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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)

DISCLOSEABLE TRANSACTION FURTHER PURCHASE OF BITCOIN

Reference is made to the announcements of Linekong Interactive Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on June 15, 2023, July 7, 2023 and August 8, 2023 (the “**Announcements**”), pursuant to which the Group had acquired in open market transactions 68.4692 units of Bitcoin at an aggregate cash consideration of approximately US\$1.96 million (the “**Bitcoin Acquisitions**”). Unless otherwise stated, capitalised terms used herein shall denote the same meanings as those defined in the Announcements. As at the date of this announcement, further to the Further Bitcoin Acquisition (as defined below), the Group has acquired a total of 92.4712 units of Bitcoin for an aggregate cash consideration of US\$2.66 million.

The Board is pleased to announce that in between 16 August, 2023 to 17 August, 2023, the Group had further acquired in open market transactions 24.002 units of Bitcoin at an aggregate cash consideration of approximately US\$0.70 million (the “**Further Bitcoin Acquisition**”). The consideration for the Further Bitcoin Acquisition was satisfied in cash and was determined according to the bid and ask prices of Bitcoin as quoted in open market, and the Further Bitcoin Acquisition was funded by the then available cash reserve of the Group. Settlement of the Further Bitcoin Acquisition took place immediately after the respective purchase orders were made and completed. As the Further Bitcoin Acquisition was conducted in the open market, the identities of the counterparties of the Further Bitcoin Acquisition could not be ascertained. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the counterparties and the ultimate beneficial owners of the counterparties of the Further Bitcoin Acquisition are third parties independent of the Group and its connected persons.

Information on cryptocurrencies and Bitcoin

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.

Bitcoin is a type of cryptocurrency launched more than 10 years ago that operates using blockchain technology. It has several features that enable it to be a potential alternative store of value, such as being limited in supply, its exchangeability into fiat money or goods and services, portability, and its potential to act as an effective hedge against depreciation of fiat currencies.

REASONS FOR AND BENEFITS OF THE FURTHER BITCOIN ACQUISITION

The Board believes that the Web3 industry and blockchain technology has 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 a Asian and global financial center, Hong Kong has achieved remarkable results in the development of the Web3 industry, and has promulgated relevant policies and introducing new licensing regime for virtual asset trading platforms, providing 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.

In the second quarter of 2023, the Company launched the brand new Web3 gaming platform, NAGA. It positions itself as a one-stop Web3 gaming platform driven by distributing game missions, and covers services such as mission platform, game library, network data, community and guild and game information. Meanwhile, the Company completed the reorganization of the cryptocurrency investment and research institution, Consensus Lab, in early April. LK Venture was officially established in Hong Kong to venture into the Web3 industry and virtual asset investment market.

The Further Bitcoin Acquisition is 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 currently decided to invest in the largest cryptocurrency by market capitalization, Bitcoin, 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 terms of the Further Bitcoin Acquisition 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

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 of The Stock Exchange of Hong Kong Limited since December 30, 2014. The Group is principally engaged in developing and publishing online games in the People's Republic of China (the "PRC") and other countries and regions, and the film business in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") in respect of the Further Bitcoin Acquisition (when aggregated with the Bitcoin Acquisitions, which was conducted within 12 months) exceed 5% but all are less than 25%, the Further Bitcoin Acquisition (when aggregated with the Bitcoin Acquisitions) constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 19 of the GEM Listing Rules.

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 of the Company.

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

Beijing, the PRC, August 17, 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.