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**LINEKONG**

藍港互動

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

**藍港互動集團有限公司**

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

**(Stock Code: 8267)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION PURCHASE OF SERIES B+ PREFERRED SHARES**

### **PURCHASE OF SERIES B+ PREFERRED SHARES**

The Company announces that, on September 2, 2015, the Company entered into the Series B+ Framework Agreement with Fuze Entertainment, pursuant to which Fuze Entertainment agrees to issue and sell to the Company, and the Company agrees to purchase 25,227,273 series B+ preferred shares in Fuze Entertainment with par value of US\$0.000025 each (the “**Purchased Shares**”), at a price of US\$0.3667 per share, amounting to an aggregate purchase price of US\$9,250,000 (the “**Purchase of Series B+ Preferred Shares**”).

### **GEM LISTING RULES IMPLICATIONS**

Being a subsidiary of a substantial shareholder of the Company, Rainbow Chaser Limited is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Rainbow Chaser Limited is a substantial shareholder of Fuze Entertainment but its shareholding in Fuze Entertainment is less than 30%. As such, Fuze Entertainment is not a connected person of the Company under Chapter 20 of the GEM Listing Rules by virtue of being an associate of a substantial shareholder of the Company. Further, while the Company is acquiring interests in a company which a connected person has shareholding interests, neither Rainbow Chaser Limited nor its holding companies is a controller of the Company as defined in Rule 20.26 of the GEM Listing Rules. On the above basis, the Purchase of Series B+ Preferred Shares does not constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

However, having regard to the nature of the Purchase of Series B+ Preferred Shares and the parties which may be involved in the transaction, the Company voluntarily complies with the reporting, announcement, and independent Shareholders' approval requirements which would otherwise apply to a connected transaction under Chapter 20 of the GEM Listing Rules.

As certain of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Purchase of Series B+ Preferred Shares when aggregated with the purchase of series A preferred shares in Fuze Entertainment and the loan granted by the Company to Fuze Entertainment, are more than 5% but all the applicable percentage ratios are less than 25%, the Purchase of Series B+ Preferred Shares 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 (i) the announcement of the Company dated June 8, 2015 in relation to the purchase of series A preferred shares in Fuze Entertainment by the Company; (ii) the announcement of the Company dated July 7, 2015 in relation to grant of loan by the Company to Fuze Entertainment; (iii) the further announcement of Company dated July 14, 2015 in relation to grant of loan by the Company to Fuze Entertainment; and (iv) the further announcement of the Company dated July 16, 2015 in relation to the purchase of series A preferred shares in Fuze Entertainment by the Company.

## **THE SERIES B+ FRAMEWORK AGREEMENT**

**Date**                    September 2, 2015

**Parties**                (i) the Company  
                              (ii) Fuze Entertainment

As at the date of the Series B+ Framework Agreement, Fuze Entertainment is owned by the Company as to approximately 24.98%, taking into account all the issued and outstanding ordinary shares, series A preferred shares and series B preferred shares of Fuze Entertainment.

As at the date of the Series B+ Framework 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 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 Series B+ Framework 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..

Rainbow Chaser Limited has purchased certain amount of series A preferred shares and series B preferred shares in Fuze Entertainment. As of June 8, 2015, being the date of purchase of series A preferred shares in Fuze Entertainment by Rainbow Chaser Limited, Fuze Entertainment is owned by Rainbow Chaser Limited as to 3.33%, taking into account all the issued and outstanding ordinary shares and series A preferred shares. As at the date of the Series B+ Framework Agreement, Fuze Entertainment is owned by Rainbow Chaser Limited as to approximately 19.83%, taking into account all the issued and outstanding ordinary shares, series A preferred shares and series B preferred shares of Fuze Entertainment. 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 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.

Certain shareholders of Fuze Entertainment, being Wise Orient Investments Limited, IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P., IDG-Accel China Investors L.P., and Northern Light Venture Capital IV, Ltd., also hold, directly or indirectly, less than 10% shareholding in the Company, respectively.

Dan Chen (陳丹華) is a shareholder of Fuze Entertainment and an individual leading the internet investing operations of Ally Bridge Group Capital Partners II, L.P. which indirectly holds less than 10% shareholding in the Company.

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.

The principal terms of the Series B+ Framework Agreement is summarised as follows:

<b>Subject Matter</b>	25,227,273 series B+ preferred shares with par value of US\$0.000025 each in Fuze Entertainment
<b>Purchase Price</b>	the aggregate purchase price is US\$9,250,000 (US\$0.3667 per share) to be paid in cash
	the Purchase of Series B+ Preferred Shares will be funded by the internal resources of the Group

The parties will enter into a formal investment agreement in due course with respect to the Purchase of Series B+ Preferred Shares. Additional terms, including the arrangement for payment, will be set out in such formal investment agreement. Upon completion of the Purchase of Series B+ Preferred Shares, Fuze Entertainment is owned by the Company as to approximately 31.92%, taking into account all the issued and outstanding ordinary shares, series A preferred shares, series B preferred shares and series B+ preferred shares of Fuze Entertainment.

As at the date of this announcement, the Company is in the process of appointing the independent financial advisor for the Purchase of Series B+ Preferred Shares and will announce as soon as possible after such appointment is made.

## **BASIS OF DETERMINATION OF THE CONSIDERATION**

The consideration for the Purchase of Series B+ Preferred Shares was determined after arm's length negotiations between the parties with reference to the market value of Fuze Entertainment, taking into account a number of factors including the financial position and performance of the Fuze Entertainment, the valuation of comparable companies in the industry, the business model and business plan of Fuze Entertainment and the reasons for, and benefits to be derived from, the Purchase of Series B+ Preferred Shares as described below.

## **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 July 31, 2015 (unaudited) (RMB)</b>
Revenue	0
Profit/(Loss) (before taxation and extraordinary items)	(5,262,405)
Profit/(Loss) (after taxation and extraordinary items)	(5,262,405)

As at July 31, 2015, the unaudited consolidated net asset value of Fuze Entertainment and its subsidiaries was approximately RMB114,697,848 (equivalent to approximately HK\$139,931,375).

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 B+ Framework Agreement.

The net profits (both before and after taxation) attributable to the Purchased Shares for the two financial years immediately preceding the Purchase of Series B+ Preferred Shares is not readily available as Fuze Entertainment was incorporated in 2015.

The payment of consideration for Purchased Shares will be made in cash by the Company from internal resources of the Group.

## **REASONS FOR AND BENEFITS OF THE PURCHASE OF SERIES B+ PREFERRED SHARES**

The Directors believe that the investment will further diversify the Company's game distribution channels by providing a new platform for the Company's gaming products. This is to enhance the Company's awareness in the gaming industry, which is in line with the Company's business development strategy.

In light of the aforesaid, the Directors consider that the terms of the Series B+ Framework Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

Being a subsidiary of a substantial shareholder of the Company, Rainbow Chaser Limited is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Rainbow Chaser Limited is a substantial shareholder of Fuze Entertainment but its shareholding in Fuze Entertainment is less than 30%. As such, Fuze Entertainment is not a connected person of the Company under Chapter 20 of the GEM Listing Rules by virtue of being an associate of a substantial shareholder of the Company. Further, while the Company is acquiring interests in a company which a connected person has shareholding interests, neither Rainbow Chaser Limited nor its holding companies is a controller of the Company as defined in Rule 20.26 of the GEM Listing Rules. On the above basis, the Purchase of Series B+ Preferred Shares does not constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

However, having regard to the nature of the Purchase of Series B+ Preferred Shares and the parties which may be involved in the transaction, the Company voluntarily complies with the reporting, announcement, and independent Shareholders' approval requirements which would otherwise apply to a connected transaction under Chapter 20 of the GEM Listing Rules.

In accordance with Rules 19.22 and 19.23 of the GEM Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related.

As the nature of the Purchase of Series B+ Preferred Shares is the same as the purchase of the series A preferred shares, the Purchase of Series B+ Preferred Shares shall be aggregated with the purchase of the series A preferred shares in accordance with Rules 19.22 and 19.23 of the GEM Listing Rules for the purpose of classification of the transactions.

As certain of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Purchase of Series B+ Preferred Shares when aggregated with the purchase of series A preferred shares in Fuze Entertainment and the loan granted by the Company to Fuze Entertainment, are more than 5% but all the applicable percentage ratios are less than 25%, the Purchase of Series B+ Preferred Shares constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

Mr. QIAN Zhonghua is a managing director of Fosun Equity Investment Management Ltd., which is a member and subsidiary of Fosun International. As at the date of the Series B+ Framework Agreement, Fuze Entertainment is owned as to approximately 19.83% by Rainbow Chaser Limited, which is an indirectly wholly-owned subsidiary of Fosun International. As such, Mr. QIAN Zhonghua abstained from voting on the Board resolution of the Company to approve the Series B+ Framework Agreement and the Purchase of Series B+ Preferred Shares contemplated thereunder. Save as the Directors named above, no other Director is required to abstain from voting on the Board resolution of the Company in this regard.

The Company expects to dispatch a circular on or before September 24, 2015, which contains, among other things, (i) details of the Purchase of Series B+ Preferred Shares; and (ii) a notice of the extraordinary general meeting of the Company.

## **DEFINITIONS**

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

“Company”	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);
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“Fuze Entertainment”	Fuze Entertainment Co., Ltd., a company incorporated with limited liability in the Cayman Islands on January 30, 2015;
“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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK Company”	Fuze Entertainment (Hong Kong) Co., Ltd, a company incorporated with limited liability in Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“PRC”	The People’s Republic of China, which for the purpose of interpretation of this announcement only, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Series B+ Framework Agreement”	the Investment Framework Agreement dated September 2, 2015 entered into between the Company and Fuze Entertainment in relation to Purchase of Series B+ 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;
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	percent.

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

Beijing, PRC, September 2, 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\$1.22. 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.*