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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)

**POSSIBLE MAJOR TRANSACTION
ACQUISITION MANDATE IN RELATION TO THE POTENTIAL
CRYPTOCURRENCY ACQUISITIONS; AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

PREVIOUS BITCOIN ACQUISITIONS

Reference is made to the announcements of the Company on June 15, 2023, July 7, 2023, August 8, 2023 and August 17, 2023 pursuant to which the Group had acquired in open market transactions in aggregation of 92.4712 units of Bitcoin at an aggregate cash consideration of approximately US\$2.66 million. Within a period of 12 months immediately preceding and up to the date of this announcement, the Company had acquired in open market transactions in aggregation of 93.85 units of Bitcoin at an aggregate cash consideration of approximately US\$2.7 million.

POTENTIAL CRYPTOCURRENCY ACQUISITIONS

As the Group is actively exploring the Web3 industry and tapping into the cryptocurrency investment market, the Potential Cryptocurrency Acquisitions are part of the Group's Web3 business development and asset allocation strategy. After due consideration, the Board proposed to seek approval for the Acquisition Mandate from the Shareholders in advance to authorize and empower the Directors to conduct the Potential Cryptocurrency Acquisitions during the Mandate Period.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Potential Cryptocurrency Acquisitions (when aggregated with the Previous Bitcoin Acquisitions) is expected to exceed 25% but all are less than 100%, the Potential Cryptocurrency Acquisitions, if materialized, may constitute major transactions of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Potential Cryptocurrency Acquisitions will be open market transactions and will be conducted on an ongoing basis and the cryptocurrency investment market is volatile and fast-changing, acquiring Cryptocurrencies at the best possible prices requires prompt acquisition actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each acquisition of Cryptocurrencies. Accordingly, the Directors proposed to seek the Shareholders' prior approval for the grant of the Acquisition Mandate at the Extraordinary General Meeting.

A circular containing, among other things, further details of the Acquisition Mandate and the Potential Cryptocurrency Acquisitions, the notice of the Extraordinary General Meeting and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before September 29, 2023.

Shareholders and potential investors of the Company should note that any cryptocurrencies that the Group may purchase or sell will depend on market conditions and will be made at the Board's discretion. The cryptocurrency market is volatile in the near-term and the prices of cryptocurrencies may be subject to fluctuations. There is therefore no assurance as to the timing, quantity, type or price of any cryptocurrencies to be purchased or sold by the Group. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PREVIOUS BITCOIN ACQUISITIONS

Reference is made to the announcements of the Company on June 15, 2023, July 7, 2023, August 8, 2023 and August 17, 2023 pursuant to which the Group had acquired in open market transactions in aggregation of 92.4712 units of Bitcoin at an aggregate cash consideration of approximately US\$2.66 million. Within a period of 12 months immediately preceding and up to the date of this announcement, the Company had acquired in open market transactions in aggregation of 93.85 units of Bitcoin at an aggregate cash consideration of approximately US\$2.7 million.

POTENTIAL CRYPTOCURRENCY ACQUISITIONS

As the Group is actively exploring the Web3 industry and tapping into the cryptocurrency investment market, the Potential Cryptocurrency Acquisitions are part of the Group's Web3 business development and asset allocation strategy. After due consideration, the Board proposed to seek approval for the Acquisition Mandate from the Shareholders in advance to authorize and empower the Directors to conduct the Potential Cryptocurrency Acquisitions during the Mandate Period.

The Terms of the Acquisition Mandate

The Acquisition Mandate to be sought from the Shareholders at the Extraordinary General Meeting will be on the following terms:

1. *Mandate Period*

The Acquisition Mandate is for the Mandate Period, i.e., a period of 12 months from the date on which the ordinary resolution in relation to the Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the Extraordinary General Meeting.

2. *Maximum amount*

The Acquisition Mandate shall authorize and empower the Board to acquire Cryptocurrencies up to US\$5 million in open market transactions. For the avoidance of doubt, the above amount does not include the amount of Cryptocurrencies acquired by the Company prior to the approval of the Acquisition Mandate by the Shareholders at the Extraordinary General Meeting.

3. *Scope of Authorization*

The Board shall be authorized and empowered to determine, decide, execute and implement with full discretion all manners in relation to the Potential Cryptocurrency Acquisitions, including but not limited to the number of batches of Potential Cryptocurrency Acquisitions, type of Cryptocurrencies to be acquired, the timing of the Potential Cryptocurrency Acquisitions and the acquisition prices.

4. *Manner of the Potential Cryptocurrency Acquisitions*

The Potential Cryptocurrency Acquisitions shall be conducted in the open market.

5. *Basis of consideration*

The consideration for the Potential Cryptocurrency Acquisitions will be determined according to the bid and ask prices of the Cryptocurrencies as quoted in open market. The consideration for the Potential Cryptocurrency Acquisitions will be satisfied in cash and will be funded by the then available cash reserve of the Group.

The estimated aggregate consideration to be payable for the Potential Cryptocurrency Acquisitions under the Acquisition Mandate shall not exceed the aggregation of US\$5 million, which was determined with reference to the Group's current Web3 business development and asset allocation strategy.

Information on Cryptocurrencies

Cryptocurrencies are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology. The blockchain is a public record of cryptocurrency transactions in chronological order. The blockchain is shared between all users in that blockchain. It is used to verify the permanence of transactions and to prevent double spending. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated through the use of public and private keys for security purposes.

Reasons for and Benefits of the Potential Cryptocurrency Acquisitions and the Acquisition Mandate

The Board believes that the Web3 industry and blockchain technology have the potential to disrupt both existing financial and technology industries. The Web3 industry is still in its actively developing stage and therefore cryptocurrencies have long-term value. As an Asian and global financial center, Hong Kong has achieved remarkable results in the development of the Web3 industry, and has promulgated relevant policies and introduced new licensing regime for virtual asset trading platforms, provided favorable conditions for attracting high-quality Web3 projects around the world and which is expected to enhance investor confidence in dealing in cryptocurrencies. The Group is confident in the Web3 industry and understands that it is an emerging market with great development potential.

The Company incubated and launched a new Web3 game platform NAGA in the second quarter of 2023, positioning it as a one-stop Web3 game platform driven by game task distribution, covering services such as task platforms, game libraries, on-chain data, community guilds, game information, etc..

The Potential Cryptocurrency Acquisitions are part of the Group's Web3 business development and asset allocation strategy. Allocating part of the Group's treasury in cryptocurrencies can also serve as a diversification to holding cash in treasury management. The Group also notes that cryptocurrency prices may be highly volatile and therefore the Board intends to invest in the largest cryptocurrencies by market capitalization such as Bitcoin and Ethereum, which should enhance shareholder value in the long-term. The Board also considers this a demonstration to investors and stakeholders that the Group has the vision and determination to embrace technological evolution, and hence preparing its foray into the blockchain industry.

In view of the above, the Directors are of the view that the Potential Cryptocurrency Acquisitions will bring positive influence to the sustainable development of the Group and terms of the Acquisition Mandate are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP AND THE POSSIBLE COUNTERPARTIES

The Company was incorporated in the Cayman Islands on May 24, 2007 as an exempted company with limited liability with its shares listed on GEM since December 30, 2014. The Group is principally engaged in developing and publishing online games in the PRC and other countries and regions, and the film business in the PRC.

As the Potential Cryptocurrency Acquisitions will be conducted in the open market, the identities of the counterparties of the Potential Cryptocurrency Acquisitions cannot be ascertained. In the event that any counterparty is a connected person (as defined in the GEM Listing Rules) of the Company, the Company will comply with the requirements under the Chapter 20 of the GEM Listing Rules.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Potential Cryptocurrency Acquisitions (when aggregated with the Previous Bitcoin Acquisitions) is expected to exceed 25% but all are less than 100%, the Potential Cryptocurrency Acquisitions, if materialized, may constitute major transactions of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Potential Cryptocurrency Acquisitions will be open market transactions and will be conducted on an ongoing basis and the cryptocurrency investment market is volatile and fast-changing, acquiring Cryptocurrencies at the best possible prices requires prompt acquisition actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each acquisition of Cryptocurrencies. Accordingly, the Directors proposed to seek the Shareholders' prior approval for the grant of the Acquisition Mandate at the Extraordinary General Meeting.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Acquisition Mandate and the Potential Cryptocurrency Acquisition. Accordingly, it is expected that no Shareholder is required to abstain from voting at the Extraordinary General Meeting.

A circular containing, among other things, further details of the Acquisition Mandate and the Potential Cryptocurrency Acquisition, the notice of the Extraordinary General Meeting and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before September 29, 2023.

Shareholders and potential investors of the Company should note that any cryptocurrencies that the Group may purchase or sell will depend on market conditions and will be made at the Board’s discretion. The cryptocurrency market is volatile in the near-term and the prices of cryptocurrencies may be subject to fluctuations. There is therefore no assurance as to the timing, quantity, type or price of any cryptocurrencies to be purchased or sold by the Group. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board hereby announces that the resolution regarding the proposed amendments to certain provision of the Articles of Association was approved at the Board meeting held on September 13, 2023. Details of the proposed amendments are as follows:

Original articles	Amended articles
<p>Article 34</p> <p>The financial year of the Company shall be prescribed by the Board and may, from time to time, be changed by it.</p>	<p>Article 34</p> <p>The financial year of the Company shall be prescribed by the Board and may, from time to time, be changed by it. <u>Unless otherwise determined by the Directors, the financial year of the Company shall end on the 31st day of December in each year.</u></p>

The Chinese version of the Articles of Association is for reference only. In the event of any inconsistency between the Chinese and English versions, the English version shall prevail. Save for the aforesaid proposed amendments, there will be no changes to the contents of other provisions of the Articles of Association.

The proposed amendments are subject to the approval of the Shareholders by a special resolution at the Extraordinary General Meeting. The abovementioned resolution and amendments to the Articles of Association shall become effective on the date of the passing of the relevant special resolution at the Extraordinary General Meeting. Prior to the passing of the relevant resolution at the Extraordinary General Meeting, the existing Articles of Association shall remain valid. A circular containing, amongst others, details of the proposed amendments to the Articles of Association together with the notice of the Extraordinary General Meeting will be despatched to the Shareholders in due course.

DEFINITIONS

“Acquisition Mandate”	a specific mandate proposed by the Directors in order to seek Shareholders’ approval to authorize and empower the Directors to conduct the Potential Cryptocurrency Acquisitions during the Mandate Period
“Articles of Association”	the articles of association of the Company
“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 under the laws of the Cayman Islands on May 24, 2007 with limited liability
“Cryptocurrency(ies)”	a digital currency which is an alternative form of payment created using encryption algorithms and currently includes, among others, Bitcoin and Ethereum
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to approve, among other things, the Acquisition Mandate and the Potential Cryptocurrency Acquisitions
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mandate Period”	12 months from the date on which the ordinary resolution in relation to the Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the Extraordinary General Meeting
“Potential Cryptocurrency Acquisitions”	the potential acquisitions of Cryptocurrencies (including but not limited to Bitcoin and Ethereum) up to US\$5 million in open market transactions on an ongoing basis
“PRC” or “China”	the People’s Republic of China

“Previous Bitcoin Acquisitions”	the acquisitions of 93.85 units of Bitcoin at an aggregate cash consideration of approximately US\$2.7 million in the open market transactions by the Group which were conducted in the past 12 months
“Share(s)”	ordinary share(s) of nominal value of US\$0.000025 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meanings ascribed to it under the GEM Listing Rules
“US\$”	United States dollars, the lawful currency of the United States

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

Beijing, the PRC, September 13, 2023

As at the date of this announcement, the executive Directors are Mr. WANG Feng, Mr. CHEN Hao and Mr. WANG Jin (also known as Yan Yusong); and the independent non-executive Directors are Mr. ZHANG Xiangdong, Ms. WU Yueqin and Mr. FU Frank Kan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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 Listed Company Information” page of the HKEXnews website at www.hkexnews.hk for at least 7 days from the date of its posting and be posted on the website of the Company at www.linekong.com.