

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 2021

	For the year ended		Year-on-Year Change*
	31 December 2021	2020	
	(RMB in thousands, except for percentages)		
Revenue	<b>1,287,722</b>	772,034	66.8
Cost of sales	<b>(328,894)</b>	(179,946)	82.8
Gross profit	<b>958,828</b>	592,088	61.9
Profit for the year attributable to owners of the Company	<b>500,713</b>	390,804	28.1
Non-IFRS adjusted net profit attributable to the owners of the Company**	<b>511,155</b>	417,849	22.3
Earnings per Share (basic) (expressed in RMB per Share)	<b>0.4</b>	0.31	29.0
* 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.			

## REVENUE BY TYPES OF VIRTUAL PRODUCTS

	For the year ended 31 December		Year-on-Year Change*
	2021	2020	(%)
	(RMB in thousands, except for percentages)		
<b>Self-developed mobile games</b>			
Virtual tokens	<b>974,194</b>	419,601	132.2
Private game room cards	<b>147,159</b>	209,573	(29.8)
<b>Third-party mobile games</b>	<b>39,716</b>	21,687	83.1
	<b>1,161,069</b>	650,861	78.4
<b>Advertising revenue**</b>	<b>126,653</b>	121,173	4.5
<b>Total</b>	<b><u>1,287,722</u></b>	<b><u>772,034</u></b>	<b><u>66.8</u></b>

\* 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.

	<b>As at or for the year ended 31 December 2021</b>	As at or for the year ended 31 December 2020
<i>All games</i>		
Daily active users (“DAUs”) *		
(as at period end)	<b>9,055,550</b>	7,521,912
Paying players**	<b>15,475,277</b>	5,592,374
<i>Virtual tokens</i>		
DAUs* (as at period end)	<b>8,720,755</b>	6,029,102
Paying players**	<b>15,381,800</b>	5,436,885
<i>Private game room cards</i>		
DAUs* (as at period end)	<b>334,795</b>	1,492,810
Paying players**	<b>93,477</b>	155,489
* 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 2021 (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. In addition to the sphere of mobile card and board games, the Group also develops and operates casual games, and has currently launched a variety of casual games including “Jixiang Arcade Fish Strike” (吉祥街機捕魚) and “Weile Fish Strike Thousand Cannon” (微樂捕魚千炮版). Since its establishment, the Group has continued to increase its competitive advantage through the formulation of product, pricing, marketing and promotion strategies that match the changing needs of the players of different demographics. The Group has achieved staggering growth in its user base in recent years, and has successfully established a stable and healthy development of its own platform traffic. Leveraging its large player base, the Group commenced the distribution of third-party mobile games in August 2018, and expanded its advertising business in September 2019.

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 2021, the Group has launched 12 new Mahjong game variations and 9 new poker game variations.

During 2021, recognizing the trend and catering for the changing needs of mobile users, the Group has enhanced its localization strategies and started promotion and marketing of games with social media influencers on short video and live streaming platforms such as TikTok and Kuaishou. During 2021, the Group started to publish games internationally and has achieved initial results, which is in line the with expectation of the Group.

In terms of financial performance, the Group continued its robust growth in 2021. The Group’s revenue and gross profit for the year ended 31 December 2021 were approximately RMB1,287.7 million and RMB958.8 million, representing an increase of approximately 66.8% and 61.9%, respectively as compared with last year, primarily due to significant increase in the Group’s paying players and DAUs during 2021 resulting from the Company’s effort in further developing the Group’s game portfolio, the deployment of refined and focused operational strategies, and the enhancement of customer services to boost player stickiness and stimulate in-game purchases. The growth in revenue was also attributable to the increase in revenue generated from casual games due to the Company’s focus on improvements and upgrades to existing versions of its casual games, especially Fishing Strike (捕魚), in order to enhance player experience. During 2021, the Group

recognized advertising revenue of approximately RMB126.7 million as it incentivized players by giving free in-game virtual items 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 RMB10.4 million, was approximately RMB511.2 million for the year ended 31 December 2021, representing an increase of approximately 22.3% from approximately RMB417.8 million for the year ended 31 December 2020.

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. During 2021, the Group has invested in an amount of approximately RMB97 million in research and development, representing an increase of 61.7% from approximately RMB60 million for the year ended 31 December 2020. As at 31 December 2021, the Group's DAUs increased to 9,055,550, representing a growth of 20.4%, as compared with 31 December 2020. The Group's paying players reached 15,475,277 for the year ended 31 December 2021, representing a growth of 176.7% as compared with the year ended 31 December 2020.

## **Business Outlook**

During 2022, the Group will continue its efforts to further solidify its leading position in the localized card and board game industry in China and strengthen its position in casual and other games by continuing and adopting the following strategies:

- Further develop and optimize the Group's game portfolio to boost player stickiness and further develop the Group's advertising revenue. 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. In 2021, the Group has launched 12 new Mahjong game variations and 9 new poker game variations. Moreover, the Group also intends to introduce more casual games to amplify its overall game portfolio and attract players with different interests. Leveraging its user traffic, the Group will continue to cooperate with other platform operators to insert in-game advertisement slots. The Group will also utilize its data analytical capabilities to develop strategies including analysing the frequency and timing of advertisements shown to players in order to optimise advertising revenue.

- 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. The Group will also continue to make improvements and upgrades to existing versions of its casual games in order to enhance player experience.
- 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 2022, 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 2022, 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. In 2022, the Group will continue to explore potential 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 2021 amounted to approximately RMB1,287.7 million, representing an increase of 66.8% from approximately RMB772.0 million recorded in 2020. The increase in revenue was primarily driven by significant increase in the Group's paying players and DAUs during 2021 resulting from the Company's effort in further developing the Group's game portfolio, the deployment of refined and focused operational strategies, and the enhancement of customer services to boost player stickiness and stimulate in-game purchases. 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 2021, 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 75.7%, 11.4%, 3.1% and 9.8% of the Group's total revenue, respectively, as compared with approximately 54.4%, 27.1%, 2.8% and 15.7%, respectively, for the year ended 31 December 2020.

#### *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 82.8% to approximately RMB328.9 million in 2021 from approximately RMB179.9 million in 2020, 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 RMB119.5 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 RMB10.4 million in server-related and technical support fees; and (iii) an increase of RMB20.7 million in employee benefit expenses. As at 31 December 2021, 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 61.9% to approximately RMB958.8 million for the year ended 31 December 2021 from approximately RMB592.1 million in 2020, and the Group's gross profit margin decreased slightly to 74.5% for the year ended 31 December 2021 from 76.7% in 2020.

### ***Other Income***

Other income decreased by approximately 22.0% from approximately RMB54.5 million for the year ended 31 December 2020 to approximately RMB42.5 million for the year ended 31 December 2021. The decreased was primarily due to a decrease of RMB21.3 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, which was offset by (i) an increase of RMB8.0 million in interest income; (ii) an increase of RMB0.7 million in government subsidies which are industry-specific subsidies obtained from local governments; and (iii) an increase of RMB0.7 million in sundry income.

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

Foreign exchange losses of approximately RMB1.5 million was recorded for the year ended 31 December 2021 while foreign exchange losses of approximately RMB0.6 million was recorded for the year ended 31 December 2020, 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 162.4% from approximately RMB120.9 million for the year ended 31 December 2020 to approximately RMB317.3 million in 2021. The increase was primarily due to a RMB196.8 million increase in advertising expenses resulting from the Group's enhanced marketing efforts to acquire and retain players.

### ***Administrative Expenses***

The Group's administrative expenses increased by approximately 84.0% from approximately RMB54.0 million for the year ended 31 December 2020 to approximately RMB99.3 million in 2021. The increase was primarily due to (i) an increase of RMB33.1 million in employee benefit expenses; an increase of RMB5.6 million in office allowances, traveling and transportation expenses, and entertainment expenses; and (iii) an increase of RMB4.6 million in other professional service fees, which was partially offset by a decrease of RMB4.7 million in share-based payment expenses.

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

The Group's profit before income tax increased by approximately 25.3% from approximately RMB460.6 million for the year ended 31 December 2020 to approximately RMB577.2 million in 2021. The Group's profit before income tax as a percentage of total revenue decreased from 59.7% for the year ended 31 December 2020 to 44.8% for the year ended 31 December 2021, primarily due to the significant increase in advertising expenses for the Group's business expansion which exceed its growth in revenue.

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

Income tax expenses increased by approximately 9.1% from RMB70.5 million for the year ended 31 December 2020 to RMB77.0 million in 2021, primarily due to the increase in taxable profits generated for the year ended 31 December 2021. The Group's effective tax rates were 15.3% and 13.3% for the years ended 31 December 2020 and 2021, respectively.

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

Profit attributable to owners of the Company increased by approximately 28.1% from approximately RMB390.8 million for the year ended 31 December 2020 to approximately RMB500.7 million in 2021.

### *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>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the year attributable to the owners of the Company	<b>500,713</b>	390,804
Add:		
Share-based payment expenses	<b>10,442</b>	27,045
Adjusted net profit attributable to the owners of the Company	<b><u>511,155</u></b>	<b><u>417,849</u></b>

The adjusted net profit attributable to the owners of the Company for the year ended 31 December 2021, adjusted by excluding the non-cash item of share-based payment expenses, was approximately RMB511.2 million, increased by 22.3% as compared to approximately RMB417.8 million for 2020.

## **Liquidity and Capital Resources**

For the year ended 31 December 2021, 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 mostly in HK dollars and US dollars, with the remaining portion denominated in Euros and Singapore 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 2021, the Group had cash and cash equivalents of approximately RMB1,125.2 million (31 December 2020: approximately RMB732.7 million), which primarily consisted of cash at bank. Out of the RMB1,125.2 million, approximately RMB1,065.0 million is denominated in Renminbi, approximately RMB43.8 million is denominated in US dollars, approximately RMB15.3 million is denominated in HK dollars, approximately RMB0.9 million and RMB0.2 million is denominated in Euros and Singapore dollars, respectively. The Group currently does not hedge transactions undertaken in foreign currencies.

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 2021, 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 RMB30.7 million in aggregate (31 December 2020: RMB10.6 million).

### ***Gearing ratio***

The gearing ratio was zero since there was no debt as at 31 December 2021.

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

As at 31 December 2021, the Group did not pledge any of its assets.

### ***Capital expenditures***

For the year ended 31 December 2021, the Group's capital expenditure amounted to approximately RMB29.6 million (for the year ended 31 December 2020: approximately RMB160.7 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 2021 was lower as the Company incurred increased expenditure with respect to the investment in associates in 2020.

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

As at 31 December 2021, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

### ***Performance of major associate***

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.

As of 31 December 2021, the carrying amount of the Group's interest in Jilin Xinyue was approximately RMB136.1 million, representing approximately 7.9% of the total assets of the Group. The vendor of Jilin Xinyue has undertaken that the audited net profit of Jilin Xinyue for the year ended 31 December 2021 shall not be less than RMB70,000,000. Such profit guarantee has been met and Jilin Xinze received dividend of RMB31.9 million and recorded dividend receivable of RMB6.3 million from Jilin Xinyue for the year ended 31 December 2021. Further details on the Group's significant investment during the Reporting Period is contained in note 18 to the consolidated financial statements.

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

During the year ended 31 December 2021, 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 2021 although the pace of recruitment has slowed down due to the outbreak of the COVID-19. Taking into account the employees who departed during 2021, as at 31 December 2021, the Group had a total of 539 full time employees, mainly located in mainland China. In particular, 134 employees are responsible for the Group’s research and development, 202 for game development, 40 for technical support, 27 for customer service, 78 for marketing and 58 for operations and general administration. The total staff cost incurred by the Group for the year ended 31 December 2021 was approximately RMB153.8 million compared to approximately RMB100.6 million in 2020. The increase was mainly due to increase in payment of salaries and other benefits in kind which was in line with the addition of employees to cope with business expansion.

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.

On 30 September 2021, the Company announced the cancellation of 60,760,000 outstanding share options under the Share Option Scheme and the grant of 27,403,500 share awards under the Share Award Scheme, out of which 6,000,000 share awards were granted to six connected persons. The specific mandate to issue new shares underlying the 6,000,000 share awards granted to the connected persons was approved by the shareholders at an extraordinary general meeting held on 10 November 2021.

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 2021.

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

*FOR THE YEAR ENDED 31 DECEMBER 2021*

	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue</b>	3	<b>1,287,722</b>	772,034
Cost of sales	4	<u>(328,894)</u>	<u>(179,946)</u>
<b>Gross profit</b>		<b>958,828</b>	592,088
Other income	5	<b>42,478</b>	54,488
Other gains and losses	6	<b>(25,648)</b>	—
Foreign exchange losses, net		<b>(1,469)</b>	(628)
Selling and marketing expenses		<b>(317,306)</b>	(120,888)
Administrative expenses		<b>(99,305)</b>	(53,981)
Other expenses	7	<b>(6,288)</b>	(6,390)
Share of profit (loss) of associates	16	<b>27,006</b>	(3,325)
Interest on lease liabilities		<u>(1,060)</u>	<u>(792)</u>
<b>Profit before income tax</b>		<b>577,236</b>	460,572
Income tax expense	8	<u>(76,960)</u>	<u>(70,545)</u>
<b>Profit for the year</b>	9	<u><b>500,276</b></u>	<u>390,027</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>(3,574)</u>	<u>(1,275)</u>
Other comprehensive expense for the year, net of income tax		<u>(3,574)</u>	<u>(1,275)</u>
<b>Total comprehensive income for the year</b>		<u><b>496,702</b></u>	<u><b>388,752</b></u>

	<i>NOTES</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		<b>500,713</b>	390,804
Non-controlling interests		<b>(437)</b>	(777)
		<b><u>500,276</u></b>	<u>390,027</u>
<b>Total comprehensive income (expense)</b>			
<b>attributable to:</b>			
Owners of the Company		<b>497,139</b>	389,529
Non-controlling interests		<b>(437)</b>	(777)
		<b><u>496,702</u></b>	<u>388,752</u>
<b>Earnings per share (in RMB cents)</b>			
— Basic	<i>12</i>	<b><u>39.77</u></b>	<u>31.40</u>
— Diluted	<i>12</i>	<b><u>38.93</u></b>	<u>30.77</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 DECEMBER 2021*

	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>13</i>	<b>51,557</b>	43,416
Intangible assets	<i>14</i>	<b>1,412</b>	1,610
Right-of-use assets	<i>15</i>	<b>29,758</b>	9,728
Investments in associates	<i>16</i>	<b>153,498</b>	149,675
Loan to employees	<i>17</i>	<b>13,788</b>	6,474
Rental and other deposits		<b>5,637</b>	2,525
Equity instruments at fair value through other comprehensive income	<i>18</i>	<b>10,146</b>	13,950
Deferred tax assets	<i>19</i>	<b>9,972</b>	225
		<hr/> <b>275,768</b>	<hr/> 227,603
<b>Current assets</b>			
Trade receivables	<i>20</i>	<b>194,736</b>	88,473
Prepayments and other receivables	<i>21</i>	<b>133,271</b>	53,972
Loan to employees	<i>17</i>	<b>—</b>	1,900
Cash and cash equivalents	<i>22</i>	<b>1,125,162</b>	732,724
		<hr/> <b>1,453,169</b>	<hr/> 877,069
<b>Current liabilities</b>			
Other payables	<i>23</i>	<b>92,221</b>	54,806
Lease liabilities	<i>24</i>	<b>11,241</b>	3,469
Deferred revenue	<i>25</i>	<b>82,492</b>	39,888
Tax payable		<b>55,909</b>	50,056
		<hr/> <b>241,863</b>	<hr/> 148,219
<b>Net current assets</b>		<hr/> <b>1,211,306</b>	<hr/> 728,850
<b>Total assets less current liabilities</b>		<hr/> <b>1,487,074</b>	<hr/> <b>956,453</b>

	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Non-current liability</b>			
Lease liabilities	24	<b>19,466</b>	7,101
Deferred tax liabilities	19	<b>1,934</b>	—
Derivative financial liabilities		<b>25,370</b>	—
		<u>46,770</u>	<u>7,101</u>
<b>Net assets</b>		<b><u>1,440,304</u></b>	<b><u>949,352</u></b>
<b>Capital and reserves</b>			
Share capital		<b>42</b>	41
Reserves		<b>1,441,076</b>	950,088
		<u>1,441,118</u>	<u>950,129</u>
Equity attributable to owners of the Company		<b>1,441,118</b>	950,129
Non-controlling interests		<b>(814)</b>	(777)
		<u>1,440,304</u>	<u>949,352</u>
<b>Total equity</b>		<b><u>1,440,304</u></b>	<b><u>949,352</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company										
	Share capital RMB'000	Shares held for Share Award Scheme RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000 <i>(note i)</i>	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	Total equity RMB'000
As at 1 January 2020	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 <i>(Note 10)</i>	—	—	(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

Attributable to owners of the Company

	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 i)	Share-based payments reserve RMB'000	Fair value through other compre- hensive reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Profit (loss) for the year	—	—	—	—	—	—	—	500,713	500,713	(437)	500,276
Other comprehensive expense for the year	—	—	—	—	—	—	(3,574)	—	(3,574)	—	(3,574)
Total comprehensive (expense) income for the year	—	—	—	—	—	—	(3,574)	500,713	497,139	(437)	496,702
Issue of shares held for the Compensation Grant and the 2021 Share Award Scheme	1	(1)	—	—	1	—	—	—	1	—	1
Recognition of share-based payment expenses under the Share Option Scheme and the incremental fair value under the Compensation Grant	—	—	—	—	—	10,172	—	—	10,172	—	10,172
Recognition of share-based payment expenses under the 2021 Share Award Scheme	—	—	—	—	—	270	—	—	270	—	270
Share-based payment expenses related to the share options forfeited after the vesting date	—	—	—	—	—	(324)	—	324	—	—	—
Capital injection by non-controlling interests	—	—	—	—	—	—	—	—	—	400	400
Repurchase of shares (note ii)	—	(16,593)	—	—	—	—	—	—	(16,593)	—	(16,593)
As at 31 December 2021	42	(16,594)	113,551	15,027	19,718	37,627	(4,849)	1,276,596	1,441,118	(814)	1,440,304

*Note i:* The other reserve represents (i) the difference between the consideration paid and share 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 Xiamen Kexin Network Technology Company Limited (“**Homeland PRC**”, formerly known as Beijing Kexin Network Technology Company Limited), Jiaxiang Interactive (Xiamen) Network Technology Company Limited (“**Jiixiang Interactive**”) and Jilin Yutai Network Technology Company Limited (“**Jilin Yutai**”, which is controlled by Mr. Wu Chengze (“**Mr. Wu**”)) entered into a series of contractual arrangements which enable the Group to have control over the assets, liabilities and operating profits from Jiixiang Interactive and its subsidiaries.

*Note ii:* During the year ended 31 December 2021, the Company repurchased 11,942,000 of shares on the open market at a price of HK\$1.48 to HK\$1.93 through Futu Trustee, which was appointed as an independent trustee for the share award scheme of the Company, as treasury shares for the purpose of future share award scheme.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
NOTES	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before income tax	577,236	460,572
Adjustments for:		
Depreciation of property, plant and equipment	5,420	4,383
Amortization of intangible assets	536	1,954
Depreciation of right-of-use assets	6,359	4,408
Interest income	(22,770)	(14,794)
Loss on disposal of property, plant and equipment	278	—
Loss on early termination of a lease	(244)	32
Loss on fair value changes of derivatives	25,370	—
Share-based payment expenses	10,442	27,045
Interest on lease liabilities	1,060	792
Share of (profit) loss of associates	(27,006)	3,325
Staff cost due to loan to employees	1,305	756
Foreign exchange losses	1,103	1,507
	<hr/>	<hr/>
Operating cash flows before movements in working capital	579,089	489,980
Increase in trade receivables	(106,263)	(39,279)
Increase in other deposits, prepayments and other receivables	(73,373)	(31,311)
Increase in other payables	37,415	9,141
Increase in deferred revenue	42,604	15,117
	<hr/>	<hr/>
Cash from operating activities	479,472	443,648
Income tax paid	(78,290)	(45,635)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>401,182</b>	<b>398,013</b>

	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(13,839)</b>	(4,326)
Acquisition of investments in associates		<b>(15,000)</b>	(75,000)
Purchases of equity instruments at fair value through other comprehensive income		<b>(400)</b>	(5,450)
Purchase of intangible assets		<b>(338)</b>	(934)
Dividend received from associates		<b>31,860</b>	—
Interest received		<b>22,770</b>	14,794
Loan to employees		<b>(6,719)</b>	(7,230)
Capital injection by non-controlling interests		<b>400</b>	(7,230)
Payments for rental deposits		<b>(2,716)</b>	—
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>16,018</b>	(78,146)
		<hr/>	<hr/>
<b>Financing activities</b>			
Issue of new shares		<b>1</b>	—
Issue costs paid		—	(672)
Dividends paid		—	(83,022)
Repayments for lease liabilities		<b>(6,007)</b>	(3,649)
Interest paid on lease liabilities		<b>(1,060)</b>	(792)
Payment on repurchase of shares		<b>(16,593)</b>	—
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(23,659)</b>	(88,135)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		<b>393,541</b>	231,732
Cash and cash equivalents at the beginning of the year		<b>732,724</b>	502,367
Effect of foreign exchange rate changes		<b>(1,103)</b>	(1,375)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	22	<b>1,125,162</b>	732,724
		<hr/> <hr/>	<hr/> <hr/>

# 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, Mr. Jiang Mingkuan (“**Mr. Jiang**”) and Mr. Su Bo (“**Mr. Su**”) (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 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 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of 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>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture <sup>4</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to International Interpretation 5 (2020) <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</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 IFRSs	Annual Improvements to IFRSs 2018–2020 <sup>2</sup>

1 Effective for annual periods beginning on or after 1 April 2021.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

4 Effective for annual periods beginning on or after a date to be determined.

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 revenue. 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 and the customers purchase the virtual tokens of respective games or convert the virtual tokens 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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from:		
— Self-developed mobile games		
Virtual tokens	974,194	419,601
Private game room cards	147,159	209,573
— Third-party mobile games	39,716	21,687
	<b>1,161,069</b>	650,861
Advertising revenue	126,653	121,173
	<b><u>1,287,722</u></b>	<b><u>772,034</u></b>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Employee benefit expenses	84,553	63,832
Commissions and fees charged by distribution channels and payment vendors	198,702	79,225
Server-related and technical support fees	43,835	33,470
Depreciation and amortization	1,156	2,874
Others	648	545
	<u>328,894</u>	<u>179,946</u>

## 5. OTHER INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Service income ( <i>note i</i> )	7,972	29,320
Interest income	22,770	14,794
Government subsidies ( <i>note ii</i> )	10,551	9,896
Sundry income	1,185	478
	<u>42,478</u>	<u>54,488</u>
Total	<u>42,478</u>	<u>54,488</u>

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 GAINS AND LOSSES

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss on fair value changes of derivatives	(25,370)	—
Loss on disposal of property, plant and equipment	(278)	—
	<u>(25,648)</u>	<u>—</u>

## 7. OTHER EXPENSES

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Charity donation	5,000	5,000
Others	1,288	1,390
	<u>6,288</u>	<u>6,390</u>

## 8. INCOME TAX EXPENSE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PRC Corporate Income Tax (“CIT”)		
Current year	81,696	57,259
Under provision in prior years	2,447	12,782
	<u>84,143</u>	<u>70,041</u>
Deferred tax		
Current year ( <i>Note 19</i> )	(7,183)	504
	<u>76,960</u>	<u>70,545</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.

During the year ended 31 December 2021, Jiexiang Interactive became qualified as “High and New Technology Enterprises” (“HNTe”) under the Corporate Income Tax Law and according to the CIT law, it became entitled to a preferential income tax rate at 15% for three years starting from this year. For the year ended 31 December 2020, Jiexiang Interactive qualified as a “Double Soft Enterprise” (“DSE”) under the Corporate Income Tax Law. According to relevant tax regulations, Jiexiang Interactive is exempted 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 Jiexiang Interactive in year 2020 was 12.5%.

Jilin Xinze qualified as HNTE under the Corporate Income Tax Law since 2017 and such qualification was renewed during the year 2020 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 exempted 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.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year (“**Super Deduction**”). Jiaxiang Interactive, Jilin Xinze and Jilin Yuke have claimed such Super Deduction in ascertaining its tax assessable profits 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>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit before income tax	<u><b>577,236</b></u>	<u>460,572</u>
Tax at income tax rate of 25%	<b>144,309</b>	115,143
Tax effect of tax losses not recognized	<b>3,390</b>	671
Tax effect of expenses not deductible for tax purpose	<b>2,977</b>	9,807
Tax effect of share of (profit) loss of associate	<b>(6,752)</b>	831
Effect of Super Deduction	<b>(19,076)</b>	(15,454)
Effect of preferential tax rate	<b>(50,335)</b>	(53,235)
Under provision in prior year	<u><b>2,447</b></u>	<u>12,782</u>
Income tax expense	<u><b>76,960</b></u>	<u>70,545</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 RMB1,339,695,000 as at 31 December 2021 (2020: RMB833,386,000) 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.

## 9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Lease expenses in respect of short-term leases on buildings	<b>518</b>	834
Depreciation of right-of-use assets	<b>6,359</b>	4,408
Depreciation of property, plant and equipment	<b>5,420</b>	4,383
Amortization of intangible assets	<b>536</b>	1,954
Auditors' remuneration	<b>3,528</b>	3,216
Directors' emoluments ( <i>Note 11</i> )	<b>3,821</b>	3,870
Other staff costs:		
Salaries and other benefits in kind	<b>134,777</b>	69,313
Contributions to retirement benefit scheme ( <i>note</i> )	<b>4,735</b>	333
Share-based payment expenses	<b>10,442</b>	27,045
Total staff costs	<b><u>153,775</u></b>	<u>100,561</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.

## 10. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2019 Final — RMB0.0661 (equivalent to HK\$0.0725) per share	—	83,022
	<u>—</u>	<u>83,022</u>

During the year ended 31 December 2021, a final dividend of RMB0.1593 (equivalent to HK\$0.1892) per share in respect of the year ended 31 December 2020 was rejected by the shareholders of the Company in the annual general meeting held on 29 June 2021. As a result, the final dividend declared was not paid.

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

### (a) Executive directors' emoluments

The remuneration of each executive director for the year ended 31 December 2021 is set out as follows:

Name of director	Fees <i>RMB'000</i>	Salaries and other benefits in kind <i>RMB'000</i>	Contributions to retirement benefit scheme <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:				
Mr. Wu ( <i>note i</i> )	—	738	7	745
Mr. Jiang ( <i>note ii</i> )	—	556	33	589
Mr. Su ( <i>note iii</i> )	—	458	33	491
Mr. Guo Shunshun (“ <b>Mr. Guo</b> ”) ( <i>note iv</i> )	—	585	7	592
Mr. Men Geng (“ <b>Mr. Men</b> ”) ( <i>note v</i> )	—	651	53	704
	<u>—</u>	<u>2,988</u>	<u>133</u>	<u>3,121</u>
Total	<u>—</u>	<u>2,988</u>	<u>133</u>	<u>3,121</u>

The remuneration of each executive director for the year ended 31 December 2020 is set out as follows:

Name of director	Fees <i>RMB'000</i>	Salaries and	Contributions	Total <i>RMB'000</i>
		other benefits in kind <i>RMB'000</i>	to retirement benefit scheme <i>RMB'000</i>	
Executive directors:				
Mr. Wu ( <i>note i</i> )	—	720	—	720
Mr. Jiang ( <i>note ii</i> )	—	720	2	722
Mr. Su ( <i>note iii</i> )	—	628	2	630
Mr. Guo Shunshun (“ <b>Mr. Guo</b> ”) ( <i>note iv</i> )	—	570	—	570
Mr. Men Geng (“ <b>Mr. Men</b> ”) ( <i>note v</i> )	—	674	4	678
	<hr/>	<hr/>	<hr/>	<hr/>
Total	—	3,312	8	3,320
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) Mr. Wu is also the chairman and the chief executive officer of the Group and his emoluments disclosed above included those services rendered by him as the chief executive officer.
- (ii) Mr. Jiang is also the chief operating officer of the Group and his emoluments disclosed above included those services rendered by him as the chief operating officer.
- (iii) Mr. Su is also the chief investment officer of the Group and his emoluments disclosed above included those services rendered by him as the chief investment officer.
- (iv) Mr. Guo is also the chief product officer of the Group and his emoluments disclosed above included those services rendered by him as the chief product officer.
- (v) Mr. Men is a general manager of Homeland PRC since September 2018 and his emoluments disclosed above included those services rendered by him as the general manager.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

**(b) Independent non-executive directors' emoluments**

Ms. Guo Ying was appointed as the independent non-executive director of the Company on 29 December 2020.

The remuneration of each independent non-executive director for the year ended 31 December 2021 is set out as follows:

Name of director	Fees <i>RMB'000</i>	Salaries and	Contributions	Total <i>RMB'000</i>
		other benefits in kind <i>RMB'000</i>	to retirement benefit scheme <i>RMB'000</i>	
Independent non-executive directors:				
Mr. Yu Ronald Patrick Lup Man	250	—	—	250
Mr. Zhang Yuguo	150	—	—	150
Mr. Hu Yangyang	150	—	—	150
Ms. Guo Ying	150	—	—	150
Total	<u>700</u>	<u>—</u>	<u>—</u>	<u>700</u>

The remuneration of each independent non-executive director for the year ended 31 December 2020 is set out as follows:

Name of director	Fees <i>RMB'000</i>	Salaries and	Contributions	Total <i>RMB'000</i>
		other benefits in kind <i>RMB'000</i>	to retirement benefit scheme <i>RMB'000</i>	
Independent non-executive directors:				
Mr. Yu Ronald Patrick Lup Man	250	—	—	250
Mr. Zhang Yuguo	150	—	—	150
Mr. Hu Yangyang	150	—	—	150
Ms. Guo Ying	—	—	—	—
Total	<u>550</u>	<u>—</u>	<u>—</u>	<u>550</u>

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

**(c) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group are non-directors and their aggregate amounts of remuneration for the year are set out as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries and other benefits in kind	<b>4,316</b>	2,309
Contributions to retirement benefit scheme	<b>76</b>	4
Share-based payment expenses	<b>2,216</b>	6,281
	<hr/>	<hr/>
Total	<b>6,608</b>	8,594
	<hr/> <hr/>	<hr/> <hr/>

The number of the highest paid employees whose remuneration fell within the following bands (presented in Hong Kong Dollar (“**HK\$**”)) is as follows:

	<b>2021</b> <i>No. of</i> <i>employees</i>	2020 <i>No. of</i> <i>employees</i>
Non-directors:		
HK\$1,000,001 to HK\$1,500,000	—	2
HK\$1,500,001 to HK\$2,000,000	<b>2</b>	1
HK\$2,000,001 to HK\$2,500,000	<b>2</b>	1
HK\$2,500,001 to HK\$3,000,000	<b>1</b>	1
	<hr/>	<hr/>
Total	<b>5</b>	5
	<hr/> <hr/>	<hr/> <hr/>

No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of them has waived or agreed to waive any emoluments for both years.

## 12. 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:

	<b>2021</b>	2020
	<i>RMB'000</i>	<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><b>500,713</b></u>	<u>390,804</u>
	<b>Number of shares</b>	
	<b>2021</b>	2020
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue less shares held for future share award scheme for the purpose of basic earnings per share	<b>1,258,870,628</b>	1,244,583,232
Effect of dilutive potential ordinary shares in respect of		
— Share Award Scheme	—	1,996,768
— Share Option Scheme	<b>24,274,037</b>	23,463,852
— The Compensation Grant	<b>2,907,315</b>	—
— The 2021 Share Award Scheme	—	—
Weighted average number of ordinary shares of the Company for the purpose of diluted earnings per share	<u><b>1,286,051,980</b></u>	<u>1,270,043,852</u>

### 13. 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 2020	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
Additions	2,792	7,445	—	3,602	13,839
Disposal	—	(399)	—	—	(399)
As at 31 December 2021	39,528	13,016	5,738	8,866	67,148
<b>Depreciation</b>					
As at 1 January 2020	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
Provided for the year	1,865	1,576	938	1,041	5,420
Disposal	—	(121)	—	—	(121)
As at 31 December 2021	4,382	5,442	2,983	2,784	15,591
<b>Carrying values</b>					
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>
As at 31 December 2021	<u>35,146</u>	<u>7,574</u>	<u>2,755</u>	<u>6,082</u>	<u>51,557</u>

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

<b>Classes</b>	<b>Estimated residual value rates</b>	<b>Useful lives</b>
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.

## 14. 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 2020	1,250	436	7,170	8,856
Additions	—	85	849	934
As at 31 December 2020	1,250	521	8,019	9,790
Additions	—	238	100	338
As at 31 December 2021	1,250	759	8,119	10,128
<b>Amortization</b>				
As at 1 January 2020	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
Charge for the year	125	107	304	536
As at 31 December 2021	333	499	7,884	8,716
<b>Carrying values</b>				
As at 31 December 2020	<u>1,042</u>	<u>129</u>	<u>439</u>	<u>1,610</u>
As at 31 December 2021	<u>917</u>	<u>260</u>	<u>235</u>	<u>1,412</u>

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

## 15. RIGHT-OF-USE ASSETS

	<b>Office properties RMB'000</b>	
<b>As at 31 December 2021</b>		
Carrying amount		<u>29,758</u>
<b>As at 31 December 2020</b>		
Carrying amount		<u>9,728</u>
	<b>Year ended</b>	Year ended
	<b>31/12/2021</b>	31/12/2020
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation charge	<b>6,359</b>	4,408
Expense relating to short-term leases	<b>518</b>	834
Total cash outflow for leases	<b>7,585</b>	5,247
Additions to right-of-use assets	<b>26,966</b>	—
Early termination of a lease	<b>578</b>	214
	<u>          </u>	<u>          </u>

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.

In addition, lease liabilities of RMB30,707,000 are recognized with related right-of-use assets of RMB29,758,000 as at 31 December 2021 (2020: lease liabilities of RMB10,570,000 and related right-of-use assets of RMB9,728,000). 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.

The Group regularly entered into short-term leases for office properties. As at 31 December 2021, 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 9.

## 16. INVESTMENTS IN ASSOCIATES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of investment in associates	168,000	153,000
Share of post-acquisition losses and other comprehensive expenses	23,681	(3,325)
Dividend declared	(38,183)	—
Total	<u>153,498</u>	<u>149,675</u>

Details of the Group's associates 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
			2021	2020	2021	2020	
Jilin Xinyue (note i)	China mainland	China mainland	40%	40%	40%	40%	Development and operation of card and board games
Guangzhou Leiyun Interactive Technology Limited (“Guangzhou Leiyun”)	China mainland	China mainland	40%	40%	40%	40%	Research and development of online games
Siwen Technology (Tianjin) Limited (“Siwen Technology”) (note ii)	China mainland	China mainland	25.9%	N/A	25.9%	N/A	Research and development of online games

Notes:

- (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 (the “**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:

$$\text{Profit Compensation} = ((A - B)/\text{RMB}150,000,000) * C * 40\%(\text{note}) - D$$

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 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 Jilin Xinyue owned by Jilin Xinze

- It is also agreed that the audited net profit of 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 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.

For the year ended 31 December 2020, 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.

For the year ended 31 December 2021, the Group engages third party qualified valuers to perform valuation on the derivative financial instrument and a fair loss of RMB25,370,000 was recognized in other gain and losses.

- (ii) On 3 February 2021, Jilin Yuke acquired equity interests of 25.9% in Siwen Technology at the consideration of RMB15,000,000.

### 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>31/12/2021</b> <i>RMB'000</i>	31/12/2020 <i>RMB'000</i>
Current assets	<u>75,351</u>	<u>46,839</u>
Non-current assets	<u><b>229,531</b></u>	<u>271,890</u>
Current liabilities	<u>40,896</u>	<u>10,515</u>
Non-current liabilities	<u><b>27,133</b></u>	<u>44,523</u>
	<b>2021</b> <i>RMB'000</i>	From 3/11/2020 to 31/12/2020 <i>RMB'000</i>
Revenue	<u><b>209,474</b></u>	<u>28,650</u>
Profit and total comprehensive income for the year/period	<u><b>68,621</b></u>	<u>(7,928)</u>

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

	<b>31/12/2021</b> <i>RMB'000</i>	31/12/2020 <i>RMB'000</i>
Net assets of Jilin Xinyue	<b><u>236,853</u></b>	<u>263,691</u>
Proportion of the Group's ownership interest in Jilin Xinyue	<b>40%</b>	40%
The Group's share of net assets of Jilin Xinyue	<b>94,741</b>	105,476
Goodwill	<b><u>41,353</u></b>	<u>41,353</u>
Carrying amount of the Group's interest in Jilin Xinyue	<b><u>136,094</u></b>	<u>146,829</u>
Information of investments in associates that are not individually material		
	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
The Group's share of loss and total comprehensive expense	<b><u>(442)</u></b>	<u>(154)</u>
Aggregate carrying amount of the Group's interests	<b><u>17,404</u></b>	<u>2,846</u>

## 17. LOAN TO EMPLOYEES

The loan to employees represents the housing loan advanced to employees. The loans are unsecured, interest-free and repayable on 12 May 2023, 21 January 2024 and 25 December 2024.

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current	<b>13,788</b>	6,474
Current	<u>—</u>	<u>1,900</u>
Total	<b><u>13,788</u></b>	<b><u>8,374</u></b>

The loan to employees is measured initially at fair value and subsequently at amortized cost, using the effective interest method. RMB1,305,000, being the difference between the principal amount and fair value at initial recognition, was recognized as staff cost during this year.

Details of impairment assessment of loan to employee will be set out in the annual report of the Company for the year ended 31 December 2021.

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Unlisted investments		
— Equity securities ( <i>note</i> )	<b><u>10,146</u></b>	<b><u>13,950</u></b>

*Note:* The above unlisted equity investments represent the Group's equity interests ranging from 19% to 40% in private entities established in the PRC as at 31 December 2021 and 2020. 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 recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. Details of the fair value measurement will be set out in the annual report of the Company for the year ended 31 December 2021.

## 19. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>31/12/2021</b>	31/12/2020
	<b>RMB'000</b>	RMB'000
Deferred tax assets	<b>9,972</b>	225
Deferred tax liabilities	<b>(1,934)</b>	—
	<b><u>8,038</u></b>	<b><u>225</u></b>

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

Deferred tax assets	Fair value	Fair value	Timing	Excess	Others	Total
	losses of	change of	difference	advertising		
	FVTOCI	derivatives	of costs and	expenses		
	RMB'000	RMB'000	expenses	RMB'000	RMB'000	RMB'000
As at 1 January 2020	—	—	—	—	504	504
Charge to profit or loss	—	—	—	—	(504)	(504)
Credit to other comprehensive income	<u>225</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>225</u>
As at 31 December 2020	225	—	—	—	—	225
Charge to profit or loss	—	3,806	(3,867)	7,244	—	7,183
Credit to other comprehensive income	<u>630</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>630</u>
As at 31 December 2021	<b><u>855</u></b>	<b><u>3,806</u></b>	<b><u>(3,867)</u></b>	<b><u>7,244</u></b>	<b><u>—</u></b>	<b><u>8,038</u></b>

At the end of the reporting period, the Group has unused tax losses of approximately RMB17,634,000 (2020: RMB4,076,000) 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.

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
2024	<b>1,392</b>	1,392
2025	<b>2,684</b>	2,684
2026	<b>13,558</b>	—
	<b><u>17,634</u></b>	<u>4,076</u>

## 20. TRADE RECEIVABLES

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	<b>194,736</b>	88,473
Less: impairment provision	<u>—</u>	<u>—</u>
Total	<b><u>194,736</u></b>	<u>88,473</u>

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>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
0–30 days	<b>135,400</b>	69,264
31–60 days	<b>50,805</b>	14,797
61–90 days	<b>6,663</b>	3,851
91–180 days	<b>355</b>	253
Over 180 days	<b>1,513</b>	308
Total	<b><u>194,736</u></b>	<u>88,473</u>

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB7,791,000 (2020: RMB4,870,000) which are past due. Out of the past due balances, RMB2,701,000 (2020: RMB317,000) 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.

As at 31 December 2020, RMB2,062,000 (2021: Nil) of trade receivables of the Group are denominated in US\$ other than the functional currency of the group entities.

Details of impairment assessment of trade receivables will be set out in the annual report of the Company for the year ended 31 December 2021.

## 21. PREPAYMENTS AND OTHER RECEIVABLES

	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayment for advertisement and promotion fees	<b>74,692</b>	36,988
Prepayment for research and development	<b>26,623</b>	5,383
Receivables of service income	<b>5,373</b>	—
Dividends receivable from associates	<b>6,323</b>	—
Prepayment for server-related fees	<b>5,612</b>	1,597
Advances to employees	<b>2,058</b>	1,553
Others	<b>12,590</b>	8,451
	<hr/>	<hr/>
Total	<b><u>133,271</u></b>	<b><u>53,972</u></b>

## 22. CASH AND CASH EQUIVALENTS

	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and in hand	<b><u>1,125,162</u></b>	<b><u>732,724</u></b>

All cash and cash equivalents are denominated in RMB, except for RMB43,780,000 denominated in US\$ (2020: RMB23,795,000), RMB15,252,000 denominated in HK\$ (2020: RMB20,297,000), RMB866,000 denominated in EUR\$(2020: Nil) and RMB192,000 (2020: Nil) denominated in SG\$ as at 31 December 2021.

Bank balances carry interest at market rates which range from 0.01% to 3.10% (2020: 0.01% to 3.10%) per annum.

For the year ended 31 December 2021, 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.

## 23. OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries and staff welfare payables	47,005	24,088
Payable for advertisement expenses	10,682	—
Other taxes payable	12,215	8,246
Selling and marketing expenses accruals	9,721	11,509
Deposit for advertising and game operation	1,351	5,125
Payable to game developers ( <i>note</i> )	3,486	2,119
Administrative expenses accruals	1,700	1,520
Others	6,061	2,199
	<u>92,221</u>	<u>54,806</u>
Total	<u>92,221</u>	<u>54,806</u>

*Note:* As at 31 December 2021 and 2020, 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.

## 24. LEASE LIABILITIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Lease liabilities payable:</b>		
Within one year	11,241	3,469
More than one year but not more than two years	10,858	3,373
More than two years but not more than five years	8,608	3,728
	<u>30,707</u>	10,570
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(11,241)</u>	<u>(3,469)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>19,466</u>	<u>7,101</u>

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

## 25. 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 and private game room cards, for which the related services had not been rendered as at 31 December 2021 and 2020. As the unsatisfied performance obligations will be recognized as revenue within one year, therefore, the deferred revenue is recognized as current liabilities.

	<b>Virtual tokens</b> <i>RMB'000</i>	<b>Private game room cards</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
As at 1 January 2020	9,943	14,828	24,771
Sales proceeds, net of tax	450,677	215,301	665,978
Revenue recognized during the year	<u>(441,288)</u>	<u>(209,573)</u>	<u>(650,861)</u>
As at 31 December 2020	19,332	20,556	39,888
Sales proceeds, net of tax	1,064,313	139,360	1,203,673
Revenue recognized during the year	<u>(1,013,910)</u>	<u>(147,159)</u>	<u>(1,161,069)</u>
As at 31 December 2021	<u><u>69,735</u></u>	<u><u>12,757</u></u>	<u><u>82,492</u></u>

The expected breakage amount of RMB10,534,000 is recognized as revenue during the year ended 31 December 2021 (during the year ended 31 December 2020: RMB36,666,000).

Deferred revenue amounted to RMB82,492,000 as at 31 December 2021 (31 December 2020: RMB39,888,000) is expected to be recognized as revenue within one year.

## **OTHER INFORMATION**

### **FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board did not recommend the payment of any final dividend for the year ended 31 December 2021 (year ended 31 December 2020: nil).

The annual general meeting (the “**Annual General Meeting**”) is proposed to be held on 8 June 2022. 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 1 June 2022 to 8 June 2022 (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, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 31 May 2022.

### **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 2021, except that the trustee of the Share Award Scheme, pursuant to the terms of the trust deed and the Share Award Scheme, purchased on the Stock Exchange a total of 11,942,000 shares of the Company at a total consideration of approximately HK\$20.3 million.

### **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 2021, 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\$44.2 million as at 31 December 2021. 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 2021:

Intended use of the net proceeds	Utilization from 1 January 2021 to 31 December 2021	Utilization as at 31 December 2021	Remaining balance as at 31 December 2021	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\$35.4 million</b>	<b>HK\$82.5 million</b>	<b>HK\$6.6 million</b>	<b>30 June 2022</b>
• HK\$43.4 million is intended to be used to develop additional Mahjong game variations	HK\$16.8 million	HK\$39.3 million	HK\$4.1 million	30 June 2022
• HK\$20.9 million is intended to be used to develop new poker game variations	HK\$8.1 million	HK\$19.1 million	HK\$1.8 million	30 June 2022
• HK\$24.8 million is intended to be used to develop new casual games	HK\$10.5 million	HK\$24.1 million	HK\$0.7 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\$42.6 million</b>	<b>HK\$99.6 million</b>	<b>HK\$6.3 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\$16.5 million	HK\$38.3 million	HK\$1.5 million	30 June 2022
• HK\$18.5 million is intended to be used to improve user interface	HK\$7.0 million	HK\$17.0 million	HK\$1.5 million	30 June 2022
• HK\$19.1 million is intended to be used to improve backend system	HK\$7.6 million	HK\$18.3 million	HK\$0.8 million	30 June 2022
• HK\$16.5 million is intended to be used to develop new features of game products	HK\$6.8 million	HK\$15.9 million	HK\$0.6 million	30 June 2022
• HK\$12.0 million is intended to be used on cybersecurity needs	HK\$4.7 million	HK\$10.1 million	HK\$1.9 million	30 June 2022
<b>3. Approximately HK\$65.5 million for enhancing marketing capabilities and improving brand image, of which:</b>	<b>HK\$17.8 million</b>	<b>HK\$49.8 million</b>	<b>HK\$15.7 million</b>	<b>31 December 2022</b>
• 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\$6.0 million	HK\$18.9 million	HK\$11.8 million	31 December 2022
• HK\$30.6 million is intended to be used as advertising expenses	HK\$11.6 million	HK\$30.2 million	HK\$0.4 million	31 December 2022
• HK\$4.2 million is intended to be used to build a PR team to strengthen overall marketing capability	HK\$0.2 million	HK\$0.7 million	HK\$3.5 million	31 December 2022

Intended use of the net proceeds	Utilization from 1 January 2021 to 31 December 2021	Utilization as at 31 December 2021	Remaining balance as at 31 December 2021	Expected time of full utilization of remaining balance of net proceeds
4. Approximately HK\$38.6 million for external growth by strategically pursuing partnership and acquisition opportunities	HK\$17.0 million	HK\$33.9 million	HK\$4.7 million	30 June 2022
5. Approximately HK\$28.4 million for international expansion	HK\$7.9 million	HK\$20.3 million	HK\$8.1 million	30 June 2022
6. Approximately HK\$36.3 million for providing funding for working capital and general corporate purposes	HK\$13.4 million	HK\$33.5 million	HK\$2.8 million	30 June 2022
<b>Total</b>	<b><u>HK\$134.1 million</u></b>	<b><u>HK\$319.6 million</u></b>	<b><u>HK\$44.2 million</u></b>	

There was a delay in the utilization of the net proceeds relating to marketing and promotion activities in 2021 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.

## 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 2021, 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 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 four 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 2021 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 2021 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**

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 2021 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, 28 March 2022

*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*