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Homeland Interactive Technology Ltd.

家鄉互動科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3798)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 (the “**Reporting Period**”) together with the comparative figures for the previous corresponding period.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Year-on-Year Change*
	2023	2022	(%)
	(RMB in thousands, except for percentages)		
Revenue	1,779,667	1,562,940	13.9
Gross profit	1,157,455	1,020,619	13.4
Profit before income tax	501,097	375,976	33.3
Profit for the year attributable to the owners of the Company	436,936	465,274	(6.1)
Adjusted net profit attributable to the owners of the Company**	499,393	528,609	(5.5)

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

** The Adjusted net profit attributable to the owners of the Company is adjusted for share-based payment expenses and withholding tax on undistributed profits of subsidiaries operating in the PRC. Only share-based payment expenses was adjusted for the year ended 31 December 2023, whereas both components were adjusted for the same period in 2022. For further details, please refer to the section headed “Non-IFRS Measures — Adjusted Net Profit” on page 14 of this announcement.

REVENUE BY TYPES OF VIRTUAL PRODUCTS

	For the year ended		Year-on-year change* (%)
	31 December 2023	2022	
(RMB in thousands, except for percentages)			
Revenue from:			
— Self-developed mobile games	1,566,458	1,264,307	23.9
— Third-party mobile games	145,209	183,892	(21.0)
	1,711,667	1,448,199	18.2
Advertising revenue**	68,000	114,741	(40.7)
Total	<u>1,779,667</u>	<u>1,562,940</u>	<u>13.9</u>

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

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

OPERATIONAL HIGHLIGHTS

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

	As at or for the year ended 31 December 2023	As at or for the year ended 31 December 2022
All games (including casual games)		
Daily active users (“DAUs”) *(as at period end)	14,389,388	13,956,188
Paying players**	13,104,865	16,644,819
Average monthly active users (“MAUs”)***	68,289,393	62,437,541

* 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.

*** MAUs, in any given month or period, refer to the number of active players in any given month or the average of MAUs in any given period.

CHAIRMAN'S STATEMENT

Dear shareholders and people who follow Homeland Interactive:

Greetings!

I am pleased to present the Annual Results of the Group for Reporting Period to our shareholders.

With the full resumption of normal socio-economic activities, the gaming industry has also seen a new round of revival after a long period of dormancy. On the backdrop of economic recovery and regular approval of game publication, the whole industry has become more confident, while market size and playing time further increases. In 2023, as the total market size of the gaming industry continued to increase, traditional benefits from traffic was gradually diminishing. In the future, the development trend of gaming companies will transit from traffic-driven to relying on high quality games, refined operation and diverse marketing. As such, we have been actively formulating plans in advance to seek breakthrough. After several years of in-depth business operation and strategic focus, we have gradually discovered an exclusive development approach for Homeland Interactive, driving the Group towards the following pre-determined strategic directions.

Enhance revenue of our core products and stabilize the growth of our foundational products

Our portfolio of classic card and board games has achieved long-term operation through content updates and sophisticated marketing, demonstrating strong vitality during the Reporting Period. The Group has also formulated corresponding marketing and operational strategies to cater different cultures, user needs and market sizes in different regions. Meanwhile, we closely follow changes in the market and user demand, increasing our investment in the research and development of innovative playstyle and new media marketing. Thanks to the relentless efforts of various departments of the Group throughout the year, the overall active user base of our classic card and board games has stabilized, with users become significantly more willing to pay. During the Reporting Period, our revenue reached RMB1,779.7 million, representing a year-on-year growth rate of 13.9%; gross profit amounted to RMB1,157.5 million, representing a year-on-year growth rate of 13.4%; adjusted net profit amounted to RMB499.4 million, representing a year-on-year decrease of 5.5%. Our user size has also stabilized, with DAUs and MAUs of our existing business amounted to 14,389,388 and 68,289,393, respectively, representing a year-on-year increase of 3.1% and 9.4%, respectively. Our user base shows characteristics of a large size, long life cycle and stable payment, further demonstrating the loyalty of our user base to our gaming brand. Our paying users during the Reporting Period reached 13,104,865, representing a year-on-year decrease of 21.3%, but an increase of 42.0% as compared to that of 30 June 2023.

Refined products and global expansion

While consolidating our foundation, we also insist on reforming, refining, updating and upgrading our products, providing better gaming experience for our users. Among this, we recently released the 3D upgraded version of “微樂鬥地主” and “微樂四川麻將”. The upgraded game version not only provides users with more exquisite 3D scene, UI and other game graphics, but also introduces a brand new skin system. Players can obtain personalized skins with varying styles like ancient, China chic and techwear, allowing them to freely dress their characters. The refinement of our core games provides fellow players with more three-dimensional and immersive puzzle and competitive gaming experience, while utilizing high-quality games to promote and pass on classic competitive mind sports games among the public.

We believe that providing global users with great localized gaming experience is an important step of the Company’s global expansion. As such, the Group will continue to propel the localization process of gaming products which are developed to fulfill different needs of players from various countries, ensuring that such products could be attractive and competitive in their respective markets. In 2023, we consecutively launched “Weile Fishing International” (微樂捕魚國際版) and “Weile Fishing Vietnam” (微樂捕魚越南版), both of which are widely popular overseas, and we further refine and invest in the quality and artistic effect of the two products. Operating metrics and performance of the two games have been stable since they were launched. They will likely attract more overseas customers for the Group in 2024, further increasing the share of overseas revenue. Meanwhile, we have several localized card and board games tailored for players from different countries and regions in our pipeline. These products have entered the testing and refinement stage, and will soon be revealed to players from different countries and regions. Furthermore, we actively expanded into overseas streaming and short video business, hoping to further expand the size of the user community and the global profitability of the Group, providing more diverse revenue sources for the Group.

Investing in new media marketing and strengthening our multi-dimensional publishing capability

The Group exerted much effort into the game publishing sector during the Reporting Period, adapting to the rapid growth of market size for short video and streaming users in China and the change in marketing and publishing demands for gaming companies. We have gradually formulated a unique game publishing model with new medial channels as its leverage and streaming union as its medium.

By investing in associates and joint ventures engaged in the new media sector, the Group has successively deployed new media operation sectors in Northeast, Southwest, South China, Southeast, etc., engaging in a large variety of businesses, including card and board game streaming, joint game operation, streamer cultivation and game publishing. Such diverse businesses could complement each other and form synergies. The Group and these associates and joint ventures has formed a highly cooperative and efficient workflow, utilizing the three-pronged multi-dimensional publishing model of “joint operation+tournaments+streaming” to promote and distribute the gaming products of the Group. This publishing model allows us to customize our game publishing approach based on the characteristics of different types of games and the traffic norm of different platforms. Not only could this approach facilitate the Group in attracting a large amount of gamers and achieve efficient user conversion, but also help our classic games to spread among the public.

At present, the new media sector business operated by the Group’s associates and joint ventures is still expanding, attracting over 10,000 streamers. Among this, the streaming union, “Wei Ying Hu Dong” (微應互動), entered into contracts with renowned streamers like Feng Timo (馮提莫), 夢淚, 上將潘鳳 and 人送外號大聰明. The marketing method of combining gaming and streaming could reduce cost and enhance efficiency through internal synergies within the Group. Moreover, due to the characteristics of “self-operation+investment+third party” of the new media sector, such entities are not limited to serving gaming products of the Group, but could also provide joint operation/publishing services for other gaming companies. This sector has huge business potential and could hopefully become a new source of business growth.

Develop digital tools to facilitate growth and embrace technological upgrade to raise efficiency

The games of the Group are distinguished medium for traditional culture. Promoting game technology development could allow for better innovation and integration of culture and gaming. As a leading mobile game developer in China, we are very focused on developing various efficient tools to achieve efficient operation of our products. The Group has developed a professional application and service platform for game publishing teams. Through integrating main third party channels and media services, we can fulfill the publishing and operating demands of gaming products. After years of refinement, this platform has gained strong data analysis and distribution capability, sufficiently serving in game publishing, customer services, legal compliance, risk avoidance, advertising, game update, traffic attraction, operation, data analysis and other traditional game operation scenarios, which largely enhancing the level of operation details and precision and product publishing efficiency of different project teams within the Group. We utilize the platform to fully analyze the vast game data of the Group, providing data to empower development teams to accurately refine their products during the beginning of a project. Meanwhile, launched projects are equipped with quick and efficient feedback mechanics to allow project

teams to immediately adjust the marketing strategy and publishing pace of their products, which would further lower cost and enhance efficiency. Currently, the platform has demonstrated its characteristics of being easy to access and highly automated. The Group has realized the potential of the platform and recently consider releasing the digital platform to third parties while exploring the viability of its commercialization.

Furthermore, we are also actively seeking various technologies within the industry, to provide more technical optimization for the refined game development of the Company. Currently, the Group has extensively applied AI technology in its product research and development, cultivated core talents of AIGC (AI-generated content) and established a systematic AI service platform. In the future, we will keep pace with new technology and expand the core talent reserve for game research and development and operation, while accelerate the application and research on AIGC. In addition, “微樂鬥地主” and “微樂四川麻將” and such will activate HarmonyOS native application development, and these technology-oriented strategic layout will further enhance the intellectualised and refined operation level of the Company.

While completing the aforementioned strategic layout, the Group also adhered to longtermism, actively fulfilling our social responsibility as a listed company. On 7 August 2023, we donated RMB2 million to Jilin Red Cross Society and Changchun Red Cross Society, supporting Yushu and Shulan, Jilin in their flood and disaster relief effort. On 4 August 2023, we donated RMB5 million to Hebei Charity Federation, supporting their flood relief and post-disaster rebuilding work through action and striving to care and invest in charity works in different regions. In the future, we will continue to enhance the Group’s social efficiency and value as a listed company and achieve sustainable development.

Last but not least, on behalf of the Board and all employees of the Group, I would like to express my sincere gratitude to players and investors for their continuous support and trust to the Group. In 2024, Homeland Interactive will remain true to its original philosophy, adhere to longtermism, focus on its main game business, invest in advantageous sectors, continue to focus on enhancing the Company’s intrinsic value, bring high-quality products to users and create greater value for investors.

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

BUSINESS OVERVIEW AND OUTLOOK

Business Review

We are a well-established mobile game developer and operator in China, specialising in the development and operation of localised games. In addition to our long-running portfolio of classic games, we have successfully launched a variety of casual games targeting both domestic and overseas players. Adherence to the values of “fairness, professionalism, safety and innovation”, we have continued to sharpen our competitive edge through enduring and classic game offerings and execution of localised marketing strategies to match the ever changing needs of players of different demographics. Meanwhile, we also strive to transform from a leading localised game operator in China to a global causal and competitive game platform through multi-dimensional business strategic layout, aiming to seek changes while maintaining steady growth.

In terms of financial performance, our Group’s revenue and gross profit from continuing operations for the Reporting Period were RMB1,779.7 million and RMB1,157.5 million, representing an increase of approximately 13.9% and 13.4%, respectively as compared with the revenue and gross profit for the corresponding period of last year. During the Reporting Period, our profit for the year attributable to owners of the Company was RMB436.9 million, representing a year-on-year decrease of 6.1%. Excluding the impacts of non-operating and non-recurring factors, including share-based payment expenses and withholding tax on undistributed profits of subsidiaries operating in the PRC, the non-IFRS adjusted net profit attributable to the owners of the Company was RMB499.4 million for the Reporting Period, representing a year-on-year decrease of 5.5%.

Such growth in our Group’s revenue during the Reporting Period was partly attributable to our constant innovations and introduction of new elements to our existing game portfolio with an aim to optimise our players’ gaming experience, as well as creating and maximizing our users’ values. Moreover, we have strategically selected and deepened our cooperation with various new media channels to optimise user traffic and enhance our customer acquisition ability, which resulted in a significant increase in our Group’s DAUs and player loyalty. As at the end of the Reporting Period, in terms of our existing business, our Group’s DAUs increased to 14,389,388, representing a year-on-year growth of 3.1%; and our Group’s MAUs increased to 68,289,393, representing a year-on-year growth of 9.4%. We recorded a decrease in our paying players, reaching 13,104,865 by the end of the Reporting Period, representing a year-on-year decrease of 21.3%. Leveraging our expanding player base, we strengthened our refined joint operations with a third-party research and development team during the Reporting Period, which generated operating income from third-party joint games amounted to RMB145.2 million for our Group in 2023.

The cost of sales of our Group also increased correspondingly during the Reporting Period, of which the payment of commissions and fees charged by game distribution channels and platforms brought along with the increase in sales revenue increased to RMB523.4 million, representing a year-on-year increase of 23.8%. Meanwhile, our sales and marketing expenditure decreased by approximately 37.4% from RMB543.7 million as of 31 December 2022 to RMB340.6 million during the Reporting Period. The decrease in marketing expenditure of our Group was mainly because the Group adjusted deployment planning and reduced advertisement placement in channels such as Ocean Engine (ByteDance information feed) and Guang Dian Tong (Tencent information feed) during the Reporting Period.

During the Reporting Period, we significantly increased our investment in research and development to safeguard the steady growth in our key research and development projects. During the Reporting Period, we invested RMB187.1 million in aggregate to product research and development. For long-term operating classic games, we have been reforming the rules and actively improving the artistic presentation of our card and board games, striving to bring an everlasting entertainment experience to players. In terms of products of diverse category, the casual game “Meet Meowkes” (遇見喵克斯) has successfully launched during the Reporting Period. Moreover, our Group also launched “Weile Fishing Vietnam” (微樂捕魚越南版) and “Weile Fishing International” (微樂捕魚國際版) overseas. In addition, our Group is currently developing casual games localised to target players in Southeast Asia and South America, and certain social causal games targeting players in worldwide. Those games have completed multiple rounds of testing, and are expected to capture overseas income for the Group in the near future.

The Board proposed the distribution of a final dividend for the year ended 31 December 2023 of approximately HK\$128.3 million in total for the purpose of sharing our operating results with the shareholders. In the future, the Company will strive to maintain the balance between the shareholders’ interest and the Group’s development based on the current dividend policy, hoping to implement sustainable dividend returns and reward the shareholders through action for their long term support and trust towards us.

Business Outlook

In 2024, our Group will continue our efforts to further solidify our competitive advantages in the gaming industry by continuing the following strategies:

1. *Further diversify and optimise our game portfolio to increase revenue streams and market penetration.*

Leveraging on our established brand name and optimising the competitive advantage of the accumulated active user base of our existing game portfolio, we plan to expand our game portfolio and introduce game products, being our localised card and board game variations, to attract potential users from prefecture-level cities and cater different entertainment needs. Our Group will utilise our game localisation capability to design and develop new tailor-made games to captivate interests of prefecture-level cities users, and increase our Group's revenue source.

2. *Expand customer acquisition channels and reduce customer acquisition costs through integration of new media technology and harnessing the power of innovative media channels.*

In order to strengthen our Group's customer acquisition ability and increase our business presence, we will increase our capital investment in new media marketing. By formulating different marketing models based on the traffic pattern of different platforms, our Group can achieve more efficient user conversion.

3. *Continue to expand our geographic coverage in China through market penetration of prefecture-level cities.*

In 2024, our Group aims to increase our presence in dozens of prefecture-level cities situated in various provinces, including Henan, Yunan, Shandong and Guangdong. We plan to allocate resources to boost marketing efforts in the target expansion areas to attract and accumulate players up to a targeted level, such that the user base will grow to a scale which is sufficient to continuously generate traction.

4. *Devote further research and development resources to increase game pipeline and enrich game portfolio.*

In order to diversify the current game portfolio, in addition to classic games, our Group will deploy more research and development resources to introduce diverse new game categories in 2024. We will continue to improve interactions among product teams and streamline our corporate structure to achieve business growth and sustainability. We will also apply our accumulative research and development capabilities in expanding into the overseas markets and capture overseas income.

5. *Continue to explore potential business opportunities.*

As an established game developer, we will leverage on our industry experience and collaborate with strategic partners to expand our business. Our Group intends to identify high-potential research and development teams which complement our current game portfolio, and explore opportunities to cooperate with them through different approaches, including incubation, investment and acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review — Continuing Operations

Revenue

The Group's revenue for the year ended 31 December 2023 amounted to approximately RMB1,779.7 million, representing an increase of 13.9% from approximately RMB1,562.9 million recorded in 2022. The increase in revenue was partially attributable to the Group's continuous improvement and introduction of new elements into its existing mahjong and poker games, bringing players enhanced timeless gaming experience. Moreover, the Company has strategically selected and deepened the cooperation with various new media channels, such as Douyin, Kuaishou and Tencent Video, to optimize user traffic and expand its customer acquisition ability, which resulted in a significant increase in the Group's DAUs and player stickiness. 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 2023, revenue generated from the Group's sale of virtual tokens, distribution of third-party mobile games and advertising accounted for approximately 88.2%, 8.0% and 3.8% of the Group's total revenue, respectively, as compared with approximately 80.9%, 11.8% and 7.3%, respectively, for the year ended 31 December 2022.

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 14.7% to approximately RMB622.2 million in 2023 from approximately RMB542.3 million in 2022, primarily due to (i) a RMB100.7 million increase in commissions and fees paid to third-party distribution channels and payment vendors; and (ii) a RMB2.3 million increase in server-related and technical support fees. As at 31 December 2023, the Group did not have any trade payables.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by 13.4% to approximately RMB1,157.5 million for the year ended 31 December 2023 from approximately RMB1,020.6 million in 2022, and the Group's gross profit margin decreased to 65.0% for the year ended 31 December 2023 from 65.3% in 2022.

Other income

Other income increased by approximately 6.0% from approximately RMB59.7 million for the year ended 31 December 2022 to approximately RMB63.3 million for the year ended 31 December 2023. The increase was primarily due to an increase in interest income of RMB4.5 million during the year ended 31 December 2023.

Other gains and losses

Other gains and losses decreased by RMB19.9 million from a gain of approximately RMB14.2 million for the year ended 31 December 2022 to a loss of approximately RMB5.7 million for the year ended 31 December 2023. The decrease was primarily due to the loss on disposal of investments in associates of RMB16.8 million.

Foreign exchange gains, net

Foreign exchange gains of approximately RMB6.5 million was recorded for the year ended 31 December 2023 while foreign exchange gains of approximately RMB11.1 million was recorded for the year ended 31 December 2022, mainly due to the fluctuation of exchange rate of Renminbi (RMB) against US dollars.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately 37.4% from approximately RMB543.7 million for the year ended 31 December 2022 to approximately RMB340.6 million in 2023. The decrease was primarily because the Group adjusted deployment planning and reduced advertisement placement in channels such as Ocean Engine (ByteDance information feed) and Guang Dian Tong (Tencent information feed) during the Reporting Period.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately 76.3% from approximately RMB220.1 million for the year ended 31 December 2022 to approximately RMB387.9 million in 2023. The increase was primarily due to (i) an increase of RMB35.4 million in staff costs mainly in connection with research and development activities; (ii) an increase of RMB69.1 million in outsource technical fee related to research and development of new games; and (iii) an increase of RMB50.5 million in share-based payment expenses.

Profit Before Income Tax

The Group's profit before income tax increased by approximately 33.3% from approximately RMB376.0 million for the year ended 31 December 2022 to approximately RMB501.1 million in 2023. The Group's profit before income tax as a percentage of total revenue increased from 24.1% for the year ended 31 December 2022 to 28.2% for the year ended 31 December 2023, primarily due to the decrease of approximately 37.4% in the Group's selling and marketing expenses during the year ended 31 December 2023 compared to the corresponding period in 2022.

Income Tax Expenses

Income tax expenses increased by approximately 130.3% from RMB26.3 million for the year ended 31 December 2022 to RMB60.6 million in 2023. The Group's effective tax rates were 12.1% and 7.0% for the years ended 31 December 2023 and 2022, respectively. The increase in the Group's income tax expense and effective tax rate was primarily due to the increase in profit of Xiamen Youcheng Interactive Network Technology Co., Ltd.* (廈門遊成互動網絡科技有限公司) for the year ended 31 December 2023 of which the income tax rate was 25%. For further details, please refer to note 4 to the consolidated financial statements of the Company in this announcement.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by approximately 6.1% from approximately RMB465.3 million for the year ended 31 December 2022 to approximately RMB436.9 million in 2023.

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:

	For the year ended 31 December	
	2023	2022
	RMB’000	RMB’000
Profit for the year attributable to the owners of the Company	436,936	465,274
Add:		
Share-based payment expenses	62,457	34,335
Withholding tax on undistributed profits of subsidiaries operating in the PRC	—	29,000
	<hr/>	<hr/>
Adjusted net profit attributable to the owners of the Company	<u>499,393</u>	<u>528,609</u>

The adjusted net profit attributable to the owners of the Company for the year ended 31 December 2023, adjusted by excluding the non-cash item of share-based payment expenses and withholding tax on undistributed profits of subsidiaries operating in the PRC, was approximately RMB499.4 million, decreased by 5.5% as compared to approximately RMB528.6 million for the year ended 31 December 2022.

Liquidity and Capital Resources

For the year ended 31 December 2023, 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 2023, the Group had cash and cash equivalents of approximately RMB1,340.9 million (31 December 2022: approximately RMB1,163.3 million), which primarily consisted of cash at bank. Out of the RMB1,340.9 million, approximately RMB1,222.6 million is denominated in Renminbi, approximately RMB75.4 million is denominated in US dollars, approximately RMB41.0 million is denominated in HK dollars, approximately RMB0.1 million and RMB1.8 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 2023, 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 RMB20.8 million in aggregate (31 December 2022: RMB17.8 million).

Gearing ratio

The gearing ratio was zero since there was no borrowings as at 31 December 2023.

Charge on assets

As at 31 December 2023, the Group did not pledge any of its assets.

Capital expenditures

For the year ended 31 December 2023, the Group's capital expenditure amounted to approximately RMB69.6 million (for the year ended 31 December 2022: approximately RMB104.0 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 and financial assets at fair value through profit or loss as well as investment in joint ventures and associates. The Group funded its capital expenditure by using the cash flow generated from its operations. The capital expenditure for the year ended 31 December 2023 was lower as the Company incurred decreased expenditure with respect to the investment in financial assets at fair value through profit or loss and joint ventures in 2023.

Contingent liabilities and guarantees

As at 31 December 2023, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

Material acquisitions and disposals

On May 29, 2023, (i) Jilin Xinze Network Technology Company Limited* (吉林省鑫澤網絡技術有限公司) (“**Jilin Xinze**”) as the vendor, Jilin Shike JuXun Network Technology Limited* (吉林省識科具訊網絡科技有限公司) (“**Jilin Shike**”) as the purchaser, and Jilin Xinyue Network Technology Limited* (吉林省心悅網絡科技有限公司) (“**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 Network Technology Limited* (豫泰(深圳)網絡科技有限公司) (“**Yutai Shenzhen**”) as the vendor, Jilin Baoluo Network Technology Limited* (吉林省保羅網絡科技有限公司) (“**Jilin Baoluo**”) as the purchaser, and Jilin Anrui Technology Company Limited* (吉林省安睿網路科技有限公司) (“**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. For further details of the disposal, please refer to the announcement of the Company dated 29 May 2023 and 6 June 2023.

Loss on disposal of investments in Jilin Xinyue and Jilin Anrui was RMB16.8 million. Further details of the disposal of Jilin Xinyue and Jilin Anrui will be set out in the annual report of the Company for the year ended 31 December 2023.

Save as disclosed above, the Group did not have any other material acquisitions or disposals of subsidiaries, joint ventures, associates or financial assets during the Reporting Period.

Employees and Staff Costs

As at 31 December 2023, the Group had a total of 652 full time employees, mainly located in mainland China. In particular, 67 employees are responsible for the Group’s research and development, 363 for game development, 59 for technical support, 25 for customer service, 61 for marketing and 77 for operations and general administration. The total staff cost incurred by the Group for the year ended 31 December 2023 was approximately RMB278.9 million compared to approximately RMB224.8 million in 2022. The increase was mainly due to (i) the increase in payment of salaries and other benefits in kind of approximately RMB20.0 million resulting from the increase in the number of game development personnel; and (ii) the increase in payment of share-based compensation to key employees of approximately RMB28.1 million.

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

Further details of the Share Option Scheme and the Share Award Scheme will be set out in the annual report of the Company for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>NOTES</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations			
Revenue	3	1,779,667	1,562,940
Cost of sales		<u>(622,212)</u>	<u>(542,321)</u>
Gross profit		1,157,455	1,020,619
Other income		63,295	59,716
Other gains and losses		(5,683)	14,231
Foreign exchange gains, net		6,507	11,050
Selling and marketing expenses		(340,592)	(543,718)
Administrative and other expenses		(387,896)	(220,075)
Impairment losses under expected credit loss model		(3,465)	(5,386)
Share of results of associates		12,680	40,974
Share of results of joint ventures		(188)	(7)
Interest on lease liabilities		<u>(1,016)</u>	<u>(1,428)</u>
Profit before income tax		501,097	375,976
Income tax expense	4	<u>(60,627)</u>	<u>(26,326)</u>
Profit for the year from continuing operations	5	<u>440,470</u>	<u>349,650</u>
Discontinued operations			
Profit for the year from discontinued operations		<u>—</u>	<u>116,032</u>
Profit for the year		<u>440,470</u>	<u>465,682</u>

<i>NOTES</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on investment in equity instruments at fair value through other comprehensive income, net of income tax	<u>(5,808)</u>	<u>(8,870)</u>
Other comprehensive expense for the year, net of income tax	<u>(5,808)</u>	<u>(8,870)</u>
Total comprehensive income for the year	<u>434,662</u>	<u>456,812</u>
Profit for the year attributable to owners of the Company:		
— from continuing operations	436,936	349,242
— from discontinued operations	<u>—</u>	<u>116,032</u>
	<u>436,936</u>	<u>465,274</u>
Profit for the year attributable to:		
Owners of the Company	436,936	465,274
Non-controlling interests	<u>3,534</u>	<u>408</u>
	<u>440,470</u>	<u>465,682</u>
Total comprehensive income for the year attributable to owners of the Company		
— from continuing operations	431,128	340,372
— from discontinued operations	<u>—</u>	<u>116,032</u>
	<u>431,128</u>	<u>456,404</u>

	<i>NOTES</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Total comprehensive income attributable to:			
Owners of the Company		431,128	456,404
Non-controlling interests		3,534	408
		<u>434,662</u>	<u>456,812</u>
Earnings per share (in RMB cents)			
From continuing and discontinued operations	7		
— Basic		<u>34.70</u>	<u>37.23</u>
— Diluted		<u>34.55</u>	<u>36.73</u>
From continuing operations			
— Basic		<u>34.70</u>	<u>27.94</u>
— Diluted		<u>34.55</u>	<u>27.57</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	<i>NOTES</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		66,627	52,858
Intangible assets		1,635	1,077
Right-of-use assets		19,938	15,985
Investments in associates		56,186	186,545
Investments in joint ventures		24,640	25,021
Financial assets at fair value through profit or loss		31,532	30,000
Loans to employees		4,755	17,407
Rental and other deposits		4,640	7,001
Equity instruments at fair value through other comprehensive income		1,499	5,808
Deferred tax assets		36,959	57,223
Receivables for disposal of subsidiaries		48,062	96,584
Receivables for disposal of associates		89,610	—
Prepayments and other receivables		1,414	—
Loans to associates		12,000	—
		<hr/> 399,497 <hr/>	<hr/> 495,509 <hr/>
Current assets			
Trade receivables	8	150,527	192,949
Financial assets at fair value through profit or loss		97,418	61,243
Prepayments and other receivables	9	197,556	192,288
Loans to associates		68,000	—
Loans to employees		33,000	—
Cash and cash equivalents		1,340,918	1,163,316
		<hr/> 1,887,419 <hr/>	<hr/> 1,609,796 <hr/>

	<i>NOTES</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current liabilities			
Other payables	<i>10</i>	74,393	93,569
Lease liabilities		8,352	10,191
Deferred revenue		72,965	127,057
Tax payable		29,654	43,861
Dividend payable		4,800	—
		190,164	274,678
Net current assets		1,697,255	1,335,118
Total assets less current liabilities		2,096,752	1,830,627
Non-current liabilities			
Lease liabilities		12,402	7,614
Deferred tax liabilities		200	29,000
Derivative financial liabilities		—	—
		12,602	36,614
Net assets		2,084,150	1,794,013
Capital and reserves			
Share capital	<i>11</i>	42	42
Reserves		2,083,261	1,794,377
Equity attributable to owners of the Company		2,083,303	1,794,419
Non-controlling interests		847	(406)
Total equity		2,084,150	1,794,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or 1 January 2024.

³ Effective for annual periods beginning on or 1 January 2025.

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 on the Group’s self-developed mobile games; (2) income from third-party mobile games, and; (3) advertising revenue. As private game room cards business is classified as discontinued operations, the revenue from private game room cards is excluded from this note. 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”), Ms. Cui Wei, 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 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.

	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>
Continuing operations		
Revenue from:		
— Self-developed mobile games	1,566,458	1,264,307
— Third-party mobile games	145,209	183,892
	1,711,667	1,448,199
Advertising revenue	68,000	114,741
	<u>1,779,667</u>	<u>1,562,940</u>

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. INCOME TAX EXPENSE

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
PRC Corporate Income Tax ("CIT")		
Current year	64,671	40,625
Under provision in prior years	4,492	5,010
	<u>69,163</u>	<u>45,635</u>
Deferred tax		
Current year	<u>(8,536)</u>	<u>(19,309)</u>
	<u>60,627</u>	<u>26,326</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, Jiayang Interactive became qualified as “High and New Technology Enterprises” (“**HNTE**”) under the Corporate Income Tax Law. According to the CIT law, it became entitled to a preferential income tax rate at 15% for three years starting from the year ended 31 December 2021. As a result, Jiayang Interactive is entitled to a preferential income tax rate at 15% for both years.

For the year ended 31 December 2022, Yaotang (Xiamen) Network Technology Co., Ltd (Yaotang Xiamen) qualified as a “Double Soft Enterprise” (“**DSE**”) under the CIT Law. According to relevant tax regulations, Yaotang Xiamen 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 2022, the first year of profitable operation. Therefore, Yaotang Xiamen was exempted from CIT for both years.

For the year ended 31 December 2023, Yaotang (Shenzhen) Network Technology Co., Ltd (Yaotang Shenzhen) and Jilin Haiqi Network Technology Co., Ltd (Jilin Haiqi) qualified as a DSE under the CIT Law. According to relevant tax regulations, Yaotang Xiamen 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 2023, the first year of profitable operation. Therefore, Yaotang Shenzhen and Jiin Haiqi were exempted from CIT for the year ended 31 December 2023.

According to policy promulgated by the State Tax Bureau of the PRC and effective from the year 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**”). The State Tax Bureau of the PRC adjusted the Super Deduction to 200% of the research and development expenses incurred in a year and the new policy was effective on 1 January 2023. Jiaxiang Interactive and Jilin Xinze 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Profit before income tax	<u>501,097</u>	<u>375,976</u>
Tax at income tax rate of 25%	125,274	93,995
Tax effect of tax losses not recognized	—	1,391
Utilization of tax losses previously not recognized	(1,221)	(2,686)
Tax effect of expenses not deductible for tax purpose	15,419	7,990
Tax effect of share of results of associates and joint ventures	(3,123)	(10,242)
Tax effect of temporary differences not recognized	31,697	—
Effect of Super Deduction	(12,381)	(21,708)
Effect of preferential tax rate	(99,530)	(76,424)
Withholding tax on undistributed profits of subsidiaries operating in the PRC	—	29,000
Under provision in prior years	<u>4,492</u>	<u>5,010</u>
Income tax expense	<u>60,627</u>	<u>26,326</u>

5. PROFIT FOR THE YEAR — FROM CONTINUING OPERATIONS

Profit for the year from continuing operation has been arrived at after charging:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation of right-of-use assets	10,897	10,738
Depreciation of property, plant and equipment	12,088	7,812
Amortization of intangible assets	512	445
Auditors' remuneration	3,941	3,780
— Audit service	3,080	2,980
— Other service	861	800
Directors' emoluments	57,993	4,998
Other staff costs:		
Salaries and other benefits in kind	203,009	183,069
Contributions to retirement benefit scheme	8,460	6,251
Share-based payment expenses	9,398	30,482
Total staff costs	<u>278,860</u>	<u>224,800</u>

6. DIVIDENDS

During the year ended 31 December 2022, the Group announced a special dividend of HK\$0.08 (equivalent to RMB0.07) per share on 22 September 2022 and paid the dividends on 26 October 2022 with a total amount of RMB92,857,000.

During the current year, a final dividend of HK\$0.14 (equivalent to RMB0.13) per share in respect of the year ended 31 December 2022 was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$179,676,490 (equivalent to RMB162,823,000).

Subsequent to the end of the reporting period, a final dividend of HK\$0.1 (equivalent to RMB0.09) per ordinary share, in an aggregate amount of HK\$128,340,350 (equivalent to RMB118,073,122), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

7. EARNINGS PER SHARE

From continuing operations

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

	2023	2022
	RMB'000	RMB'000
Earnings		
— Profit for the year attributable to owners of the Company	436,936	465,274
Less:		
Profit for the year from discontinued operations	<u>—</u>	<u>116,032</u>
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<u>436,936</u>	<u>349,242</u>
	Number of shares	
	2023	2022
Number of shares		
Weighted average number of ordinary shares in issue less shares held for future share award scheme for the purpose of basic earnings per share	1,259,235,182	1,249,793,413
Effect of dilutive potential ordinary shares in respect of		
— The Compensation Grant	5,323,128	16,728,259
— The 2021 Share Award Scheme	<u>140,479</u>	<u>251,168</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,264,698,789</u>	<u>1,266,772,840</u>

From continuing and discontinued operations

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic and diluted per share		
Profit for the year	<u>436,936</u>	<u>465,274</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations for the year ended 31 December 2022 is RMB9.28 cents per share and diluted earnings per share for the discontinued operations is RMB9.16 cents per share, based on the profit for the year from the discontinued operations of approximately RMB116,032,000) and the denominators detailed above for both basic and diluted earnings per share.

8. TRADE RECEIVABLES

	31/12/2023 <i>RMB'000</i>	31/12/2022 <i>RMB'000</i>
Trade receivables	150,527	192,949
Less: impairment provision	<u>—</u>	<u>—</u>
Total	<u>150,527</u>	<u>192,949</u>

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB194,736,000.

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:

	31/12/2023	31/12/2022
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	99,721	149,477
31–60 days	30,863	33,198
61–90 days	5,123	1,777
91–180 days	9,931	1,066
Over 180 days	4,889	7,431
	<hr/>	<hr/>
Total	<u>150,527</u>	<u>192,949</u>

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB21,328,000 (2022: RMB13,281,000) which are past due. Out of the past due balances, RMB7,673,000 (2022: RMB746,000) 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.

9. PREPAYMENTS AND OTHER RECEIVABLES

	31/12/2023 <i>RMB'000</i>	31/12/2022 <i>RMB'000</i>
Non-current		
Loans to third parties	<u>1,414</u>	<u>—</u>
Current		
Prepayment for advertisement and promotion fees	145,384	140,773
Prepayment to game developers	8,000	—
Prepayment for research and development	7,342	14,800
Prepayment for server-related fees	2,999	4,532
Advances to employees	496	2,639
Dividends receivable from associates (<i>note i</i>)	—	10,000
Loans to third parties	32,432	18,172
Others	<u>9,754</u>	<u>6,758</u>
	<u>206,407</u>	<u>197,674</u>
Less: Allowance for credit losses (<i>note ii</i>)	<u>(8,851)</u>	<u>(5,386)</u>
Total	<u><u>197,556</u></u>	<u><u>192,288</u></u>

Note:

- (i) The dividends receivable from associates as at 31 December 2022 represents the dividend receivable from Jilin Yuke and the dividend distribution was occurred before the disposal of the entire interest in Jilin Yuke by the Group to Jilin Xinyue, an associate of the Group.
- (ii) The credit losses is related to loans to third parties.

10. OTHER PAYABLES

	31/12/2023 <i>RMB'000</i>	31/12/2022 <i>RMB'000</i>
Salaries and staff welfare payables	48,224	47,542
Selling and marketing expenses accruals	8,671	255
Payable to game developers (<i>note i</i>)	4,600	12,170
Payable for customer service and technical support fee	2,140	2,061
Other taxes payable	2,162	8,008
Payable for acquisition of an associate (<i>note ii</i>)	—	14,686
Others	8,596	8,847
	<u>74,393</u>	<u>93,569</u>
Total	<u>74,393</u>	<u>93,569</u>

Notes:

- (i) As at 31 December 2023 and 2022, 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.
- (ii) The balance represents as at 31 December 2022 payable to Jilin Yuke for acquisition of Siwen Technology which was an associate of Jilin Yuke before the disposal. These balances are unsecured, interest-free and payable within one year from the reporting date.

11. SHARE CAPITAL

	Par value <i>US\$</i>	Number of shares	Nominal amount <i>US\$</i>	Shown in the consolidated financial statements <i>RMB'000</i>
Authorized				
As at 1 January 2022, 31 December 2022 and 31 December 2023	0.000005	10,000,000,000	50,000	
Issued and fully paid				
As at 1 January 2022, 31 December 2022 and 31 December 2023	<u>0.000005</u>	<u>1,283,403,500</u>	<u>6,417</u>	<u>42</u>

OTHER INFORMATION

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board proposed the payment of a final dividend (the “**Final Dividend**”) of HK\$0.1 per share, in an aggregate amount of HK\$128,340,350 (equivalent to RMB118,073,122), for the year ended 31 December 2023 (2022: HK\$0.14), subject to the approval of the shareholders of the Company at the 2023 annual general meeting to be held on 6 June 2024 (the “**Annual General Meeting**”). The proposed dividends will be distributed on 11 July 2024 to Shareholders whose names appear on the register of members of the Company on 19 June 2024.

The Annual General Meeting is proposed to be held on Thursday, 6 June 2024. A notice convening the Annual General Meeting will be published and/or 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 Monday, 3 June 2024 to Thursday, 6 June 2024 (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 17, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 31 May 2024.

For determining the entitlement to the payment of Final Dividend, the register of members of the Company will be closed from Friday, 14 June 2024 to Wednesday, 19 June 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. The Final Dividend is payable to the Company’s shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 19 June 2024. In order to qualify for the payment of Final Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar Tricor Investor Services Limited, at Level 17, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 pm on Thursday, 13 June 2024.

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

During the year ended 31 December 2023, Futu Securities International (Hong Kong) Limited, an independent trustee for the share award schemes of the Company, purchased 23,354,000 of shares of the Company with total consideration of RMB41,359,000 (HK\$45,293,400) on the open market as treasury shares for the purpose of future share award schemes.

Save as disclosed above, 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 2023.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company's principal place of business in Hong Kong was changed to Unit 2451, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and the email of the Company was changed to *ir@weile.com* with effect from 13 April 2023. For further details of the changes, please refer to the announcement of the Company dated on 14 April 2023.

The Company's principal place of business in Hong Kong was changed to LM8, 5/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong with effect from 31 January 2024. The website, telephone and facsimile numbers of the Company will remain unchanged. For further details of the changes, please refer to the announcement of the Company dated on 31 January 2024.

EVENTS AFTER THE REPORTING PERIOD

On 22 March 2024, the Group entered into New Contractual Arrangements through Yutai Shenzhen with Jilin Yutai Network Technology Company Limited* (“**Jilin Yutai**”), Mr. Wu Chengze, Mr. Guo Shunshun, and Shenzhen Jiexiang Weilai Network Technology Co., Ltd.* (“**Jiexiang Weilai**”), among others, to establish an independent framework. This framework enables the Group to recognise and receive the economic benefits from Jiexiang Weilai’s businesses and operations and allows the Company to effectively control and have the right, to the extent permitted by the laws of the PRC, to acquire the equity interests in Jiexiang Weilai owned by Jilin Yutai or the assets of Jiexiang Weilai. The Group entered into the New Contractual Arrangements, with a view to establishing new contractual structure for companies within the non-card and board game business segment that are engaged in businesses where foreign ownership is prohibited. For details, please refer to the Company’s announcement dated 22 March 2024.

Save as disclosed above, there was no other 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 2023, 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 C1 to the Listing Rules, except for a deviation from code provision C.2.1.

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wu Chengze had been serving simultaneously as the chief executive officer and the chairman of the Board until 5 September 2023. 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 has been instrumental to the Company’s growth and business expansion since its establishment in 2009. The Board considered that vesting the roles of chairman and chief executive officer in the same person was beneficial to the management of the Group. The balance of power and authority was ensured by the operation of the senior management and the Board, which comprised experienced and high-calibre individuals. The Board currently comprised three executive directors (including Mr. Wu) and three independent non-executive directors and therefore, in the Company’s view, had an appropriate level of independence element in its composition.

As at 5 September 2023, the Board has resolved to change the chief executive officer of the Company from Mr. Wu Chengze to Ms. Cui Wei. For further details of the changes, please refer to the announcement of the Company dated on 5 September 2023. As the roles of chairman and chief executive officer are no longer performed by the same individual, the Company has, since then, complied with the applicable code provisions of the Corporate Governance Code.

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 C3 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 and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with 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. Hu Yangyang, Mr. Zhang Yuguo and Ms. Guo Ying. Mr. Hu Yangyang is the chairman of the Audit Committee.

The Annual Results 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

Since the date of the Company's 2023 Interim Report, there has been no change in the directors' biographical details which is 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 2023 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 2024

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. Hu Yangyang, Mr. Zhang Yuguo and Ms. Guo Ying.

* *For identification purpose only*