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**LINEKONG**

藍港互動

**Linekong Interactive Group Co., Ltd.**

**藍港互動集團有限公司**

*(formerly known as Linekong Interactive Co., Ltd. 藍港互動有限公司)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8267)**

## **DISCLOSEABLE TRANSACTION**

### **GRANT OF LOAN TO FUZE ENTERTAINMENT**

#### **GRANT OF LOAN TO FUZE ENTERTAINMENT**

The Company announces that, on July 7, 2015 (after trading hours), the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant an unsecured loan in the amount of US\$9,000,000 (or its equivalent in other currencies) to the Borrower for a period of 12 months from the date of advance of the Loan amount. The Borrower shall pay interest to the Lender on the Loan at the rate of 3% per annum if the Loan is in US Dollars or Hong Kong Dollars, and the interest rate shall be determined based on the recent lending rate promulgated by the People's Bank of China if the Loan is in RMB.

The Loan will be advanced to the Borrower's designated account in two instalments, (i) US\$2,000,000 (or its equivalent in other currencies) within five (5) business days after the signing of the Loan Agreement, and (ii) the remaining US\$7,000,000 (or its equivalent in other currencies) before July 31, 2015.

#### **GEM LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the grant of the Loan when aggregated with the Series A Preferred Shares Agreement, are more than 5% but all the applicable percentage ratios are less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated March 10, 2015 in relation to the purchase of convertible promissory notes, and the announcement of the Company dated June 8, 2015 in relation to the cancellation of convertible promissory notes and the purchase of series A preferred shares from Fuze Entertainment.

## **THE LOAN AGREEMENT**

**Date** July 7, 2015 (after trading hours)

**Parties** (i) The Company as the Lender; and  
(ii) Fuze Entertainment as the Borrower.

As at the date of the Loan Agreement, the Borrower is owned by the Lender as to approximately 37.78%, taking into account all the issued and outstanding ordinary shares and series A preferred shares of the Borrower.

As at the date of the Loan Agreement, Starwish Global Limited holds 52,318,760 Shares. Starwish Global Limited is wholly-owned by China Momentum Fund, L.P., an exempted limited partnership in Cayman Islands. Fosun China Momentum Fund GP, Ltd. is the general partner of China Momentum Fund, L.P.. Fosun China Momentum Fund GP, Ltd. is in turn wholly owned by Fosun Momentum Holdings Limited. Fosun Momentum Holdings Limited is wholly-owned by Fosun Financial Holdings Limited which is in turn wholly-owned by Fosun International Limited (“**Fosun International**”, a substantial shareholder (as defined in the GEM Listing Rules) of the Company and a company listed on the Main Board of the Stock Exchange (stock code: 00656)). Fosun International is approximately 71.42% owned by Fosun Holdings Limited as of the date of the Loan Agreement which is in turn wholly-owned by Fosun International Holdings Ltd.. Mr. Guo Guangchang owns approximately 58% in the issued share capital of Fosun International Holdings Ltd..

As at the date of the Loan Agreement, the Borrower is owned by Rainbow Chaser Limited as to approximately 3.33%, taking into account all the issued and outstanding ordinary shares and series A preferred shares of the Borrower. Rainbow Chaser Limited is an indirect wholly-owned subsidiary of Fosun International, and also a fellow subsidiary of Starwish Global Limited, being one of the substantial shareholders (as defined in the GEM Listing Rules) of the Company. As such, Rainbow Chaser Limited is an associate of Starwish Global Limited and is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules.

Save as disclosed herein and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Fuze Entertainment and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules).

The principal terms of the Loan Agreement are summarised as follows:

<b>Amount of the Loan</b>	US\$9,000,000 (or its equivalent in other currencies), of which US\$2,000,000 (or its equivalent in other currencies) will be advanced to the Borrower's designated account within five (5) business days after the signing of the Loan Agreement, and the remaining US\$7,000,000 (or its equivalent in other currencies) will be advanced to the Borrower's designated account before July 31, 2015.
<b>Interest rate</b>	<p>Interest shall accrue on the Loan at the rate of 3% per annum if the Loan is in US Dollars or Hong Kong Dollars. The interest rate was determined by making reference to the current interest rate of loan offered by The Hongkong and Shanghai Banking Corporation Limited.</p> <p>Interest rate shall be determined based on the recent lending rate promulgated by the People's Bank of China if the Loan is in RMB.</p>
<b>Term of Repayment</b>	<p>Twelve (12) months from the date of the actual advance of the Loan amount (the "<b>Final Repayment Date</b>").</p> <p>The Borrower shall repay the principal of the Loan and the interests accrued under the Loan in full at the Final Repayment Date.</p>
<b>Use of proceeds of the Loan</b>	<p>The Loan shall only be applied to the business operating expenses, purchase of gaming intellectual property rights, paying salaries of personnel and other working capital as required by the business operation, unless prior written consent is obtained from the Lender.</p> <p>The Borrower undertakes that the Lender shall be entitled to conduct check as to the use of the proceeds of the Loan before the Loan is fully repaid.</p>
<b>Default in Repayment</b>	If the Borrower fails to repay the principal of the Loan and the interest accrued, the Lender is entitled to charge a daily interest of 0.05% on the outstanding amount until full repayment.

**Acceleration of  
Repayment**

The following events will trigger acceleration of repayment by the Borrower:–

- (1) the Borrower fails to comply with the obligations and/or undertaking under the Loan Agreement, and/or any of the representation made by the Borrower under the Loan Agreement is untrue or inaccurate;
- (2) the occurrence of an event which severely affects the Borrower's repayment under the Loan Agreement, such as serious deterioration of the business operation, litigation involving a large sum of money and the risks of liquidation;
- (3) the Borrower sells, transfer, assign or dispose all or almost all business, capital, fixed assets, intellectual property rights, equity shareholding of the Borrower/ any corresponding subsidiary/other related entity; and
- (4) the deregistration and liquidation of the Borrower.

The Loan amount to be advanced to the Borrower will be funded by internal resources of the Group. The terms of the Loan Agreement have been arrived by the Lender and the Borrower after arm's length negotiation, having regard to the market conditions.

**INFORMATION ON THE COMPANY AND THE GROUP**

The Company and its subsidiaries are principally engaged in online game and mobile game developing and publishing.

**INFORMATION ON FUZE ENTERTAINMENT**

Fuze Entertainment is a private company incorporated in the Cayman Islands on January 30, 2015. Fuze Entertainment and its subsidiaries are gaming hardware developers.

## **FINANCIAL INFORMATION OF FUZE ENTERTAINMENT AND ITS SUBSIDIARIES**

Set out below is a summary of the key unaudited consolidated financial information of Fuze Entertainment and its subsidiaries since the incorporation of Fuze Entertainment on January 30, 2015:

	<b>Since incorporation of Fuze Entertainment on January 30, 2015 to May 31, 2015 (unaudited) (RMB)</b>
Revenue	0
Profit/(Loss) (before taxation and extraordinary items)	1,051,891.65
Profit/(Loss) (after taxation and extraordinary items)	1,051,891.65

As at May 31, 2015, the unaudited consolidated net asset value of Fuze Entertainment and its subsidiaries was approximately RMB31,295,427 (equivalent to approximately HK\$39,119,284).

The financial results of Fuze Entertainment will not be consolidated in the accounts of the Group in accounting perspective notwithstanding that the Company controls the majority of the board of directors of Fuze Entertainment upon completion of the Series A Preferred Shares Agreement.

### **REASONS FOR AND BENEFITS OF THE GRANT OF LOAN**

Fuze Entertainment is in urgent need of capital for business development and the Company (being a shareholder of Fuze Entertainment) is willing to use the capital not urgently in need for advancing the Loan to Fuze Entertainment. The Company has put in place measures to monitor the use of proceeds of the Loan by the Borrower. In addition, the Company will benefit from the interests accrued on the Loan, and the potential return to the Company (as a shareholder of Fuze Entertainment) brought by the business development of Fuze Entertainment.

In light of the aforesaid, the Directors consider that the terms of the Loan Agreement (including the interest rate) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the grant of the Loan when aggregated with the Series A Preferred Shares Agreement, are more than 5% but all the applicable percentage ratios are less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

## POTENTIAL INVESTMENT IN FUZE ENTERTAINMENT

To the best knowledge of the Directors, certain investors (other than the Company) are in negotiation with the series B preferred shares investment in Fuze Entertainment (the “**Proposed Investment**”). The Company does not intend to participate in the Proposed Investment and the entering into of the Loan Agreement is independent from the Proposed Investment.

Notwithstanding the aforesaid, the Company will also consider making further investments in Fuze Entertainment in the future as and when such investment opportunity arises.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Borrower” or “Fuze Entertainment”	Fuze Entertainment Co., Ltd., a company incorporated with limited liability in the Cayman Islands on January 30, 2015 with an aggregate of 163,636,363 issued and outstanding shares (comprising 90,909,091 ordinary shares and 72,727,272 series A preferred shares) as at the date of this announcement;
“Company” or “Lender”	Linekong Interactive Group Co., Ltd. (藍港互動集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 24, 2007 and formerly known as Linekong International Co., Ltd. (藍港互動有限公司);
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;

“Group”	the Company and its subsidiaries from time to time;
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Loan”	the loan in the amount of US\$9,000,000 (or its equivalent in other currencies) granted by the Lender to the Borrower subject to the terms of the Loan Agreement;
“Loan Agreement”	the loan agreement dated July 7, 2015 entered into between the Lender and the Borrower;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Series A Preferred Shares Agreement”	the series A preferred share purchase agreement dated June 8, 2015 entered into between the Company and, among others, Fuze Entertainment in relation to the cancellation of indebtedness owed by Fuze Entertainment to the Company under the convertible promissory notes and the purchase of the series A preferred shares by the Company;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States Dollars, the lawful currency of the United States;
“%”	per cent.

By order of the Board  
**Linekong Interactive Group Co., Ltd.**  
**WANG Feng**  
*Chairman*

Beijing, PRC, July 7, 2015

*As at the date of this announcement, the executive Directors are Mr. WANG Feng, Ms. LIAO Mingxiang, Mr. MEI Song and Mr. ZHAO Jun; the non-executive Director is Mr. QIAN Zhonghua; and the independent non-executive Directors are Mr. MA Ji, Mr. ZHANG Xiangdong, Mr. WANG Xiaodong and Ms. ZHAO Yifang.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and be posted on the website of the Company at [www.linekong.com](http://www.linekong.com).*

*For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ was translated at the rate of RMB1=HK\$1.25. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*