

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE CHINA MOBILE GAMES &  
ENTERTAINMENT GROUP, LTD  
SECURITIES LITIGATION

CASE NO. 1:14-CV-04471 (KMW)

This Document Relates To: All Actions

**NOTICE OF (I) PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION;  
(II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF  
ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

***A federal court authorized this Notice. This is not a solicitation from a lawyer.***

**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED PUBLICLY  
TRADED AMERICAN DEPOSITORY SHARES (“ADS”) OF CHINA MOBILE GAMES  
& ENTERTAINMENT GROUP LIMITED (“CMGE” OR THE “COMPANY”)  
BETWEEN APRIL 26, 2013 AND JANUARY 14, 2015, INCLUSIVE (“CLASS PERIOD”)**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION WHETHER OR NOT YOU ACT. YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE OCTOBER 21, 2017.

This Notice of (I) Pendency and Proposed Settlement of Class Action; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses (“Internet Long Form Notice”) has been posted on the website: [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge) pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the “Court”). The purpose of this Internet Long Form Notice is to inform you of the pendency of this securities class action (the “Action”) and the proposed \$1.5 million settlement of this Action (the “Settlement”) and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as well as Lead Counsel’s application for fees, costs, and expenses. The Settlement resolves the Class’ claims asserted against the Defendants. This Internet Long Form Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action.<sup>1</sup>

This Internet Long Form Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action as to any of the Defendants or the merits of the claims or defenses asserted by or against the Defendants. This Internet Long Form Notice is solely to advise you of the proposed Settlement of the Litigation and of your rights in connection therewith.

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<sup>1</sup> All capitalized terms used in this Internet Long Form Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated May 22, 2017 (the “Stipulation”), which is available on the website [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge).

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>SUBMIT A CLAIM FORM NO LATER THAN OCTOBER 21, 2017</b>	The only way to be eligible to receive a payment from the Settlement. Proof of Claim and Release (“Proof of Claim”) forms must be postmarked or emailed to the Claims Administrator on or before October 21, 2017.
<b>EXCLUDE YOURSELF NO LATER THAN AUGUST 24, 2017</b>	Get no payment. This is the only option that <i>potentially</i> allows you to ever be part of any other lawsuit against the Defendants or any other Released Persons about the legal claims being resolved by this Settlement. Exclusions must be mailed and <i>postmarked</i> to the Claims Administrator on or before August 24, 2017.
<b>OBJECT NO LATER THAN AUGUST 24, 2017</b>	Write to the Court about why you do not like the Settlement, the Plan of Allocation, the request for attorneys’ fees, costs, and expenses, and/or Plaintiffs’ request for reimbursement of expenses. You will still be a member of the Class. Objections must be <i>received</i> by the Court and counsel on or before August 24, 2017.
<b>GO TO THE HEARING ON SEPTEMBER 14, 2017</b>	Ask to speak in Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel on or before August 24, 2017.
<b>DO NOTHING</b>	Receive no payment. You will, however, still be a member of the Class, which means that you give up your right to ever be part of any other lawsuit against the Defendants or any other Released Persons about the legal claims being resolved in this Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

**SUMMARY OF THIS NOTICE**

**Statement of Class Recovery**

The proposed Settlement creates a fund in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) in cash plus interest that accrues on the fund prior to distribution. The proposed Settlement represents an average recovery of approximately \$0.10 per share of CMGE ADS available for trading during the Class Period before the deduction of any taxes on the income earned on the Settlement Amount thereof, notice and administration costs, and the attorneys’ fees, costs, and expenses as determined by the Court. **Class Members should note, however, that these are only estimates.** A Class Member’s actual recovery from this fund will be a proportion of the Net Settlement Fund determined by that claimant’s claims as compared to the total claims of all Class Members who submit valid Proofs of Claim. An individual Class Member may receive more or less than this estimated average amount. *See* the Plan of Allocation below for a more detailed description of how the settlement proceeds will be allocated among Class Members.

**Statement of Potential Outcome of Case**

The Settling Parties disagree on both liability and damages and do not agree on the amount of damages that would be recoverable if the Class prevailed on each claim alleged. The Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action. The issues on which the Settling Parties disagree include, but are not limited to: (1) whether the statements made or facts allegedly omitted were false, material, or otherwise actionable under the federal securities laws; (2) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of CMGE ADS; (3) the extent to which the

various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the trading price of CMGE ADS; (4) the extent to which external factors, such as general market conditions, influenced the trading price of CMGE ADS; (5) the effect of various market forces influencing the trading price of CMGE ADS; (6) the amount by which the price of CMGE ADS was allegedly artificially inflated (if at all); and (7) the appropriate economic model for determining the amount by which the price of CMGE ADS was allegedly artificially inflated (if at all). Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to have prevailed on each claim asserted. The Defendants deny that they have violated the federal securities laws or any laws, and further deny that Plaintiffs and the Class suffered any damages as a result of their conduct.

In addition, the amount of damages recoverable by the Class was and is challenged by the Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law, and had the Action gone to trial, the Defendants intended to assert that all of the losses of Class Members were caused by non-actionable market, industry, general economic or company-specific factors, other than the revelation of the facts alleged to be misleadingly stated or omitted.

### **Reasons for the Settlement**

Plaintiffs' principal reason for entering into the Settlement is the benefit to the Class now, without further risk or the delays inherent in continued litigation. Plaintiffs believe that the proposed Settlement is a fair and reasonable recovery and is in the best interests of the Class. The cash benefit under the Settlement must be considered against the significant risk that a smaller recovery – or, indeed, no recovery at all – might be achieved after contested motions, trial, and likely appeals, a process that could last several years into the future. For the Defendants, who have denied and continue to deny all allegations of liability, fault, or wrongdoing whatsoever, the principal reason for entering into the Settlement is to eliminate the uncertainty, risk, costs, and burdens inherent in any litigation, especially in complex cases such as this Action. The Defendants have concluded that further conduct of this Action could be protracted and distracting.

### **Statement of Attorneys' Fees and Expenses Sought**

Lead Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs and the members of the Class, nor have they been paid their litigation expenses. Since the Action's inception, Lead Counsel have expended time and effort in the prosecution of this Action on a wholly contingent basis and have advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for an award of attorneys' fees of no more than 30% of the Settlement Amount, plus reimbursement of expenses not to exceed \$100,000, plus interest earned on both amounts at the same rate as earned by the Settlement Fund. In addition, the Plaintiffs may seek an amount not to exceed \$1,500 each for their costs and expenses incurred in connection with representing the Class in accordance with 15 U.S.C. §78u-4(a)(4). The requested attorneys' fees and expenses shall be paid from the Settlement Fund and amount to a maximum average cost of approximately \$0.04 per share of CMGE ADS.

### **Further Information**

For further information regarding the Action, this Internet Long Form Notice or the Postcard Notice that you received in the mail, or to review the Stipulation, please contact the Claims Administrator toll-free at (866) 274-4004 or via email at [info@strategicclaims.net](mailto:info@strategicclaims.net), or visit the website [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge). This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Action or the fairness or adequacy of the proposed Settlement.

For further information regarding this Settlement you may contact Lead Counsel: Kara M. Wolke, Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, Telephone (888) 773-9224, or Email settlements@glancylaw.com.

***Please Do Not Call the Court or Defendants with Questions About the Settlement.***

## BASIC INFORMATION

### 1. Why did I get the Postcard Notice?

The Postcard Notice was sent to you pursuant to an Order of a U.S. Federal Court because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired CMGE ADS during the period from April 26, 2013 through January 14, 2015, both dates inclusive (“Class Period”), including those investors who purchased ADS pursuant to CMGE’s Secondary Offering held on or about March 26, 2014 (the “Secondary Offering”).

This Internet Long Form Notice further explains the class action lawsuit, the Settlement, Class Members’ legal rights in connection with the Settlement, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Southern District of New York (the “Court”), and the case is known as *In re China Mobile Games & Entertainment Group, Ltd Securities Litigation*, Civil Action No. 1:14-cv-04471-KMW. The judge presiding over the case is the Honorable Kimba M. Wood. The Court has appointed the law firm of Glancy Prongay & Murray LLP as Lead Counsel. Johnnie Dormier is the Court-appointed Lead Plaintiff and Edward McCaffery and Charlie Chun are additional named plaintiffs (collectively, “Plaintiffs”). The Defendants are China Mobile Games & Entertainment Group Limited (“CMGE” or the “Company”), Ken Jian Xiao, Ken Fei Fu Chang, and Shuling Ying (“Ying”) (collectively, the “CMGE Defendants”), and Credit Suisse Securities (USA) LLC, Barclays Capital Inc., Jefferies LLC, Nomura Securities International, Inc., and Brean Capital, LLC<sup>2</sup> (collectively, the “Underwriter Defendants,” and together with the CMGE Defendants, the “Defendants”). The individuals representing the Class are the Plaintiffs, and the parties they sued are the Defendants.

### 2. What is this lawsuit about?

On June 20, 2014, a putative class action was filed in the United States District Court for the Southern District of New York alleging violations of federal securities laws and a second action was filed on June 26, 2014. On November 20, 2014, the Court consolidated the two actions and appointed Miran Segregated Portfolio Company – Miran Long Short Equity Segregated Portfolio (“Miran”) as lead plaintiff.

On February 2, 2015, Miran and plaintiff Charlie Chun filed a Consolidated Securities Class Action Complaint (“Consolidated Complaint”), asserting claims against the CMGE Defendants under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, against the Individual Defendants under Section 20(a) of the Exchange Act, and against all Defendants (except Ying) under Sections 11 and 15 of the Securities Act. Among other things, the Consolidated Complaint alleged that during the Class Period, Defendants made false and materially misleading statements regarding undisclosed related-party transactions with Shenzhen Zhongzheng Ruanyin Science & Technology Co.,

<sup>2</sup> Brean Capital, LLC was named as an underwriter defendant in, but not served with, the complaints. Brean Capital, LLC therefore reserved and did not waive any rights based on the fact that it had not been served in this litigation, including but not limited to all rights to contest that it is a defendant in the action and all defenses including but not limited to those based on service of process and/or based on statutes of limitation and/or repose.

Ltd. (“Zhongzheng”) and CMGE’s alleged acts of bribery to curry favor with key distributors. The Consolidated Complaint also alleged that Defendants made false and misleading statements in the Secondary Offering documents disseminated in connection with CMGE’s public offering held on or about March 26, 2014. The Consolidated Complaint also alleges that when the market learned of the Company’s misrepresentations and omissions, the price of CMGE ADS fell, causing damage to purchasers of the Company’s stock during the Class Period. Defendants denied all of these allegations and filed a motion to dismiss the Consolidated Complaint on March 19, 2015, and on March 7, 2016, the Court granted Defendants’ motion, dismissing all claims with leave to amend.

On April 5, 2016, Miran notified the Court that it did not wish to prosecute this action further, and on June 8, 2016, the Court appointed Johnnie Dormier as the new lead plaintiff, and the firm Glancy Prongay & Murray LLP as the new lead counsel. On July 18, 2016, Plaintiffs filed the Second Consolidated Amended Securities Class Action Complaint (“SAC”), which included facts based on their further investigation of the alleged wrongdoing and an additional claim under Section 12 of the Securities Act. Defendants filed a motion to dismiss the SAC on September 2, 2016. Plaintiffs filed their opposition on October 17, 2016, and Defendants filed their reply on November 7, 2016.

While Defendants’ motion to dismiss the SAC was still pending before the Court, the Settling Parties engaged the services of a well-respected third-party mediator Jed Melnick, Esq. and participated in a full-day mediation session. The Settling Parties ultimately agreed to settle the Action and on March 23, 2017, the Settling Parties informed the Court that they had agreed to a comprehensive resolution of all claims in this Action.

Defendants deny each and all of the claims and contentions of wrongdoing alleged by Plaintiffs in the Action. Defendants contend that they did not make any materially false or misleading statements, they disclosed all material information required to be disclosed by the federal securities laws, and any alleged misstatements or omissions were not made with the requisite intent or knowledge of wrongdoing. Defendants also contend that any losses suffered by members of the Class were not caused by any false or misleading statements by them and/or were caused by intervening events.

### 3. Why is there a settlement?

The Court has not decided in favor of the Defendants or of the Plaintiffs. Instead, both sides agreed to the Settlement to avoid the distraction, costs, and risks of further litigation, and Plaintiffs agreed to the Settlement in order to ensure that Class Members will receive compensation.

## WHO IS IN THE SETTLEMENT

### 4. How do I know if I am a Member of the Class?

The Court directed that everyone who fits this description is a Class Member: *all Persons who purchased or otherwise acquired publicly traded CMGE ADS between April 26, 2013 and January 14, 2015, both dates inclusive, including those investors who purchased ADS pursuant to CMGE’s Secondary Offering, and who were damaged by Defendants’ alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and/or Sections 11, 12, and 15 of the Securities Act of 1933.*

Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, any entity in which a Defendant has or had a controlling interest, Zhongzheng, Juan Du, and Chenghai Dan. The Underwriter Defendants or any entity in which any of the Underwriter Defendants has or had a controlling interest (for purposes of this paragraph, together an “Underwriter Defendant-Controlled Entity”) are excluded from the Class only to the extent that such Underwriter Defendant-Controlled Entity itself purchased a proprietary (*i.e.* for its own account) interest in CMGE ADS. To the extent that an Underwriter Defendant-Controlled Entity purchased CMGE ADS in a fiduciary capacity

or otherwise on behalf of any third-party client, account, fund, trust, or employee benefit plan that otherwise falls within the Class, neither such Underwriter Defendant-Controlled Entity nor the third-party client, account, fund, trust, or employee benefit plan shall be excluded from the Class with respect to such CMGE ADS. Also excluded from the Class are any Persons who exclude themselves by submitting a request for exclusion that is accepted by the Court, in accordance with the requirements set forth in Question 11 below.

**Please Note:** Receipt of the Postcard Notice does not mean that you are a Class Member or that you will be entitled to receive a payment from the Settlement. If you are a Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Proof of Claim form and the required supporting documentation as set forth therein, postmarked or submitted online on or before October 21, 2017.

**5. What if I am still not sure if I am included?**

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at (866) 274-4004, email [info@strategicclaims.net](mailto:info@strategicclaims.net), or you can fill out and return the Proof of Claim form to see if you qualify.

**THE SETTLEMENT BENEFITS – WHAT YOU GET**

**6. What does the Settlement provide?**

The Settlement provides that, in exchange for the release of the Released Claims (defined below) and dismissal of the Action, Defendants have agreed that \$1.5 million will be paid by Defendants (or on their behalf) to be distributed to Class Members who submit a valid Proof of Claim form pursuant to the Court-approved Plan of Allocation.

**7. How much will my payment be?**

At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement. Your share of the Net Settlement Fund will depend on several things, including the total amount of claims represented by the valid Proof of Claim forms that Class Members send in, compared to the amount of your Claim, all as calculated under the Plan of Allocation discussed below in Question 20.

**HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM**

**8. How can I get a payment?**

To be eligible to receive a payment from the Settlement, you must submit a Proof of Claim form. A Proof of Claim form may be downloaded from [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge), and can be mailed upon request from the Claims Administrator (call toll-free: (866) 274-4004 or email: [info@strategicclaims.net](mailto:info@strategicclaims.net)). Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail or email it so that it is postmarked or received by the Claims Administrator no later than October 21, 2017 at:

*China Mobile Games & Entertainment Group Litigation*  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063  
Email: [info@strategicclaims.net](mailto:info@strategicclaims.net)

**9. When would I get my payment?**

The Court will hold a Settlement Hearing on September 14, 2017, at 2:30 p.m., to decide whether to approve the Settlement. If the Court approves the Settlement, there might be appeals. It is always uncertain whether appeals can be resolved, and if so, how long it would take to resolve them. It also takes time for all the Proofs of Claim to be processed. Please be patient.

**10. What am I giving up to get a payment or to stay in the Class?**

If you remain a Class Member, and if the Settlement is approved, you will give up all “Released Plaintiffs’ Claims” (as defined below), including “Unknown Claims” (as defined below), against the “Released Persons” (as defined below):

- “Defendants’ Related Persons” means, with respect to the Defendants, each and all of their respective present or former parents, subsidiaries, affiliates, successors and assigns, and each and all of their respective present or former officers, directors, employees, employers, attorneys, accountants, financial advisors, commercial bank lenders, insurers, reinsurers, investment bankers, representatives, general and limited partners and partnerships, heirs, executors, administrators, successors, affiliates, agents, spouses, associates, and assigns of each of them or any trust of which any Defendant and/or Defendants’ Related Persons is the settlor or which is for the benefit of any Defendant and/or Defendants’ Related Persons and/or member(s) of his or her family and any entity in which any such Defendant and/or Defendants’ Related Persons has a controlling interest.
- “Released Claims” means all Released Defendants’ Claims and all Released Plaintiffs’ Claims.
- “Released Defendants’ Claims” means any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims (as defined below), whether arising under federal, state, common, or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendants. Released Defendants’ Claims do not include: (i) any claims relating to the enforcement of the Settlement; and (ii) any claims against any Person who submits a request for exclusion from the Class that is accepted by the Court.
- “Released Persons” means each and all of Defendants and each and all of Defendants’ Related Persons.
- “Released Plaintiffs’ Claims” means any and all claims, and causes of action of every nature and description, whether known claims or Unknown Claims (as defined below), whether arising under federal, state, common, or foreign law, that Plaintiffs or any other Member of the Class: (i) asserted in the Consolidated Complaint or the SAC; or (ii) could have asserted in any forum that arise out of, relate to, or are based upon the allegations, acts, facts, transactions, events, matters or occurrences, disclosures, statements, failures to act, representations or omissions involved, set forth, or referred to in the Consolidated Complaint or SAC and that relate to the purchase of CMGE ADS during the Class Period. Released Plaintiffs’ Claims do not include: (i) any claims relating to the enforcement of the Settlement; and (ii) any claims against any Person who submits a request for exclusion from the Class that is accepted by the Court.
- “Unknown Claims” means any Released Plaintiffs’ Claims which any Plaintiff or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants’ Claims which any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the

Effective Date, Plaintiffs and Defendants shall expressly waive, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

Plaintiffs, Defendants, and Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs and Defendants shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Plaintiffs and Defendants acknowledge, and the Class Members and each of Defendants' Related Persons shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

### **EXCLUDING YOURSELF FROM THE CLASS**

If you do not want to participate in this Settlement, and you want to keep the right to potentially sue the Defendants and the other Released Persons, on your own, about the claims being released by the Settlement, then you must take steps to remove yourself from the Settlement. This is called excluding yourself – or is sometimes referred to as “opting out.”

#### **11. How do I get out of the Class and the proposed Settlement?**

To exclude yourself from the Class, you must send a letter by First-Class Mail stating that you “request exclusion from the Class in the *China Mobile Games & Entertainment Group, Ltd Securities Litigation*.” Your letter must include your purchases and sales of CMGE ADS during the Class Period, including the dates, the number of shares of CMGE ADS purchased, otherwise acquired or sold, and price paid or received for each such purchase, acquisition or sale. In addition, you must include your full name, address, telephone number, and your signature. You must mail your exclusion request so that it is **postmarked no later than August 24, 2017** to:

*China Mobile Games & Entertainment Group Litigation*  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063

If you ask to be excluded, you will not get any payment from the Settlement, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Defendants and the other Released Persons in the future.



**12. If I do not exclude myself, can I sue the Defendants and the other Released Persons for the same thing later?**

No. Unless you exclude yourself, you give up any rights you may potentially have to sue the Defendants and the other Released Persons for any and all Released Claims. If you have a pending lawsuit against the Released Persons speak to your lawyer in that case immediately. You must exclude yourself from the Class in this Action to continue your own lawsuit. Remember, the exclusion deadline is August 24, 2017.

**13. If I exclude myself, can I get money from the proposed Settlement?**

No. If you exclude yourself, you should not send in a Proof of Claim form to ask for any money. But you may have the right to potentially sue or be part of a different lawsuit against the Defendants and the other Released Persons.

**THE LAWYERS REPRESENTING YOU**

**14. Do I have a lawyer in this case?**

The Court ordered the law firm of Glancy Prongay & Murray LLP to represent the Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

**15. How will the lawyers be paid?**

Lead Counsel will apply to the Court for an award of attorneys' fees for an amount up to 30% of the Settlement Amount and for reimbursement of expenses in an amount not to exceed \$100,000 in connection with the litigation, plus interest on such fees and expenses at the same rate earned by the Settlement Fund. In addition, the Plaintiffs may seek an amount not to exceed \$1,500 each for their costs and expenses incurred in connection with representing the Class in accordance with 15 U.S.C. §78u-4(a)(4). Such sums as may be approved by the Court will be paid from the Settlement Fund.

**OBJECTING TO THE SETTLEMENT**

**16. How do I tell the Court that I object to the proposed Settlement?**

If you are a Class Member, you can comment or object to the proposed Settlement, the proposed Plan of Allocation, Lead Counsel's fee and expense application, and/or Plaintiffs' request for costs and expenses. You can write to the Court setting out your comment or objection. The Court will consider your views. To comment or object, you must send a signed letter saying that you want to comment on or object to the proposed Settlement in the *China Mobile Games & Entertainment Group, Ltd Securities Litigation*. Include your full name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of CMGE ADS that you purchased, acquired and sold during the Class Period, and state your comments or the reasons why you object to the proposed Settlement. Your comments or objection must be filed with the Court and mailed or delivered to each of the following addresses such that it is **received no later than August 24, 2017**:

<b>COURT</b>	<b>LEAD COUNSEL</b>	<b>DEFENDANTS' COUNSEL</b>
UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK Daniel Patrick Moynihan United States Courthouse 500 Pearl St. New York, NY 10007	GLANCY PRONGAY & MURRAY LLP Kara M. Wolke 1925 Century Park East Suite 2100 Los Angeles, CA 90067	KIRKLAND & ELLIS LLP Andrew B. Clubok Adam T. Humann 601 Lexington Avenue New York, NY 10022  SHEARMAN & STERLING LLP Adam S. Hakki Daniel C. Lewis 599 Lexington Avenue New York, NY 10022

### **THE COURT'S SETTLEMENT HEARING**

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

#### **17. When and where will the Court decide whether to approve the proposed Settlement?**

The Court will hold a Settlement Hearing at **2:30 p.m., on September 14, 2017**, in the Courtroom of the Honorable Kimba M. Wood, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., New York, New York 10007. At the hearing the Court will consider whether the Settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to award to Lead Counsel and the Plaintiffs. After the Settlement Hearing, the Court will decide whether to approve the Settlement and the Plan of Allocation. We do not know how long these decisions will take. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to attend the hearing, you should check beforehand with Lead Counsel or the Settlement website at [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge) to be sure that the date and/or time has not changed.

#### **18. Do I have to come to the hearing?**

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

#### **19. May I speak at the hearing?**

If you object to the Settlement, the Plan of Allocation, or the fee and expense application, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your written objection (*see* Question 16 above) a statement saying that it is your "Notice of Intention to Appear in the *China Mobile Games & Entertainment Group, Ltd Securities Litigation*." Persons who intend to object to the Settlement, the Plan of Allocation, and/or any attorneys' fees and expenses to be awarded to Lead Counsel or Plaintiffs and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing.

## THE PROPOSED PLAN OF ALLOCATION

### 20. How will the Net Settlement Fund be Distributed?

If the Settlement is approved by the Court, the “Net Settlement Fund” (that is, the Settlement Fund less (a) all federal, state, and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Class Members and administering the Settlement on behalf of Class Members; (c) any attorneys’ fees and expenses awarded by the Court), will be distributed to Class Members who submit valid Claim Forms (“Authorized Claimants”), in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the parties, or another plan of allocation, without further notice to Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Settlement website at [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge).

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s Recognized Loss.

**Please Note:** The Recognized Loss formula, set forth below, is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds remaining in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s Recognized Loss. If, however, the Net Settlement Fund is not sufficient to pay the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the total Recognized Losses of all Authorized Claimants (*i.e.*, “*pro rata* share”). No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any of the Net Settlement Fund remains by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 minimum check amount set forth in the Notice; (ii) second, to pay any additional Notice and Administrative Expenses incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if any, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are

entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a secular non-profit 501(c)(3) organization(s) selected by Lead Counsel.

#### CALCULATION OF RECOGNIZED LOSS AMOUNTS

- I. Recognized Loss Calculation of Publicly Traded CMGE ADS Purchased or Acquired (excluding ADS purchased in the Secondary Offering that closed on or about March 26, 2014) during the Class Period:
  1. For shares purchased or acquired on or between April 26, 2013 and June 18, 2014:
    - A. For shares retained at the close of trading on April 15, 2015, the Recognized Loss shall be the lesser of:
      - (1) \$5.96 per share; or
      - (2) the difference between the purchase or acquisition price per share and \$17.88 per share.<sup>3</sup>
    - B. For shares retained at the end of trading on January 15, 2015 and sold on or between January 16, 2015 and April 15, 2015, the Recognized Loss shall be the lesser of:
      - (1) \$5.96 per share; or
      - (2) the difference between the purchase or acquisition price per share and the average closing price per share as of the date of sale as set forth in Table A below.<sup>4</sup>
    - C. For shares sold on or between April 26, 2013 and June 18, 2014, the Recognized Loss shall be zero.
    - D. For shares sold on or between June 19, 2014 and January 15, 2015, the Recognized Loss shall be the lesser of:
      - (1) \$4.16 per share; or
      - (2) the difference between the purchase or acquisition price per share and the sales price per share.
  2. For shares purchased or acquired on or between June 19, 2014 and January 14, 2015:
    - A. For shares retained at the close of trading on April 15, 2015, the Recognized Loss shall be the lesser of:
      - (1) \$1.80 per share; or
      - (2) the difference between the purchase or acquisition price per share and \$17.88 per share.
    - B. For shares retained at the end of trading on January 15, 2015 and sold on or between January 16, 2015 and April 15, 2015, the Recognized Loss shall be the lesser of:
      - (1) \$1.80 per share; or
      - (2) the difference between the purchase or acquisition price per share and the average closing price per share as of the date of sale as set forth in Table A below.
    - C. For shares sold on or between June 19, 2014 and January 15, 2015, the Recognized Loss shall be zero.

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<sup>3</sup> Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995 (PSLRA), “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day look back period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” \$17.88 per share was the mean (average) daily closing trading price of CMGE’s ADS during the 90-day look back period beginning on January 16, 2015 and ending on April 15, 2015.

<sup>4</sup> Losses on securities purchased or acquired during the Class Period and sold during the PSLRA 90-day look back period cannot exceed the difference between the purchase price paid during the Class Period and the rolling average of the closing price during the 90-day look-back period as of the date of sale.

II. Recognized Loss Calculation of ADS Purchased in the Secondary Offering that closed on or about March 26, 2014:

1. For shares retained at the close of trading on June 20, 2014<sup>5</sup>, the Recognized Loss shall be the lesser of:
  - A. \$5.96 per share; or
  - B. the difference between the purchase price per share (not to exceed the Secondary Offering price of \$24.00 per share) minus \$12.53 per share.<sup>6</sup>
2. For shares sold on or before June 18, 2014, the Recognized Loss shall be zero.
3. For shares sold on June 19, 2014 or June 20, 2014, the Recognized Loss shall be the lesser of:
  - A. \$4.16 per share; or
  - B. the difference between the purchase price per share (not to exceed the Secondary Offering price of \$24 per share) and the sales price per share.

ADDITIONAL PROVISIONS

If a Class Member has more than one purchase, acquisition, or sale of CMGE ADS during the Class Period, all purchases, acquisition, and sales shall be matched on a First In, First Out (“FIFO”) basis. Class Period sales will be matched first against any CMGE ADS held at the beginning of the Class Period, and then against purchases or acquisitions in chronological order, beginning with the earliest purchase or acquisition made during the Class Period. Class Period sales matched at the beginning of the Class Period shall be excluded from the calculation of Recognized Losses. Purchases, acquisitions, and sales of CMGE ADS shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance, or operation of law of CMGE ADS during the Class Period shall not be deemed a purchase, acquisition, or sale of ADS for the calculation of an Authorized Claimant’s Recognized Loss amount for these shares nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase of such ADS unless: (i) the donor or decedent purchased or otherwise acquired such CMGE ADS during the Class Period; (ii) no Proof of Claim form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such ADS; and (iii) the assignment is specifically provided for in the instrument of gift or assignment.

The date of covering a “short sale” is deemed to be the date of purchase or acquisition of CMGE ADS. The date of a “short sale” is deemed to be the date of sale of CMGE ADS. The Recognized Loss for “short sales” is zero. In the event that there is an opening short position in CMGE ADS, the earliest Class Period purchases or acquisition shall be matched against such opening short position, and not be matched against sales, until that short position is fully covered.

To the extent that a Claimant had a market gain from his, her, or its overall transactions in CMGE ADS during the Class Period, the value of the claim will be zero. Such Claimants will, in any event, still be bound by the Settlement. To the extent that a Claimant suffered an overall market loss during the Class Period, but that market loss was less than the total Recognized Loss calculated above, then the Claimant’s Recognized Loss shall be limited to the amount of the actual market loss.

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<sup>5</sup> This is the date the initial complaint was filed.

<sup>6</sup> This is the estimated true value of CMGE’s ADS on June 20, 2014, the date the initial complaint was filed.

TABLE A						
Date	Closing Price	Average Closing Price		Date	Closing Price	Average Closing Price
1/16/2015	\$17.54	\$17.54		3/4/2015	\$17.49	\$17.08
1/20/2015	\$18.00	\$17.77		3/5/2015	\$17.25	\$17.08
1/21/2015	\$17.30	\$17.61		3/6/2015	\$18.30	\$17.12
1/22/2015	\$17.51	\$17.59		3/9/2015	\$18.21	\$17.15
1/23/2015	\$17.43	\$17.56		3/10/2015	\$18.98	\$17.20
1/26/2015	\$17.46	\$17.54		3/11/2015	\$18.21	\$17.23
1/27/2015	\$17.28	\$17.50		3/12/2015	\$18.79	\$17.27
1/28/2015	\$16.78	\$17.41		3/13/2015	\$18.06	\$17.29
1/26/2015	\$16.71	\$17.33		3/16/2015	\$17.90	\$17.31
1/30/2015	\$16.15	\$17.22		3/17/2015	\$17.31	\$17.31
2/2/2015	\$16.20	\$17.12		3/18/2015	\$18.00	\$17.32
2/3/2015	\$16.47	\$17.07		3/19/2015	\$17.85	\$17.33
2/4/2015	\$16.68	\$17.04		3/20/2015	\$18.11	\$17.35
2/5/2015	\$16.47	\$17.00		3/23/2015	\$19.34	\$17.40
2/6/2015	\$16.29	\$16.95		3/24/2015	\$19.50	\$17.44
2/9/2015	\$16.41	\$16.92		3/25/2015	\$19.64	\$17.49
2/10/2015	\$15.48	\$16.83		3/26/2015	\$18.71	\$17.51
2/11/2015	\$15.50	\$16.76		3/27/2015	\$18.44	\$17.53
2/12/2015	\$15.76	\$16.71		3/30/2015	\$17.60	\$17.53
2/13/2015	\$16.13	\$16.68		3/31/2015	\$16.67	\$17.52
2/17/2015	\$16.66	\$16.68		4/1/2015	\$17.12	\$17.51
2/18/2015	\$16.90	\$16.69		4/2/2015	\$17.67	\$17.51
2/19/2015	\$17.80	\$16.74		4/6/2015	\$17.73	\$17.52
2/20/2015	\$18.39	\$16.80		4/7/2015	\$18.99	\$17.54
2/23/2015	\$18.39	\$16.87		4/8/2015	\$21.48	\$17.61
2/24/2015	\$18.04	\$16.91		4/9/2015	\$20.36	\$17.66
2/25/2014	\$17.61	\$16.94		4/10/2015	\$20.23	\$17.71
2/26/2015	\$18.36	\$16.99		4/13/2015	\$20.84	\$17.76
2/27/2015	\$17.85	\$17.02		4/14/2015	\$20.75	\$17.81
3/2/2015	\$17.95	\$17.05		4/15/2015	\$21.86	\$17.88
3/3/2015	\$17.51	\$17.06				

## GETTING MORE INFORMATION

### 21. How do I get more information?

For even more detailed information concerning the matters involved in this Action, you can obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at (866) 274-4004 or email [info@strategicclaims.net](mailto:info@strategicclaims.net). Reference is also made to the Stipulation of Settlement, to the pleadings in support of the Settlement, to the Orders entered by the Court and to the other settlement related papers filed in the Action, which may be downloaded from the Settlement website at [www.strategicclaims.net/cmge](http://www.strategicclaims.net/cmge), and which may be inspected at the Office of the

Clerk of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., New York, NY 10007, during regular business hours. For a fee, all papers filed in this Action are available at [www.pacer.gov](http://www.pacer.gov).

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or acquired CMGE ADS during the Class Period for the beneficial interest of an individual or organization other than yourself, the Court has directed that, WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THE POSTCARD NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such securities during such time period or (b) request additional copies of the Postcard Notice, which will be provided to you free of charge, and within ten (10) days mail the Postcard Notice directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), upon such mailing, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the names and addresses for any future mailings to Class Members. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

*China Mobile Games & Entertainment Group Litigation*  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063  
Tel: (866) 274-4004  
Fax: (610) 565-7985  
Email: [info@strategicclaims.net](mailto:info@strategicclaims.net)

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

DATED: MAY 25, 2017

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK