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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.

This announcement, for which the directors (the “Directors”) of Linekong Interactive Group Co., Ltd. (“Linekong Interactive” or the “Company” or “we”) 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 (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 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.

SUMMARY

- Our revenue for the year ended December 31, 2023 amounted to approximately RMB135.5 million (2022: approximately RMB71.1 million), representing an increase of approximately 90.6% as compared to that of the year ended December 31, 2022.
- Our gross profit for the year ended December 31, 2023 amounted to approximately RMB34.3 million, representing an increase of approximately 64.1% from RMB20.9 million recorded in the year ended December 31, 2022.
- Loss attributable to owners of the Company under IFRSs for the year ended December 31, 2023 amounted to approximately RMB17.4 million (2022: loss attributable to owners of the Company under IFRSs approximately RMB60.6 million).
- Loss per share under IFRSs for the year ended December 31, 2023 amounted to approximately RMB0.05 (2022: loss per share under IFRSs approximately RMB0.17).
- The unaudited adjusted non-IFRSs net loss for the year ended December 31, 2023 amounted to approximately RMB13.8 million (2022: unaudited adjusted non-IFRSs net loss approximately RMB42.7 million).

ANNUAL RESULTS

The board (the “**Board**”) of Directors announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2023 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	2023 RMB'000	2022 RMB'000
Continuing operations			
Revenue	3	135,506	71,057
Cost of revenue	6	<u>(101,189)</u>	<u>(50,132)</u>
Gross profit		34,317	20,925
Selling and marketing expenses	6	(6,321)	(13,916)
Administrative expenses	6	(27,760)	(34,538)
Research and development expenses	6	(22,088)	(23,066)
Net impairment (losses)/reversals on receivables and contract assets	6	(416)	2,068
Other operating income—net	4	<u>843</u>	<u>4,219</u>
Operating loss		(21,425)	(44,308)
Other losses—net	5	(935)	(14,283)
Finance income/(costs)—net	7	2,071	(206)
Share of profit of investments using equity accounting		<u>3,292</u>	<u>346</u>
Loss before income tax		(16,997)	(58,451)
Income tax credit/(expense)	8	<u>1</u>	<u>(10)</u>
Loss from continuing operations		<u>(16,996)</u>	<u>(58,461)</u>
Loss from discontinued operation		<u>—</u>	<u>(2,683)</u>
Loss for the year		<u>(16,996)</u>	<u>(61,144)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
— Share of other comprehensive income of investments accounted for using the equity method, net of tax		440	2,200
Items that will not be reclassified to profit or loss:			
— Currency translation differences		<u>1,746</u>	<u>17,101</u>
Other comprehensive income for the year, net of tax		<u>2,186</u>	<u>19,301</u>
Total comprehensive loss for the year		<u>(14,810)</u>	<u>(41,843)</u>

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Loss attributable to:			
Owners of the Company		(17,426)	(60,644)
Non-controlling interests		<u>430</u>	<u>(500)</u>
Loss for the year		<u>(16,996)</u>	<u>(61,144)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(15,240)	(41,343)
Non-controlling interests		<u>430</u>	<u>(500)</u>
Total comprehensive loss for the year		<u>(14,810)</u>	<u>(41,843)</u>
Total comprehensive loss attributable to owners of the Company arises from:			
— Continuing operations		(15,240)	(38,660)
— Discontinued operation		<u>—</u>	<u>(2,683)</u>
		<u>(15,240)</u>	<u>(41,343)</u>
Loss per share (expressed in RMB per share)			
— Basic	<i>9(a)</i>	<u>(0.05)</u>	<u>(0.17)</u>
— Diluted	<i>9(b)</i>	<u>(0.05)</u>	<u>(0.17)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	<i>Note</i>	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		566	1,326
Right-of-use assets		613	3,992
Intangible assets		20,342	9,613
Deferred income tax assets		8	—
Film rights and films in progress		8,785	59,665
Investments using equity accounting		36,972	33,240
An associate measured at fair value through profit or loss		20,486	35,303
Financial assets at fair value through profit or loss		31,473	31,037
Other receivables		1,030	1,949
Other non-current assets		6,651	7,006
		126,926	183,131
Current assets			
Trade receivables and notes receivables	<i>10</i>	46,704	5,184
Contract assets		6,926	—
Other receivables		12,449	1,915
Other current assets		21,502	26,093
Short-term bank deposits		28,391	32,128
Cash and cash equivalents		77,668	116,371
		193,640	181,691
Total assets		320,566	364,822

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		59	59
Share premium		1,720,690	1,720,690
Shares held for restricted share unit scheme (“RSU Scheme”)		(10,555)	(10,555)
Reserves		415,664	413,414
Accumulated losses		(1,878,628)	(1,861,202)
		247,230	262,406
Non-controlling interests		430	—
Total equity		247,660	262,406
Liabilities			
Non-current liabilities			
Contract liabilities		1,968	2,987
Lease liabilities		192	2,111
		2,160	5,098
Current liabilities			
Trade and other payables	<i>11</i>	32,065	27,002
Current income tax liabilities		3,591	3,669
Contract liabilities		34,637	65,309
Lease liabilities		453	1,338
		70,746	97,318
Total liabilities		72,906	102,416
Total equity and liabilities		320,566	364,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Linekong Interactive Group Co., Ltd. (the “**Company**”), was incorporated in the Cayman Islands on May 24, 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited since December 30, 2014 by way of its initial public offering (“**IPO**”).

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in developing and publishing online games (the “**Game Business**”) in the People’s Republic of China (the “**PRC**”) and other countries and regions, and film and online drama business (the “**Film Business**”) in the PRC. During the year ended December 31, 2022, the Group also terminated operation of sales of food products on an e-commerce platform (the “**Food Business**”) in the PRC.

The Group’s major subsidiaries are based in the PRC and the majority of their transactions are denominated in Renminbi (“**RMB**”). The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As of December 31, 2023 and 2022, other than the restrictions from exchange control regulations, there is no significant restriction on the Group’s ability to access or use the assets and settle the liabilities of the Group.

The consolidated financial statements are presented in RMB, unless otherwise stated, and have been approved by the Company’s Board of Directors on March 28, 2024.

All companies comprising the Group have adopted December 31 as their financial year-end date.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) and disclosure requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and an associate measured at fair value through profit or loss which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended IFRSs issued by the International Accounting Standards Board (“IASB”) to these consolidated financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use assets and the related lease liabilities on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

(b) *Impact of standards issued but not yet applied by the entity*

Certain amendments to standards have been issued but are not effective for the annual period beginning on January 1, 2023, and have not been early adopted in preparing these consolidated financial statements:

Amendments	Effective for annual years beginning on or after
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	January 1, 2024
Amendments to IAS 1, <i>Non-current Liabilities with Covenants</i>	January 1, 2024
Amendments to IAS 7 and IFRS 7, <i>Supplier Finance Arrangement</i>	January 1, 2024
Amendments to IAS 21, <i>Lack of Exchangeability</i>	January 1, 2025
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined
Amendments to IFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	January 1, 2024

These amendments are not expected to have a material impact on the Group in the current or the future periods and on the foreseeable future transactions.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision maker (“**CODM**”) of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

The Group separately manages the production and operation of each segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identifies two continuing operations segments and one discontinued operation segment as follows:

— **Continuing operations**

- The Game Business, which was primarily engaged in developing and publishing online games in the PRC and other countries and regions;
- The Film Business, which is primarily engaged in licensing self-developed online dramas rights to third-party publishers and producing online drama rights for specific customers in the PRC.

— **Discontinued operation**

- The Food Business, which is primarily engaged in sales of food products on e-commerce platform in the PRC.

The CODM assesses the performance of the operating segments based on the operating (loss)/profit of each reporting segments. The reconciliation of operating loss to loss before income tax is shown in the consolidated statement of profit or loss and other comprehensive income.

Segment revenue and results

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations:		
Segment revenue:		
Game Business		
— Sales of in-game virtual items	43,238	65,975
— License fee and technical support fee	26,896	523
	<u>70,134</u>	<u>66,498</u>
Film Business		
— Licensing and production of online dramas and others	<u>65,372</u>	<u>4,559</u>
Total	<u>135,506</u>	<u>71,057</u>

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Segments results — operating (loss)/profit:		
— Game Business	(23,690)	(39,583)
— Film Business	<u>2,265</u>	<u>(4,725)</u>
	<u><u>(21,425)</u></u>	<u><u>(44,308)</u></u>

Discontinued operation:

Food Business

Segment revenue	<u>—</u>	<u>58,392</u>
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Segments results — operating loss	<u>—</u>	<u>(2,568)</u>
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Information about major customers

Revenue derived from customers that accounted for 10% or more of the Group's total revenue during the year are disclosed below:

	Year ended December 31,	
	2023	2022
Film publisher A	43.0%	N/A [#]
Game distribution channel A	N/A [#]	25.0%
Game distribution channel B	N/A [#]	14.6%
Game licensee A	<u>18.0%</u>	<u>N/A[#]</u>
	<u><u>61.0%</u></u>	<u><u>39.6%</u></u>

[#] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Segment assets and liabilities

The CODM does not review the segment assets and liabilities for the purposes of allocating resources to segments and assessing their performance. Therefore, no segment assets and liabilities are presented.

Geographical information

A breakdown of revenue derived from the PRC, South Korea and other overseas countries and regions for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers:		
— PRC	107,222	43,350
— South Korea	17,790	25,124
— Other overseas countries and regions	10,494	2,583
	<u>135,506</u>	<u>71,057</u>

The Group's non-current assets other than financial instruments, investments using equity accounting, and deferred income tax assets were located as follows:

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
— PRC	16,638	80,420
— Hong Kong	20,167	—
— South Korea	152	1,182
	<u>36,957</u>	<u>81,602</u>

A breakdown of revenue derived from the transfer of goods and services over time and at a point in time for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers:		
— Recognised over time	53,618	70,203
— Recognised at a point in time	81,888	854
	<u>135,506</u>	<u>71,057</u>

4 OTHER OPERATING INCOME — NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Bad debt recovered	317	—
Foreign exchange (losses)/gains, net	(452)	627
Gains on clearance of long aging payables	—	2,034
Gains on disposals of property, plant and equipment	210	34
Gains on lease termination	137	—
Government subsidies (<i>Note</i>)	1,908	1,136
Write-off of property, plant and equipment	(1,338)	—
Others	61	388
	<u>843</u>	<u>4,219</u>

Note:

Government grants represented immediate financial support granted by the local governments. There were no specific conditions attached to the grants and the amounts were recognised in profits or loss upon the receipt of relevant grants.

5 OTHER LOSSES — NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Fair value gains/(losses) from financial assets at fair value through profit or loss	1,436	(12,234)
Dividend income from financial assets at fair value through profit or loss	220	1,152
Fair value loss from an associate measured at fair value through profit or loss	(2,591)	(3,201)
	<u>(935)</u>	<u>(14,283)</u>

6 EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses, administrative expenses, research and development expenses and net impairment losses/(reversals) on receivables and contract assets are analysed as follows:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Service charges by game distribution channels	10,640	18,538
Content fees to game developers	6,266	8,128
Bandwidth and server custody fees	4,981	6,318
Cost of film rights licensed and production of film	54,727	—
Film production costs and other film business cost	4,452	148
Employee benefit expenses (excluding share-based compensation expenses)	47,575	53,100
Share-based compensation expenses	64	259
Depreciation of property, plant and equipment	338	626
Depreciation of right-of-use assets	1,585	4,122
Amortisation and impairment of intangible assets	9,647	6,493
Net impairment losses/(reversals) on receivables and contract assets	416	(2,068)
Impairment of film rights and films in progress	—	3,271
Write-off of prepayment	377	—
Promotion and advertising expenses	1,692	5,724
Travelling and entertainment expenses	1,186	1,029
Office rental expenses	1,562	837
Other professional service fees	7,093	7,403
Game development outsourcing costs	429	381
Utilities and office expenses	1,247	1,330
Auditors' remuneration		
— Audit related services	1,440	2,200
— Non-audit related services	774	900
Others	1,283	845
	<hr/>	<hr/>
Total	<u>157,774</u>	<u>119,584</u>

7 FINANCE INCOME/(COSTS) — NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income on bank deposits	<u>1,572</u>	<u>1,135</u>
Finance costs		
Interest cost on lease liabilities	(88)	(163)
Interest cost on bank borrowings	—	(1,115)
Foreign exchange gains/(losses)	<u>587</u>	<u>(63)</u>
Finance income/(costs) — net	<u><u>2,071</u></u>	<u><u>(206)</u></u>

8 INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense of the Group for each of the years ended December 31, 2023 and 2022 is analysed as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Current income tax		
— Current income tax of this year	7	10
Deferred tax	<u>(8)</u>	<u>—</u>
Income tax (credit)/expense	<u><u>(1)</u></u>	<u><u>10</u></u>

9 LOSS PER SHARE

(a) Basic

Basic loss per share for the years ended December 31, 2023 and 2022 is calculated by dividing:

- (i) the loss of the Group attributable to the owners of the Company of the year; and
- (ii) the weighted average number of ordinary shares outstanding during the year, adjusted for excluding shares held for the RSU scheme.

	Year ended December 31,	
	2023	2022
Loss attributable to owners of the Company (RMB'000)		
— Continuing operations	(17,426)	(57,961)
— Discontinued operation	—	(2,683)
	<u>(17,426)</u>	<u>(60,644)</u>
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	<u>349,623</u>	<u>349,170</u>
Basic loss per share (expressed in RMB per share)		
— Continuing operations	(0.05)	(0.16)
— Discontinued operation	—	(0.01)
	<u>(0.05)</u>	<u>(0.17)</u>

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2023 and 2022, the Company had two categories of potential ordinary shares, RSUs and share options granted to eligible person. As the Group incurred a loss for the years ended December 31, 2023 and 2022, the potential ordinary shares were not included in the calculation of dilutive loss per share where their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2023 and 2022 are the same as basic loss per share of the years.

10 TRADE RECEIVABLES AND NOTES RECEIVABLES

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	41,008	7,081
Provision for impairment	(2,304)	(1,897)
	38,704	5,184
Notes receivables	8,000	—
Total trade receivables and notes receivables	<u>46,704</u>	<u>5,184</u>

- (a) The revenue of the Group from the game distribution channels, third-party payment vendors, game publishers and film publishers are mainly made on credit terms determined on an individual basis with a normal period up to 60 days. Ageing analysis based on recognition date of the gross trade receivables at the end of the reporting period is as follows:

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0–60 days	38,905	4,724
61–90 days	46	184
91–180 days	72	113
181–365 days	55	423
Over 1 year	1,930	1,637
	41,008	7,081

11 TRADE AND OTHER PAYABLES

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (<i>Note</i>)	4,179	2,826
Accrued expenses and liabilities	7,253	7,534
Salary and staff welfare payables	12,955	10,868
Amount due to a related party	5,438	5,438
Other taxes payables	2,240	336
	32,065	27,002

Note:

Trade payables are mainly arising from film production and licensing games from game developers. The credit terms of trade payables granted by the vendors are usually up to 30 days. The ageing analysis of trade payables based on recognition date is as follows:

	As of December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0–180 days	3,942	2,542
181–365 days	75	109
1–2 years	83	101
2–3 years	5	17
Over 3 years	74	57
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	<u>4,179</u>	<u>2,826</u>

12 DIVIDENDS

No dividends have been paid or declared by the Company during each of the years ended December 31, 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

As a renowned internet content developer and publisher in the PRC, the Group mainly engages in the development, production and distribution of products including mobile games, internet dramas and TV dramas, and strives to offer more quality products to our users. In 2023, the Group continued to deepen the strategy deployment in the game and film business. The game business focused on the self-developed premium products and our own IPs, while the film business focused on the premium IP drama. We have commenced the exploration of the Web3 business, with an aim to strengthen and add on to the Group's long term development reserve.

The Group continues to focus on the research and development of new mobile games, application of cutting edge technologies and extension of game IP values. We have gradually commenced the inhouse and external testing for various mobile game projects, including the "Uproar in Heaven I (鬧鬧天宮1)" (remake version) and "Uproar in Heaven II (鬧鬧天宮2)", which are expected to be launched in the second quarter of 2024. Meanwhile, the mini program of "Uproar in Heaven II (鬧鬧天宮2)" is being developed, which is expected to be launched in the third quarter of 2024. We also planned to launch some other online mini programs in the third quarter of 2024.

The Film Business has been steadily building our product matrix, enriching our potential IP reserve and promoting the production of its premium IP drama. The premium drama "對你不止喜歡" based on the novel written by the famous author Mo Yan Chuan (陌言川) was broadcasted on Mango TV and Tencent Video on November 25, 2023. "念念人間玉" (originally named as "Mejaz Regulus in the World (摩耶人間玉)") is pending parallel broadcast. We have entered into the drama production co-operation with Tencent Video regarding the class S IP "陷入我們的熱戀". For "Ancient Music Records (古樂風華錄)", we have entered into joint production with a PRC well-known film company Shanghai Hengxing Film Media Company Limited (上海恆行影視傳媒有限公司) and entered into the drama production co-operation with Tencent Video. We have entered into joint production with a PRC renowned film company Linghe Culture Media (Shanghai) Company Limited (靈河文化傳媒(上海)有限公司) for "少年藏寶行" (originally named as "雲海傳").

In 2023, the Group invested in the Web3 business and purchased a total of 99.5143 unit of Bitcoin, with a total cash consideration of approximately USD2.8 million. As of the date of this announcement, the value of the Bitcoin we purchased almost doubled, providing the Company with a very satisfying supplement to its assets and materialized the objective of asset preservation and value appreciation.

Game Business: progressing research and development of new products and exploration of the prospect of mini programs in the PRC

In 2021, the Group officially commented the self-development of “Uproar in Heaven II (鬧鬧天宮2)”. As a real time battle tower defense mobile game based on the renowned novel “Journey to the West”, “Uproar in Heaven II (鬧鬧天宮2)” inherited the Chinese art and ancient Chinese mythical characters from its previous version. Players can organize their own hero pools to build different battle teams to achieve ultimate win. Through heroes upgrade and consolidation, players can enjoy an exciting tower defense game while appreciating the randomness of the game. Meanwhile, “Uproar in Heaven II (鬧鬧天宮2)” as an independent carrier, aims to encourage new and experienced players to appreciate and inherit the Chinese traditional culture. Various Peking Opera skins and cross talk skins design have been simultaneously added into the game. As of the date of this announcement, the product has obtained publication number in April 2023, completed many rounds of product fine tune and optimization, it is expected to be launched in the second quarter of 2024.

At the same time, the previous version of “Uproar in Heaven II (鬧鬧天宮2)”, namely the light battle MOBA “Uproar in Heaven I (鬧鬧天宮1)” has completed the research and development of its remake version. An external testing on the balance of the limited-edition hero was carried out in July 2023, satisfying feedbacks were received. The retained data performed well. Registered users for “Uproar in Heaven I (鬧鬧天宮1)” amounted to over 20 million, filling in the gap in the light battle MOBA market segment. Based on the original version, the remake version optimized the matching mechanism and background, emphasized on the fairness of the game and further enhanced the characteristics of light battle MOBA products. We are currently focusing on the optimization of the art display and commercialization. We have also opened for reservation among several channels such as TAPTAP, external testing is expected to commence in the second quarter of 2024.

In addition, ridding on the continuous popularity of mini programs in the PRC, together with the combination of mini programs with the unique gaming style of “Uproar in Heaven II (鬧鬧天宮2)”, it is expected to launch the app version of the mini program in the second quarter of 2024 to further extend user base. The Group will also commence the mini program development of reserved mobile games and IP reserve.

Film Business: develop red hot IPs and consolidate leading industry resources to promote product upgrade

In 2023, film business optimized its content with possession of class S IPs, we were ready to co-operate with the best film industry players to perform product upgrade. After accumulating seven years of hard work and brand awareness, we had launched seven premium online dramas and reserved various high quality products with outstanding contents.

We achieved satisfactory results in terms of the production and publication of sweet youth romance dramas which are well received by young female audiences. A number of our premium online dramas, including “Long For You (我與你的光年距離)”, “Unexpected (來到你的世界)”, “Long For You 2 (我與你的光年距離2)”, “Love The Way You Are (身為一個胖子)”, “Hello Mr. Gu (原來你是這樣的顧先生)”, “花好月又圓” and “對你不止喜歡” broadcasted on Mango TV and Tencent Video in November 2023, have appeared in the hot searches of various channels many times and have been unanimously recognized by the market and audiences.

The fictional love drama “念念人間玉” jointly produced by us and other production companies made the most popular theme among fictional love dramas. The drama is about the sadistic cross-species relationship between a human and a monster. Post-production has been completed with the first pre-view gaining great attention. It is expected to be broadcasted on iQIYI (愛奇藝) in the second quarter of 2024.

In terms of IPs, we have masterpieces such as “陷入我們的熱戀”, “Ancient Music Records (古樂風華錄)” and “少年藏寶行” (originally named as “雲海傳”) in reserve.

Our “陷入我們的熱戀” IP is a Top 4 JinJiang romance novel written by the famous writer Er Dong Tu Zi (耳東兔子) and ranked high in the third quarter Tencent V Video playlist. The drama is about the love story between the badass student and the innocent straight-A student. The drama creates a relaxed and hilarious atmosphere, the unforgettable and funny dialogues bring to the audience a young, remarkable and one of a life-time relationship. This IP is a hot item on the search engine, ranking high on the search list once the registration announcement has been made. The pre-sale of the novel once again ranks high on the search list. Once the public were informed that such novel will be made into a drama, overwhelming responses and discussion were received on Weibo. The casting and progression of the drama gained great attention. We have entered into joint production with Tencent Video, a famous class S script writer Fang Qiang Qiang (方羌羌) will be the script writer of this drama. His masterpiece includes “無心法師”, “從前有座靈劍山”, etc. The drama is under preparation and is expected to start filming in the second quarter of 2024.

Historical-style IP “Ancient Music Records (古樂風華錄)” is the first ancient costume fairy and devil drama with ancient music as its theme in the PRC. Through a beautiful love story with ups-and-downs, the drama reveals the legend of a forgotten ancient musical instrument and the beauty of stunning ancient music, showing the unique charm and inner nature of the nation and fostering new dynamics in traditional culture. The original IP was selected and ranked the first in the 2017 List of National Items for Reforms and Development (改革發展項目庫二零一七年入庫名額) of the State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局). The comic on which the drama is based was selected for the 2016 Mobility Supporting Plan for Chinese Original Comic and Animation (二零一六年原動力中國原創動漫出版扶持計劃) by the National Radio and Television Administration (國家廣電總局). In 2022, Linekong Pictures entered into joint production with a PRC renowned production company Shanghai Hengxing Film Media Company Limited (上海恆行影視傳媒有限公司) to produce “Ancient Music Records (古樂風華錄)”, has entered into joint production with Tencent Video and made its first appeal in Tencent Mini World Conference in the third quarter of 2023, the drama is expected to start filming in the third quarter of 2024.

“少年藏寶行” (originally named as “雲海傳”) is the first ancient-setting youth adventure drama in the PRC produced by the Group, which is about a treasure hunt journey without a map and the revelation of the truth of a ten-thousand-year treasure. It is a courageous and enthusiastic story of three young men growing up together hand-in-hand in adversity and making choices between right and wrong. The drama is a joint production with the renowned film company Linghe Culture Media (Shanghai) Company Limited (靈河文化傳媒(上海)有限公司), which is expected to start filming in the third quarter of 2024.

Web3 business: highlight of our future development strategy, materialization of breakthrough in terms of application, investment and computing services

Since 2024, the Group made the Web3 business as the highlight of our future development. We will, according to the plan of Mr. Wang Feng, chairman of the Board and chief executive officer of the Company, actively promote the implementation and development of the Web3 business.

In February 2024, Mr. Wang Feng transferred all of his shares in Element to the Group at nil consideration. Element has become the most popular non-fungible token (“**NFT**”) trading market of the global block chain network. It offers NFT block chain trading services, in particular: 1) NFT digital collection trading platform (Element Market), which is the most commonly used GameFi NFT trading platform and the largest second-tier block chain NFT trading platform. It provides secured and reliable trading services to game players, NFT collectors and investors around the world; 2) NFT-as-a-Service technology solution (Element Stack), which is a multi-chain NFT infrastructure, providing customized NFT solutions to corporations, creators and traders. It also serves as a huge tool and portal, for customers to seamlessly consolidate their NFT into their business. Through this share transfer, the Group obtained 35% equity interest in Element, which facilitate the Group’s development in the Web3 business and form a critical part in the Group’s Web3 business layout.

As the United States Securities and Exchange Commission approved the listing and trading of certain traded products (Spot Bitcoin ETF) on the spot bitcoin exchange in January 2024, we are optimistic about the investment opportunities in cryptocurrency this year. We will continue to purchase more cryptocurrency to the extent permitted by the Board and Shareholders, with an aim to further materialize the goal of asset preservation and value appreciation and prepare ourself for tapping into the Web3 business.

In January 2024, we invested in EcoPowX Technology Limited (“**EcoPowX**”), a newly incorporate company which will be engaged in the provision of computing solutions for artificial intelligence (“**AI**”) computing and cryptocurrencies network through establishing more environmentally friendly flare gas power generation facilities and premises. EcoPowX intends to co-operate with large oilfields and natural gas processing equipment suppliers in West Africa, to promote the eco-friendly processing of flare gas in oilfields. As part of its cryptocurrency mining and graphics processing units computing provision business, the overall operation of EcoPowX centers on power sources for AI computing and cryptocurrencies mining, providing sustainable green solutions and technical support.

FINANCIAL REVIEW

The following table sets out our consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2022 and 2023, together with changes (expressed in approximate percentages) from 2022 to 2023:

	For the year ended December 31,				Change approximate %
	2023		2022		
	<i>approximate</i> RMB'000	%	<i>approximate</i> RMB'000	%	
Revenue	135,506	100.0	71,057	100.0	90.6
Cost of revenue	(101,189)	(74.7)	(50,132)	(70.6)	102.0
Gross profit	34,317	25.3	20,925	29.4	64.1
Selling and marketing expenses	(6,321)	(4.7)	(13,916)	(19.6)	(54.7)
Administrative expenses	(27,760)	(20.5)	(34,538)	(48.6)	(19.4)
Research and development expenses	(22,088)	(16.3)	(23,066)	(32.5)	(4.3)
Net impairment (losses)/reversals on receivables and contract assets	(416)	(0.3)	2,068	2.9	(120.1)
Other operating income — net	843	0.6	4,219	5.9	(80.0)
Operating loss	(21,425)	(15.8)	(44,308)	(62.4)	(51.6)
Other losses — net	(935)	(0.7)	(14,283)	(20.1)	(93.5)
Finance income/(costs) — net	2,071	1.5	(206)	(0.3)	(1,105.3)
Share of profit of investments using equity accounting	3,292	2.4	346	0.5	851.4
Loss before income tax	(16,997)	(12.5)	(58,451)	(82.3)	(70.9)
Income tax credit/(expense)	1	0.0	(10)	(0.0)	(110.0)
Loss from continuing operations	(16,996)	(12.5)	(58,461)	(82.3)	(70.9)
Loss from discontinued operation	—	—	(2,683)	(3.8)	(100.0)
Loss for the year	(16,996)	(12.5)	(61,144)	(86.0)	(72.2)
Non-IFRSs Measure:					
Adjusted net loss (unaudited)	(13,761)	(10.2)	(42,745)	(60.2)	(67.8)

Revenue

The Group's revenue amounted to approximately RMB135.5 million for the year ended December 31, 2023, representing an increase of approximately 90.6% as compared to that of approximately RMB71.1 million for the year ended December 31, 2022.

The following table sets forth the breakdown of the Group’s revenue by segment results:

	For the year ended	
	December 31,	
	2023	2022
	RMB’000	RMB’000
Segment revenue:		
Continuing operations:		
— Game Business	70,134	66,498
— Film Business	65,372	4,559
	<hr/>	<hr/>
Total	<u>135,506</u>	<u>71,057</u>
Discontinued operation:		
— Food Business	<u>—</u>	<u>58,392</u>

For the year ended December 31, 2023, the revenue contributed by game business was approximately RMB70.1 million, representing an increase of approximately 5.4% or RMB3.6 million as compared with 2022, which was attributable to the recognised revenue from authorising Bilibili the exclusive license to publish “伊蘇 — 夢境交織的長夜” globally.

The Group recognised revenue of approximately RMB65.4 million from licensing and production of online dramas and others for the year ended December 31, 2023, representing an increase of approximately 1,321.7% or RMB60.8 million as compared to approximately RMB4.6 million for the year ended December 31, 2022, which was mainly due to the recognised revenue related to “對你不止是喜歡”.

The following tables set forth the breakdown of the Group's game business revenue by game sources:

	For the year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>Approximate %</i>	<i>RMB'000</i>	<i>Approximate %</i>
Self-developed games	15,561	22.2	21,970	33.0
Licensed games	54,573	77.8	44,528	67.0
Total	<u>70,134</u>	<u>100.0</u>	<u>66,498</u>	<u>100.0</u>

The following table sets forth the breakdown of the Group's revenue by geographical locations:

	For the year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>Approximate %</i>	<i>RMB'000</i>	<i>Approximate %</i>
China (including Hong Kong, Macau and Taiwan)	107,222	79.1	43,350	61.0
Overseas countries and regions	28,284	20.9	27,707	39.0
Total	<u>135,506</u>	<u>100.0</u>	<u>71,057</u>	<u>100.0</u>

Cost of revenue

The Group's cost of revenue for the year ended December 31, 2023 was approximately RMB101.2 million, representing an increase of approximately 102.0% from approximately RMB50.1 million for the year ended December 31, 2022.

For the year ended December 31, 2023, the cost incurred by the game business was approximately RMB40.3 million, representing a decrease of approximately 15.3% or RMB7.3 million as compared with 2022, which was in line with the changes in revenue and due to further effective control of costs.

For the year ended December 31, 2023, cost incurred by licensing and production of online dramas recognised was approximately RMB60.9 million, representing an increase of approximately 2,336.0% or RMB58.4 million as compared with 2022, which was due to the associated costs arising from the production of the online drama “對你不止是喜歡”.

Gross profit and gross profit margin

The Group's gross profit for the year ended December 31, 2023 was approximately RMB34.3 million, representing an increase of approximately 64.1% from approximately RMB20.9 million for the year ended December 31, 2022, which was mainly due to the recognition of revenue in relation to the online drama “對你不止是喜歡” and revenue from authorising Bilibili to publish “伊蘇 — 夢境交織的長夜”, as well as the further effective control of the overall cost.

The Group's gross profit margin for the year ended December 31, 2023 was approximately 25.3%, and was approximately 29.4% for the year ended December 31, 2022. The overall gross profit margin remained stable during the year.

Selling and marketing expenses

The Group's selling and marketing expenses for the year ended December 31, 2023 were approximately RMB6.3 million, representing a decrease of approximately 54.7% from approximately RMB13.9 million for the year ended December 31, 2022, which was mainly due to the Group is reducing promotional expenses of existing business.

Administrative expenses

The Group's administrative expenses for the year ended December 31, 2023 were approximately RMB27.8 million, representing a decrease of approximately 19.4% from approximately RMB34.5 million for the year ended December 31, 2022. Excluding share-based compensation expenses and one-off compensation for loss of office paid, the Group's administrative expenses for the year ended December 31, 2023 were approximately RMB23.1 million, representing a decrease of approximately 26.0% from approximately RMB31.2 million for the year ended December 31, 2022, which was mainly due to the fact that the Company has been gradually optimising its general administrative expenses.

Research and development expenses

The Group's research and development expenses for the year ended December 31, 2023 were approximately RMB22.1 million, representing a decrease of approximately 4.3% from approximately RMB23.1 million for the year ended December 31, 2022, which was mainly due to the Company's efforts made to adjust and optimise the R&D staff structure.

Segments results — operating loss

The following table sets out the breakdown of the Group's revenue by segment results:

	For the year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Segment revenue:		
Continuing operations:		
— Game Business	(23,690)	(39,583)
— Film Business	2,265	(4,725)
Total	<u>(21,425)</u>	<u>(44,308)</u>
Discontinued operation:		
— Food Business	<u>—</u>	<u>(2,568)</u>

Other losses — net

The Group's other losses — net for the year ended December 31, 2023 were approximately RMB0.9 million, representing a decrease in loss of approximately 93.5% from other losses — net of approximately RMB14.3 million for the year ended December 31, 2022, which was mainly due to the fair value changes of financial instruments held by the Group.

Income tax credit/(expense)

The Group's income tax credit for the year ended December 31, 2023 was approximately RMB1,000, while the Group's income tax expense for the year ended December 31, 2022 was RMB10,000. The income tax credit for 2023 was mainly due to the entitlement of its subsidiaries to the tax exemption policy.

Loss for the year

As a result of the foregoing, loss attributable to owners of the Company for the year ended December 31, 2023 was approximately RMB17.4 million, representing a decrease of approximately 71.3% from approximately RMB60.6 million for the year ended December 31, 2022.

Non-IFRSs measure — adjusted net loss

To supplement our consolidated financial statements presented in accordance with the International Financial Reporting Standards (“IFRS”), we also adopted adjusted net loss as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted net loss was derived from our net loss for the respective year deducted charged to share-based compensation expenses, one-off compensation for loss of office paid, and fair value (gains)/losses from financial assets at fair value through profit or loss. The adjusted net loss is an unaudited figure.

The following table reconciles our adjusted net loss for the years presented to the audited loss measured under IFRSs for the years presented:

	For the year ended December 31,		Change
	2023	2022	approximate
	RMB'000	RMB'000	%
Loss for the year from continuing operations	(16,996)	(58,461)	(70.9)
Add:			
Share-based compensation expenses	64	259	(75.3)
One-off compensation for loss of office paid	4,607	3,223	42.9
Fair value (gains)/losses from financial assets at fair value through profit or loss	(1,436)	12,234	(111.7)
Adjusted net loss	(13,761)	(42,745)	(67.8)

The Group’s adjusted net loss for the year ended December 31, 2023 was approximately RMB13.8 million, representing a decrease of approximately 67.8% as compared to the adjusted net loss of approximately RMB42.7 million for the year ended December 31, 2022. The decrease in adjusted net loss as compared to 2022 was due to a combined effect of the following factors: the recognition of revenue associated with “對你不止是喜歡” and “伊蘇 — 夢境交織的長夜” as well as a further reduction of various costs and expenses during the Reporting Period.

We have presented adjusted net loss in this announcement as we believe that the adjusted net loss is a meaningful supplement to the income statement data because it enables us to measure our profitability without taking into consideration charged to share-based compensation expenses, one-off compensation for loss of office paid, fair value (gains)/ losses from financial assets at fair value through profit or loss. However, adjusted net loss for the year should not be considered in isolation or construed as an alternative to net loss or operating loss, or as an alternative to cash flow as a measurement of liquidity. Potential investors should be aware that the adjusted net loss presented in this announcement may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

LIQUIDITY AND FINANCIAL RESOURCES

In 2023, we financed our businesses primarily through cash generated from our operating activities. The Group has been maintaining a solid cash position since the initial public offering (the “**IPO**”) which was completed in December 2014. We intend to finance our expansion and business operations with internal resources and through organic and sustainable growth.

Cash and cash equivalents, short-term bank deposits

As at December 31, 2023, we had cash and cash equivalents of approximately RMB77.7 million (as at December 31, 2022: approximately RMB116.4 million), which primarily consisted of cash at bank and other financial institutions and cash in hand and which were mainly denominated in U.S. dollars (“**USD**”) (as to approximately 50.8%), Renminbi (as to approximately 36.8%), Hong Kong dollars (“**HKD**”) (as to approximately 11.9%) and other currencies (as to approximately 0.5%).

As at December 31, 2023, we had short-term bank deposits of RMB28.4 million which are all carrying fixed interests (as at December 31, 2022: approximately RMB32.1 million).

Net proceeds from the Listing, after deducting the underwriting commission and other expenses in connection with the IPO, received by the Company amounted to approximately HKD686.2 million. As at the date of this announcement, all of the net proceeds from the Listing had been utilised.

Capital expenditures

Our capital expenditures comprised expenditures on film/online drama rights and films/online drama in progress, the purchase of furniture and office equipment, server and other equipment, leasehold improvements, trademarks and licenses and computer software and acquisition of cryptocurrencies. For the year ended December 31, 2023, our total capital expenditure amounted to approximately RMB25.2 million (2022: approximately RMB49.0 million), including expenditures on film/online drama rights and films/online drama in progress of approximately RMB3.8 million (2022: approximately RMB46.5 million), the purchase of furniture and leasehold improvements of approximately RMB1.2 million (2022: approximately RMB1.1 million), the purchase of trademarks and licenses is nil (2022: approximately RMB1.3 million), the purchase of computer software of approximately RMB0.1 million (2022: approximately RMB0.1 million), the acquisition of cryptocurrencies of approximately RMB20.1 million (2022: nil). As of the end of the Reporting Period, we have no committed capital expenditures, and the capital expenditures for 2024 are expected to be mainly games and films IP.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on December 30, 2014. The capital structure of the Group comprises ordinary shares.

BORROWING AND GEARING RATIO

As at December 31, 2023, there was no bank loans borrowed by the Group (as at December 31, 2022: nil). As at December 31, 2023, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 22.7% (as at December 31, 2022: approximately 28.1%).

CHARGE ON GROUP ASSETS

There is no pledged asset as at December 31, 2023 (as at December 31, 2022: nil).

INFORMATION ON EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2023, the Group had 88 employees (as at December 31, 2022: 103), mainly worked and are located in the PRC.

The total remuneration of the employees of the Group was approximately RMB47.6 million for the year ended December 31, 2023 (2022: approximately RMB53.4 million). The Company has established the Remuneration Committee on April 21, 2014 with written terms of reference in compliance with Appendix C1 to the GEM Listing Rules. The Remuneration Committee will regularly review and recommend to the Board from time to time in respect of the remuneration and compensation of the Directors and senior management of the Group.

The Group offers competitive remuneration package commensurate with industry practice and provides benefits to employees of the Group, including social insurance coverage, defined contribution retirement scheme and bonus. In determining staff remuneration, the Group has taken into account salaries paid by comparable companies, time commitment and responsibilities and terms of employment of other position in the Group. The staff remuneration is reviewed regularly.

The Company has adopted a share option scheme (the “**Share Option Scheme**”) as incentive to the Directors and eligible persons, details of which are set out in section headed “Share Incentive Scheme and Share Option Scheme” in this announcement.

In addition, the Company has adopted a restricted share unit scheme (the “**RSU Scheme**”) on March 21, 2014 with the objective to incentivise Directors, senior management, employees and any person who provides or has provided consultancy or other advisory services to the Group for their contribution to the Group, and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. Share-based compensation expenses in connection with the RSU Scheme and the Share Option Scheme for the year ended December 31, 2023 were approximately RMB0.1 million (2022: approximately RMB0.3 million).

The Directors believe that maintaining a stable and motivated employee force is critical to the success of the Group’s business. As a fast growing company, the Company is able to provide its employees with ample career development choices and opportunities of advancement. The Company organises various training programs on a regular basis for its employees to enhance their knowledge of online game development and operation, improve time management and internal communications and strengthen team building. The Company also provides various incentives to motivate its employees. For the diversity of the Group’s employees, please refer to the section headed “Board Diversity Policy” in this announcement.

CONTINGENT LIABILITIES

As at December 31, 2023, the Group did not have any significant contingent liabilities (as at December 31, 2022: Nil).

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Therefore, foreign exchange risk primarily arose from recognised assets and liabilities in the Group's PRC subsidiaries when receiving or to receive foreign currencies from overseas cooperated counterparties. The Group does not hedge against any fluctuation in foreign currency. The Group will closely monitor exchange rate movement and will take appropriate measures to reduce the exchange risk.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2023 (for the year ended December 31, 2022: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended December 31, 2023, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS DURING THE REPORTING PERIOD

Resignation of Directors, Chief Executive Officer, Authorised Representative and Compliance Officer

On January 12, 2023, Mr. Liao Mingxiang resigned as an executive Director, chief executive officer of the Company, a member of the remuneration committee of the Company (the “**Remuneration Committee**”), the compliance officer of the Company pursuant to Rule 5.19 of the GEM Listing Rules and an authorised representative of the Company pursuant to Rule 5.24 of the GEM Listing Rules with effect from February 26, 2023 due to her different views on the future direction and development of the Group. On the same date, Mr. Kong Yi resigned as an independent non-executive Director, and a member of each of the audit committee of the Company (the “**Audit Committee**”), Remuneration Committee and nomination committee of the Company (the “**Nomination Committee**”) with effect from February 26, 2023 due to his other business commitments and increasing workloads.

On January 17, 2023, Mr. Ji Xuefeng resigned as a non-executive Director and member of each of the Audit Committee and Nomination Committee with effect from January 17, 2023 due to his personal work arrangement.

Appointment of Chief Executive Officer, Compliance Officer, Authorized Representative and Independent Non-executive Director

On January 12, 2023, Mr. Wang Feng was appointed as the chief executive officer of the Company and the compliance officer of the Company as required under Rule 5.19 of the GEM Listing Rules with effect from the resignation of Ms. Liao Mingxiang having taken effect (being February 26, 2023).

On January 12, 2023, Mr. Chan Yin Wah was appointed as the authorised representative of the Company as required under Rule 5.24 of the GEM Listing Rules with effect from the resignation of Ms. Liao having taken effect (being February 26, 2023).

Mr. Fu Frank Kan was appointed as an independent non-executive Director of the Company, with effect from February 26, 2023.

EVENTS AFTER THE REPORTING PERIOD

The Board has obtained the approval of the shareholders of the Company at the extraordinary general meeting convened on March 19, 2024 to amend the acquisition mandate to acquire cryptocurrencies up to USD6 million in open market transactions. For details, please refer to the circular dated February 28, 2024 and the poll results announcement dated March 19, 2024 of the Company.

Save as the above and the acquisition of EcoPowX and Element as disclosed in the section headed “Business Review and Prospects”, there is no important events affecting the Group which have occurred since the end of the Reporting Period.

CORPORATE GOVERNANCE PRACTICE

We are committed to achieving and maintaining high standards of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company’s corporate governance practices are based on the principles and code provisions in the Corporate Governance Code (the “**Code**”) as set out in Part 2 of Appendix C1 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions as set out in Part 2 of the Code for the year ended December 31, 2023, except for the deviation from code provision C.2.1 of the Code.

Since February 26, 2023, Mr. Wang Feng has been appointed as the chairman of the Board and the chief executive officer of the Company. Pursuant to code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Despite deviating from code provision C.2.1 of the Code, the Board believes that Mr. Wang, being the chairman of the Board, is familiar with the Company’s business operation and has superior knowledge and experience of the Company’s business, and vesting the roles of both the chairman and the chief executive officer in the same person has the benefit of ensuring consistent leadership with the Company and improving the efficiency of overall strategic planning for the Company. Although the responsibilities of the chairman and the chief executive officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. Under the current relatively independent board structure (independent non-executive Directors accounting for 50%), the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

The Board will periodically review the effectiveness of this arrangement and consider separating the roles of chairman of the Board and chief executive officer of the Company when it thinks appropriate, for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

INTERESTS IN COMPETING BUSINESS

None of the Directors or controlling shareholders of the Company or any of their respective associates, as defined in the GEM Listing Rules, 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 for the year ended December 31, 2023.

NON-COMPETITION UNDERTAKINGS IN DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has undertaken, among other things, not to accept any positions/job titles or conduct any business transactions with any individual or company that in any way competes with the Group or our associated companies, whether directly or indirectly. The executive Directors have also undertaken that they would not hold more than 5% of the economic interests and/or participate in any business activities of the aforesaid companies. Each of the executive Directors confirms that he had complied with the non-competition undertakings as set out in their respective service contracts from the date of the service contract up to the date of this announcement.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each of the Directors attended various trainings in 2023, including the trainings for the amendment of the GEM Listing Rules, for Directors' responsibilities and continuous obligations and for enforcement of the GEM Listing Rules, etc. The Company will arrange suitable training for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development.

SHARE INCENTIVE SCHEME AND SHARE OPTION SCHEME

Share Incentive Scheme

The Company approved and adopted the RSU Scheme on March 21, 2014 and as amended on August 22, 2014.

The key terms of the RSU Scheme are as follow.

(a) *Purposes of the RSU Scheme*

The purpose of the RSU Scheme is to incentivise Directors, senior management, employees and any person who provides or has provided consultancy or other advisory services to the Group for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

(b) *Participants in the RSU Scheme*

Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or chief officers of the Company or any of the subsidiaries (including Linekong Online (Beijing) Technology Co., Ltd.) or any person who provides or has provided consultancy or other advisory services to the Group (the "**RSU Eligible Persons**"). Subject to the compliance with the requirements for participants of the RSU Scheme under Rule 23.03A of the GEM Listing Rules, the Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

(c) *Term and Remaining Life of the RSU Scheme*

The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from the date of the first grant of the RSUs, being March 21, 2014 until March 20, 2024 (unless it is terminated earlier in accordance with its terms) (the "**RSU Scheme Period**"). The RSU Scheme has expired on March 20, 2024.

(d) *Maximum number of Shares pursuant to RSUs*

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of shares held by the RSU Trustee (as defined in paragraph (e) below) for the purpose of the RSU Scheme from time to time. As of the date of this announcement, the RSU Trustee held a total of 18,013,147 Shares, representing 4.9% of the Company's total issued Shares. The maximum RSU entitlement of each participant of the RSU Scheme under the Share Incentive Scheme shall not exceed the limits as required under the GEM Listing Rules.

(e) *Appointment of the RSU Trustee*

Our Company has appointed a trustee (the "**RSU Trustee**") to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. Our Company may (i) allot and issue shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing shares from any of the shareholder of the Company or purchase existing shares (either on-market or off-market) to satisfy the RSUs upon exercise. Our Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as our Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme. All the shares underlying the RSUs granted and to be granted under the RSU Scheme were allotted and issued to Premier Selection Limited.

(f) *Vesting of RSUs*

The Board can determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the RSU Grant Letter. Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board will send a vesting notice to each of the relevant RSU Participants. The vesting notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

(g) *Exercise of RSUs*

RSUs held by a Participant in the RSU Scheme (the "**RSU Participant**") that are vested as evidenced by the vesting notice may be exercised (in whole or in part) by the RSU Participant serving an exercise notice in writing on the RSU Trustee and copied to the Company. Any exercise of RSUs must be in respect of a board lot of 500 shares each or an integral multiple thereof (except where the number of RSUs which remains unexercised is less than one board lot). Upon receipt of an exercise notice, the Board may decide at its absolute discretion to:

- (i) direct and procure the RSU Trustee to, within a reasonable time, transfer the shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those shares) to the RSU Participant which our Company has allotted and issued to the RSU Trustee as fully paid up shares or which the RSU Trustee has either acquired by purchasing existing shares or by

receiving existing shares from any of the shareholder of the Company, subject to the RSU Participant paying the exercise price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the RSU Trustee or as the RSU Trustee directs; or

- (ii) pay, or direct and procure the RSU Trustee to, within a reasonable time, pay, to the RSU Participant in cash an amount which represents the value of the shares underlying the RSUs exercised on or about the date of exercise (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those shares) less any exercise price (where applicable) and after deduction or withholding of any tax, levies, stamp duty and other charges applicable to the entitlement of the RSU Participant and the sale of any shares to fund such payment and in relation thereto.

The RSU Participant may exercise the vested portion of their RSUs during the RSU Scheme Period and during the validity period of the RSUs after the termination of the RSU Scheme. No amount is payable on application or acceptance of RSUs and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

As of December 31, 2023, there were 16,866,170 RSUs granted and outstanding, among which 16,800,545 RSUs have been vested. During the year ended December 31, 2023, no RSUs were granted, no RSU was cancelled and 36,250 RSUs had lapsed. From December 31, 2023 to the date of this announcement, 7,500 RSUs had lapsed. The Core Trust Company Limited, the RSU trustee assisting with the administration and vesting of RSUs granted, did not purchase any Shares on the Stock Exchange during the year ended December 31, 2023 for satisfying the RSUs upon exercise.

Movement of RSUs

Category	Date of grant	Validity period ^(note 1)	RSUs granted	Exercise price HKD	Closing price of the Shares immediately before the date of grant HKD	Granted but not exercised (including unvested) balance as at January 1, 2023	During the Reporting Period					Granted but not exercised (including unvested) balance as at December 31, 2023
							Granted	Vested	Exercised	Cancelled	Lapsed	
Wang Feng (Director) ^(note 2)	2014/3/21	2014/3/21–2034/3/20	8,432,308 ^(note 3)	N/A	N/A	8,432,308 (–)	–	–	–	–	–	8,432,308 (–)
	2015/1/21	2015/1/21–2035/1/20	1,000 ^(note 4)	N/A	9.80	1,000 (–)	–	–	–	–	–	1,000 (–)
Liao Mingxiang (former Director) ^(note 1)	2014/3/21	2014/3/21–2034/3/20	2,810,769 ^(note 3)	N/A	N/A	– (–)	–	–	–	–	–	– (–)
	2015/1/21	2015/1/21–2035/1/20	1,000 ^(note 4)	N/A	9.80	– (–)	–	–	–	–	–	– (–)
	2019/9/12	2019/9/12–2039/9/11	3,680,000 ^(note 8)	N/A	0.72	901,600 (–)	–	–	901,600	–	–	– (–)
	2021/5/17	2021/5/17–2041/5/16	2,580,000 ^(note 9)	N/A	0.73	645,000 (–)	–	–	645,000	–	–	– (–)

Category	Date of grant	Validity period ^(note 1)	RSUs granted	Exercise price HKD	Closing price of the Shares immediately before the date of grant HKD	Granted but not exercised (including unvested) balance as at January 1, 2023	During the Reporting Period					Granted but not exercised (including unvested) balance as at December 31, 2023
							Granted	Vested	Exercised	Cancelled	Lapsed	
Chen Hao (Director) ^(note 2)	2014/3/21	2014/3/21–2034/3/20	54,841 ^(note 3)	N/A	N/A	54,841 (—)	—	—	—	—	—	54,841 (—)
	2015/1/21	2015/1/21–2035/1/20	21,000 ^(note 4)	N/A	9.80	21,000 (—)	—	—	—	—	—	21,000 (—)
	2017/1/18	2017/1/18–2037/1/17	400,000 ^(note 6)	N/A	3.10	400,000 (—)	—	—	—	—	—	400,000 (—)
	2021/5/17	2021/5/17–2041/5/16	460,000 ^(note 9)	N/A	0.73	115,000 (—)	—	—	—	—	—	115,000 (—)
Wang Jin (Director) ^(note 2)	2019/4/1	2019/4/1–2039/3/31	1,000,000 ^(note 7)	N/A	0.88	1,000,000 (—)	—	—	—	—	—	1,000,000 (—)
	2021/5/17	2021/5/17–2041/5/16	460,000 ^(note 9)	N/A	0.73	115,000 (—)	—	—	—	—	—	115,000 (—)
Qi Yunxiao ^(note 1)	2014/3/21	2014/3/21–2034/3/20	1,316,173 ^(note 3)	N/A	N/A	911,173 (—)	—	—	—	—	—	911,173 (—)
	2015/1/21	2015/1/21–2035/1/20	101,000 ^(note 4)	N/A	9.80	101,000 (—)	—	—	—	—	—	101,000 (—)
	2019/4/1	2019/4/1–2039/3/31	300,000 ^(note 7)	N/A	0.88	300,000 (—)	—	—	—	—	—	300,000 (—)
	2021/5/17	2021/5/17–2041/5/16	200,000 ^(note 9)	N/A	0.73	50,000 (—)	—	—	—	—	—	50,000 (—)
Vested portion of employees' (other grantees') grants ^(note 10)	2014/3/21	2014/3/21–2034/3/20	18,757,403 ^(note 3)	N/A	N/A							
	2015/1/21	2015/1/21–2035/1/20	2,151,000 ^(note 4)	N/A	9.80	4,644,098 ^(note 10) (—)	—	—	23,500	—	—	4,620,598 ^(note 10) (—)
	2015/10/9	2015/10/9–2035/10/8	20,000 ^(note 5)	N/A	7.18							
	2017/1/18	2017/1/18–2037/1/17	1,405,385 ^(note 6)	N/A	3.10							
Not fully vested portion of employees' (other grantees') grants	2019/8/16	2019/8/16–2039/8/15	760,000 ^(note 6)	N/A	0.64	518,750 100,000	—	90,000	30,000	—	10,000	478,750 —
	2021/5/17	2021/5/17–2041/5/16	615,000 ^(note 9)	N/A	0.73	295,250 (140,625)	—	48,750	3,500	—	26,250	265,500 65,625

Notes:

1. The RSUs are valid for a period of ten years from the date of grant. On March 20, 2024, the Board agreed to extend the validity period of all the RSUs granted to another ten years.
2. Such individuals are among the five persons with the highest total emoluments of the Group in 2023.
3. The RSUs granted on March 21, 2014 may be vested in accordance with the following vesting timetable:

3.1 In respect of Wang Feng (8,432,308), Liao Mingxiang (2,810,769), Qi Yunxiao (1,316,173) and other grantees (10,317,355)

20% of the RSUs shall be vested on the date that expires 1 month after the listing date;

35% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

10% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

10% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

7.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;

7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;

5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs;
and

5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

3.2 A total of 2,810,769 RSUs of which may be vested in accordance with the following timetable

one-third of the RSUs shall be vested on January 10, 2015; and the remaining two-thirds of the RSUs shall be divided into 8 equal portions of shares and vested quarterly from the first month starting from January 10, 2015.

3.3 A total of 987,129 RSUs of which may be vested in accordance with the following timetable

20% of the RSUs shall be vested on the date that expires 1 month after the listing date;
35% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
7.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and the remaining 5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

3.4 A total of 910,353 RSUs of which may be vested in accordance with the following timetable

10% of the RSUs shall be vested on the date that expires 1 month after the listing date;
20% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and the remaining 10% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

3.5 A total of 3,691,216 RSUs of which may be vested in accordance with the following timetable

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs; and the remaining 75% of the RSUs shall be divided into 6 equal portions of shares and vested semi-annually from the 18 months after the date of grant of the RSUs (i.e. 12.5% of the RSUs shall be vested respectively on the dates that expire 18, 24, 30, 36, 42 and 48 months after the date of grant of the RSUs).

4. The RSUs granted on January 21, 2015 may be vested in accordance with the following vesting timetable:

4.1 A total of 1,570,000 RSUs of which may be vested in accordance with the following timetable

25% of the RSUs shall be vested on the date that expires 8 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 14 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 20 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 26 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 32 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 38 months after the date of grant of the RSUs; and

12.5% of the RSUs shall be vested on the date that expires 44 months after the date of grant of the RSUs.

4.2 A total of 250,000 RSUs of which may be vested in accordance with the following timetable

25% of the RSUs shall be vested on the date that expires 6 months after the date of grant of the RSUs;

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

25% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
and

25% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs.

4.3 A total of 455,000 RSUs of which may be 100% vested on the date that expires 6 months after the date of grant of the RSUs.

5. The RSUs granted on October 9, 2015 may be vested in accordance with the following vesting timetable:

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and

12.5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

6. The RSUs granted on January 18, 2017 and August 16, 2019 may be vested in accordance with the following vesting timetable:
 - 25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
 - 12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
 - 12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
 - 12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
 - 12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
 - 12.5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and
 - 12.5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

7. The RSUs granted on April 1, 2019 may be vested in accordance with the following vesting timetable:
 - 50% of the RSUs shall be vested on the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 6 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs; and
 - 7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs.

8. The RSUs granted on September 12, 2019 may be vested in accordance with the following vesting timetable:
 - 50% of the RSUs shall be vested on January 1, 2020;
 - 8.5% of the RSUs shall be vested on the date that expires 6 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
 - 8.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs; and
 - 7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs.

9. The RSUs granted on May 17, 2021 may be vested in accordance with the following vesting timetable:
- 9.1 A total of 3,900,000 RSUs of which may be vested in accordance with the following timetable
- 25% of the RSUs shall be vested on the date of grant of the RSUs;
25% of the RSUs shall be vested on January 1, 2022 if the established performance is achieved;
12.5% of the RSUs shall be vested on July 1, 2022 if the established performance is achieved;
12.5% of the RSUs shall be vested on January 1, 2023 if the established performance is achieved;
12.5% of the RSUs shall be vested on July 1, 2023 if the established performance is achieved; and
12.5% of the RSUs shall be vested on January 1, 2024 if the established performance is achieved.
- 9.2 A total of 415,000 RSUs of which may be vested in accordance with the following timetable
- 25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and
12.5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.
10. These RSUs have been fully vested before 2022 after their respective dates of grant, involving more than 600 non-current Directors or employees who were not the five individuals with the highest emoluments during 2023. In order to facilitate the understanding of the overall development of the Group and the overall condition of our employees, information regarding their exercise of rights are presented in aggregate.
11. Ms. Liao Mingxiang served as the executive director and chief executive officer of the Company, member of the Remuneration Committee, compliance officer of the Company under Rule 5.19 of the GEM Listing Rules and authorized representative of the Company under Rule 5.24 of the GEM Listing Rules. Ms. Liao Mingxiang resigned from the above positions since February 26, 2023. Ms. Qi Yunxiao served as a vice president of the Company, and resigned from the above position since March 25, 2023.
12. Based on the total number of shares of the Company held by the RSU Trustee at the respective dates, the total number of RSUs that may be granted under the RSU Scheme were 17,976,897 as at January 1, 2023 and 18,013,147 as at December 31, 2023.

Share Option Scheme

The Company conditionally approved the Share Option Scheme on November 20, 2014 which became effective on December 30, 2014, being the date of Listing. On August 12, 2015, October 9, 2015, June 15, 2016, January 18, 2017, April 1, 2019, August 16, 2019, September 12, 2019 and May 17, 2021, 1,849,192, 6,010,000, 1,750,000, 9,225,000, 1,300,000, 860,000, 6,900,000 and 3,645,000 share options were granted with exercise price of HKD8.10, HKD7.18, HKD4.366, HKD3.10, HKD0.88, HKD0.65, HKD0.72 and HKD0.784, respectively. The Company has used Binomial Option-Pricing Model to determine the fair value of the share option as of the grant date.

The key terms and details of the Share Option Scheme are as follow:

(a) Purpose

The purpose of the Share Option Scheme is to incentivise and reward the Eligible Persons (as defined below) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) Who may participate

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares as the Board may determine to an employee (whether full-time or part-time) or a Director or a member of the Group or associated companies of the Company or any person who provides or has provided consultancy or other advisory services to the Group (the "**Eligible Persons**").

(c) Maximum number of shares in respect of which options may be granted

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (the "**Other Schemes**") of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the date of Listing, which is 36,983,846 shares (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and any Other Schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

As at the date of this announcement, the number of shares available for issue under the Share Option Scheme (excluding those under share options granted but not yet exercised) amounted to 26,247,798 shares, representing approximately 7.13% of the issued Shares.

(d) *Maximum entitlement of each individual*

No options shall be granted to any Eligible Person under the Share Option Scheme and any Other Schemes of the Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the shares in issue at such date.

(e) *Acceptance of an offer of options*

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HKD1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

(f) *Exercise price*

Subject to any adjustment pursuant to the Share Option Scheme, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and
- (iii) the nominal value of the Shares.

(g) *Duration and remaining life of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of Listing (i.e. from December 30, 2014 to December 29, 2024), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme. The remaining life of the Share Option Scheme is approximately nine months from the date of this announcement.

(h) *Time of vesting and exercise of option*

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders. If an option-holder is transferred to work in the PRC or another country and still continues to hold a salaried office or employment under a contract with a member of our Group or associated companies of our Company, and as a result of that transfer, he either (i) suffers a tax disadvantage in relation to his options (this being shown to the satisfaction of the Board); or (ii) becomes subject to restrictions on his ability to exercise his Options or to hold or deal in the Shares or the proceeds of the sale of the Shares acquired on exercise because of the security laws or exchange control laws of the PRC or the country to which he is transferred, then the Board may allow him to exercise his options, vested or unvested, during the period starting three months before and ending three months after the transfer takes place.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

Movement of Share Options

For the year ended December 31, 2023, details of the movement of outstanding share options of the Company are as follows:

Category	Date of grant	Option period ^(note 1)	Share options		Closing Price of the Shares immediately before the date	Outstanding balance as at January 1, 2023	During the Reporting Period				Outstanding balance as at December 31, 2023
			granted	Exercise price HKD			Granted	Exercised	Cancelled	Lapsed	
Ms. Liao Mingxiang (former Director) ^(note 7)	May 17, 2021	May 17, 2021 to May 16, 2031	1,100,000 ^(note 5)	0.784	0.75	275,000	–	–	–	–	275,000
Mr. Chen Hao (Director) ^(note 6)	October 9, 2015	October 9, 2015 to October 8, 2025	100,000 ^(note 3)	7.18	7.18	100,000	–	–	–	–	100,000
	January 18, 2017	January 18, 2017 to January 17, 2027	1,000,000 ^(note 3)	3.10	3.10	1,000,000	–	–	–	–	1,000,000
	May 17, 2021	May 17, 2021 to May 16, 2031	500,000 ^(note 5)	0.784	0.75	125,000	–	–	–	–	125,000
Mr. Wang Jin (Director) ^(note 6)	June 15, 2016	June 15, 2016 to June 14, 2026	300,000 ^(note 3)	4.366	4.18	300,000	–	–	–	–	300,000
	April 1, 2019	April 1, 2019 to March 31, 2029	1,000,000 ^(note 4)	0.88	0.88	1,000,000	–	–	–	–	1,000,000
	May 17, 2021	May 17, 2021 to May 16, 2031	500,000 ^(note 5)	0.784	0.75	125,000	–	–	–	–	125,000
Mr. Qi Yunxiao ^(note 7)	April 1, 2019	April 1, 2019 to March 31, 2029	300,000	0.88	0.88	300,000	–	–	–	–	300,000
	May 17, 2021	May 17, 2021 to May 16, 2031	300,000	0.784	0.88	75,000	–	–	–	–	75,000
Employees (other grantees)	August 12, 2015	August 12, 2015 to August 11, 2025	1,849,192 ^(note 2)	8.10	8.10	462,298	–	–	–	–	462,298
	October 9, 2015	October 9, 2015 to October 8, 2025	5,910,000 ^(note 3)	7.18	7.18	2,778,750	–	–	–	–	2,778,250
	June 15, 2016	June 15, 2016 to June 14, 2026	1,450,000 ^(note 3)	4.366	4.18	675,000	–	–	–	–	675,000
	January 18, 2017	January 18, 2017 to January 17, 2027	8,225,000 ^(note 3)	3.10	3.10	2,291,250	–	–	–	–	2,291,250
	August 16, 2019	August 16, 2019 to August 15, 2029	860,000 ^(note 3)	0.65	0.64	631,250	–	–	–	10,000	621,250
	May 17, 2021	May 17, 2021 to May 16, 2031	845,000 ^(note 3)	0.784	0.75	555,000	–	–	–	47,500	507,500
	May 17, 2021	May 17, 2021 to May 16, 2031	400,000 ^(note 5)	0.784	0.75	100,000	–	–	–	–	100,000

Notes:

1. The vesting period of the share options starts from the date of acceptance of the grant to the commencement of the exercise period.
2. The share options granted on August 12, 2015 may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
10 months upon the acceptance of the offer for grant of share options	25% (rounded down to the nearest integral number of shares) of the share options granted
16 months upon the acceptance of the offer for grant of share options	37.5% (rounded down to the nearest integral number of shares) of the share options granted
22 months upon the acceptance of the offer for grant of share options	50% (rounded down to the nearest integral number of shares) of the share options granted
28 months upon the acceptance of the offer for grant of share options	62.5% (rounded down to the nearest integral number of shares) of the share options granted
34 months upon the acceptance of the offer for grant of share options	75% (rounded down to the nearest integral number of shares) of the share options granted
40 months upon the acceptance of the offer for grant of share options	87.5% (rounded down to the nearest integral number of shares) of the share options granted
46 months upon the acceptance of the offer for grant of share options	100% (rounded down to the nearest integral number of shares) of the share options granted

3. The share options granted on October 9, 2015, June 15, 2016, January 18, 2017 and August 16, 2019 and those 845,000 share options granted to employees on May 17, 2021 may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
12 months upon the acceptance of the offer for grant of share options	25% (rounded down to the nearest integral number of shares) of the share options granted
18 months upon the acceptance of the offer for grant of share options	37.5% (rounded down to the nearest integral number of shares) of the share options granted
24 months upon the acceptance of the offer for grant of share options	50% (rounded down to the nearest integral number of shares) of the share options granted
30 months upon the acceptance of the offer for grant of share options	62.5% (rounded down to the nearest integral number of shares) of the share options granted
36 months upon the acceptance of the offer for grant of share options	75% (rounded down to the nearest integral number of shares) of the share options granted
42 months upon the acceptance of the offer for grant of share options	87.5% (rounded down to the nearest integral number of shares) of the share options granted
48 months upon the acceptance of the offer for grant of share options	100% (rounded down to the nearest integral number of shares) of the share options granted

4. The share options granted on April 1, 2019 may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
Upon the acceptance of the offer	50% (rounded down to the nearest integral number of shares) of the share options granted
6 months upon the acceptance of the offer for grant of share options	58.5% (rounded down to the nearest integral number of shares) of the share options granted
12 months upon the acceptance of the offer for grant of share options	67% (rounded down to the nearest integral number of shares) of the share options granted
18 months upon the acceptance of the offer for grant of share options	75.5% (rounded down to the nearest integral number of shares) of the share options granted
24 months upon the acceptance of the offer for grant of share options	84% (rounded down to the nearest integral number of shares) of the share options granted
30 months upon the acceptance of the offer for grant of share options	92.5% (rounded down to the nearest integral number of shares) of the share options granted
36 months upon the acceptance of the offer for grant of share options	100% (rounded down to the nearest integral number of shares) of the share options granted

5. The share options granted on May 17, 2021 (other than those 845,000 share options granted to employees as indicated in note 3) may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
May 17, 2021	25% (rounded down to the nearest integral number of shares) of the share options granted
January 1, 2022	50% (rounded down to the nearest integral number of shares) of the share options granted
July 1, 2022	62.5% (rounded down to the nearest integral number of shares) of the share options granted
January 1, 2023	75% (rounded down to the nearest integral number of shares) of the share options granted
July 1, 2023	87.5% (rounded down to the nearest integral number of shares) of the share options granted
January 1, 2024	100% (rounded down to the nearest integral number of shares) of the share options granted

6. Such individuals are among the five persons with the highest total emoluments of the Group in 2023.
7. Ms. Liao Mingxiang served as the executive director and chief executive officer of the Company, member of the Remuneration Committee, compliance officer of the Company under Rule 5.19 of the GEM Listing Rules and authorized representative of the Company under Rule 5.24 of the GEM Listing Rules. Ms. Liao Mingxiang resigned from the above positions since February 26, 2023. Ms. Qi Yunxiao served as a vice president of the Company, and resigned from the above position since March 25, 2023.
8. Please refer to the announcements of the Company dated August 12, 2015, October 9, 2015, June 15, 2016, January 18, 2017, April 1, 2019, August 16, 2019, September 12, 2019, January 21, 2020, February 7, 2020, May 17, 2021 and May 18, 2021 for details.
9. The total number of share options that may be granted under the Share Option Scheme were increased from 26,190,298 as at January 1, 2023 to 26,247,798 as at December 21, 2023.

Other Information

The weighted average closing price of the shares of the Company immediately before the date on which RSUs during the Reporting Period were exercised and/or vested was HK\$0.21 per Share. The weighted average closing price of the shares of the Company immediately before the date on which share options during the Reporting Period were exercised was HK\$0.22 per Share.

During 2023, the number of shares that may be issued in respect of RSUs and share options granted under the RSU Scheme and Share Option Scheme divided by the weighted average number of ordinary Shares issued during the year is 0.075.

REMUNERATION COMMITTEE

The chairman of the Remuneration Committee is Mr. Zhang Xiangdong, our independent non-executive Director, and other members include Mr. Wang Feng and Ms. Liao Mingxiang (resigned with effect from February 26, 2023), our executive Directors, Ms. Wu Yueqin, Mr. Kong Yi (resigned with effect from February 26, 2023) and Mr. Fu Frank Kan (appointed with effect from February 26, 2023), our independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the HKEXnews website at www.hkexnews.hk and the Company's website at www.linekong.com.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration, including making recommendations to the Board on the remuneration packages of executive Directors and senior management. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended December 31, 2023 and have also approved the terms of service contract of Mr. Fu Frank Kan, an independent non-executive Director. Moreover, the Remuneration Committee has reviewed the provisions of the RSU Scheme and Share Option Scheme of the Company, and noted that no share option or RSU was granted in 2023. Considering that the Share Option Scheme is expected to expire in December 2024 and the RSU Scheme has expired in March 2024, the Remuneration Committee will actively consider and review the arrangement and effectiveness of the share schemes of the Company.

NOMINATION COMMITTEE

The Nomination Committee was established on April 24, 2014. The chairman of the Nomination Committee is Mr. Wang Feng, our chairman of the Board and executive Director, and other members include Mr. Ji Xuefeng (resigned with effect from January 17, 2023), our non-executive Director, Mr. Zhang Xiangdong, Ms. Wu Yueqin, Mr. Kong Yi (resigned with effect from February 26, 2023) and Mr. Fu Frank Kan (appointed with effect from February 26, 2023), our independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the HKEXnews website at www.hkexnews.hk and the Company's website at www.linekong.com.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board. During the Reporting Period, the Nomination Committee has reviewed and assessed the composition of the Board and considered the appointment of Mr. Wang Feng as the chief executive officer and Mr. Fu Frank Kan as independent non-executive Director and the appointments of those Directors who offered themselves for re-election at the 2022 annual general meeting. The Nomination Committee also assessed the independence of all independent non-executive Directors.

Nomination Policy

The objective of the Company's nomination policy (the "**Nomination Policy**") is to ensure the members of the Board possess the skills, experiences, and multiple perspectives required for the business of the Company. The principal nominating criteria and principles of the Company's Nomination Policy are as follows:

- (a) to review at least once a year the number, composition and organizational structure of the Board (including the skills, knowledge reserve, work experience and diversity of the Board members), and to advise on personnel changes of the Board so as to strengthen the Company's development strategy;
- (b) to consider the criteria and procedures for selecting Directors and chief executive officer and make recommendations thereon to the Board; to develop or revise the Company's board diversity policy (the "**Board Diversity Policy**") and focus on developing board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, perspectives, educational background, and work experience;

- (c) to identify qualified candidates as Directors and provide advice to the Board on the nomination of candidates after due consideration on the Board Diversity Policy, requirements for serving as a Director of the Company under the Company's articles of association, GEM Listing Rules and applicable laws and regulations, and the potential contributions that the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; and
- (d) to assess the independence of independent non-executive Directors with reference to the factors set out in Rule 5.09 of the GEM Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board. If a proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, assess his/her ability to devote sufficient time to Board matters.

Selection Procedures of Directors

The Company's selection procedures of Directors are mainly as follows:

- (a) the Board office and the Nomination Committee shall actively communicate with the relevant departments of the Company to assess the demand for new Directors and their re-election and prepare written materials;
- (b) the Nomination Committee may extensively seek candidates for Directors within the Company, its holding (or non-wholly owned) enterprises, as well as in the recruitment market;
- (c) the Nomination Committee, with due consideration of the relevant requirements including but not limited to the Nomination Policy and the Board Diversity Policy, may identify persons who are eligible to become members of the Board and, where appropriate, assess the independence of the proposed independent non-executive Directors. The Nomination Committee shall gather and know about the information of the preliminary candidates' occupation, educational background, job title, detailed work experience and all the part-time positions, and prepare written materials;
- (d) to seek the written consent from the nominated candidates on the proposed nomination; otherwise, such nominated candidates shall not be considered as candidates for Directors and chief executive officer;
- (e) to convene Nomination Committee meetings to review the qualifications of the preliminary candidates against the requirements for being the Directors and chief executive officer;

- (f) to submit proposals and relevant materials to the Board in respect of candidates for Directors and Directors re-election within a reasonable time prior to the election of new Directors and re-election of Directors; and
- (g) to carry out other follow-up work according to the decision(s) and feedback of the Board.

Board Diversity Policy

The Board Diversity Policy was adopted by the Board, with effective on December 29, 2014, and was revised on December 27, 2018. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, race, age, language, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee selects Board candidates based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, age, language, cultural background, educational background, industry experience, technical and professional experience. Due to the update of the Board Diversity Policy and that the Company has met the gender diversity requirements under the Code, the Nomination Committee has considered and discussed the quantitative targets necessary for further optimizing our board diversity, but no quantitative targets have been formulated as at the date of this announcement.

As at the date of this announcement, the Board consisted of six Directors with a male-to-female ratio of 5:1, three of whom are independent non-executive Directors, who assist in critical review and monitoring of the management processes. The Board is considered to be rather diverse in terms of the professional background and skills of the Directors, where, one of them has professional financial knowledge, two of them have years of experiences in the gaming industry, one of them have years of experiences in the film and television industry, one of them has professional knowledge in the technology industry, and one of them has professional knowledge in the internet industry. The Company also reviews the Board Diversity Policy on an annual basis. Considering the actual diversity of the members of the Board, the Board considers that the Board Diversity Policy is implemented and effective.

Furthermore, the overall male-to-female ratio of the employees is 55:33. The Company values diversity among employees, treats employees of different gender, party, religion, nationality and race equally, and fully ensures that employees enjoy equal rights in recruitment, post adjustment, training and promotion. We appreciate and encourage diversity in the workplace and create a professional, inclusive and diversified working environment. The Company has a balanced structure of male and female employees. The Company will continue to maintain gender balance to achieve gender diversity among employees.

AUDIT COMMITTEE

The Audit Committee was established on April 24, 2014. The chairman of the Audit Committee is Ms. Wu Yueqin, our independent non-executive Director, and other members include Mr. Ji Xuefeng (resigned with effect from January 17, 2023), our non-executive Director, Mr. Zhang Xiangdong, Mr. Kong Yi (resigned with effect from February 26, 2023) and Mr. Fu Frank Kan (appointed with effect from February 26, 2023), our independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the HKEXnews website at www.hkexnews.hk and on the Company's website at www.linekong.com.

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 Company has complied with Rule 5.28 of the GEM Listing Rules in that the Audit Committee must comprise a minimum of three members with a majority of independent non-executive Directors and must be chaired by an independent non-executive Director, and that at least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

The Group's consolidated financial statements for the year ended December 31, 2023 as well as the consolidated financial statements for the three months ended March 31, 2023, six months ended June 30, 2023 and nine months ended September 30, 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended December 31, 2023 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made. The Audit Committee also provided recommendations to the Board on the appointment of the external auditors of the Company and review of the Company's internal control procedures and risk management matters.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended December 31, 2023 as set out in the Group's annual results announcement for the year have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, with the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2023. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the annual results announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, June 21, 2024. A notice convening the annual general meeting will be published on the HKEXnews website at www.hkexnews.hk and the Company's website at www.linekong.com in due course.

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, June 18, 2024 to Friday, June 21, 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, June 17, 2024.

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

Beijing, PRC, March 28, 2024

As at the date of this announcement, 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.