
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Linekong Interactive Group Co., Ltd., you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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
VARIATION OF TERMS IN RELATION TO THE ACQUISITION MANDATE
OF THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS;
AND
NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at Room B128, 1/F, Block B, No. 32 Rongchuang Cultural Innovative Industry Base, No. 5 Guangshun North Street, Chaoyang District, Beijing, the PRC, on Tuesday, March 19, 2024 at 10:30 a.m. is set out on pages 23 to 24 of this circular. A proxy form for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Friday, March 15, 2024) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

This circular 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 publication and on the website of the Company at www.linekong.com.

February 28, 2024

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

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

“Acquisition Mandate”	a specific mandate approved by the Shareholders at the EGM held on November 22, 2023 to authorize and empower the Directors to acquire Cryptocurrencies during the Mandate Period
“Board”	the Board of Directors of the Company
“close associate(s)”	has the meanings ascribed to it under the GEM Listing Rules
“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
“EGM” or “Extraordinary General Meeting”	an extraordinary general meeting of the Company to be held at Room B128, 1/F, Block B, No. 32 Rongchuang Cultural Innovative Industry Base, No. 5 Guangshun North Street, Chaoyang District, Beijing, the PRC, on Tuesday, March 19 at 10:30 a.m. to approve, among other things, the Revised 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

DEFINITIONS

“Latest Practicable Date”	Monday, February 19, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Mandate Period”	12 months from the date on which the ordinary resolution in relation to the Revised Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the EGM
“Potential Cryptocurrency Acquisitions”	the potential acquisitions of Cryptocurrencies (including but not limited to Bitcoin and Ethereum) up to US\$6 million in open market transactions on an ongoing basis
“PRC” or “China”	the People’s Republic of China
“Revised Acquisition Mandate”	a specific mandate to be approved by the Shareholders at the EGM held on Tuesday, March 19, 2024 to authorize and empower the Directors to acquire Cryptocurrencies during the Mandate Period based on the varied terms
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“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
“substantial shareholder(s)”	has the meanings ascribed to it under the GEM Listing Rules
“US\$”	United States dollars, the lawful currency of the United States

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. WANG Feng

(Chairman and

Chief Executive Officer)

Mr. CHEN Hao

Mr. WANG Jin (also known as Yan Yusong)

Registered office:

Floor 4, Willow House

Cricket Square

P.O. Box 2804

Grand Cayman KY1-1112

Cayman Islands

Independent Non-executive Directors:

Mr. ZHANG Xiangdong

Ms. WU Yueqin

Mr. FU Frank Kan

Principal place of business in Hong Kong:

40th Floor

Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

February 28, 2024

To the Shareholders

Dear Sir/Madam,

POSSIBLE MAJOR TRANSACTION
VARIATION OF TERMS IN RELATION TO THE ACQUISITION MANDATE
OF THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS;
AND
NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with the notice of EGM and information regarding the following resolution to be put forward at the EGM, namely the Revised Acquisition Mandate and the Potential Cryptocurrency Acquisitions.

LETTER FROM THE BOARD

2. VARIATION OF TERMS OF THE ACQUISITION MANDATE IN RELATION TO THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS

Reference is made to (i) the announcements of the Company dated June 15, 2023, July 7 2023, August 8, 2023, August 17, 2023, September 13, 2023 and December 29, 2023; (ii) the circular (the “**Circular**”) of the Company dated October 31, 2023; and (iii) the poll results of the Company dated November 22, 2023, pursuant to which the Board was authorized and empowered to acquire Cryptocurrency in open market transactions with a focus on Bitcoins and Ethereum.

Reference is also made to the announcement of the Company on January 22, 2024, pursuant to which the Board announced that the Company proposed to seek approval for the Revised Acquisition Mandate from the shareholders in advance to authorize and empower the Directors to conduct the Potential Cryptocurrency Acquisitions in open market transactions during the Mandate Period according to the varied terms.

Pursuant to the Acquisition Mandate, the maximum amount that the Board is authorized and empowered to acquire Cryptocurrencies is up to US\$5 million in open market transactions. The nature of Cryptocurrencies are in general highly volatile, and are subject to sudden, massive price swings. Ever since the approval of the Acquisition Mandate on 22 November 2023, the value of Cryptocurrencies has risen rapidly, rendering the Acquisition Mandate not as purposeful as expected and ultimately limiting the potential enhancement of Shareholders’ value. Given these circumstances, the Company believes it is necessary to revise the maximum amount to US\$6 million to acquire Cryptocurrencies in open market transactions and further revise the maximum capped price per each unit of Bitcoin and Ethereum to be not exceeding 10% of the market price. The Board is of the view that the Revised Acquisition Mandate can provide flexibility to the Board in capturing fleeting opportunities. The other terms in the Acquisition Mandate shall remain the same. The Revised Acquisition Mandate allows the Company to remain agile, better navigate the rapidly changing Cryptocurrency landscape and make informed investment decisions.

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 Shareholders’ prior approval for each acquisition of Cryptocurrencies. The Directors proposed to seek the Shareholders’ prior approval for the grant of the Revised Acquisition Mandate at the EGM to authorize and empower the Directors to conduct the Potential Cryptocurrency Acquisitions during the Mandate Period such that the Company can respond swiftly to market dynamics and capture ongoing opportunities.

LETTER FROM THE BOARD

3. THE REVISED ACQUISITION MANDATE

Save for the variation of the maximum amount for conducting the Potential Cryptocurrency Acquisitions and the maximum capped unit price per Bitcoin and/or Ethereum, the remaining terms in the Acquisition Mandate shall remain the same. The terms of the Revised Acquisition Mandate (reflecting the initial terms under the Acquisition Mandate, together with the varied term in respect of the maximum amount) to be sought from the Shareholders at the Extraordinary General Meeting are as follows:

a) Mandate Period

The Revised 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 Revised Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the EGM.

b) Maximum Amount

The Revised Acquisition Mandate shall authorize and empower the Board to acquire Cryptocurrencies up to US\$6 million in open market transactions with a focus of Bitcoins and Ethereum. The maximum price per each unit of Bitcoin and Ethereum will be determined according to the bid and ask prices of the Cryptocurrencies as quoted on the open market with a maximum of no more than 10% of the market price. For the avoidance of doubt, the above amount does not include the Cryptocurrencies purchased by the Company before obtaining the Acquisition Mandate. It is currently expected that the Company will use approximately US\$3 million to acquire Bitcoins and US\$3 million to acquire Ethereums under the Revised Acquisition Mandate. These amounts were determined with reference to the Group's investment strategy and intended diversification of portfolio of the two major Cryptocurrencies that are traded globally. When making a decision to purchase the Cryptocurrencies, the Board shall consider and evaluate various factors and bases to minimize risks and maximize potential gains. For instance, the Board would research the specific Cryptocurrency's history, market trends, and potential for growth, as this will enable the Board to understand its value proposition and future prospects. The Board would also conduct technical and fundamental analysis and closely monitor the market condition of Cryptocurrencies including movement in price, market supply and demand, liquidity and trading volume of Bitcoin and Ethereum to make an informed decision in purchasing Bitcoin and Ethereum. With regard to the risk and high volatility of the Cryptocurrency market, the Board would also consider taking certain measures to control the risk of investment in Cryptocurrencies, including but not limited to setting a maximum drawdown rate ("MDR") of Cryptocurrency investment, generating periodic reports on the risk of Cryptocurrencies investment for the Board to review and updating Cryptocurrencies investment target periodically. In particular, the MDR is a critical measure in evaluating the risk profile of Cryptocurrencies, quantifying the greatest

LETTER FROM THE BOARD

percentage loss experienced by an investment over a specified duration. This metric provides insight into the resilience and volatility of digital assets, particularly during periods of market downturns. Calculated as the difference between the highest historical price and the lowest subsequent price divided by the former, multiplied by 100%, MDR offers valuable information regarding the magnitude of losses that might occur within a given crypto portfolio. For instance, a high MDR signifies increased vulnerability to significant price declines, whereas a low MDR suggests relative stability. The Board could utilize this data point alongside other analytical tools to gauge risk exposure and develop well-informed allocation strategies.

c) 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 acquisitions prices.

d) Manner of the Potential Cryptocurrency Acquisitions

The Potential Cryptocurrency Acquisitions shall be conducted in open market. The Group has been acquiring Cryptocurrencies through Victory Securities Company Limited, which is licensed to carry out Type 1 (dealing securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activity as defined under the SFO and is licensed to provide virtual asset trading services to qualified professional investors (as defined in the SFO and the Securities and Futures (Professional Investors) Rules) who hold accounts with Victory Securities Company Limited. The Group will consider factors such as market trend, fundamental analysis, technical assessment, risk assessment, legal regulatory, liquidity, capital management and professional advice when acquiring Cryptocurrencies.

e) 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 basis of the maximum amount for acquiring Cryptocurrencies was determined with reference to the financial resources available to the Group, including funds generated from operation and current assets of the Group. The Board also took into consideration the past acquisition price of Cryptocurrencies, the amount and types of Cryptocurrencies the Company currently hold and also the potential impact to the Company's financial results should a loss in investment be recorded. 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.

LETTER FROM THE BOARD

The estimated aggregate consideration to be payable for the Potential Cryptocurrency Acquisitions under the Revised Acquisition Mandate shall not exceed the aggregate of approximately US\$6 million, which was determined with reference to the Group's current Web3 business development and asset allocation strategy.

As the traditional financial market is being continuously affected by the economic policies of the Federal Reserve of the United States, long-term investors are gradually increasing their investments in the Cryptocurrency market.

Web3 business development and asset allocation strategy are closely intertwined when it comes to investing in the decentralized web. Web3 business development involves identifying and investing in promising blockchain-based projects and startups that have the potential to disrupt traditional industries and create new markets.

Asset allocation strategy, on the other hand, involves diversifying portfolio across different Cryptocurrencies and blockchain-based assets to minimize risks and maximize potential gains.

In light of the above, the Board considers that purchase of Cryptocurrencies is of great importance to the Group's development in the Web3 field and the aggregate amount of approximately US\$6 million is a fair and reasonable figure which balances the Group's risk appetite and diversification strategy.

4. 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 and 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.

Currently, Bitcoin and Ethereum are the largest Cryptocurrencies by market capitalization.

Bitcoin operates on a decentralized computer network or distributed ledger using blockchain technology, which manages and tracks the currency. It also has several features that enable it to retain its value, including but not limited to its exchangeability into fiat money or goods and services, portability, and its potential to act as an effective hedge against depreciation of fiat

LETTER FROM THE BOARD

currencies due to aggressive increase in money supply by central banks globally. As an alternative store of value, its price is primarily a function of future demand that is driven by consensus of investors and the general public.

Ethereum is another kind of Cryptocurrency, a medium of exchange that exists exclusively online. Currently, Ethereum ranks second by market capitalization and its network has a large number of decentralized applications on it due to its developer-friendly interface that enable reduced programming time to launch projects quickly. Ethereum can empower a number of applications offering a wide range of functions, including but not limit to currency, smart contracts, decentralized apps (or dApps), non-fungible tokens and decentralized finance.

Prior to obtaining the Acquisition Mandate, the Group had acquired in open market transactions in aggregation of 97.6621 units of Bitcoin and 0 units of Ethereum at an aggregate cash consideration of approximately US\$2.8 million. Pursuant to obtaining the Acquisition Mandate, the Group had acquired in open market transactions of 4.2513 units of Bitcoin at a cash consideration of approximately US\$180,000.

5. REASONS FOR AND BENEFITS OF THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS AND THE REVISED 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 optimize asset allocation strategies and targets. While the Board notes that the prices of Cryptocurrencies were volatile and fluctuated in the past year, the Board is of the view that the Cryptocurrency market is in the final stage of the bearish market and hence, the

LETTER FROM THE BOARD

investment in the largest Cryptocurrencies (by market capitalization such as Bitcoin and Ethereum) 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.

The Group is actively exploring the Web3 industry and tapping into the Cryptocurrency investment market. Web3 is based on blockchain technology and accordingly, Bitcoin and Ethereum, being the largest types of Cryptocurrencies, are the basis for the development of Web3. Accordingly, the Potential Cryptocurrency Acquisitions are part of the Group's Web3 business development and asset allocation strategy.

Cryptocurrency prices are extremely volatile and are subject to massive price swings. Ever since the approval of the Acquisition Mandate in 22 November 2023, the value of Cryptocurrencies has risen rapidly, rendering the Acquisition Mandate not as purposeful as expected and ultimately limiting the potential enhancement of Shareholders' value. By revising the maximum amount and removing the capped unit price per Cryptocurrency, the Board believes there would be more flexibility to conduct the Potential Cryptocurrency Acquisitions and would ultimately enhance Shareholders' value in the long term. The Revised Acquisition Mandate allows the Company to acquire Cryptocurrencies in a more strategic and meaningful way in light of the current market price. As the Potential Cryptocurrency Acquisitions will be open market transactions and will be conducted on an ongoing basis and the Cryptocurrency investment market is 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 Shareholders' prior approval for each acquisition of Cryptocurrencies.

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 Revised Acquisition Mandate are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

6. FINANCIAL EFFECTS OF THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS AND THE REVISED ACQUISITION MANDATE

Since the acquisition of Cryptocurrencies was financed by internal funds and accounted as intangible assets, additional acquisitions would have no impact on the Company's liabilities and such impact on assets and profit and loss will be subject to the price fluctuation of Cryptocurrencies. For details of the accounting treatment of the acquisition of Cryptocurrencies, please refer to note 3 of the interim report of the Company published on August 14, 2023.

LETTER FROM THE BOARD

7. 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.

8. GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Revised Acquisition Mandate is expected to exceed 25% but all are less than 100%, the Revised Acquisition Mandate constituted a major transaction on the part of the Company and was subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.42 of the GEM Listing Rules, since the Company proposes to vary certain terms of the Acquisition Mandate which constitute material change to the terms by way of the Revised Acquisition Mandate, the Company is required to re-comply with all applicable provisions under the GEM Listing Rules, including the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company will convene the EGM for the purposes of, among others, seeking approval from the Independent Shareholders on the terms of the Revised Acquisition Mandate. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Revised Acquisition Mandate. Accordingly, it is expected that no Shareholder is required to abstain from voting at the EGM.

9. THE EGM

Set out on pages 23 to 24 of this circular is the notice of EGM at which, inter alia, an ordinary resolution will be proposed to Shareholders to consider and approve the Revised Acquisition Mandate and the Potential Cryptocurrency Acquisitions.

LETTER FROM THE BOARD

10. PROXY FORM

A proxy form for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Friday, March 15, 2024) or any adjournment thereof.

Completion and delivery of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

11. VOTES BY WAY OF POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules and Article 13.6 of the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions set out in the notice of EGM will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or in the case of a Shareholder being a corporation, its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes in the same way.

An announcement on the results of the vote by poll will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

12. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

LETTER FROM THE BOARD

13. RECOMMENDATIONS

The Directors consider that the proposed resolutions set out in the notice of the EGM are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the aforementioned resolution.

14. MISCELLANEOUS

Your attention is drawn to the general information set out in the Appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended December 31, 2022 and the six months ended June 30, 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://new.linekong.com>):

- annual report of the Company for the year ended December 31, 2020 published on March 31, 2021 (pages 77 to 160) and available at <https://www1.hkexnews.hk/listedco/listconews/gem/2021/0331/2021033102066.pdf>
- annual report of the Company for the year ended December 31, 2021 published on March 31, 2022 (pages 83 to 164) and available at <https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033102583.pdf>
- annual report of the Company for the year ended December 31, 2022 published on March 31, 2023 (pages 87 to 170) and available at <https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033102835.pdf>
- interim report of the Company for the six months ended June 30, 2023 published on August 14, 2023 (pages 47 to 90) and available at <https://www1.hkexnews.hk/listedco/listconews/gem/2023/0814/2023081400934.pdf>

2. STATEMENT OF INDEBTEDNESS

On December 31, 2023 (being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the Group's statement of indebtedness), the Group's indebtedness was as follows:

Lease liabilities

The Group had unsecured and unguaranteed lease liabilities which amounted to approximately RMB644,477.73.

Save as disclosed above and saved for intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on December 31, 2023, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings, indebtedness in the nature of borrowings, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on December 31, 2023.

3. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account the financial resources and banking facilities available to the Group, the Group will have sufficient working capital to satisfy its present requirements for the next 12 months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group will continue to focus on IP development, female-oriented and casual mobile games and Web3 to further develop its business. The Group will continue to adhere to its principles of practicality and customer-centricity in order to create high quality products and offer fascinating entertainment.

As a participant of the domestic interactive cultural content platforms, the Group will fulfill its social responsibilities by promoting healthy culture visions and attaching great importance to traditional Chinese culture in the entire process of product production and distribution, so as to make contributions to the culture and entertainment industry of the PRC.

With deeper understanding on the Web3 industry and blockchain technology, the Group will continue to recognise the long-term value of virtual assets to explore its future use in financial innovation and application in the gaming industry with the industry. Our global partners will jointly support more innovation projects in advanced Web3 sectors to create a more open, transparent and inter-connected digital world.

The Group has incubated and launched NAGA, a brand new Web3 game platform, which aims to serve as a one-stop Web3 game platform driven by game tasks, covering task platform, game library, on-chain data, community guilds, game information and other services.

Currently, the NAGA platform has been serving the following functions: offering game recommendation and rating function to assist users with discovering more high-quality games; allowing game project developers to create activities directly on NAGA to carry out game promotion and cold start; creating a Web3 game library, which already has a collection of over 3,000 Web3 games and supports filter search function; setting up an information channel to bring users with the latest updates on Web3 games through exclusive game interviews, game industry opinions and game update announcements, etc. The Group will focus on promotion of project settlement, player mission mode, guild invitation mechanism and other related work for its next step.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required, pursuant to the required standard of dealings by directors of listed issuers as reflected to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in Shares and underlying shares of the Company

<u>Name of Director/chief executive</u>	<u>Capacity/Nature of interest</u>	<u>Total number of shares</u>	<u>Approximate percentage of shareholding</u> <i>(Note 4)</i>
Mr. Wang Feng <i>(Note 1)</i>	Interest of controlled corporation	66,576,160 (L)	21.53%
	Beneficial owner	12,640,380 (L)	
Mr. Wang Jin <i>(Note 2)</i>	Beneficial owner	2,540,000 (L)	0.69%
Mr. Chen Hao <i>(Note 3)</i>	Beneficial owner	1,815,841 (L)	0.49%

(L) Long position

Notes:

- (1) Mr. Wang Feng held the entire issued share capital of Wangfeng Management Limited, which in turn directly held 66,576,160 Shares. Accordingly, Mr. Wang Feng is deemed to be interested in all the 66,576,160 Shares held by Wangfeng Management Limited under the SFO.

In addition, Mr. Wang Feng held 4,207,072 Shares and was interested in 8,433,308 RSUs granted to him under the RSU Scheme entitling him to receive 8,433,308 Shares. As of the Latest Practicable Date, all the RSUs have been vested.

- (2) The 2,540,000 Shares that Mr. Wang Jin was interested in consisted of (a) 300,000 share options, 1,000,000 share options and 125,000 share options granted to him on June 15, 2016, April 1, 2019 and May 17, 2021, respectively, under the share option scheme of the Company entitling him to receive an aggregate of 1,425,000 Shares upon exercise; and (b) 1,115,000 RSUs granted to him under the RSU Scheme entitling him to receive 1,115,000 Shares. All RSUs have been vested as of Latest Practicable Date.
- (3) The 1,815,841 Shares that Mr. Chen Hao was interested in consisted of (a) 100,000 share options, 1,000,000 share options and 125,000 share options granted to him on October 9, 2015, January 18, 2017 and May 17, 2021, respectively, under the share option scheme of the Company entitling him to receive an aggregate of 1,225,000 Shares upon exercise; and (b) 590,841 RSUs granted to him under the RSU Scheme entitling him to receive 590,841 Shares. All RSUs have been vested as of Latest Practicable Date.
- (4) As at the Latest Practicable Date, the Company issued 367,974,964 Shares.

(ii) Long position in the shares of other members of the Group

As at the Latest Practicable Date, the following Directors or the chief executive of the Company are directly or indirectly (other than indirectly by virtue of their interest in the Company) interested in the shares or underlying shares of other member(s) of the Group as follows:

<u>Director/ Chief executive</u>	<u>Company concerned</u>	<u>Capacity/ Nature of interest</u>	<u>Register share capital</u>	<u>Approximate percentage of interest</u>
Mr. Wang Feng	Linekong Online (Beijing) Technology Co., Ltd ("Linekong Online") (Note 1)	Beneficial owner	RMB7,545,000	75.45%
Mr. Wang Jin	Horgos Linekong Pictures Corporation ("Linekong Pictures") (Note 2)	Beneficial owner	RMB4,155,000	8.31%
Mr. Wang Jin	Juyingshiguang (Hainan) Pictures Limited ("Juyingshiguang") (Note 3)	Beneficial owner	RMB190,000	9.50%

<u>Director/ Chief executive</u>	<u>Company concerned</u>	<u>Capacity/ Nature of interest</u>	<u>Register share capital</u>	<u>Approximate percentage of interest</u>
Mr. Wang Jin	Horgos Chenxi Entertainment and Media Co., Ltd. (“ Chenxi Entertainment ”) <i>(Note 4)</i>	Beneficial owner	RMB90,000	9.00%

Notes:

- (1) Linekong Online is a subsidiary of the Company controlled through contractual arrangements. Mr. Wang Feng is the registered shareholders of Linekong Online.
- (2) Linekong Pictures is a subsidiary of the Company controlled through Linekong Online which is owned as to 82.19% by Linekong Online.
- (3) Juyingshiguang is a subsidiary of the Company controlled through Linekong Online which is owned as to 84.50% by Linekong Online.
- (4) Chenxi Entertainment is a subsidiary of the Company controlled through Linekong Online which is owned as to 60.00% by Linekong Online.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors or chief executive of the Company, as of the Latest Practicable Date, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(i) Substantial Shareholders

Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of shareholding <i>(Note 3)</i>
Zhu Li <i>(Note 1)</i>	Interest of spouse	79,216,540 (L)	21.53%
Wangfeng Management Limited <i>(Note 2)</i>	Beneficial owner	66,576,160 (L)	18.09%
Jin Jiawei	Beneficial owner	52,318,760 (L)	14.22%

(L) Long position

Notes:

- (1) Ms. Zhu Li is the wife of Mr. Wang Feng and is deemed to be interested in the Shares in which Mr. Wang Feng is interested under the SFO.
- (2) Mr. Wang Feng, the chairman of the Company and Director, holds the entire issued share capital of Wangfeng Management Limited.
- (3) As at the Latest Practicable Date, the Company issued 367,974,964 Shares.

(ii) Other Shareholder(s)

Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of shareholding <i>(Note 4)</i>
The Core Trust Company Limited <i>(Note 1)</i>	Trustee of a trust	34,839,317 (L)	9.47%
TCT (BVI) Limited <i>(Note 1)</i>	Trustee of a trust	34,839,317 (L)	9.47%
Premier Selection Limited <i>(Note 1)</i>	Nominee for another person	34,839,317 (L)	9.47%
Ho Chi Sing <i>(Note 2&3)</i>	Interest of controlled corporation	29,922,996 (L)	8.13%
IDG-Accel China Growth Fund GP Associates Ltd. <i>(Note 2)</i>	Interest of controlled corporation	27,774,323 (L)	7.55%
IDG-Accel China Growth Fund Associates, L.P. <i>(Note 2)</i>	Interest of controlled corporation	27,774,323 (L)	7.55%
IDG-Accel China Growth Fund L.P. <i>(Note 2)</i>	Beneficial owner	23,061,443 (L)	6.27%
Zhou Quan <i>(Note 2)</i>	Interest of controlled corporation	27,774,323 (L)	7.55%
Ms. Liao Mingxiang <i>(Note 4)</i>	Interest of controlled corporation	12,168,720 (L)	5.38%
	Beneficial owner	7,626,769 (L)	5.38%

(L) Long position

Notes:

- (1) The Core Trust Company Limited, being the RSU trustee, directly held the entire issued share capital of TCT (BVI) Limited, which in turn directly held the entire issued share capital of Premier Selection Limited (the RSU nominee).
- (2) Each of IDG-Accel China Growth Fund L.P. (“**IDG Fund**”, holding 23,061,443 Shares) and IDG-Accel China Growth Fund-A LP. (“**IDG Fund-A**”, holding 4,712,880 Shares) is controlled by its sole general partner, IDG-Accel China Growth Fund Associates, L.P. (“**IDG Fund Associates**”), which in turn is controlled by its sole general partner, IDG-Accel China Growth Fund GP Associates Ltd. (“**IDG GP Associates**”). IDG GP Associates is held as to 35.00% by each of Mr. Zhou Quan and Mr. Ho Chi Sing.

Accordingly, each of Mr. Zhou Quan, Mr. Ho Chi Sing, IDG GP Associates and IDG Fund Associates is deemed to be interested in all the Shares held by IDG Fund and IDG Fund-A under the SFO.

- (3) IDG-Accel China Investors L.P. (“**IDG China Investors**”, holding 2,148,673 Shares) is controlled by its sole general partner, IDG-Accel China Investor Associates Ltd. (“**IDG Associates**”), which in turn is held as to 100.00% by Mr. Ho Chi Sing.

Accordingly, each of Mr. Ho Chi Sing and IDG Associates is deemed to be interested in all the Shares held by IDG China Investors under the SFO.

- (4) Ms. Liao Mingxiang held the entire issued share capital of Liaomingxiang Holdings Limited, which in turn directly held 12,168,720 Shares.

Accordingly, Ms. Liao Mingxiang is deemed to be interested in all the 12,168,720 Shares held by Liaomingxiang Holdings Limited under the SFO.

In addition, Ms. Liao Mingxiang held 7,351,769 Shares and was interested in 275,000 share options granted to her on May 17, 2021 under the share option scheme of the Company entitling her to receive 275,000 Shares upon exercise.

- (5) As at the Latest Practicable Date, the Company issued 367,974,964 Shares.

4. DIRECTORS’ DISCLOSURE INTEREST

As at the Latest Practicable Date:

- (a) save as disclosed in this circular, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group;
- (b) none of the Directors had any direct or indirect interest in any assets which have been since December 31, 2022, being the date to which the latest published audited annual financial statements of the Company were made up to, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

- (c) none of the Directors or controlling shareholders of the Company or any of their substantial shareholders or respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group;
- (d) there was no existing or proposed service contract between any Director and any member of the Group which is not determinable within one year without payment of compensation other than by statutory compensation;
- (e) none of the Directors is a director or employee of any substantial shareholder of the Company; and
- (f) none of the Directors or any of their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2022, being the date to which the latest published audited financial statements of the Company were made up.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any material litigations or claims and no litigations or claims of material importance were pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material.

8. GENERAL

- (a) The company secretary of the Company is Ms. Chan Yin Wah who a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively. Ms. Chan is also a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

- (b) The compliance officer of the Company is Mr. Wang Feng who is also an executive Director, chairman of the Board and the chief executive officer of the Company.
- (c) The registered office and transfer agent of the Company is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.
- (d) The principal place of business of the Company in Hong Kong is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (e) The headquarter and principal place of business of the Company in the PRC is Room B128, 1/F, Block B, No. 32 Rongchuang Cultural Innovative Industry Base, No. 5 Guangshun North Street, Chaoyang District, Beijing, the PRC.
- (f) The share registrar of the Company in Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (g) The Audit Committee was established on April 24, 2014. The Audit Committee consists of three members, being Ms. Wu Yueqin (Chairman), Mr. Zhang Xiangdong and Mr. FU Frank Kan. For detailed biography of the Audit Committee members, please refer to the 2022 annual report of the Company.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and the Company's risk management and internal control systems, the effectiveness of the internal audit function, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://new.linekong.com>).

- (h) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2024 first extraordinary general meeting of Linekong Interactive Group Co., Ltd. (the “**Company**”) will be held at Room B128, 1/F, Block B, No. 32 Rongchuang Cultural Innovative Industry Base, No. 5 Guangshun North Street, Chaoyang District, Beijing, the PRC on Tuesday, March 19, 2024 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

Ordinary Resolution

1. To consider and approve the Revised Acquisition Mandate and the Potential Cryptocurrency Acquisitions.

By order of the Board

Linekong Interactive Group Co., Ltd.

WANG Feng

Chairman

Beijing, the PRC
February 28, 2024

Registered office:
Floor 4, Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

Principal place of business in Hong Kong:
40th Floor
Dah Sing Financial Centre
No.248 Queen’s Road East
Wanchai
Hong Kong

NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (iii) In order to be valid, the form of proxy must be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 10:30 a.m. on Friday, March 15, 2024) or any adjournment thereof. Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (iv) The transfer books and register of members of the Company will be closed from Thursday, March 14, 2024 to Tuesday, March 19, 2024, both days inclusive, to determine the entitlement of the shareholders to attend and vote at the above meeting, during which period no share transfer can be registered. In order to qualify for attending and voting at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, March 13, 2024.
- (v) In respect of ordinary resolution above, details of the statutory and general information of the Company is set out in Appendix II to the circular of the Company dated February 28, 2024.

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

*This notice, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this notice 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 notice misleading.*

This notice 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.