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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
DISPOSALS OF SHARES IN SMI HOLDINGS GROUP LIMITED**

Reference is made to the announcements (the “**Announcements**”) of Linekong Interactive Group Co., Ltd. (the “**Company**”) dated March 12, 2015, March 26, 2015 and April 13, 2015, all in relation to acquisition of shares of SMI Holdings Group Limited (stock code: 198) (“**SMI**”). Capitalised terms shall have the same meanings as defined in the Announcements unless otherwise stated.

DISPOSALS OF SHARES IN SMI

On March 12, 2015 (after trading hours), the Company agreed to subscribe 139,582,733 shares of SMI for the total Consideration of US\$5,000,000 (equivalent to approximately HK\$38,804,000), which represented approximately 1.37% of the then issued share capital of SMI as of the date of the Subscription Agreement, and the Subscription was completed on April 13, 2015.

The Board wishes to announce that, as of the date of this announcement, the Company has disposed an aggregate of 114,240,000 SMI shares at an aggregate consideration of approximately HK\$109,194,825 in the following manner:–

- (1) 59,240,000 SMI shares in the open market of the Stock Exchange through a series of transactions from April 24, 2015 to June 23, 2015 for an aggregate consideration of approximately HK\$55,503,225, being approximately HK\$0.937 per each SMI share (the “**1st Disposal**”);

- (2) 50,000,000 SMI shares through block trade to an independent third party for a consideration of HK\$49,000,000, being HK\$0.98 per each SMI share on June 30, 2015 (the “**2nd Disposal**”); and
- (3) [5,000,000] SMI shares in the open market of the Stock Exchange through a series of transactions on July 9, 2015 for an aggregate consideration of approximately [HK\$4,691,600], being approximately HK\$0.938 per each SMI share (the “**3rd Disposal**”);

(altogether referred to as the “**Disposals**”).

The price at which the 1st Disposal and the 3rd Disposal were based on the prevailing market prices of shares of SMI on the Stock Exchange at the relevant time. For the 2nd Disposal, the price was based on the prevailing market prices of shares of SMI on the Stock Exchange at the relevant time at a certain discount under market practice and determined after arm’s length negotiations between the Company and the purchaser. Immediately after completion of the Disposals, the Company holds 25,342,733 SMI shares, representing approximately 0.20% of the issued share capital of SMI as of the date of this announcement.

FINANCIAL EFFECT OF THE DISPOSALS

The Company expects to recognise an unaudited gain from the Disposals in the amount of approximately HK\$77,436,105, which is calculated on the basis of (i) total purchase cost of US\$4,092,196 (equivalent to approximately HK\$31,758,720) for 114,240,000 SMI shares of approximately HK\$0.278 per SMI share, and (ii) the aggregated consideration of the Disposals amounted to HK\$109,194,825. The amount of the actual gain or loss as a result of the Disposals is subject to audit.

INFORMATION ON THE COMPANY

The Company is principally engaged in online game and mobile game developing and publishing.

INFORMATION ON PARTIES TO THE DISPOSALS

As the 1st Disposal and 3rd Disposal were conducted through a series of transactions at the open market of the Stock Exchange, the identity of the counterparty to the 1st Disposal and 3rd Disposal cannot be ascertained.

The purchaser under the 2nd Disposal is an individual. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the relevant individual is a third party independent of the Company and his/her connected persons (as defined under the GEM Listing Rules).

INFORMATION ON SMI

SMI is a company listed on the main board of the Stock Exchange (stock code: 198). SMI is principally engaged in (i) movie theater operation, (ii) expansion of new complementary business on online shopping and in-theater counter sales, and (iii) advertising and promotion business in the PRC.

FINANCIAL INFORMATION OF SMI

Set out below is a summary of the audited financial information of SMI for the two years ended 31 December 2014 and 2013:

	For the year ended December 31	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	209,077	172,596
Profit after taxation	125,385	115,718

As at December 31, 2014, the audited net asset value of SMI was approximately HK\$6,131,082,000.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Directors consider that the Disposals will not affect the strategic cooperation relationship between the Company and SMI, and represent an opportunity to realise its investments in SMI so as to raise additional working capital for the Company. The Directors consider that the terms of the Disposals are fair and reasonable and the Disposals are in the interests of the Company and its shareholders as a whole.

The Directors expect that the net proceeds from the Disposals will be used for the general working capital of the Company and for future investment opportunities when opportunities arise.

IMPLICATIONS OF THE DISPOSALS UNDER THE GEM LISTING RULES

As certain applicable percentage ratio (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposals (aggregated pursuant to Rule 19.22 of the GEM Listing Rules) is more than 5% but less than 25%, the Disposals constitute a discloseable transaction of the Company and are subject to the requirements under Chapter 19 of the GEM Listing Rules. The aggregate proceeds received as a result of the 1st Disposal and 2nd Disposal did not constitute a discloseable transaction of the Company.

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

Beijing, PRC, July 9, 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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the Company’s website at www.linekong.com.

For the purposes of illustration only, any amount denominated in US\$ in this announcement and translated into HK\$ was translated at the rate of US\$1=HK\$7.7608. 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.