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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)

DISCLOSEABLE TRANSACTION DISPOSALS OF THE EQUITY INTEREST IN JILIN XINYUE NETWORK TECHNOLOGY LIMITED* AND JILIN ANRUI TECHNOLOGY COMPANY LIMITED*

THE DISPOSALS

On May 29, 2023, (i) Jilin Xinze (an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements) as the vendor, Jilin Shike as the purchaser, and Jilin Xinyue, entered into, the Equity Transfer Agreement I pursuant to which Jilin Xinze has agreed to sell 40% of the equity interest in Jilin Xinyue to Jilin Shike, at a consideration of RMB99.90 million pursuant to the terms and conditions of the Equity Transfer Agreement I; and (ii) Yutai Shenzhen (an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements) as the vendor, Jilin Baoluo as the purchaser, and Jilin Anrui, entered into the Equity Transfer Agreement II, pursuant to which Yutai Shenzhen has agreed to sell 40% of the equity interest in Jilin Anrui to Jilin Baoluo, at a consideration of RMB35.10 million pursuant to the terms and conditions of the Equity Transfer Agreement II.

LISTING RULES IMPLICATION

As all the percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Equity Transfer Agreements exceed 5% and are less than 25%, the transactions contemplated thereunder constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSALS

On May 29, 2023, (i) Jilin Xinze (an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements) as the vendor, Jilin Shike as the purchaser, and Jilin Xinyue, entered into, the Equity Transfer Agreement I pursuant to which Jilin Xinze has agreed to sell 40% of the equity interest in Jilin Xinyue to Jilin Shike, at a consideration of RMB99.90 million pursuant to the terms and conditions of the Equity Transfer Agreement I; and (ii) Yutai Shenzhen (an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements) as the vendor, Jilin Baoluo as the purchaser, and Jilin Anrui, entered into the Equity Transfer Agreement II, pursuant to which Yutai Shenzhen has agreed to sell 40% of the equity interest in Jilin Anrui to Jilin Baoluo, at a consideration of RMB35.10 million pursuant to the terms and conditions of the Equity Transfer Agreement II.

THE PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENTS:

Date: May 29, 2023

Parties: **In respect of Equity Transfer Agreement I**

- (i) Jilin Xinze (a company accounted as an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements), as the vendor
- (ii) Jilin Shike, as the purchaser
- (iii) Jilin Xinyue, as the target company

In respect of Equity Transfer Agreement II

- (i) Yutai Shenzhen (a company accounted as an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements), as the vendor
- (ii) Jilin Baoluo, as the purchaser
- (iii) Jilin Anrui, as the target company

Assets to be disposed

Pursuant to the Equity Transfer Agreements, (i) Jilin Xinze has agreed to sell 40% of the equity interest in Jilin Xinyue to Jilin Shike, and (ii) Yutai Shenzhen has agreed to sell 40% of the equity interest in Jilin Anrui to Jilin Baoluo.

Consideration for Equity Transfer Agreement I

Pursuant to the terms and conditions of the Equity Transfer Agreement I, the consideration for the disposal of 40% of the equity interest in Jilin Xinyue is RMB99.90 million, which shall be settled by Jilin Shike in the following manner:

- (i) RMB49.95 million, representing 50% of the consideration, shall be paid by Jilin Shike to a specific bank account designated by Jilin Xinze, within 30 Business Days from the date of the Equity Transfer Agreement I (the date on which Jilin Shike has actually paid 50% of the full amount of the consideration is referred as the “**Payment Date A**”); and
- (ii) RMB49.95 million, representing the remaining 50% of the consideration, shall be paid by Jilin Shike to a specific bank account designated by Jilin Xinze before 31 May 2025.

The consideration for Equity Transfer Agreement I was determined through arm’s length negotiations among the parties to the Equity Transfer Agreement I, after taking into consideration of the valuation of the 40% equity interest of Jilin Xinyue as at April 30, 2023, as appraised and assessed by an independent valuer, Shanghai Yinxin Assets Appraisal Co., Ltd. (上海銀信資產評估有限公司).

Consideration for Equity Transfer Agreement II

Pursuant to the terms and conditions of the Equity Transfer Agreement II, the consideration for the disposal of 40% of the equity interest in Jilin Anrui is RMB35.10 million, which shall be settled by Jilin Baoluo in the following manner:

- (i) RMB17.55 million, representing 50% of the consideration, shall be paid by Jilin Baoluo to a specific bank account designated by Yutai Shenzhen, within 30 Business Days from the date of the Equity Transfer Agreement II (the date on which Jilin Baoluo has actually paid 50% of the full amount of the consideration is referred as the “**Payment Date B**”); and
- (ii) RMB17.55 million, representing the remaining 50% of the consideration, shall be paid by Jilin Baoluo to a specific bank account designated by Yutai Shenzhen before 31 May 2025.

The consideration for Equity Transfer Agreement II was determined through arm’s length negotiations among the parties to the Equity Transfer Agreement II, after taking into consideration of the valuation of the 40% equity interest of Jilin Anrui as at April 30, 2023, as appraised and assessed by an independent valuer, Shanghai Yinxin Assets Appraisal Co., Ltd. (上海銀信資產評估有限公司).

Completion

Within 30 Business Days after the Payment Date A and Payment Date B under the respective Equity Transfer Agreements, the Target Companies shall complete the registration procedures for the change of business registration matters with the market supervision and administration department and obtain the corresponding notice of granting the change of registration in respect of the transfer.

FINANCIAL EFFECT OF THE DISPOSALS AND USE OF PROCEEDS

Financial Effect of the Disposal of Jilin Xinyue

Based on the unaudited management accounts of Jilin Xinyue as at April 30, 2023, the Directors estimate that a net gain of approximately RMB1.21 million (subject to audit and after deduction of associated costs and other expenses) will arise on the disposal of Jilin Xinyue. This estimated gain is calculated based on the consideration to be received by the Group after deducting the expenses attributable to the disposal of Jilin Xinyue. The Shareholders should note that the actual amount of the gain (as the case may be) to be recognized and the financial effect of the disposal of Jilin Xinyue to be recorded by the Group will be subject to the final audit by the Company's auditors, and therefore may be different from the amount mentioned above.

Financial Effect of the Disposal of Jilin Anrui

Based on the unaudited management accounts of Jilin Anrui as at April 30, 2023, the Directors estimate that a net gain of approximately RMB0.63 million (subject to audit and after deduction of associated costs and other expenses) will arise on the disposal of Jilin Anrui. This estimated gain is calculated based on the consideration to be received by the Group after deducting the expenses attributable to the disposal of Jilin Anrui. The Shareholders should note that the actual amount of the gain (as the case may be) to be recognized and the financial effect of the disposal of Jilin Anrui to be recorded by the Group will be subject to the final audit by the Company's auditors, and therefore may be different from the amount mentioned above.

Use of Proceeds

Upon completion of the Disposals, the Company will cease to have any shareholding in Target Companies. The Board intends to use the net proceeds from the Disposal as general working capital of the Group.

INFORMATION OF PARTIES INVOLVED

Information about the Company

The Company is a company incorporated under the laws of Cayman Islands with limited liability. Jiaxiang Interactive is an operating company of the Group established in the PRC and which is controlled by the Group through the Contractual Arrangements. 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.

Information about the Target Companies

Information about Jilin Xinyue

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 at the date of this announcement, Jilin Xinyue is owned as to 40% by Jilin Xinze and 60% by Jilin Shike, respectively.

Set out below is a summary of the unaudited consolidated financial information of Jilin Xinyue for the two years ended December 31, 2021 and December 31, 2022:

	For the year ended December 31, 2021	For the year ended December 31, 2022
Net profit (loss) before tax	83,662,530.00	45,358,737.00
Net profit (loss) after tax	68,620,881.00	30,248,113.00

As at April 30, 2023, Jilin Xinyue has unaudited consolidated net asset of approximately RMB7,000,000.00.

Information about Jilin Anrui

Jilin Anrui is principally engaged in technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion, software development, software sales, software outsourcing services, network technology services, information technology consulting services, business management consulting, and investment activities with its own funds. As at the date of this announcement, the Jilin Anrui is owned as to 40% by Yutai Shenzhen, 50.32% by Jilin Baoluo, 5.18% by Jilin Zhiyan, 3% by Jilin Yixin and 1.5% by Jilin Ruiming, respectively.

Set out below is a summary of the unaudited financial information of Jilin Anrui for the two years ended December 31, 2021 and December 31, 2022:

	For the year ended December 31, 2021	For the year ended December 31, 2022
Net profit (loss) before tax	0.00	86,164,416.00
Net profit (loss) after tax	0.00	86,164,416.00

As at April 30, 2023, Jilin Anrui has unaudited net asset of approximately RMB0.00.

Information about the Vendors

Information about Jilin Xinze

Jilin Xinze is an operating company of the Group established in the PRC and is controlled by the Group through the Contractual Arrangements. Jilin Xinze is principally engaged in the development and operation of card and board games.

Information about Yutai Shenzhen

Yutai Shenzhen is an operating company of the Group established in the PRC and is controlled by the Group through the Contractual Arrangements. Yutai Shenzhen is principally engaged in the provision of network technology services, software development, provision of information technology consulting services and technology services.

Information about the Purchasers

Information about Jilin Shike

Jilin Shike is a company established in the PRC and is held by Suli and GuoJie as to 98% and 2%, respectively. Jilin Shike is principally engaged in technology services, technology development, technology consultancy, and computer system services.

Information about Jilin Baoluo

Jilin Baoluo is a company established in the PRC and is directly wholly-owned by Mr. Luo Wei. Jilin Baoluo is principally engaged in the provision of network technology services, technology services, technology development, and technology consulting services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers and their respective ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS FOR THE DISPOSALS

Since the second half of 2021, the Company has gradually withdrawn from room card business, while Jilin Xinyue and Jilin Anrui focused on room card business. The Directors consider that the Disposals are in line with the Group's strategic development planning in the future and are beneficial to business synergy. It would provide the Group with additional capital to be applied to other businesses in line with the Group's current strategy on further development of its casual game portfolio and propel the long term growth of the Group. The Board also considers that the Disposals represents a good opportunity for the Group to streamline its corporate and business structure and to make the best use of its resources to improve its overall performance.

Based on the above, the Directors are also of the view that the terms and conditions of the Equity Transfer Agreement I and the Equity Transfer Agreement II are on normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As all the percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Equity Transfer Agreements exceed 5% and are less than 25%, the transactions contemplated thereunder constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays)
“Company”	Homeland Interactive Technology Ltd., a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 3798)
“Contractual Arrangements”	a series of contractual arrangements entered into between Beijing Kexin Network Technology Company Limited (北京柯鑫網絡科技有限公司), Jiexiang Interactive (Xiamen) Network Technology Company Limited (家鄉互動(廈門)網絡科技有限公司) and the registered shareholder of Jiexiang Interactive (Xiamen) Network Technology Company Limited
“Director(s)”	director(s) of the Company
“Disposals”	the disposals of the Sale Interest from Jilin Xinze to Jilin Shike pursuant to the terms of the Equity Transfer Agreement I and the Sale Interest from Yutai Shenzhen to Jilin Baoluo pursuant to the terms of the Equity Transfer Agreement II
“Equity Transfer Agreements”	the Equity Transfer Agreement I and the Equity Transfer Agreement II

“Equity Transfer Agreement I”	the equity transfer agreement dated May 29, 2023 entered into among Jilin Xinze, Jilin Shike and Jilin Xinyue in relation to the disposal of the Sale Interest by Jilin Xinze to Jilin Shike
“Equity Transfer Agreement II”	the equity transfer agreement dated May 29, 2023 entered into among Yutai Shenzhen, Jilin Baoluo and Jilin Anrui in relation to the disposal of the Sale Interest by Yutai Shenzhen to Jilin Baoluo
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and not connected with its connected persons (as defined under the Listing Rules)
“Jilin Anrui”	Jilin Anrui Technology Company Limited* (吉林省安睿網絡科技有限公司), a company established in the PRC with limited liability
“Jilin Baoluo”	Jilin Baoluo Network Technology Limited* (吉林省保羅網絡科技有限公司), a company established in the PRC with limited liability
“Jilin Shike”	Jilin Shike JuXun Network Technology Limited* (吉林省識科具訊網絡科技有限公司), a company established in the PRC with limited liability
“Jilin Ruiming”	Jilin Ruiming Network Technology Limited* (吉林省睿銘網絡科技有限公司), a company established in the PRC with limited liability
“Jilin Xinyue”	Jilin Xinyue Network Technology Limited* (吉林省心悅網絡科技有限公司), a company established in the PRC with limited liability
“Jilin Xinze”	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 established in the PRC and which is controlled by the Group through the Contractual Arrangements, and a wholly-owned subsidiary of Jiexiang Interactive

“Jilin Yixin”	Jilin Yixin Network Technology Limited* (吉林省藝鑫網絡科技有限公司), a company established in the PRC with limited liability
“Jilin Zhiyan”	Jilin Zhiyan Network Technology Limited* (吉林省智諺網絡科技有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchasers”	Jilin Shike and Jinlin Baoluo
“RMB”	Renminbi, the lawful currency of the PRC
“Vendors”	Jilin Xinze and Yutai Shenzhen
“Sale Interest”	40% of the equity interests in the registered paid-up capital of Jilin Xinyue and Jilin Anrui, respectively
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Jilin Xinyue and Jilin Anrui
“Yutai Shenzhen”	Yutai Shenzhen Network Technology Limited* (豫泰(深圳)網絡科技有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Xiamen, PRC, May 29, 2023

As at the date of this announcement, the executive Directors are Mr. Wu Chengze, Mr. Guo Shunshun, Mr. Ding Chunlong and Mr. Tang Yinghao; and the independent non-executive Directors are Mr. Zhang Yuguo, Mr. Hu Yangyang and Ms. Guo Ying.

** For identification purpose only*