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## **Homeland Interactive Technology Ltd.**

**家鄉互動科技有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3798)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **FINANCIAL HIGHLIGHTS**

	<b>For the year ended 31 December 2020</b>	<b>2019</b>	<b>Year-on-Year Change* (%)</b>
	<b>(RMB in thousands, except for percentages)</b>		
Revenue	<b>772,034</b>	564,991	36.6
Cost of sales	<b>(179,946)</b>	(122,708)	46.6
Gross profit	<b>592,088</b>	442,283	33.9
Profit for the year attributable to owners of the Company	<b>390,804</b>	206,788	89.0
Non-IFRS adjusted net profit attributable to the owners of the Company**	<b>417,849</b>	306,804	36.2

\* Year-on-Year Change % represents a comparison between the current reporting year and the previous year.

\*\* Non-IFRS adjusted net profit attributable to the owners of the Company was derived from the profit for the year attributable to owners of the Company adjusted for share-based payment expenses and listing expenses.

## REVENUE BY TYPES OF VIRTUAL PRODUCTS

	For the year ended 31 December		Year-on-Year Change*
	2020	2019	(%)
(RMB in thousands, except for percentages)			
<b>Self-developed mobile games</b>			
Virtual tokens	419,601	265,449	58.1
Private game room cards	209,573	196,086	6.9
<b>Third-party mobile games</b>	<u>21,687</u>	<u>41,639</u>	<u>(47.9)</u>
	650,861	503,174	29.4
<b>Advertising revenue**</b>	<u>121,173</u>	<u>61,817</u>	<u>96.0</u>
<b>Total</b>	<u><b>772,034</b></u>	<u><b>564,991</b></u>	<u><b>36.6</b></u>

\* Year-on-Year Change % represents a comparison between the current reporting year and the previous year.

\*\* Advertising revenue represents revenue generated from in-game advertisement slots the Group inserted in its mini-programs, typically measured by user clicks.

## OPERATIONAL HIGHLIGHTS

The following table sets forth the major operating data of the Group.

	As at or for the year ended 31 December 2020	As at or for the year ended 31 December 2019
<i>Virtual tokens</i>		
Cumulative registered players* (as at period end)	243,328,337	153,379,127
Daily active users (“DAUs”) ** (as at period end)	6,029,102	4,892,931
Paying players***	5,436,885	4,018,193
<i>Private game room cards</i>		
Cumulative registered players* (as at period end)	16,464,843	10,024,502
DAUs** (as at period end)	1,492,810	751,820
Paying players***	155,489	124,579

\* Cumulative registered players refer to the total number of players who have downloaded any of the Company’s mobile game apps onto any mobile device and enter such game product on such mobile device.

\*\* DAUs, in any given period, refer to the number of daily active players as at the last calendar day of such period.

\*\*\* Paying players, in any given period, refer to players who pay money to play any of the Company’s mobile game products or to purchase virtual tokens offered by the Company in its mobile game products at least once; a player who pays more than once in such period is counted only once.

The board of directors (the “**Board**”) of Homeland Interactive Technology Ltd. (the “**Company**”) is pleased to announce the audited consolidated results (the “**Annual Results**”) of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”). The Annual Results have been audited by Messrs. Deloitte Touche Tohmatsu, the auditor of the Company, and have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## **BUSINESS OVERVIEW AND OUTLOOK**

### **Business Review**

The Group is a leading localized mobile card and board game developer and operator in China with a special focus on localized Mahjong and poker games. The Group also develops and operates casual games and beginning in August 2018, leveraging its large player base, the Group commenced the distribution of third-party mobile games. In 2017, the Group recognized the increasing need for socialising functions in mobile games and introduced private game room function to some of its Mahjong and poker game products. In 2018, the Group broadened its income stream by inserting certain in-game advertisement slots in its mini-programs and shared the income, typically measured by user clicks, with those mini-program platform operators, mainly WeChat.

Most of the Group's games, including the most popular game categories of Mahjong and Fight the Landlord (鬥地主), are the recreation of classic games. The Group has developed different Mahjong and poker game variations featured with localized and regional game rules, scoring rules and slang terms, appealing to various traditions and preferences of players from different locations. The Group currently offers Mahjong game variations that are localized to cover at least some counties in 28 provinces and municipalities in China. In 2020, the Group has launched 54 new Mahjong game variations, 18 new poker game variations and 2 new casual games.

In terms of financial performance, the Group continued its robust growth in 2020. The Group's revenue and gross profit for the year ended 31 December 2020 were approximately RMB772.0 million and RMB592.1 million, representing an increase of approximately 36.6% and 33.9%, respectively as compared with last year, primarily due to significant increase in the Group's cumulative registered players and DAUs during 2020 resulting from the Company's effort in further developing the Group's game portfolio and increase in promotion activities to enhance player stickiness and stimulate in-game purchases, and increase in advertising revenue. During 2020, the Group recognized advertising revenue of approximately RMB121.2 million as it incentivized players by giving free private game room cards and virtual tokens through clicks on advertisements thereby increasing its advertising revenue. The Group's adjusted net profit, which does not take into account share-based payment expenses of approximately RMB27.0 million, was approximately RMB417.8 million for the year ended 31 December 2020, representing an increase of approximately 36.2% from approximately RMB306.8 million for the year ended 31 December 2019.

In terms of business development, the Group continued to expand its game portfolio, and enhance its marketing capabilities and technology infrastructure to grow its player base, increase their stickiness and stimulate their in-game purchases. As at 31 December 2020, the Group's cumulative registered players reached 259,793,180, representing an increase of 59.0% compared with 31 December 2019. The Group's DAUs increased to 7,521,912 as at 31 December 2020, representing a growth of 33.3%, as compared with 31 December 2019. The Group's paying players reached 5,592,374 for the year ended 31 December 2020, representing a growth of 35.0% as compared with the year ended 31 December 2019.

Following the outbreak of the COVID-19 in December 2019, the People's Republic of China (the "PRC") government has implemented various measures including travel restrictions to prevent the spread of the COVID-19. Such measures have resulted in significant increase in the Group's DAUs and sales in virtual tokens and private game room cards in 2020 as the general public spent more time at home. The Company also benefitted from lower cost of promotion of its games through online social media platforms as the active users for these social media platforms increased. Although the measures relating to travel restrictions have to a large extent impeded the Group's offline game promotion activities, the Company believes that there was limited negative impact on its business considering the significant increase in player base in 2020. The Company believes that the effects of the COVID-19 on its business are temporary and will closely monitor any further development.

## **Business Outlook**

During 2021, the Group will continue its efforts to further solidify its leading position in the localized card and board game industry in China by continuing the following strategies:

- Further develop the Group's advertising revenue. The Group will continue to cooperate with other platform operators to insert in-game advertisement slots. In addition, leveraging its user traffic, the Group plans to offer advertisement slots on its integrated game platform. Utilising its data analytical capabilities, the Group will continue to develop strategies including analysing the frequency and timing of advertisements shown to players in order to optimise advertising revenue.

- Further develop and optimize the Group’s game portfolio to boost player stickiness. The Group plans to expand its geographic coverage in China by leveraging its established brand name and developing additional localized regional game variations. The Group aims to expand the coverage of its localized game variations to the entire country. Moreover, the Group also intends to introduce more casual games to amplify its overall game portfolio and attract players with different interests.
- Continue to strengthen research and development and technology infrastructure. The Group will increase its investments in technologies to further strengthen its game development capability and infrastructure, with a particular focus on enhancing game features and improving player experience, which in turn helps retain players and increase player stickiness. The Group will continue to develop HTML5 versions and other potential mini-programs for its game products which are connected to various HTML5-enabled social platforms and websites.
- Enhance marketing capabilities and improve brand image. The Group plans to invest in promotion activities, placing advertisements on social media platforms, third party websites, Apps and TV, as well as sponsoring various online and offline game tournaments to increase its presence and promote its brand.
- Expansion of products overseas through cooperations with internationally renowned third-party game distribution channels. In 2021, the Company will further deploy resources for research and development and promotion of products overseas. The Company will leverage its own experience in game development and operation in the PRC to launch board games and casual games suitable for overseas players. In 2021, depending on the product development, the Company plans to launch game products covering areas including Hong Kong, Macau, Taiwan, Europe, America, Southeast Asia and the Middle East. The Company will cooperate with internationally renowned third party game distribution channels to promote game products in the target areas.
- Continue to explore acquisition opportunities. On 3 November 2020, Jilin Xinze Network Technology Company Limited (吉林省鑫澤網絡技術有限公司) (“**Jilin Xinze**”), an operating company of the Group which is controlled by the Group through contractual arrangements, acquired 40% of the equity interest in Jilin Xinyue Network Technology Limited\* (吉林省心悅網絡科技有限公司) (“**Jilin Xinyue**”) at a cash consideration of RMB150,000,000. Jilin Xinyue is principally engaged in the development and operation of card and board games, with a focus on localized Mahjong games, and sale of private game room cards business in a number of provinces in the northern part of the PRC, including Heilongjiang, Jilin, Liaoning, Shanxi, Hebei and Gansu provinces. In 2021, the Group will continue to explore complementary partnership or acquisition opportunities of small to medium-sized mobile games developers and operators which can enhance its game-related sourcing, development and operation capabilities and complement its experience in the gaming market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Revenue

The Group's revenue for the year ended 31 December 2020 amounted to approximately RMB772.0 million, representing an increase of 36.6% from approximately RMB565.0 million recorded in 2019. The increase in revenue was primarily driven by significant increase in the Group's cumulative registered players and DAUs during 2020 resulting from the Company's effort in further developing the Group's game portfolio and increase in promotion activities to enhance player stickiness and stimulate in-game purchases, and increase in advertising revenue. Advertising revenue represents revenue generated from in-game advertisement slots the Group inserted in its mini-programs, typically measured by user clicks. For the year ended 31 December 2020, revenue generated from the Group's sale of virtual tokens, private game room cards, distribution of third-party mobile games and advertising accounted for approximately 54.4%, 27.1%, 2.8% and 15.7% of the Group's total revenue, respectively, as compared with approximately 47.0%, 34.7%, 7.4% and 10.9%, respectively, for the year ended 31 December 2019.

#### *Cost of sales*

The Group's cost of sales primarily includes (i) employee benefit expenses; (ii) commissions and fees charged by third-party game distribution channels and payment vendors; (iii) server-related and technical support fees; and (iv) depreciation and amortization. The Group's cost of sales increased by approximately 46.6% to approximately RMB179.9 million in 2020 from approximately RMB122.7 million in 2019, primarily due to the growth in the Group's business in line with the expansion of the Group's game portfolio. More specifically, the increase in cost of sales was primarily due to (i) an increase of RMB23.3 million in commissions and fees paid to third-party distribution channels and payment vendors due to the increased use of third-party distribution channels to distribute its games in line with the Group's rapid business growth; (ii) an increase of RMB20.9 million in server-related and technical support fees; and (iii) an increase of RMB14.0 million in employee benefit expenses. As at 31 December 2020, the Group does not have any trade payables.



### ***Gross profit and gross profit margin***

As a result of the foregoing, the Group's gross profit increased by 33.9% to approximately RMB592.1 million for the year ended 31 December 2020 from approximately RMB442.3 million in 2019, and the Group's gross profit margin decreased slightly to 76.7% for the year ended 31 December 2020 from 78.3% in 2019.

### ***Other Income***

Other income increased significantly by approximately 38.9% from approximately RMB39.2 million for the year ended 31 December 2019 to approximately RMB54.5 million for the year ended 31 December 2020. The increase was primarily due to (i) an increase of RMB8.1 million in interest income; (ii) an increase of RMB4.2 million in government subsidies which are industry-specific subsidies obtained from local governments; and (iii) an increase of RMB2.9 million in service income as the Group carried out offline and online promotion marketing activities for other game operators of smaller scale as well as provided technical support services.

### ***Foreign Exchange (Losses) Gains, Net***

Foreign exchange losses of approximately RMB0.6 million was recorded for the year ended 31 December 2020 while foreign exchange gains of approximately RMB0.9 million was recorded for the year ended 31 December 2019, mainly due to the fluctuation of exchange rate of Renminbi (RMB) against HK dollars and US dollars.

### ***Selling and Marketing Expenses***

The Group's selling and marketing expenses increased by approximately 23.1% from approximately RMB98.2 million for the year ended 31 December 2019 to approximately RMB120.9 million in 2020. The increase was primarily due to a RMB47.8 million increase in advertising expenses resulting from the Group's enhanced marketing efforts to acquire and retain players which was offset by a decrease in in-game promotion expenses of RMB27.8 million.



### ***Administrative Expenses***

The Group's administrative expenses decreased by approximately 54.5% from approximately RMB118.6 million for the year ended 31 December 2019 to approximately RMB54.0 million in 2020. The decrease was primarily due to a decrease of RMB75.2 million in share-based payment expenses. The decrease was partially offset by an increase of RMB4.1 million in depreciation and amortization as well as RMB5.0 million in other professional service fees in connection with consulting services the Group engaged for legal compliance, finance and other related matters.

### ***Profit Before Income Tax***

The Group's profit before income tax increased by approximately 86.7% from approximately RMB246.7 million for the year ended 31 December 2019 to approximately RMB460.6 million in 2020. The Group's profit before income tax as a percentage of total revenue increased from 43.7% for the year ended 31 December 2019 to 59.7% for the year ended 31 December 2020, primarily due to the Group's significant business growth.

### ***Income Tax Expenses***

Income tax expenses increased by approximately 76.9% from RMB39.9 million for the year ended 31 December 2019 to RMB70.5 million in 2020, primarily due to the increase in taxable profits generated for the year ended 31 December 2020. The Group's effective tax rates were 16.2% and 15.3% for the years ended 31 December 2019 and 2020, respectively.

### ***Profit attributable to owners of the Company***

Profit attributable to owners of the Company increased by approximately 89.0% from approximately RMB206.8 million for the year ended 31 December 2019 to approximately RMB390.8 million in 2020.

### ***Non-IFRS Measures — Adjusted Net Profit***

To supplement the Group's consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"), the Company also used unaudited non-IFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of certain non-recurring and non-cash items that it does not consider indicative of the performance of its business. The Company's management believes that the presentation of non-IFRS measures, in conjunction with the corresponding IFRS measures, provides useful information to investors relating to the Group's financial condition and results of operations. The term "adjusted net profit" is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group's net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under IFRS.

The following table sets out the calculation of adjusted net profit attributable to the owners of the Company for the years indicated:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the year attributable to the owners of the Company	<b>390,804</b>	206,788
Add:		
Listing-related expenses	—	17,806
Share-based payment expenses	<b>27,045</b>	82,210
	<hr/>	<hr/>
Adjusted net profit attributable to the owners of the Company	<b><u>417,849</u></b>	<b><u>306,804</u></b>

The adjusted net profit attributable to the owners of the Company for the year ended 31 December 2020, adjusted by excluding the non-cash item of share-based payment expenses, was approximately 417.8 million, increased by 36.2% as compared to approximately RMB306.8 million for 2019.

## **Liquidity and Capital Resources**

For the year ended 31 December 2020, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations with internal resources and through organic and sustainable growth.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time.

### ***Cash and cash equivalents***

The Group primarily operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. The Group has certain cash and cash equivalents and trade receivables denominated in HK dollars and US dollars, and is exposed to foreign exchange risk arising from exchange rate fluctuation of RMB against HK dollars and US dollars. As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB732.7 million (31 December 2019: approximately RMB502.4 million), which primarily consisted of cash at bank. Out of the RMB732.7 million, approximately RMB688.6 million is denominated in Renminbi, approximately RMB23.8 million is denominated in US dollars and approximately RMB20.3 million is denominated in HK dollars. The Group currently does not hedge transactions undertaken in foreign currencies. The Group paid a final dividend of RMB83.0 million in respect of the year ended 31 December 2019 to the Company's shareholders in June 2020.

The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

### ***Indebtedness***

During the year ended 31 December 2020, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to RMB10.6 million in aggregate (31 December 2019: RMB14.4 million).

### ***Gearing ratio***

The gearing ratio was zero since there was no debt as at 31 December 2020.

### ***Charge on assets***

As at 31 December 2020, the Group did not pledge any of its assets.

### ***Capital expenditures***

For the year ended 31 December 2020, the Group's capital expenditure amounted to approximately RMB160.7 million (for the year ended 31 December 2019: approximately RMB48.2 million), which mainly comprised expenditures on the purchase of office furniture and equipment, motor vehicles, leasehold improvements, the purchase of the copyright of game software and computer software, the purchase of equity instruments at fair value through other comprehensive income as well as investments in associates. The Group funded its capital expenditure by using the cash flow generated from its operations and proceeds from the global offering. The capital expenditure for the year ended 31 December 2020 was higher primarily due to increased expenditure with respect to the investment in associates.

### ***Contingent liabilities and guarantees***

As at 31 December 2020, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

### ***Material acquisitions and future plans for major investment***

On 3 November 2020, Jilin Xinze Network Technology Company Limited (吉林省鑫澤網絡技術有限公司), an operating company of the Group which is controlled by the Group through contractual arrangements, acquired 40% of the equity interest in Jilin Xinyue Network Technology Limited\* (吉林省心悦網絡科技有限公司) ("**Jilin Xinyue**") at a cash consideration of RMB150,000,000. Jilin Xinyue is principally engaged in the development and operation of card and board games, with a focus on localized Mahjong games, and sale of private game room cards business in a number of provinces in the northern part of the PRC, including Heilongjiang, Jilin, Liaoning, Shanxi, Hebei and Gansu provinces.

As of 31 December 2020, the carrying amount of the Group's interest in Jilin Xinyue was approximately RMB167.8 million, representing approximately 13.3% of the total assets of the Group. No dividend has been received from Jilin Xinyue during the Reporting Period. Further details on the Group's significant investment during the Reporting Period is contained in note 14 to the consolidated financial statements.

Save as disclosed above, during the year ended 31 December 2020, the Group has not conducted any material acquisitions or disposals. However, the Group plans to explore opportunities, through potential partnership with or strategic acquisitions of local small to medium-sized mobile game developers and operators which can enhance its game-related sourcing, development and operation capabilities and complement its experience in the gaming market. The Group will utilize proceeds from the global offering for the purpose of any such acquisition.

## Employees and Staff Costs

The Company has hired additional game developers, engineers and marketing personnel in 2020 although the pace of recruitment has slowed down due to the outbreak of the COVID-19. Taking into account the employees who departed during 2020, as at 31 December 2020, the Group had a total of 493 full time employees, mainly located in mainland China. In particular, 85 employees are responsible for the Group's research and development, 180 for game development, 81 for technical support, 55 for customer service, 42 for marketing and 50 for operations and general administration. The total staff cost incurred by the Group for the year ended 31 December 2020 was approximately RMB100.6 million compared to approximately RMB159.1 million in 2019. The decrease was mainly attributed to a decrease in share-based payment expenses.

The Group provides orientation and training to new recruits as well as ongoing in-house training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses. The Company has also adopted a share option scheme (the “**Share Option Scheme**”) and a share award scheme (the “**Share Award Scheme**”) on 5 June 2019 and 6 June 2019 respectively to incentivize employees and senior management and to align their interests with that of the Company.

Further details of the Share Option Scheme and the Share Award Scheme will be set out in the annual report of the Company for the year ended 31 December 2020.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2020*

		<b>2020</b>	<b>2019</b>
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
<b>Revenue</b>	3	<b>772,034</b>	564,991
Cost of sales	4	<u>(179,946)</u>	<u>(122,708)</u>
<b>Gross profit</b>		<b>592,088</b>	442,283
Other income	5	<b>54,488</b>	39,231
Foreign exchange (losses) gains, net		<b>(628)</b>	899
Selling and marketing expenses		<b>(120,888)</b>	(98,185)
Administrative expenses		<b>(53,981)</b>	(118,579)
Listing expenses		<b>—</b>	(17,806)
Other expenses	6	<b>(6,390)</b>	(411)
Share of loss of associates		<b>(3,325)</b>	—
Interest on lease liabilities		<u><b>(792)</b></u>	<u>(758)</u>
<b>Profit before income tax</b>		<b>460,572</b>	246,674
Income tax expense	7	<u><b>(70,545)</b></u>	<u>(39,886)</u>
<b>Profit for the year</b>	8	<u><b>390,027</b></u>	<u>206,788</u>
<b>Other comprehensive expense</b>			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instruments at fair value through other comprehensive income		<u><b>(1,275)</b></u>	<u>—</u>
Other comprehensive expense for the year, net of income tax		<u><b>(1,275)</b></u>	<u>—</u>
<b>Total comprehensive income for the year</b>		<u><b>388,752</b></u>	<u>206,788</u>

		<b>2020</b>	2019
	<i>NOTES</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i> (Restated)
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		<b>390,804</b>	206,788
Non-controlling interests		<b>(777)</b>	—
		<u><b>390,027</b></u>	<u>206,788</u>
<b>Total comprehensive income (expense)</b>			
<b>attributable to:</b>			
Owners of the Company		<b>389,529</b>	206,788
Non-controlling interests		<b>(777)</b>	—
		<u><b>388,752</b></u>	<u>206,788</u>
<b>Earnings per share (in RMB cents)</b>			
— Basic	10	<u><b>31.40</b></u>	<u>20.20</u>
— Diluted	10	<u><b>30.77</b></u>	<u>19.69</u>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	NOTES	2020 RMB'000	2019 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	43,416	43,473
Intangible assets	12	1,610	2,630
Right-of-use assets	13	9,728	14,350
Investments in associates	14	149,675	—
Loan to employees	15	6,474	1,900
Rental and other deposits		2,525	2,178
Equity instruments at fair value through other comprehensive income	16	13,950	14,000
Deferred tax assets	17	225	504
		<u>227,603</u>	<u>79,035</u>
<b>Current assets</b>			
Trade receivables	18	88,473	49,326
Prepayments and other receivables	19	53,972	98,008
Loan to employees	15	1,900	—
Cash and cash equivalents	20	732,724	502,367
		<u>877,069</u>	<u>649,701</u>
<b>Current liabilities</b>			
Other payables	21	54,806	47,337
Lease liabilities	22	3,469	4,427
Deferred revenue	23	39,888	24,771
Tax payable		50,056	25,650
		<u>148,219</u>	<u>102,185</u>
<b>Net current assets</b>		<u>728,850</u>	<u>547,516</u>
<b>Total assets less current liabilities</b>		<u>956,453</u>	<u>626,551</u>
<b>Non-current liability</b>			
Lease liabilities	22	7,101	9,974
<b>Net assets</b>		<u><u>949,352</u></u>	<u><u>616,577</u></u>

	<b>2020</b>	<b>2019</b>
<i>NOTES</i>	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Capital and reserves</b>		
Share capital	<b>41</b>	41
Shares held for Share Award Scheme	<b>—</b>	(2)
Reserves	<b>950,088</b>	616,538
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>950,129</b>	616,577
Non-controlling interests	<b>(777)</b>	—
	<hr/>	<hr/>
<b>Total equity</b>	<b>949,352</b>	616,577
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company										Total equity RMB'000
	Paid-in capital/ Share capital RMB'000	Shares held for Share Award Scheme RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000 (note)	Share-based payments reserve RMB'000	Fair value through other comprehensive reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	
As at 1 January 2019	27	—	—	15,027	19,714	—	—	177,967	212,735	—	212,735
Profit and total comprehensive income for the year	—	—	—	—	—	—	—	206,788	206,788	—	206,788
Issue of shares held for Share Award Scheme	3	(3)	—	—	3	—	—	—	3	—	3
Issue of shares under the Global Offering	11	—	373,695	—	—	—	—	—	373,706	—	373,706
Share issuance costs	—	—	(26,865)	—	—	—	—	—	(26,865)	—	(26,865)
Recognition of share-based payment expenses under the Share Award Scheme	—	—	—	—	—	78,862	—	—	78,862	—	78,862
Vesting of award shares under the Share Award Scheme	—	1	24,785	—	—	(24,786)	—	—	—	—	—
Recognition of share-based payment expenses under the Share Option Scheme	—	—	—	—	—	3,348	—	—	3,348	—	3,348
Dividends recognized as distribution (Note 9)	—	—	(232,000)	—	—	—	—	—	(232,000)	—	(232,000)
As at 31 December 2019	41	(2)	139,615	15,027	19,717	57,424	—	384,755	616,577	—	616,577
Profit (loss) for the year	—	—	—	—	—	—	—	390,804	390,804	(777)	390,027
Other comprehensive expense for the year	—	—	—	—	—	—	(1,275)	—	(1,275)	—	(1,275)
Total comprehensive (expense) income for the year	—	—	—	—	—	—	(1,275)	390,804	389,529	(777)	388,752
Recognition of share-based payment expenses under the Share Award Scheme	—	—	—	—	—	2,884	—	—	2,884	—	2,884
Vesting of award shares under the Share Award Scheme	—	2	56,958	—	—	(56,960)	—	—	—	—	—
Recognition of share-based payment expenses under the Share Option Scheme	—	—	—	—	—	24,161	—	—	24,161	—	24,161
Dividends recognized as distribution (Note 9)	—	—	(83,022)	—	—	—	—	—	(83,022)	—	(83,022)
As at 31 December 2020	41	—	113,551	15,027	19,717	27,509	(1,275)	775,559	950,129	(777)	949,352

**Note:** The other reserve represents (i) the difference between the consideration paid and the relevant share of carrying value of the subsidiary's net assets acquired from the non-controlling interests in prior years and (ii) the effect of group reorganization on 24 September 2018, pursuant to which Beijing Kexin Network Technology Company Limited (“**Homeland PRC**”), Jiayang Interactive (Xiamen) Network Technology Company Limited (“**Jiayang Interactive**”) and Jilin Yutai Network Technology Company Limited (“**Jilin Yutai**”) entered into a series of contractual arrangements which enable the Group to have control over the assets, liabilities and operating profits from Jiayang Interactive and its subsidiaries.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 RMB'000	2019 RMB'000
<b>Operating activities</b>			
Profit before income tax		460,572	246,674
Adjustments for:			
Depreciation of property, plant and equipment		4,383	2,442
Amortization of intangible assets		1,954	2,227
Depreciation of right-of-use assets		4,408	2,410
Interest income		(14,794)	(6,744)
Loss on early termination of a lease		32	—
Share-based payment expenses		27,045	82,210
Interest on lease liabilities		792	758
Share of loss of associates		3,325	—
Staff cost due to loan to employees		756	—
Foreign exchange losses		1,507	—
Operating cash flows before movements in working capital		489,980	329,977
Increase in trade receivables		(39,279)	(26,939)
(Increase) decrease in other deposits, prepayments and other receivables		(31,311)	13,382
Increase in other payables		9,141	10,343
Increase (decrease) in deferred revenue		15,117	(14,498)
Cash from operating activities		443,648	312,265
Income tax paid		(45,635)	(23,923)
<b>Net cash from operating activities</b>		<b>398,013</b>	<b>288,342</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(4,326)	(33,329)
Deposit for a potential acquisition	19	—	(75,000)
Acquisition of investments in associates		(75,000)	—
Purchases of equity instruments at fair value through other comprehensive income		(5,450)	(13,000)
Purchase of intangible assets		(934)	(1,877)
Payments for rental deposits		—	(387)
Interest received		14,794	6,744
Loan to employees		(7,230)	—
<b>Net cash used in investing activities</b>		<b>(78,146)</b>	<b>(116,849)</b>

	<i>NOTE</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>Financing activities</b>			
Issue costs paid		(672)	(26,401)
Dividends paid		(83,022)	(232,000)
Proceeds of issue of new shares		—	373,706
Issue of shares held for Share Award Scheme		—	3
Repayments for lease liabilities		(3,649)	(1,871)
Interest paid on lease liabilities		(792)	(758)
		<hr/>	<hr/>
<b>Net cash (used in) from financing activities</b>		<b>(88,135)</b>	112,679
		<hr/>	<hr/>
Net increase in cash and cash equivalents		<b>231,732</b>	284,172
Cash and cash equivalents at the beginning of the year		<b>502,367</b>	218,195
Effect of foreign exchange rate changes		(1,375)	—
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>20</b>	<b><u>732,724</u></b>	<b><u>502,367</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Homeland Interactive Technology Ltd. (the “**Company**”) is an exempted company with limited liability incorporated in Cayman Islands on 7 May 2018. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Grand Cayman Islands. The address of principal place of business of the Company is 7A Floor, Huijin Building, 77 Tainan Road, Siming District, Xiamen, the People’s Republic of China (the “**PRC**”). The Company is controlled by Mr. Wu Chengze (“**Mr. Wu**”), Mr. Jiang Mingkuan and Mr. Su Bo (Collectively referred to as the “**Founders**” or “**Controlling Shareholders**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are primarily engaged in the development, publication and operation of mobile games in the PRC.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 4 July 2019 (the “**Listing Date**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries.

## 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in IFRS Standards” and the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the “Amendments to References to the Conceptual Framework in IFRS Standards” and the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

### New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non- current <sup>1</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018– 2020 <sup>2</sup>



- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.
- <sup>3</sup> Effective for annual periods beginning on or after a date to be determined.
- <sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3. REVENUE AND SEGMENT INFORMATION**

Revenue represents (1) income from sales of virtual tokens and private game room cards on the Group’s self-developed mobile games; (2) income from third-party mobile games, and; (3) advertising income. The Group’s operating activities are attributable to a single operating segment focusing on development and operation of mobile games in the PRC. This operating segment has been identified on the basis of internal management reports, prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC which materially conform with IFRSs, that are regularly reviewed by the chief operating decision maker (“**CODM**”), Mr. Wu, the chief executive officer of the Group, for the purpose of allocating resources and assessing its performance. The CODM reviews the financial results of the Group as a whole for performance assessments. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from self-developed mobile games and third-party mobile games is recognized at a point in time when the customers obtain control of the services, being at the point the customers consume the virtual tokens and private game room cards in self-developed mobile games or the customers convert the virtual diamonds in the platform to the virtual tokens in the relevant third-party mobile games.

Advertising revenue is recognized at a point in time when the advertisements placed by third-party platforms are displayed in the game interface.

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue from:		
— Self-developed mobile games		
Virtual tokens	<b>419,601</b>	265,449
Private game room cards	<b>209,573</b>	196,086
— Third-party mobile games — virtual diamonds	<b>21,687</b>	41,639
	<b>650,861</b>	503,174
Advertising revenue	<b>121,173</b>	61,817
	<b>772,034</b>	564,991

The Group has a large number of customers, and no revenue from any individual customer exceeded 10% or more of the Group's revenue for both years.

### **Geographical information**

The Group operated within one geographical segment in both years because all of its revenue was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

## **4. COST OF SALES**

Cost of sales is analyzed as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Employee benefit expenses	<b>63,832</b>	49,756
Commissions and fees charged by distribution channels and payment vendors	<b>79,225</b>	55,907
Server-related and technical support fees	<b>33,470</b>	12,545
Depreciation and amortization	<b>2,874</b>	4,428
Others	<b>545</b>	72
	<b>179,946</b>	122,708

## 5. OTHER INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Service income ( <i>note i</i> )	29,320	26,430
Interest income	14,794	6,744
Government subsidies ( <i>note ii</i> )	9,896	5,732
Sundry income	478	325
	<hr/>	<hr/>
Total	<b>54,488</b>	<b>39,231</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) Service income mainly represents the amounts received from contracted clients for offline and online promotion marketing activities as well as providing technical support services and is recognized over time when the marketing services are performed.
- (ii) Government subsidies mainly represent various industry-specific subsidies granted by the government authorities to subsidize the research and development costs already incurred by the Group during the course of its business, as well as government incentives to reward the Group's effort for technological innovation and support to the local economy with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognized.

## 6. OTHER EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Donations related to Covid-19	5,000	—
Others	1,390	411
	<hr/>	<hr/>
	<b>6,390</b>	<b>411</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. INCOME TAX EXPENSE

The income tax expense of the Group is analyzed as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PRC Corporate Income Tax (“CIT”)		
Current year	57,259	42,995
Under (over) provision in prior years	12,782	(2,605)
	<u>70,041</u>	<u>40,390</u>
Deferred tax		
Current year ( <i>Note 17</i> )	504	(504)
	<u>70,545</u>	<u>39,886</u>

The Company and a subsidiary incorporated in the BVI is not subject to income tax in the Cayman Islands or the BVI.

No provision for Hong Kong Profits Tax has been made since the entity operating in Hong Kong had no assessable profits for the both years.

### PRC CIT

The income tax provision of the subsidiaries operating in the PRC has been calculated at the tax rate of 25% on the taxable income for the reporting period, based on the existing legislation, interpretations and practices in respect thereof.

Jiaxiang Interactive qualified as a “Double Soft Enterprise” (“DSE”) under the Corporate Income Tax Law in 2016. Therefore, according to relevant tax regulations, Jiaxiang Interactive is exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2016, the first year of profitable operation. Therefore, the actual income tax rate for Jiaxiang Interactive is 12.5% for both years.

Jilin Xinze Network Technology Company Limited (“Jilin Xinze”) qualified as “High and New Technology Enterprises” (“HNTE”) under the Corporate Income Tax Law since 2017 and such qualification was renewed during the year with a valid period of three years. According to the CIT law, Jilin Xinze is entitled to a preferential income tax rate at 15% for both years.

Jilin Yuke Network Technology Company Limited (“**Jilin Yuke**”) qualified as a DSE under the Corporate Income Tax Law in 2019. Therefore, according to relevant tax regulations, Jilin Yuke is exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2017, the first year of profitable operation. Therefore, the actual income tax rate for Jilin Yuke is 12.5% for both years.

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2020</b> <i><b>RMB'000</b></i>	2019 <i>RMB'000</i>
Profit before income tax	<u><b>460,572</b></u>	<u>246,674</u>
Tax at income tax rate of 25%	<b>115,143</b>	61,669
Tax effect of tax losses not recognized	<b>671</b>	541
Tax effect of expenses not deductible for tax purpose	<b>10,638</b>	6,685
Effect of Super Deduction	<b>(15,454)</b>	(11,969)
Effect of preferential tax rate	<b>(53,235)</b>	(14,435)
Under (over) provision in prior year	<u><b>12,782</b></u>	<u>(2,605)</u>
Income tax expense	<u><b>70,545</b></u>	<u>39,886</u>

Under the CIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB833,386,000 as at 31 December 2020 (2019: RMB435,068,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Lease expenses in respect of short-term leases on buildings	834	1,234
Depreciation of right-of-use assets	4,408	2,410
Depreciation of property, plant and equipment	4,383	2,442
Amortization of intangible assets	1,954	2,227
Auditors' remuneration	3,216	2,700
Directors' emoluments	3,870	3,435
Other staff costs:		
Salaries and other benefits in kind	69,313	69,162
Contributions to retirement benefit scheme ( <i>note</i> )	333	4,298
Share-based payment expense	27,045	82,210
Total staff costs ( <i>note</i> )	<u>100,561</u>	<u>159,105</u>

*Note:* During the year ended 31 December 2020, the Group is exempted by local social insurance authority in the PRC due to COVID-19 and did not make any contributions to the retirement benefit scheme from February to December 2020.

## 9. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2020 Interim — Nil (2019: 2019 interim dividend RMB0.0438, equivalent to HK\$0.0485) per share	—	55,000
2019 Special dividend — RMB0.2448 (equivalent to HK\$0.2798) per share	—	177,000
2019 Final — RMB0.0661 (equivalent to HK\$0.0725) (2019: 2018 final dividend — Nil) per share	<u>83,022</u>	<u>—</u>
	<u>83,022</u>	<u>232,000</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB0.1593 (equivalent to HK\$0.1892) (2019: final dividend in respect of the year ended 31 December 2019 of RMB0.0661, equivalent to HK\$0.0725) per ordinary share, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic and dilutive earnings per share:		
— Profit for the year attributable to owners of the Company	<u><u>390,804</u></u>	<u><u>206,788</u></u>
	<b>Number of shares</b>	
	2020	2019
<b>Number of shares</b>		
Weighted average number of ordinary shares of the Company for the purpose of basic earnings per share	1,244,583,232	1,023,704,918
Effect of dilutive potential ordinary shares in respect of		
Share Award Scheme	1,996,768	26,523,984
Share Option Scheme	<u>23,463,852</u>	<u>—</u>
Weighted average number of ordinary shares of the Company for the purpose of diluted earnings per share	<u><u>1,270,043,852</u></u>	<u><u>1,050,228,902</u></u>

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares of the Company, taking into account the shares issued and outstanding during the year and on the assumption that the share sub-division have been effective on 1 January 2019, excluding ordinary shares held for the Share Award Scheme which are treated as treasury shares before vesting.



## 11. PROPERTY, PLANT AND EQUIPMENT

	Owned properties <i>RMB'000</i>	Furniture and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>					
As at 1 January 2019	7,563	3,846	3,098	1,546	16,053
Additions	29,173	1,073	1,640	1,443	33,329
As at 31 December 2019	36,736	4,919	4,738	2,989	49,382
Additions	—	1,051	1,000	2,275	4,326
As at 31 December 2020	36,736	5,970	5,738	5,264	53,708
<b>Depreciation</b>					
As at 1 January 2019	778	1,874	643	172	3,467
Provided for the year	359	1,069	446	568	2,442
As at 31 December 2019	1,137	2,943	1,089	740	5,909
Provided for the year	1,380	1,044	956	1,003	4,383
As at 31 December 2020	2,517	3,987	2,045	1,743	10,292
<b>Carrying values</b>					
As at 31 December 2019	<u>35,599</u>	<u>1,976</u>	<u>3,649</u>	<u>2,249</u>	<u>43,473</u>
As at 31 December 2020	<u>34,219</u>	<u>1,983</u>	<u>3,693</u>	<u>3,521</u>	<u>43,416</u>

The estimated residual value rates and useful lives of each class of property, plant and equipment held by the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Owned properties	5%	20 years
Furniture and equipment	0%–5%	3–5 years
Motor vehicles	5%	4–10 years
Leasehold improvement	0%	Over the shorter of the term of the lease and 5 years

The carrying amount of owned properties situated in the PRC includes both the leasehold land and buildings elements, as in the opinion of the directors of the Company, allocation of the carrying amount between the leasehold land and buildings elements cannot be made reliably.

The Group has obtained the certificate for owned properties except for buildings amounted to RMB27,787,000 (2019: RMB29,173,000) which is in the process of obtaining.

## 12. INTANGIBLE ASSETS

	Trademark <i>RMB'000</i>	Computer software <i>RMB'000</i>	Copyright of game software <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>				
As at 1 January 2019	—	250	5,729	5,979
Additions	1,250	186	1,441	2,877
As at 31 December 2019	1,250	436	7,170	8,856
Additions	—	85	849	934
As at 31 December 2020	1,250	521	8,019	9,790
<b>Amortization</b>				
As at 1 December 2019	—	92	3,907	3,999
Charge for the year	83	156	1,988	2,227
As at 31 December 2019	83	248	5,895	6,226
Charge for the year	125	144	1,685	1,954
As at 31 December 2020	208	392	7,580	8,180
<b>Carrying values</b>				
As at 31 December 2019	1,167	188	1,275	2,630
As at 31 December 2020	1,042	129	439	1,610

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Trademark	10 years
Computer software	2-4 years
Copyright of game software	2-3 years

### 13. RIGHT-OF-USE ASSETS

	<b>Office properties</b> <i>RMB'000</i>	
<b>As at 31 December 2020</b>		
Carrying amount		9,728
<b>As at 31 December 2019</b>		
Carrying amount		14,350
	<b>Year ended</b> <b>31/12/2020</b> <b><i>RMB'000</i></b>	<b>Year ended</b> <b>31/12/2019</b> <b><i>RMB'000</i></b>
Depreciation charge	<b>4,408</b>	2,410
Expense relating to short-term leases	<b>834</b>	1,234
Total cash outflow for leases	<b>5,247</b>	3,245
Additions to right-of-use assets	—	6,946
Early termination of a lease	<b>214</b>	—

The above right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

For both years, the Group leases office properties for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office properties. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in Note 8.

In addition, lease liabilities of RMB10,570,000 are recognized with related right-of-use assets of RMB9,728,000 as at 31 December 2020 (2019: lease liabilities of RMB14,401,000 and related right-of-use assets of RMB14,350,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 14. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of investment in associates	153,000	—
Share of post-acquisition losses and other comprehensive expenses	(3,325)	—
Total	<u>149,675</u>	<u>—</u>

Details of the Group's associates at 31 December 2020 are as follows:

Name of entity	Place of establishment	Principal place of business	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activity
Jilin Xinyue Network Technology Limited ("Jilin Xinyue") (note i)	China mainland	China mainland	40%	40%	Development and operation of card and board games
Guangzhou Leiyun Interactive Technology Limited ("Guangzhou Leiyun")	China mainland	China mainland	40%	40%	Research and development of online games

*Note:*

- (i) On 3 November 2020, Jilin Xinze (a subsidiary of the Company), Jilin Xinbao Technology Partnership (Limited Partnership) (“**Xinbao Technology**”) (40% equity shareholder of Jilin Xinyue), and Jilin Xinyue entered into the investment agreement (“**Investment Agreement**”) pursuant to which Xinbao Technology agreed to sell and Jilin Xinze agreed to acquire 40% of the equity interest in Jilin Xinyue, at cash consideration of RMB150,000,000. On 29 December 2020, Jilin Xinze, Xinbao Technology and Jilin Xinyue entered into a supplemental agreement to the Investment Agreement pursuant to which all the parties thereto agreed to supplement certain terms of the Investment Agreement as follows:

- Xinbao Technology has undertaken to ensure that the audited net profit of Jilin Xinyue for the years ending 31 December 2021 and 2022 shall be no less than RMB70,000,000 and RMB80,000,000, respectively (the “**Guaranteed Net Profit**”), and the audited net profit of Jilin Xinyue for the years ending 31 December 2021 and 2022 shall be no less than RMB150,000,000 in aggregate.
- If the actual audited net profit of Jilin Xinyue below the Guaranteed Net Profit for any of the years ending 31 December 2021 or 2022, Xinbao Technology shall pay compensation (the “**Profit Compensation**”) to Jilin Xinze in cash. The amount of Profit Compensation payable by Xinbao Technology shall be determined in accordance with the following formula:

$$\text{Profit Compensation} = ((A - B)/\text{RMB150,000,000}) * C * 40\% (\text{note}) - D$$

where:

A = the cumulative Guaranteed Net Profit determined as at the end of the period;

B = the cumulative actual audited net profit of the Jilin Xinyue determined as at the end of the period;

C = the agreed appraised assets value of the Jilin Xinyue, being RMB375,000,000; and

D = the amount of any Profit Compensation which has already been paid by Xinbao Technology to Jilin Xinze.

*note:* it represents the percentage of equity interest in the Jilin Xinyue owned by Jilin Xinze

- It is also agreed that the audited net profit of the Jilin Xinyue for the years ending 31 December 2021 and 2022 will be fully distributed to its shareholders (including Jilin Xinze) as dividends in proportion to their respective equity interest in the Jilin Xinyue (the “**Profit Sharing**”). The aggregate amount of dividends to be received by Jilin Xinze for the years ending 31 December 2021 and 2022 shall not exceed RMB60,000,000.

The equity investment in Jilin Xinyue is accounted for using equity method in accordance with IAS 28 and the derivative financial instrument arising from supplementary agreement is measured at fair value through profit and loss in accordance with IFRS 9. In the opinion of the directors, the forecasted profits of Jilin Xinyue for the years ending 31 December 2021 and 2022 are expected to be not less than Guaranteed Net Profit as at the date of initial recognition and 31 December 2020. As a result, the fair value of the derivative financial instrument was insignificant at the date of initial recognition and as at 31 December 2020.

## Summarized financial information of a material associate

Summarized financial information in respect of the material associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

### *Jilin Xinyue*

	<b>2020</b> <i>RMB'000</i>
Current assets	46,839
Non-current assets	271,890
Current liabilities	10,515
Non-current liabilities	44,523
	<b>From</b> <b>3/11/2020</b> <b>to 31/12/2020</b> <i>RMB'000</i>
Revenue	28,650
Loss and total comprehensive expense for the period	(7,928)

Reconciliation of the above summarized financial information to the carrying amount of Jilin Xinyue recognized in the consolidated financial statements:

	<b>2020</b> <i>RMB'000</i>
Net assets of Jilin Xinyue	263,691
Proportion of the Group's ownership interest in Jilin Xinyue	40%
The Group's share of net assets of Jilin Xinyue	105,476
Goodwill	41,353
Carrying amount of the Group's interest in Jilin Xinyue	146,829

***Information of Guangzhou Leiyun that is not individually material***

	<b>2020</b> <i>RMB'000</i>
The Group's share of loss and total comprehensive expense	(154)
Aggregate carrying amount of the Group's interests in Guangzhou Leiyun	2,846



## 15. LOAN TO EMPLOYEES

The loan to employees represents the housing loan advanced to 3 employees. The loans are unsecured, interest-free and repayable on 25 December 2021, 12 May 2023 or 7 June 2023.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current	6,474	1,900
Current	<u>1,900</u>	<u>—</u>
Total	<u><b>8,374</b></u>	<u><b>1,900</b></u>

The loan to employees is measured initially at fair value and subsequently at amortized cost, using the effective interest method. RMB756,000, being the difference between the principal amount and fair value at initial recognition, was recognized as staff cost during this year.

## 16. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Unlisted investments		
— Equity securities ( <i>note</i> )	<u><b>13,950</b></u>	<u><b>14,000</b></u>

*Note:* The above unlisted equity investments represent Group's equity interests ranging from 19% to 40% in private entities established in the PRC as at 31 December 2020 and 2019. These investments are not considered to be associates or joint ventures of the Group because the Group has no right to appoint any director of the investees. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that these investments are held for long-term strategic purposes instead of short-term trading.

## 17. DEFERRED TAX ASSETS

	31/12/2020 <i>RMB'000</i>	31/12/2019 <i>RMB'000</i>
Deferred tax assets	<u>225</u>	<u>504</u>

The following is the major deferred tax asset recognized and movements thereon during the current year:

	Fair value losses of FVTOCI <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2019	—	—	—
Credit to profit or loss	<u>—</u>	<u>504</u>	<u>504</u>
As at 31 December 2019	—	504	504
Charge to profit or loss	—	(504)	(504)
Credit to other comprehensive income	<u>225</u>	<u>—</u>	<u>225</u>
As at 31 December 2020	<u>225</u>	<u>—</u>	<u>225</u>

At the end of the reporting period, the Group has unused tax losses of approximately RMB4,076,000 (2019: RMB2,164,000) available for offset against future profits. No deferred tax asset has been recognized in respect of such losses due to the unpredictability of future profits streams. The losses with expiry dates as disclosed in the following table.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
2024	1,392	1,392
2025	<u>2,684</u>	<u>—</u>
	<u>4,076</u>	<u>1,392</u>

## 18. TRADE RECEIVABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>88,473</b>	49,326
Less: impairment provision	<u>—</u>	<u>—</u>
Total	<b><u>88,473</u></b>	<b><u>49,326</u></b>

Trade receivables comprise receivables from distribution channels, payment vendors and advertisement agents. The credit terms of trade receivables granted to the distribution channels, payment vendors and advertisement agents are usually 0 to 60 days. Ageing analysis of trade receivables presented based on date of invoices is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
0–30 days	<b>69,264</b>	44,061
31–60 days	<b>14,797</b>	3,209
61–90 days	<b>3,851</b>	1,390
91–180 days	<b>253</b>	411
Over 180 days	<b><u>308</u></b>	<u>255</u>
Total	<b><u>88,473</u></b>	<b><u>49,326</u></b>

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,870,000 (2019: RMB1,182,000) which are past due. Out of the past due balances, RMB317,000 (2019: RMB366,000) has been past due 90 days or more and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

The Group's trade receivables of RMB2,062,000 (2019: nil) are denominated in US\$ other than the functional currency of the group entities.

## 19. PREPAYMENTS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Prepayment for advertisement and promotion fees	36,988	6,195
Prepayment for research and development	5,383	3,260
Prepayment for server-related fees	1,597	298
Advances to employees	1,553	2,469
Prepayment for short term lease	93	121
Deposit for a potential acquisition ( <i>note</i> )	—	75,000
Receivables from service income	—	8,486
Account balance on Alipay	—	250
Others	8,358	1,929
	<hr/>	<hr/>
Total	<b>53,972</b>	<b>98,008</b>

*Note:* On 29 October 2019, the Company, Xinbao Technology and Mr. Luo Wei (collectively referred to as the “**Vendors**”) entered into a non legally-binding memorandum of understanding (the “**MOU**”) pursuant to which the Company expressed an interest to purchase the entire equity interest in the Jilin Xinyue from the Vendors. Jilin Xinyue is principally engaged in development and operation of card and board games, with a focus on localized Mahjong games, and sale of private game room cards business in a number of provinces in the northern part of the PRC, including Heilongjiang, Jilin, Liaoning, Shanxi, Hebei and Gansu provinces. Pursuant to the MOU, a total of RMB75,000,000 as fully refundable earnest money was transferred into a bank account under the joint custody of Jilin Xinze and Xinbao Technology within 5 business days after the signing of the MOU, and the agreement was entered into between Jilin Xinze and the Vendors on 29 October 2019 with respect to arrangements for the holding and release of the earnest money. As set out in Note 14, the Company acquired 40% of the equity interest in Jilin Xinyue on 3 November 2020, and this deposit was used to settle part of the consideration.

## 20. CASH AND CASH EQUIVALENTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cash at bank and in hand	<u><b>732,724</b></u>	<u><b>502,367</b></u>

All cash and cash equivalents are denominated in RMB, except for RMB23,795,000 which denominated in US\$ (2019: nil) and RMB20,297,000 are denominated in HK\$ (2019: RMB109,465,000) as at 31 December 2020.

Bank balances carry interest at market rates which range from 0.01% to 3.10% (2019: 0.30% to 3.10%) per annum.

For the year ended 31 December 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

## 21. OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Salaries and staff welfare payables	<b>24,088</b>	20,520
Other taxes payable	<b>8,246</b>	7,434
Selling and marketing expenses accruals	<b>11,509</b>	10,479
Deposit for advertising and game operation	<b>5,125</b>	—
Payable to game developers ( <i>note</i> )	<b>2,119</b>	2,607
Administrative expenses accruals	<b>1,520</b>	4,137
Purchase consideration payable for acquisition of FVTOCI	—	1,000
Others	<u><b>2,199</b></u>	<u><b>1,160</b></u>
Total	<u><b>54,806</b></u>	<u><b>47,337</b></u>

*Note:* As at 31 December 2020 and 2019, the balance represents sale proceeds received from players of games for which the Group acts as a distributor to be reimbursed to game developers, after deducting the commission income entitled by the Group calculated at a pre-determined rate, and refundable deposits received from game developers.

## 22. LEASE LIABILITIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Lease liabilities payable:</b>		
Within one year	3,469	4,427
More than one year but not more than two years	3,373	3,511
More than two years but not more than five years	3,728	6,463
	<b>10,570</b>	14,401
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(3,469)</b>	(4,427)
Amount due for settlement after 12 months shown under non-current liabilities	<b>7,101</b>	9,974

The weighted average incremental borrowing rates applied to lease liabilities is 6.65% per annum for the both period.

## 23. DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the customers for the Group's self-developed mobile games and third-party mobile games in the forms of prepaid virtual tokens/diamond and private game room cards, for which the related services had not been rendered as at 31 December 2020 and 2019. As the unsatisfied performance obligations will be recognized as revenue within one year, therefore, the deferred revenue is recognized as current liabilities.

	Virtual tokens/ diamond <i>RMB'000</i>	Private game room cards <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2019	26,844	12,425	39,269
Sales proceeds, net of tax	290,187	198,489	488,676
Revenue recognized during the year	(307,088)	(196,086)	(503,174)
As at 31 December 2019	9,943	14,828	24,771
Sales proceeds, net of tax	450,677	215,301	665,978
Revenue recognized during the year	(441,288)	(209,573)	(650,861)
As at 31 December 2020	<b>19,332</b>	<b>20,556</b>	<b>39,888</b>

Deferred revenue amounted to RMB39,888,000 as at 31 December 2020 (31 December 2019: RMB24,771,000) is expected to be recognized as revenue within one year.

## 24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

## OTHER INFORMATION

### FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare a final dividend of RMB0.1593 (equivalent to HK\$0.1892) per ordinary share. Subject to the passing of the relevant resolution at the annual general meeting, the final dividend will be paid in HK dollars based on the rate of HK\$1.00 to RMB0.84198, being the official exchange rate of HK dollars against Renminbi as quoted by the People's Bank of China on 29 March 2021. The final dividend will be paid on or around 18 June 2021 to shareholders whose names appear on the register of members of the Company on 8 June 2021.

The annual general meeting (the “**Annual General Meeting**”) is proposed to be held on 24 May 2021. A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in due course. The register of members of the Company will be closed from 18 May 2021 to 24 May 2021 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 17 May 2021.

Subject to the passing of the relevant resolution at the Annual General Meeting, the register of members of the Company will be closed from 4 June 2021 to 8 June 2021 (both days inclusive), for the purpose of determining shareholders' entitlements to the final dividend. In order to qualify for the final dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 3 June 2021.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2020.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Stock Exchange on 4 July 2019. The net proceeds from the global offering was approximately HK\$363.8 million.

During the year ended 31 December 2020, the proceeds from the global offering were utilized in accordance with the intended purposes as set out in the Prospectus, with an unused balance of approximately HK\$178.2 million as at 31 December 2020. The balance of proceeds from the global offering will continue to be utilized according to the manner and proportions as disclosed in the Prospectus. The following table shows a summary of the intended use of the net proceeds and the utilization as at 31 December 2020:

Intended use of the net proceeds	Utilization from 1 January 2020 to 31 December 2020	Utilization as at 31 December 2020	Remaining balance as at 31 December 2020	Expected time of full utilization of remaining balance of net proceeds
<b>1. Approximately HK\$89.1 million for further expanding and developing game portfolio, of which:</b>	<b>HK\$32.4 million</b>	<b>HK\$47.1 million</b>	<b>HK\$42.0 million</b>	<b>30 June 2022</b>
• HK\$43.4 million is intended to be used to develop additional Mahjong game variations	HK\$15.1 million	HK\$22.6 million	HK\$20.8 million	30 June 2022
• HK\$20.9 million is intended to be used to develop new poker game variations	HK\$7.5 million	HK\$11.0 million	HK\$9.9 million	30 June 2022
• HK\$24.8 million is intended to be used to develop new casual games	HK\$9.8 million	HK\$13.5 million	HK\$11.3 million	30 June 2022
<b>2. Approximately HK\$105.9 million for introducing and enhancing game features or functions and for improving technology infrastructure, of which</b>	<b>HK\$38.4 million</b>	<b>HK\$57.0 million</b>	<b>HK\$48.9 million</b>	<b>30 June 2022</b>
• HK\$39.8 million is intended to be used to develop HTML5 versions and other potential mini-programs for most of the existing game products	HK\$14.8 million	HK\$21.7 million	HK\$18.1 million	30 June 2022
• HK\$18.5 million is intended to be used to improve user interface	HK\$6.6 million	HK\$10.0 million	HK\$8.5 million	30 June 2022
• HK\$19.1 million is intended to be used to improve backend system	HK\$7.0 million	HK\$10.7 million	HK\$8.4 million	30 June 2022
• HK\$16.5 million is intended to be used to develop new features of game products	HK\$5.8 million	HK\$9.2 million	HK\$7.3 million	30 June 2022
• HK\$12.0 million is intended to be used on cybersecurity needs	HK\$4.2 million	HK\$5.4 million	HK\$6.6 million	30 June 2022



Intended use of the net proceeds	Utilization from 1 January 2020 to 31 December 2020	Utilization as at 31 December 2020	Remaining balance as at 31 December 2020	Expected time of full utilization of remaining balance of net proceeds
3. Approximately HK\$65.5 million for enhancing marketing capabilities and improving brand image, of which:	HK\$20.2 million	HK\$32.0 million	HK\$33.5 million	30 June 2022
• HK\$16.4 million is intended to be used on offline promotion activities in respect of new game variations and HK\$14.3 million on offline promotion activities in respect of existing games	HK\$8.2 million	HK\$12.9 million	HK\$17.8 million	30 June 2022
• HK\$30.6 million is intended to be used as advertising expenses	HK\$11.9 million	HK\$18.6 million	HK\$12.0 million	30 June 2022
• HK\$4.2 million is intended to be used to build a PR team to strengthen overall marketing capability	HK\$0.1 million	HK\$0.5 million	HK\$3.7 million	30 June 2022
4. Approximately HK\$38.6 million for external growth by strategically pursuing partnership and acquisition opportunities	HK\$17.0 million	HK\$17.0 million	HK\$21.6 million	30 June 2022
5. Approximately HK\$28.4 million for international expansion	HK\$8.6 million	HK\$12.4 million	HK\$16.0 million	30 June 2022
6. Approximately HK\$36.3 million for providing funding for working capital and general corporate purposes	HK\$14.4 million	HK\$20.1 million	HK\$16.2 million	30 June 2022
Total	<u>HK\$131.0 million</u>	<u>HK\$185.6 million</u>	<u>HK\$178.2 million</u>	

There was a delay in the utilization of the net proceeds relating to marketing and promotion activities in 2020 since the Company has reduced offline promotion activities due to the outbreak of the COVID-19 virus. In addition, the Company benefited from lower cost of promotion of its games through online social media platforms as the active users for these social media platforms increased following the outbreak of the COVID-19 virus during which the general public spent more time at home. There was also a delay in the utilization of the net proceeds relating to (i) further expansion and development of game portfolio; and (ii) introduction and enhancement of game features or functions as the recruitment of game developers and engineers has slowed down due to the outbreak of the COVID-19 virus.

## EVENTS AFTER THE REPORTING PERIOD

There was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2020, the Company has complied with the applicable code provisions of the Code as set forth in the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules, except for a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wu Chengze (“**Mr. Wu**”) is the chairman and chief executive officer of the Company. With extensive experience in the game industry, Mr. Wu is responsible for formulating and implementing the overall development strategies and business plans of the Group and is instrumental to the Company’s growth and business expansion since its establishment in 2009. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises five executive directors (including Mr. Wu) and three independent non-executive directors and therefore, in the Company’s view, has an appropriate level of independence element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the Reporting Period up to the date of this announcement.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement 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 Deloitte Touche Tohmatsu on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Yu Ronald Patrick Lup Man, Mr. Zhang Yuguo and Mr. Hu Yangyang. Mr. Yu Ronald Patrick Lup Man is the chairman of the Audit Committee.

The annual results of the Group for the year ended 31 December 2020 have been audited by Messrs. Deloitte Touche Tohmatsu, the auditor of the Company. The Audit Committee has reviewed the Company's audited consolidated results for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

## **CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES**

In August 2020, Mr. Yu Ronald Patrick Lup Man was approved as a responsible officer of HAB Management Limited licensed to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance. Save as disclosed above, there has been no change in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://www.jiaxianghudong.com>). The annual report of the Company for the year ended 31 December 2020 will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board of Directors  
**Homeland Interactive Technology Ltd.**  
**Wu Chengze**  
*Chairman*

Hong Kong, 29 March 2021

*As at the date of this announcement, the executive directors are Mr. Wu Chengze, Mr. Jiang Mingkuan, Mr. Su Bo, Mr. Guo Shunshun and Mr. Men Geng; and the independent non-executive directors are Mr. Yu Ronald Patrick Lup Man, Mr. Zhang Yuguo, Mr. Hu Yangyang and Ms. Guo Ying.*

*\* For identification purpose only*