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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)

INSIDE INFORMATION
BUSINESS UPDATE

This announcement is made by Linekong Interactive Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Focus on the core businesses of the Group

Since its establishment, the Group has been primarily engaging in developing and publishing online games in the People’s Republic of China (the “**PRC**”) and other countries and regions, including sales of in-game virtual items, license fee and technical support fee (the “**Game Business**”), and commenced licensing self-developed online drama rights to third-party publishers and producing online drama rights for specific customers in the PRC (the “**Film Business**”) since 2016. In the second quarter of 2022, the Group also tapped into the sales of food products on e-commerce platforms in the PRC (the “**Food Business**”) at an initial exploration stage. However, upon reviewing the Group’s long-term development plan and overall business strategy, and to maximise its resources in the continuous development of its core businesses being the Game Business and Film Business, the Company has decided to cease exploring further into the Food Business.

Accordingly, on December 9, 2022, the Company and ZHANG Yanbai* (張延柏) (the “**Purchaser**”) entered into an equity transfer agreement, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase (the “**Transfer**”) 70% equity interest in Beijing Xingmanchu Technology Co., Ltd.* (北京星滿廚科技有限公司) (the “**Target Company**”) at an aggregate consideration of RMB1.8 million. The Target Company is the operating entity of the Food Business and immediately prior to the Transfer, was held as to 70% by the Company and 30% by Tianjin Jiuyue Enterprise Management Consultancy Partnership (LLP)* (天津久悅企業管理諮詢合夥企業(有限合夥)), a limited liability partnership of which the Purchaser is the general partner and 80% beneficial owner. The consideration shall be paid by the Purchaser to the Company in cash as to 50% on December 12, 2022 and the remainder shall be paid within 10 days upon the first anniversary of completing the relevant changes to the industrial and commercial registration. The consideration of the Transfer was arrived at after arm’s length negotiations between the Company and the Purchaser with reference to the preliminary and exploration stage of the Food Business being the sole business carried out by the Target Company, the net asset value, financial position and outstanding liabilities of the Target Company.

In addition, taking into account the Company’s roots and intention to continuously focus on its core businesses being the Game Business and Film Business, while ceasing to explore further into the Food Business, the transfer of the Food Business (through divesting from the Target Company) will release cash to the Group for development of the Game Business and the Film Business, the directors of the Company (“**Directors**”) (including the independent non-executive Directors) having considered the consideration and terms of the Transfer is fair and reasonable and on normal commercial terms and that the entering into of the equity transfer agreement and the Transfer are in the interests of the Company and its shareholders as a whole.

As the Group only commenced exploring into the Food Business in the second quarter of 2022, the Target Company recorded no revenue and minimal loss (attributable to daily administration fees) for each of the two years ended December 31, 2020 and 2021. Meanwhile, the unaudited consolidated net liabilities of the Target Company as at 30 June 2022 was approximately RMB0.3 million. Upon completion of the Transfer, the Group will cease to conduct any Food Business. The Group will also cease to have any shareholdings in the Target Company and the Target Company shall cease to be a subsidiary of the Company. The assets, liabilities and financial results of the Target Company will not be consolidated into the financial statements of the Company for the financial year ending December 31, 2022, as opposed to certain financial information relating to the Food Business having been disclosed in the interim report of the Company dated August 12, 2022 and the third quarterly report of the Company dated November 11, 2022. The Directors anticipate that the completion of the Transfer and cessation of further exploring into the Food Business will not have a significant effect on the business and performance of the Group.

Upon cessation of the Food Business, the Group will be able to better re-allocate its resources to focus on and further the development of its core businesses, being the Game Business and Film Business. The proceeds from the Transfer is also intended to be used as the general working capital of the Group for the development of the Game Business and Film Business.

Shareholders and investors are advised to exercise caution when dealing in securities of the Company.

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

Beijing, the PRC, December 9, 2022

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 Mr. ZHANG Xiangdong, Ms. WU Yueqin and Mr. KONG Yi.

This announcement, 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 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 publication and be posted on the website of the Company at www.linekong.com.