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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)**

**CONNECTED TRANSACTION  
ESTABLISHMENT OF FENG HUA INVESTMENT AND  
FENG HUA PARTNERS**

The Board is pleased to announce that, on August 24, 2017, Linekong Online, a wholly-owned subsidiary of the Company, has signed the Shareholders' Contribution Agreement with Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin, pursuant to which Linekong Online has agreed to contribute RMB3.9 million with the intention of jointly establishing Feng Hua Investment with the above parties.

On the same day, Feng Hua Investment, which is intended to be established, has entered into the Limited Partnership Contribution Agreement with Linekong Online, Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin, pursuant to which Linekong Online agrees to contribute RMB12.5 million to jointly establish Feng Hua Partners with the above parties. The purpose of establishing Feng Hua Partners is for managing fund raising projects. Upon the completion of the transactions contemplated under the Limited Partnership Contribution Agreement, Linekong Online will become a limited partner of Feng Hua Partners while Feng Hua Investment will become a general partner of Feng Hua Partners.

As the Directors of the Company, Mr. Wang Feng, Ms. Liao Mingxiang and Mr. Qian Zhonghua are connected persons of the Company according to the GEM Listing Rules. Therefore, the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder constitute the connected transactions of the Company under the GEM Listing Rules. Pursuant to the requirement under Rule 20.79 of the GEM Listing Rules, the transactions under the Shareholders' Contribution Agreement shall be aggregated with the transactions under the Limited Partnership Contribution Agreement. As the applicable ratios under Rule 19.07 of the GEM Listing Rules in respect of the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder, when aggregated, are more than 0.1% but less than 5%, the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder are exempted from the independent shareholders' approval requirement.

Mr. Wang Feng, Ms. Liao Mingxiang and Mr. Qian Zhonghua, the executive Directors of the Company, are deemed as having material interests in these transactions and have abstained from voting at the Board meeting for the relevant resolutions. Save as described above, no other Directors have material interest in these transactions and are required to abstain from voting at the Board meeting for the relevant resolutions.

## **BACKGROUND**

The Board is pleased to announce that, on August 24, 2017, Linekong Online, a wholly-owned subsidiary of the Company, has signed the Shareholders' Contribution Agreement with Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin with the intention of jointly establishing Feng Hua Investment.

On the same day, Feng Hua Investment, which is intended to be established, has entered into the Limited Partnership Contribution Agreement with Linekong Online, Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin, pursuant to which, Linekong Online agrees to contribute RMB12.5 million to jointly establish Feng Hua Partners with the above parties. The purpose of establishing Feng Hua Partners is for managing fund raising projects. Upon the completion of the transactions contemplated under the Limited Partnership Contribution Agreement, Linekong Online will become a limited partner of Feng Hua Partners while Feng Hua Investment will become a general partner of Feng Hua Partners.

## **KEY TERMS OF THE SHAREHOLDERS' CONTRIBUTION AGREEMENT**

### **Date**

August 24, 2017

## Parties

The Parties are: (1) Linekong Online, (2) Mr. Wang Feng, (3) Ms. Liao Mingxiang, (4) Mr. Qian Zhonghua, (5) Mr. Ren Zheng and (6) Mr. Shang Silin.

Name of Shareholders	Contribution amount (RMB'0,000)	Way of contribution	Ratio of contribution amount (%)
Linekong Online	390	Currency	39%
Mr. Wang Feng	220	Currency	22%
Ms. Liao Mingxiang	50	Currency	5%
Mr. Qian Zhonghua	190	Currency	19%
Mr. Ren Zheng	75	Currency	7.5%
Mr. Shang Silin	75	Currency	7.5%

Each party shall deposit 30% of the capital contribution amount into the account of Feng Hua Investment within 60 working days from the date on which the establishment of Feng Hua Investment is completed. The balance shall be deposited into the account of Feng Hua Investment within the period commencing from the date on which the establishment of Feng Hua Investment is completed and ending upon the expiry of the term of operation or such other time as the board of directors of Feng Hua Investment may otherwise determine.

Feng Hua Investment will establish a board of directors, which shall comprise of 7 members, among which 3 directors will be delegated by Linekong Online while 4 directors will be delegated by the remaining shareholders. Upon establishment, Feng Hua Investment will constitute an associate of the Company.

The part of interest in Feng Hua Investment held by Mr. Ren Zheng and Mr. Shang Silin is in trust in nature. The board of directors of Feng Hua Investment may, at its discretion, distribute the part of interest held by each of Mr. Ren Zheng and Mr. Shang Silin in trust, to outstanding staff of Feng Hua Investment in the future.

## KEY TERMS OF THE LIMITED PARTNERSHIP CONTRIBUTION AGREEMENT

### Date

August 24, 2017

### Parties

The Parties are: (1) Feng Hua Investment (intended to be established), (2) Linekong Online, (3) Mr. Wang Feng, (4) Ms. Liao Mingxiang, (5) Mr. Qian Zhonghua, (6) Mr. Ren Zheng and (7) Mr. Shang Silin.

Feng Hua Investment, which is intended to be established, is an associate of the Company. Mr. Wang Feng, Ms. Liao Mingxiang and Mr. Qian Zhonghua are the Directors of the Company. Mr. Ren Zheng and Mr. Shang Silin are currently staff of Linekong Online. Upon the establishment of Feng Hua Investment, Mr. Ren Zheng and Mr. Shang Silin will become staff of Feng Hua Investment and resign from their positions in Linekong Online.

## WAY AND AMOUNTS OF CONTRIBUTION

Pursuant to the Limited Partnership Contribution Agreement, Feng Hua Investment will be the sole general partner and executive partner of Feng Hua Partners, while Linekong Online, Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin will be the limited partners of Feng Hua Partners.

## DECISION-MAKING BODY

Feng Hua Partners will establish a investment decision committee. The committee, which shall comprise of 3 members, will be responsible for general decision-making matters on projects. The decisions of the investment decision committee should be in form of resolutions agreed by more than half of the members of the investment decision committee.

Limited partners (including Linekong Online) will not take executive role in the operations of Feng Hua Partners or act on behalf of Feng Hua Partners externally. Limited Partners will not participate in the management or control the investment businesses of Feng Hua Partners and other activities, transactions and businesses conducted in the name of Feng Hua Partners, and will not sign any documents on behalf of Feng Hua Partners or engage in any acts binding on Feng Hua Partners.

## WAY OF CONTRIBUTION

All partners shall contribute in currency. The way of contribution of each partner is as follows:

Type of partners	Name of partners	Way of contribution	Contribution amount (RMB'0,000)	Ratio of contribution amount (%)
General partner	Feng Hua Investment	Currency	25	1%
Limited partner	Linekong Online	Currency	1,250	50%
Limited partner	Mr. Wang Feng	Currency	425	17%
Limited partner	Ms. Liao Mingxiang	Currency	100	4%
Limited partner	Mr. Qian Zhonghua	Currency	375	15%
Limited partner	Mr. Ren Zheng	Currency	162.5	6.5%
Limited partner	Mr. Shang Silin	Currency	162.5	6.5%
Total			<u>2,500</u>	<u>100%</u>

There is no arrangement in relation to the timing and amount of contribution in the Limited Partnership Contribution Agreement. Partners shall make their respective contribution on time according to the timing and amount of contribution as set out in the notice subsequently given by Feng Hua Partners.

The part of interest in Feng Hua Partners held by Mr. Ren Zheng and Mr. Shang Silin is in trust in nature. The executive partner of Feng Hua Partners may, at its discretion, distribute the part of interest held by each of Mr. Ren Zheng and Mr. Shang Silin in trust, to outstanding staff of Feng Hua Partners in the future.

## **DISTRIBUTION**

The profit and revenue/loss of Feng Hua Partners shall be distributed to/borne by the partners in accordance with their contribution ratio.

## **ASSIGNMENT OF EQUITY INTEREST BY LIMITED PARTNERS**

Pursuant to the requirements of the Partnership Enterprise Law of the People's Republic of China (中華人民共和國合夥企業法), any transfer of its share of contribution by a partner to any other partners apart from Feng Hua Partners shall obtain prior approval of the partners' general meeting of Feng Hua Partners, unless otherwise agreed among partners. There is no other agreement in the Limited Partnership Contribution Agreement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Board believes that establishing Feng Hua Investment and Feng Hua Partners will enable the Group to leverage on the advantages of engaging professionals to take part in capital operations, as well as the power of external capital to adhere to the pan-entertainment strategy of the Group and explore investment opportunities in movie, animation and game, artificial intelligence and new retail, as well as utilising and integrating high quality resources by investment in equity interest, so as to realise economic benefits and the strategic plan of business synergic development, as well as allowing the Company to focus on the gaming area.

The Board (including the independent non-executive Directors) is of the view that, the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the shareholders as a whole.

## **GENERAL INFORMATION**

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

Feng Hua Investment will become an associate of the Company upon its establishment, and will be principally engaged in equity interest investment.

Mr. Wang Feng, Ms. Liao Mingxiang and Mr. Qian Zhonghua are the Directors of the Company.

Mr. Ren Zheng and Mr. Shang Silin are currently staff of Linekong Online. Upon the establishment of Feng Hua Investment, Mr. Ren Zheng and Mr. Shang Silin will become staff of Feng Hua Investment and resign from their positions in Linekong Online.

Upon its establishment, Feng Hua Partners will be a limited partnership and become an associate of the Company. It is established for the purpose of managing fund raising projects. Feng Hua Investment will be the sole general partner and executive partner of Feng Hua Partners while Linekong Online, Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin will be the limited partners of Feng Hua Partners.

## **APPLICABLE GEM LISTING RULES**

As the Directors of the Company, Mr. Wang Feng, Ms. Liao Mingxiang and Mr. Qian Zhonghua are connected persons of the Company according to the GEM Listing Rules. Therefore, pursuant to the GEM Listing Rules, the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder constitute the connected transactions of the Company under the GEM Listing Rules. Pursuant to the requirement under Rule 20.79 of the GEM Listing Rules, the transactions under the Shareholders' Contribution Agreement shall be aggregated with the transactions under the Limited Partnership Contribution Agreement. As the applicable ratios under Rule 19.07 of the GEM Listing Rules in respect of the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder, when aggregated, are more than 0.1% but less than 5%, the Shareholders' Contribution Agreement, the Limited Partnership Contribution Agreement and the transactions thereunder are exempted from the independent shareholders' approval requirement.

Mr. Wang Feng, Ms. Liao Mingxiang and Mr. Qian Zhonghua, the executive Directors of the Company, are deemed as having material interests in these transactions and have abstained from voting at the Board meeting for the relevant resolutions. Save as described above, no other Directors have material interest in these transactions and are required to abstain from voting at the Board meeting for the relevant resolutions.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“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
“Directors”	director(s) of the Company

“Feng Hua Investment”	Linekong Feng Hua Investment Management Limited (藍港峰華投資管理有限公司) (the name of which is subject to change and should follow Gong Shang version(工商版本)), a company intended to be established in the PRC with limited liability, an associate of the Company
“Feng Hua Partners”	Linekong Feng Hua Limited Partners Corporation (Limited Partnership) (藍港峰華有限合夥企業 (有限合夥))(the name of which is subject to change and should follow Gong Shang version(工商版本)), a company intended to be established in the PRC with limited liability
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Limited Partnership Contribution Agreement”	the Limited Partnership Contribution Agreement signed by Linekong Online, Feng Hua Investment, Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin on August 24, 2017
“Linekong Online”	Linekong Online (Beijing) Technology Co., Ltd. (藍港在線(北京) 科技有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company
“Group”	the Company and its existing subsidiaries from time to time
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders’ Contribution Agreement”	the Shareholders’ Contribution Agreement signed by Linekong Online, Mr. Wang Feng, Ms. Liao Mingxiang, Mr. Qian Zhonghua, Mr. Ren Zheng and Mr. Shang Silin on August 24, 2017

*For reference only, amounts denominated in RMB in this announcement have been translated into Hong Kong dollars at an exchange rate of HK\$1 = RMB0.89.*

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

Beijing, PRC, August 24, 2017

*As at the date of this announcement, the executive Directors are Mr. WANG Feng, Ms. LIAO Mingxiang, Mr. QIAN Zhonghua and Mr. ZHAO Jun; the non-executive Director is Mr. PAN Donghui; 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’s 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).*