, which shall be contributed as to 70% by Absolutely Talent and 30% by ChinaQFii, further details of which are set out in the announcement of the Company dated 2 October 2013;
- (v) the conditional placing agreement dated 12 November 2013 and entered into between the Company as the issuer and CNI Securities Group Limited (“**CNI**”) as the placing agent, pursuant to which the Company conditionally agreed to place, through the placing agent, up to 110,000,000 new Shares under the general mandate granted to the Directors at the annual general meeting of the Company held on 15 May 2013 at the price of HK\$0.128 per placing share to not less than six placees, further details of which are set out in the announcement of the Company dated 12 November 2013;
- (vi) the conditional placing agreement dated 12 November 2013 and entered into between the Company as the issuer and CNI as the placing agent, pursuant to which the Company conditionally agreed to place, through the placing agent, up to 190,000,000 new Shares under the specific mandate (which was granted to the Directors at the extraordinary general meeting of the Company held on 14 January 2014) at the price of HK\$0.128 per placing share to not less than six placees, further details of which are set out in the announcement of the Company dated 12 November 2013 and the circular of the Company dated 27 December 2013;
- (vii) the joint venture agreement dated 5 December 2013 and entered into between the Company and Ample China Development Limited (“**Ample China**”), a wholly-owned subsidiary of Universe International Holdings Limited, in relation to the establishment of the joint venture company, which would be principally engaged in development and sale and computer and mobile phone

games, and the maximum investment in the joint venture company would be HK\$40,000,000, which shall be contributed as to 50% by the Company and 50% by Ample China, further details of which are set out in the announcement of the Company dated 5 December 2013;

- (viii) the sale and purchase agreement dated 29 January 2014 and entered into between Computech International Limited (a direct wholly-owned subsidiary of the Company) as the vendor, and Billion Legend Trading Limited as the purchaser, in relation to the disposal of the entire issued share capital of Computech Online Limited at the consideration of HK\$13 million, further details of which are set out in the announcement of the Company dated 29 January 2014;
- (ix) the sale and purchase agreement dated 29 January 2014 entered into between Century Grand Holdings Limited (“**Century Grand**”), Best Faith Limited (“**Best Faith**”), a wholly-owned subsidiary of the Company, the Company and Century Grand’s guarantors in relation to the acquisition of 5% of the issued share capital of Mighty Eight Investments Limited (“**Mighty Eight**”) at the consideration of HK\$43,600,000, details of which are set out in the Company’s announcement dated 29 January 2014 and the Company’s circular dated 19 June 2014;
- (x) the sale and purchase agreement dated 4 March 2014 and entered into between Ever Robust Holdings Limited (a wholly-owned subsidiary of the Company) as the purchaser, and Globalcrest Enterprises Limited as the vendor, in relation to the acquisition of a total of 170,000,000 shares of the issued share capital of Universe International Holdings Limited (stock code: 1046) at the consideration of HK\$42,160,000, details of which are set out in the announcement of the Company dated 4 March 2014, and the supplemental agreement dated 14 March 2014 in relation to amendment to the completion date for such acquisition, details of which are set out in the announcement of the Company dated 14 March 2014;
- (xi) the cooperation agreement dated 12 March 2014 entered into between the Company and HK SBT in relation to the appointment of HK SBT as the preference cooperation partner of the Group in relation to the operation, publication and distribution of the mobile-online games which will be developed by the Group from time to time, details of which are set out in the announcement of the Company dated 12 March 2014;
- (xii) the licence agreement dated 14 March 2014 and entered into between Absolutely Talent (a wholly-owned subsidiary of the Company) as the grantee and Jade Dynasty Publications Limited as the grantor (“**Grantor**”), pursuant to which the Grantor granted the exclusive licence to Absolutely Talent to, through itself and/or the operator appointed by the Grantee, develop the smart mobile devices games developed by Absolutely Talent and the derived products from such mobile games in any languages based on the contents of the comic named Solor Load (小魔神) or any of the comics composed by Mr.

Wong Chun Loong (alias Mr. Wong Yuk Long) as agreed by the parties to the licence agreement during the period commencing on 14 March 2014 until the expiration of the period of three years commencing on the date of completion of the development of the said mobile games, the details of which are set out in the announcement of the Company dated 14 March 2014;

- (xiii) the underwriting agreement dated 21 March 2014 and entered into between the Company and Win Fung Securities Limited in relation to the rights issue of 560,428,810 rights shares, details of which are set out in the announcement of the Company dated 21 March 2014;
- (xiv) the sale and purchase agreement dated 2 April 2014 entered into between Century Grand, Best Faith, the Company and Century Grand's guarantors in relation to the acquisition of 13% of the issued share capital of Mighty Eight at the consideration of HK\$113,970,000, details of which are set out in the Company's announcement dated 2 April 2014 and the Company's circular dated 19 June 2014;
- (xv) the sale and purchase agreement dated 22 May 2014 entered into between Absolutely Talent, the Company and Laurel Stars Limited in relation to the disposal of 100% equity interest in Funa Assets Limited at the consideration of HK\$39,000,000 (subject to adjustment), details of which are set out in the announcement of the Company dated 22 May 2014;
- (xvi) the subscription agreement dated 28 May 2014 entered into between Timely Investments Limited, a wholly-owned subsidiary of the Company, and Youle Holdings Limited ("Youle") in relation to the subscription for 125 new shares in Youle at the aggregate consideration of RMB4,166,700, details of which are set out in the announcement of the Company dated 28 May 2014;
- (xvii) the subscription agreement dated 6 June 2014 and entered into between the Company and China New Economy Fund Limited in relation to the subscription for 224,166,000 new Shares at the subscription price of HK\$0.10 per Share, details of which are set out in the announcement of the Company dated 6 June 2014;
- (xviii) the subscription agreement dated 18 June 2014 and entered into between the Company and Turbo Pointer Limited ("**Turbo Pointer**") in relation to the subscription of 381,078,000 new Shares at the subscription price of HK\$0.118 per Share by Turbo Pointer, details of which are set out in the announcement of the Company dated 18 June 2014 and the circular of the Company dated 21 July 2014;
- (xix) the licence agreement dated 24 June 2014 and entered into between Golden Weapon Limited, a wholly-owned subsidiary of the Company, and HK SBT in relation to the grant of the exclusive licence to operate the game called "戰略傳奇" (English name for identification purpose only, The Rune Rush) in certain regions to HK SBT for a period of three years from the date when the said game commenced

operation in the regions to share the income from the service fee paid by users of the said game, details of which are set out in the announcement of the Company dated 24 June 2014;

- (xx) the capital injection agreement dated 25 July 2014 and entered into between 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 and 上海智趣廣告有限公司 (unofficial English name for identification purpose Shanghai Zhiqu Advertisement Co., Ltd. (“**Shanghai Zhiqu**”)) in relation to the injection of the registered capital of RMB530,000 into Shanghai Zhiqu, details of which are set out in the announcement of the Company dated 27 July 2014;
- (xxi) the conditional placing agreement dated 13 August 2014 and entered into between the Company as the issuer and Astrum Capital Management Limited as the placing agent, pursuant to which the Company conditionally agreed to place, through the placing agent, up to 209,592,000 new Shares under the general mandate (which was granted to the Directors at the extraordinary general meeting of the Company held on 12 August 2014) at the price of HK\$0.134 per placing share to not less than six placees, details of which are set out in the announcement of the Company dated 13 August 2014;
- (xxii) the sale and purchase agreement dated 13 August 2014 entered into between Century Grand, Best Faith, the Company and Century Grand’s guarantors in relation to the acquisition of 6% of the issued share capital of Mighty Eight at the consideration of HK\$52,600,000, details of which are set out in the Company’s announcement dated 13 August 2014;
- (xxiii) the subscription agreement dated 22 August 2014 and entered into between Absolutely Talent, a wholly-owned subsidiary of the Company and Charm Team Group Limited (“**Charm Team**”), in relation to the subscription of 510 new shares of Charm Team by Absolutely Talent at the aggregate subscription price of HK\$3,978, details of which are set out in the announcement of the Company dated 22 August 2014;
- (xxiv) the subscription agreement dated 26 August 2014 and entered into between Luck Key Investment Limited (“**Luck Key**”), a wholly-owned subsidiary of the Company, and Town Health (BVI) Limited, a wholly-owned subsidiary of Town Health International Medical Group Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 3886), in relation to the subscription of 1,170 new shares of Luck Key to be allotted and issued upon completion of the subscription at the aggregate subscription price of HK\$2,700,360 by Town Health (BVI) Limited, details of which are set out in the announcement of the Company dated 26 August 2014;



- (xxv) the subscription agreement dated 4 September 2014, as supplemented by the supplemental agreements thereto dated 29 October 2014 and 28 November 2014, entered into between Timely Investments Limited, a wholly-owned subsidiary of the Company, Hei Feng Limited (黑鋒有限公司) as the grantor, Mr. Xiang Zhou Zhen, Mr. Guo Yan and Mr. Yang Hai Long, collectively as the warrantors, and Wang Yan Network Limited (網岩網絡有限公司, “**Wang Yan**”), in relation to the Group’s the subscription of 20 new shares of Wang Yan at an aggregate price of HK\$3,750,000, details of which are set out in the announcement of the Company dated 4 September 2014;
- (xxvi) the sale and purchase agreement dated 9 October 2014, as supplemented by the supplemental agreement thereto dated 23 December 2014, entered into between Best Faith, Hydra Capital SPC for and on behalf of SP#1 (“**Hydra Capital**”) and the Company pursuant to which Best Faith agreed to acquire 25% of the issued share capital of Mighty Eight from Hydra Capital at the consideration of HK\$252,045,200, details of which are set out in the Company’s announcements dated 9 October 2014 and 23 December 2014;
- (xxvii) the subscription agreement dated 10 October 2014, as supplemented by the supplemental agreement thereto dated 23 December 2014, entered into between the Company and Turbo Pointer, in relation to the subscription of 354,600,000 new Shares at the subscription price of HK\$0.22 per Share by Turbo Pointer, details of which are set out in the Company’s announcements dated 10 October 2014 and 23 December 2014;
- (xxviii) the disposal agreement dated 12 November 2014 entered into between Absolutely Talent and Mr. Koh Seng Loo in relation to the disposal of the 300,000 shares of EPRO Systems (S) Pte Ltd, a then non-wholly subsidiary of the Company, at the aggregate consideration of HK\$300,000, details of which are set out in the announcement of the Company dated 12 November 2014;
- (xxix) the capital injection agreement dated 13 November 2014, as supplemented by the supplemental agreement thereto dated 31 December 2014, entered into between China Sky Profit Limited, a wholly-owned subsidiary of the Company, and 上海熱爪數碼科技有限公司 (unofficial English name for identification purpose, Shanghai Re Zhua Digital Technology Co., Ltd.) (“**Re Zhua**”), in relation to the injection of aggregate capital of RMB3 million into Re Zhua, details of which are set out in the announcement of the Company dated 13 November 2014; and
- (xxx) the SP Agreement.

**8. CORPORATE INFORMATION OF THE COMPANY**

<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Head office and principal place of business</b>	Room 1210A1, 12/F. Champion Building 301–309 Nathan Road Kowloon Hong Kong
<b>Principal share registrar and transfer office</b>	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Hong Kong Registrars Limited Shops 1712–1716, 17/F Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
<b>Company secretary</b>	Ms. Lam Ching Yee, <i>CPA</i>
<b>Compliance officer</b>	Mr. Hung Kenneth

**9. AUDIT COMMITTEE**

An audit committee of the Company (“**Audit Committee**”) was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3. The Audit Committee must consist of a minimum of three members, all of whom must be non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising the three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe, is the chairman of the Audit Committee.

The primary duties of the audit committee are mainly to review the Company's financial information and reporting process, internal control procedures, risk management system, audit plan, relationship with external auditors and to review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Biographical information of each member of the Audit Committee is set out below:

**Mr. Wong Siu Keung, Joe**, aged 50, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong Siu Keung, Joe holds a Degree of Master of Arts in International Accounting from City University of Hong Kong and a Master of Corporate Governance from The Hong Kong Polytechnic University. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong Siu Keung, Joe has extensive experience in taxation, accounting, financing, audit field and public listed companies for many years. Mr. Wong is also as the independent non-executive Director of China Water Industry Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1129).

**Mr. Wong Ching Yip**, aged 42, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong Ching Yip holds a Degree of Bachelor of Arts in University of Winnipeg in Canada. He has extensive experience in the field of global sales and marketing covering areas including PRC, the United States of America and Europe. Mr. Wong Ching Yip had been an independent non-executive director of SMI Publishing Group Limited (the "SMI"), a company whose shares are listed on the GEM of the Stock Exchange (Stock code: 8010, currently known as Sing Pao Media Enterprises Limited), for the period from September 2008 to May 2010 and had been re-designated as an executive director of SMI in May 2010 till August 2011.

**Mr. Luk Chi Shing**, aged 45, was appointed as the independent non-executive Director on 20 December 2011. Mr. Luk holds a Bachelors Degree of Arts in Accountancy from City University of Hong Kong. Mr. Luk is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Luk has extensive experience in financial management, auditing and public listed companies for over 15 years. Mr. Luk is also an executive director of Tai Shing International (Holdings) Limited, a company whose shares are listed on the GEM of the Stock Exchange (Stock code: 8103). Mr. Luk is also an independent non-executive director of Gamma Logistics Corporation, a company whose shares are listed on the GEM of the Stock Exchange (Stock code: 8310).

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:30 p.m. on any Business Day at the office of Messrs. Leung & Lau at Units 7208–10, 72nd Floor, the Center, 99 Queen’s Road C., Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2012 and 31 December 2013;
- (c) the material contracts referred to in the paragraph headed “Material contracts” of this Appendix IV;
- (d) the circular of the Company dated 19 June 2014;
- (e) the circular of the Company dated 21 July 2014; and
- (f) this circular.

## NOTICE OF EGM



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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**Meeting**”) of China Mobile Games and Cultural Investment Limited (“**Company**”) will be held at 9:00 a.m. on Friday, 13 February 2015 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong, for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT**

- (A) the sale and purchase agreement dated 31 December 2014 and entered into between Town Health Healthcare Services Limited (“**Vendor**”) as the vendor, Town Health International Medical Group Limited as the warrantor and Luck Key Investment Limited (“**Luck Key**”) (a non-wholly-owned subsidiary of the Company) as the purchaser in relation to the acquisition (“**Acquisition**”) of 7 issued shares of US\$1.00 each, in the capital of Ever Full Harvest Limited (“**Target**”) and the amount of HK\$6,333,000 owing by the Target to the Vendor and to be assigned to Luck Key at completion of the Acquisition and the deemed disposal (“**Disposal**”) of approximately 25.1% equity interest in Luck Key as a result of the allotment and issue of the 4,570 new shares of Luck Key to the Vendor at completion of the Acquisition (as set out in the circular of the Company dated 28 January 2015 (“**Circular**”), a copy of which is marked “A” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) (“**SP Agreement**”, a copy of the SP Agreement is marked “B” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) be and is hereby approved, confirmed and ratified and the transactions contemplated under the SP Agreement (including the Acquisition and the Disposal) be and are hereby approved; and

## NOTICE OF EGM

- (B) the directors of the Company (“**Directors**”) or a duly authorised committee of the board of Directors be and are/is authorised to do all such acts and things, to sign and execute such documents or agreements or deed on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the SP Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposal) and to agree to such variation, amendments or waiver or matters relating thereto (excluding any variation, amendments or waiver of such documents or any terms thereof, which are fundamentally and materially different from those as provided for in the SP Agreement and which shall be subject to approval of the shareholders of the Company) as are, in the opinion of the Directors or a duly authorised committee, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 28 January 2015

*Registered office:*  
Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*  
Room 1210A1, 12/F.  
Champion Building  
301–309 Nathan Road  
Kowloon  
Hong Kong

*Notes:*

1. The resolution at the EGM will be taken by poll pursuant to the GEM Listing Rules and the results of the poll will be published on the websites of GEM and the Company in accordance with the GEM Listing Rules.
2. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the EGM or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.

## NOTICE OF EGM

6. Where there are joint holders of any shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.

*As at the date of this notice, 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.*