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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)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

References are made to the prospectus of Linekong Interactive Group Co., Ltd. (the “**Company**”) dated December 9, 2014 (the “**Prospectus**”) and the announcement of the Company dated March 29, 2016 (the “**Announcement**”) in relation to the use of the net proceeds (the “**Net IPO Proceeds**”) of the Global Offering (as defined in the Prospectus).

CHANGE IN USE OF PROCEEDS

After deducting the underwriting commission and other relevant expenses in connection with the Global Offering, the Net IPO Proceeds amounted to approximately HK\$686.2 million, among which approximately HK\$51.7 million, representing approximately 7.5% of the Net IPO Proceeds, remained unutilised as of the date of this announcement.

On June 29, 2021, the board of directors of the Company (the “**Board**”) resolved to reallocate and change the use of the unutilised Net IPO Proceeds as follow:

	Original allocation of IPO Proceeds ¹ <i>HK\$ million</i>	Amount unutilised as of the date of this announcement (before reallocation) <i>HK\$ million</i>	Change in allocation <i>HK\$ million</i>	New allocation of IPO Proceeds <i>HK\$ million</i>	Amount unutilised as of the date of this announcement (after reallocation) <i>HK\$ million</i>	Expected timeline for full utilisation ²
Overseas expansions (expanding our business in overseas markets)	137.2	0	–	137.2	0	–
Potential strategic acquisition or investment in companies in online game or related businesses	68.6	8.9	-8.9	59.7	0	–
Potential strategic acquisition or investment in companies in game business, film (movie and drama) business or related businesses	–	–	+8.9	8.9	8.9	Before December 31, 2022
Creating pan-entertainment environment	157.8	0	–	157.8	0	–
Licensing more high quality games with different genres and themes from Chinese and overseas game developers and the operation of such games	68.6	0	–	68.6	0	–
Research and development of games, the operation of existing and brand new self-developed games, and the purchase of intellectual property rights of popular entertainment content	137.2	0	–	137.2	0	–
Enhancing game development capability, developing and operating new games, distributing and operating high quality games developed by third parties and accumulation of intellectual property rights of game contents	–	–	+20.7	20.7	20.7	Before December 31, 2022
Providing funding for our working capital and other general corporate purposes	34.3	0	–	34.3	0	–
Investing in our technology platform, including developing and improving our game development tools and purchase of commercialized game engines developed by third parties	34.3	5.3	-5.3	29.0	0	–
Mastering user usage flow entry point via developing intellectual hardware and mobile phone software	48.2	37.5	-37.5	10.7	0	–
Development of and investment in movies and dramas and accumulation of intellectual property rights of movie and drama contents	–	–	+22.1	22.1	22.1	Before December 31, 2022
Total	686.2	51.7	–	686.2	51.7	

Notes:

1. The use of Net IPO Proceeds as announced in the Announcement.
2. Based on the Board's current estimation and plan, which is subject to change depending on future market conditions and market developments. Actual utilisation will be published in the periodic reports of the Company.

REASONS FOR CHANGE IN USE OF NET IPO PROCEEDS

The Group has already developed a user platform for mastering user flow and acquired third party game engines with the Net IPO Proceeds. After careful evaluation, the Board considers that the current user platform and game engines used by the Group are sufficient for the Group's current operation and resolved to reallocate the unutilised Net IPO Proceeds for more effective use of resources of the Company.

Since developing the pan-entertainment business as announced in the Announcement and after years of cultivation, the Group achieved sound results in its film (movie and drama) business and the Board resolved to reallocate HK\$22.1 million of the unutilised Net IPO Proceeds to increase its capital investment in the business segment for development of and investment in movies and dramas to further accumulate intellectual property rights of movie and drama contents.

Leveraging on its years of experience in the game industry, the Group planned to further enhance its game development capability to roll out high quality competitive games as well as distributing and operating high quality games developed by third parties, to develop both the domestic and the overseas game market and alleviate the phenomenon of ageing of existing games of the Group and to further accumulate intellectual property rights of game contents. The Board resolved to reallocate HK\$20.7 million of the unutilised Net IPO Proceeds for such purpose.

The Board further resolved to expand the intended use of the remaining HK\$8.9 million of the unutilised Net IPO Proceeds, being strategic acquisition or investment in companies in online game or related businesses, to include companies in film (movies and dramas) businesses given the Group is now principally engaged in both the game business and the film business.

The Board considers that the aforesaid change in the use of unutilised Net IPO Proceeds is fair and reasonable and in the best interest of the Company and its shareholders as a whole, and will not have any material adverse effect on the existing business and operations of the Group.

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

Beijing, PRC, June 29, 2021

As at the date of this announcement, the executive directors of the Company are Mr. WANG Feng, Ms. LIAO Mingxiang, Mr. CHEN Hao and Mr. WANG Jin (also known as YAN Yusong); the non-executive director of the Company is Mr. JI Xuefeng; and the independent non-executive directors of the Company are Ms. ZHAO Yifang, Mr. ZHANG Xiangdong and Ms. WU Yueqin.

*This announcement, for which the directors of the Company (“**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 (the “**Stock Exchange**”) 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 for at least 7 days from the date of its posting and be posted on the website of the Company at www.linekong.com.