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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)

SUPPLEMENTAL ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION DISPOSALS OF THE EQUITY INTEREST IN JILIN XINYUE NETWORK TECHNOLOGY LIMITED AND JILIN ANRUI TECHNOLOGY COMPANY LIMITED; AND SUPPLEMENTAL AGREEMENTS TO THE EQUITY TRANSFER AGREEMENTS

Reference is made to the announcement of Homeland Interactive Technology Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated May 29, 2023 (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the Announcement.

In addition to the information disclosed in the Announcement, the Company would like to provide the following supplemental information in respect of the Disposals:

REASONS FOR AND BENEFITS FOR THE DISPOSALS

As disclosed in the Announcement and the 2022 annual report of the Company published on April 25, 2023 (the “**2022 Annual Report**”), respectively, the Group is primarily engaged in the development and operation of localised mobile card and board games business and is considered to be engaged in the provision of value-added telecommunications services (which includes information services provided via mobile network) and Internet cultural business (which includes the production or operation of mobile games operated through wireless telecommunication networks). 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. Jilin Anrui is principally engaged in providing R&D services to Jilin Xinyue.

As a leading green card and board games enterprise, the Group has always been advocating green and healthy games, and strictly abided by the relevant laws and regulations. Given the complex and evolving domestic and international laws and regulations, the management of the Group strives to strengthen its competitive edges and optimise its product mix, while at the same time adopts a more prudent approach for business expansion and further material capital commitments. As disclosed in the Announcement and the 2022 Annual Report, to pursue the business strategies of the Group, the Group has decided to dispose its private game room cards business, in order to streamline its non-core businesses and ensure the normal and compliant operation of the Company's other businesses. Since the second half of 2021, the Company was gradually withdrawing from its private game room cards business, while Jilin Xinyue and Jilin Anrui were focusing on their private game room cards 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, while at the same time provide the Group with additional capital for developing other businesses that facilitate its current business strategy, in order to further develop its casual game portfolio and propel the long term growth of the Group. The Board also considers that the Disposals represent 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.

Shanghai Yinxin Assets Appraisal Co., Ltd.* (上海銀信資產評估有限公司), an independent valuer, has assessed, by adopting market approach, the 40% equity interest of Jilin Xinyue and 40% equity interest of Jilin Anrui held by the subsidiaries of Jiexiang Interactive (Xiamen) Network Technology Company Limited* (家鄉互動 (廈門) 網絡科技有限公司) as of April 30, 2023, which amounted to a total of RMB130 million.

SUPPLEMENTAL AGREEMENTS TO THE EQUITY TRANSFER AGREEMENTS

The Company is pleased to announce that, on June 6, 2023: (i) Jilin Xinze (an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements) and Jilin Shike entered into the Supplemental Agreement to the Equity Transfer Agreement I; and (ii) Yutai Shenzhen (an indirect wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements) and Jilin Baoluo entered into the Supplemental Agreement to the Equity Transfer Agreement II (Collectively, the “**Supplemental Agreements to the Equity Transfer Agreements**”).

Pursuant to the Supplemental Agreement to the Equity Transfer Agreement I, in order to ensure that Jilin Shike can pay the consideration in full to Jilin Xinze within the agreed time under the Equity Transfer Agreement I, Jilin Xinyue and Jilin Shike decide to pledge the remaining 60% equity interest of Jilin Xinyue held by Jilin Shike to Jilin Xinze. The term of the pledge is until the date on which Jilin Shike pays the agreed consideration under the Equity Transfer Agreement I in full.

Pursuant to the Supplemental Agreement to the Equity Transfer Agreement II, in order to ensure that Jilin Baoluo can pay the consideration in full to Yutai Shenzhen within the agreed time under the Equity Transfer Agreement II, Jilin Anrui and Jilin Baoluo decide to pledge the remaining 60% equity interest of Jilin Anrui held by Jilin Baoluo to Yutai Shenzhen. The term of the pledge is until the date on which Jilin Baoluo pays the agreed consideration under the Equity Transfer Agreement II in full.

Save as disclosed above, all other substantive terms and conditions of the Equity Transfer Agreements shall remain unchanged and shall continue to be in full force and effect.

As Jilin Shike and Jilin Baoluo pledge the 60% equity interest of Jilin Xinyue and 60% equity interest of Jilin Anrui in favour of Jilin Xinze and Yutai Shenzhen, respectively, as securities, and such securities shall only be released respectively upon the completion of all the payment obligations by the Purchasers, the Company is of the view that the equity pledges offer a protection to the Company and minimise the risks borne by the Group even though the completion of the transfers will take place before the considerations are received in full. In the event Jilin Shike and Jilin Baoluo fail to make full payment of the considerations respectively, the Group will be able to take back the 60% equity interest in Jilin Xinyue and Jilin Anrui as securities, respectively.

As such, based on the above-mentioned reasons, the Directors are of the view that the Equity Transfer Agreements and the Supplemental Agreements to the Equity Transfer Agreements are on normal commercial terms and are fair and reasonable, and that the Disposals are in the interests of the Company and its Shareholders as a whole.

Save as disclosed above, all other information set out in the Announcement remains unchanged. This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Xiamen, PRC, June 6, 2023

As at the date of this announcement, the executive Directors are Mr. Wu Chengze, 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*