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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-Year Change* (%)
	2022 (unaudited)	2021 (unaudited) (restated)***	
<b>(RMB in thousands, except for percentages)</b>			
<b>Continuing operations</b>			
Revenue	<b>781,763</b>	477,394	63.8
Cost of sales	<b>(229,673)</b>	(125,975)	82.3
Gross profit	<b>552,090</b>	351,419	57.1
Profit for the period attributable to owners of the Company	<b>380,299</b>	310,699	22.4
Non-IFRS adjusted net profit attributable to owners of the Company**	<b>391,627</b>	315,646	24.1

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

\*\* Non-IFRS adjusted net profit attributable to owners of the Company was derived from the unaudited profit and total comprehensive income for the period adjusted for share-based compensation.

\*\*\* During the Reporting Period, the Group has discontinued its private game room cards business through the disposal of Jilin Yuke Network Technology Company Limited (吉林省宇柯網絡科技有限公司) and cessation of private game room cards business carried out by Jilin Xinze Network Technology Company Limited (吉林省鑫澤網絡技術有限公司). As a result, revenue generated from private game room cards is excluded and the comparative figures for the six months ended 30 June 2021 are restated. For further details of the disposal of subsidiary and discontinued operations of private game room cards business, please refer to the paragraph headed “Material acquisitions or disposals” in this announcement and note 10 to the condensed consolidated financial statements of the Company.

## REVENUE BY SEGMENT

	For the six months ended 30 June		Year- on-Year Change*
	2022 (unaudited)	2021 (unaudited) (restated)	(%)
<b>(RMB in thousands, except for percentages)</b>			
<b>Continuing operations</b>			
Self-developed mobile games	639,418	399,605	60.0
Third-party mobile games	82,623	6,282	1,215.2
	<u>722,041</u>	<u>405,887</u>	<u>77.9</u>
Advertising revenue**	59,722	71,507	(16.5)
<b>Total</b>	<b><u>781,763</u></b>	<b><u>477,394</u></b>	<b><u>63.8</u></b>

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

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

## OPERATIONAL HIGHLIGHTS

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

	<b>As at or for the six months ended</b>	
	<b>30 June 2022</b>	30 June 2021
<b>Continuing operations</b>		
<i>Virtual tokens</i>		
Daily active users (“ <b>DAUs</b> ”) * (as at period end)	<b>10,068,889</b>	6,787,597
Paying players**	<b>8,975,481</b>	6,101,408
Monthly active users (“ <b>MAUs</b> ”)***	<b>55,757,653</b>	40,823,967
<b>Discontinued operations</b>		
<i>Private game room cards</i>		
DAUs* (as at period end)	<b>300,873</b>	1,163,274
Paying players**	<b>64,080</b>	174,925
MAUs***	<b>4,786,370</b>	10,219,609

\* 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 a given month or the average of MAUs in the given period.

The board of directors (the “**Board**”) of Homeland Interactive Technology Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) together with the comparative figures for the previous corresponding period. The Interim Results have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and the audit committee of the Company (the “**Audit Committee**”).

## BUSINESS OVERVIEW AND OUTLOOK

### Business Review

We are a well-established mobile game developer and operator in China with a special focus on the development and operation of localized Mahjong, poker and casual games. In addition to our long-running portfolio of classic mobile card and board games, we have successfully launched a variety of casual games including “Jixiang Arcade Fish Strike” (吉祥街機捕魚) and “Weile Fish Strike Thousand Cannon” (微樂捕魚千炮版). Adherence to the values of “fairness, professionalism, safety and innovation”, we have continued to increase our competitive advantage through the offering of unique product combinations and the execution of localized marketing strategies to match the changing needs of players of different demographics. At the same time, we strive to transform from a leading localized classic card and board game operator in China and grow into a global causal and competitive game platform through deploying multi-dimensional business strategic layout, aiming to remain flexible in formulating strategies to achieve steady growth. We have achieved staggering growth in user base in recent years, and has successfully established a stable and healthy development of our own platform traffic. Leveraging our large player base, our Group commenced the distribution of third-party mobile games in August 2018, and expanded our advertising business in September 2019.

In terms of financial performance, our Group continued robust growth during the first half of 2022. Our Group’s revenue and gross profit for the six months ended 30 June 2022 were RMB781.8 million and RMB552.1 million, representing an increase of approximately 63.8% and 57.1%, respectively as compared with the revenue and gross profit for the corresponding period of last year. The growth was partly attributable to our Group’s continuous improvement and introduction of new elements into our existing mahjong and poker games, bringing players enhanced timeless gaming experience. Moreover, we have strategically selected and deepened the cooperation with various new media channels, such as Douyin, Kuaishou and Tencent Video, to optimize user traffic and expand our customer acquisition ability, which resulted in a significant increase in our Group’s DAUs and player stickiness. During the first half of 2022, our Group recognized advertising revenue of RMB59.7 million as we incentivized players by giving in-game virtual items through clicks on advertisements thereby increasing our advertising revenue. Our Group’s adjusted net profit, which does not take into account share-based compensation of RMB11.3 million was approximately RMB391.6 million for the six months ended 30 June 2022, representing an increase of approximately 24.1% from approximately RMB315.6 million for the six months ended 30 June 2021.

We significantly increased our investment in research and development during the Reporting Period. Our investment in research and development was approximately RMB72.5 million for the six months ended 30 June 2022, representing a year-on-year increase of 149.1%. Part of the research and development capital was utilized for the continuous optimization of our

classic card and board game portfolio, striving to bring players an everlasting entertainment experience. In addition, in order to continue to enrich and diversify our game portfolio, we have invested in different game projects, among which our newly developed casual game “Meet Meowkes” (遇見喵克斯) has obtained an official game publication number from relevant authorities and has completed multiple rounds of testing. We expect to release related games within 2022 based on the testing results. In addition, the hardcore game “Project: Homeland” (tentative title) and the competitive game “Project: X” (tentative title) developed by our Group have also entered the stage of intensive research and development. In terms of overseas card and board games, we are in the course of developing casual games localized to target overseas players in Europe, North America and Southeast Asia, and we expect to capture overseas income in near future.

In view of the growth in our business performance, the cost of sales of our Group increased correspondingly, mainly due to the increase in payment of commissions and fees charged by game distribution channels and platforms which brought about the increase in sales revenue. At the same time, in order to expand our user base, enhance user stickiness and promote in-game purchases, we increased our sales and marketing expenditure significantly to strengthen our product marketing capabilities. Our sales and marketing expenses increased by approximately 221.2% from RMB67.4 million (restated) for the six months ended 30 June 2021 to RMB216.6 million in the corresponding period in 2022. A portion of the marketing expenses was being used for targeted advertising in our key expansion areas including Sichuan, Jiangsu and Guangzhou for the purpose of maximizing brand exposure of our games in those regions. Another portion of the increase in marketing expenditure was due to our increased investment in engaging new media channels for keeping up with the changing mobile users habits, seeking to attract high-traffic and distinctive broadcasting hosts, and to enrich our content output on new media channels continuously.

In terms of regional user growth, our products cover at least some counties in 28 provinces and municipalities in China. Our Group has map out a refined and focused localized user base expansion mechanism, which includes dissecting user growth indicators by prefecture-level administrative structure, utilization of efficient iterative algorithms and optimization of localized gameplay, deploying multi-dimensional layout of regional marketing resources, and accumulating user base at the targeted scale sufficient to continuously generate traction for sustainable business growth. In recent years, our user base expansion mechanism has shown positive results in many prefecture-level cities. As of 30 June 2022, the accumulated user base for our products in nearly 100 out of the 333 prefecture-level cities across China have reached the targeted scale sufficient to continuously generate traction for sustainable business growth, with these existing customers bringing our Group a steady stream of new traffic for future growth. During the Reporting Period, we recorded a further growth in our active users, our Group’s DAUs increased to 10,369,762, representing a growth of 30.4% as compared with 30 June 2021; our Group’s MAUs increased to 60,544,023, representing a growth of 18.6% as compared with 30 June 2021. We also recorded a further growth in our paying players, which reached 9,039,561, representing a growth of 44.0% as compared with the six months ended 30 June 2021.

During the Reporting Period, our Group has streamlined our business and discontinued our private game room cards business through the disposal of Jilin Yuke Network Technology Company Limited (吉林省宇柯網絡科技有限公司) and cessation of private game room cards business carried out by Jilin Xinze Network Technology Company Limited (吉林省鑫澤網絡技術有限公司). For further details, please refer to the paragraph headed “Material acquisitions or disposals” in this announcement and note 10 to the condensed consolidated financial statements of the Company. The discontinuation of the private game room cards business would allow us to improve our asset portfolio and provide our Group with additional capital to be applied to other businesses. Furthermore, our Group has restructured our research and development, and distribution line for clearer delineation of business function and established an overseas game division to focus on overseas business expansion, which we believe will maximize our operational efficiency and cater our business needs.

## **Business Outlook**

During the second half of 2022, our Group will continue our efforts to further solidify our competitive advantages in the gaming industry by continuing the following strategies:

- Further diversify and optimize our game portfolio to increase revenue streams and market infiltration. 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, namely localised chess game and card game variations, to attract potential users from prefecture-level cities and cater different entertainment needs. Our Group will utilize our game localization capability to design and develop new tailor-made games to captivate interest of prefecture-level cities user, and increase our Group’s revenue source.
- Expand customer acquisition channels and reduce customer acquisition costs through integration with new media technology and harnessing the power of innovative media channels. In order to strengthen our Group’s customer acquisition ability and increase the business presence, we will increase our capital investment in new media marketing to produce highly entertaining content and retain high-traffic sources.
- Continue to expand our geographic coverage in China through market penetration of prefecture-level cities. In the second half of 2022, our Group aims to increase our presence in 50 prefecture-level cities situated within various provinces including Zhejiang, Fujian, Anhui and Jiangsu. We plan to place resources to boost marketing 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.

- 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, in the second half of 2022, our Group will deploy more research and development resources to introduce new game categories such as hardcore games and competitive games. We will continue to improve interactions between the 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.
- Continue to explore potential business opportunities. As an established game developer, we will leverage our industry experience and collaborate with strategic partners to expand our business. Our Group intends to look for high-potential game teams which complement our current game portfolio, and explore opportunities to cooperate with them through different forms including incubation, investment and acquisition.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Revenue

The Group's revenue from continuing operations for the six months ended 30 June 2022 amounted to approximately RMB781.8 million, representing an increase of 63.8% from approximately RMB477.4 million (restated) recorded in the corresponding period in 2021. The increase in revenue was partly 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 six months ended 30 June 2022, revenue generated from the sale of virtual tokens on the Group's self-developed mobile games, distribution of third-party mobile games and advertising revenue accounted for approximately 81.8%, 10.6% and 7.6% of the Group's total revenue, respectively, as compared with approximately 83.7%, 1.3% and 15.0% respectively, for the six months ended 30 June 2021.

#### *Cost of sales*

The Group's cost of sales from continuing operations primarily includes (i) employee benefit expenses; (ii) commissions and fees charged by third-party game distribution channels and payment vendors; (iii) server-related and technical support fees; and (iv) depreciation and amortization. The Group's cost of sales increased by approximately 82.3% to approximately RMB229.7 million in the six months ended 30 June 2022 from approximately RMB126.0 million (restated) in the corresponding period in 2021, primarily due to the growth in the Group's continuing business in line with the expansion of the Group's game portfolio. More specifically, the increase in cost of sales was primarily due to (i) a RMB103.9 million increase in commissions and fees paid to third-party distribution channels and payment vendors in line with the Group's rapid business growth; and (ii) a RMB3.0 million increase in server-related and technical support fees.



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

As a result of the foregoing, the Group's gross profit from continuing operations increased by 57.1% to approximately RMB552.1 million for the six months ended 30 June 2022 from approximately RMB351.4 million (restated) for the corresponding period in 2021. The Group's gross profit margin from continuing operations decreased to 70.6% for the six months ended 30 June 2022 from 73.6% for the corresponding period in 2021.

### ***Other income***

Other income from continuing operations increased by approximately 40.2% from RMB15.4 million (restated) for the six months ended 30 June 2021 to RMB21.6 million for the six months ended 30 June 2022. The increase was primarily due to an increase in interest income of RMB4.0 million and government subsidies of RMB2.8 million during the six months ended 30 June 2022.

### ***Foreign exchange (losses)/gains, net***

Foreign exchange gains from continuing operations of RMB2.9 million recorded in the six months ended 30 June 2022 were mainly due to the fluctuation of exchange rate of Renminbi (RMB) against HK dollars and US dollars.

### ***Selling and marketing expenses***

The Group's selling and marketing from continuing operations increased by approximately 221.2% from RMB67.4 million (restated) for the six months ended 30 June 2021 to RMB216.6 million in the corresponding period in 2022. The increase was primarily due to an increase in advertising and marketing expenses for targeted advertising in the Group's key expansion areas including Sichuan, Jiangsu and Guangzhou to maximize its brand exposure in those regions, and also the Group's increased investment in engaging new media channels in order to attract high-traffic and distinctive broadcasting hosts to enrich its content output on new media channels.

### ***Administrative expenses***

The Group's administrative expenses from continuing operations increased by approximately 251.5% from RMB23.6 million (restated) for the six months ended 30 June 2021 to RMB82.9 million in the corresponding period in 2022. The increase was primarily due to (i) an increase of RMB35.6 million in staff costs in connection with research and development activities; and (ii) an increase of RMB7.9 million in other professional service fees.

### ***Profit before income tax***

The Group's profit before income tax from continuing operations slightly decreased by approximately 0.5% from RMB293.1 million (restated) for the six months ended 30 June 2021 to RMB291.6 million in the corresponding period in 2022. The Group's profit before income tax as a percentage of total revenue decreased from 61.4% for the six months ended 30 June 2021 to 37.3% for the six months ended 30 June 2022. The decrease was primarily due to the increase of approximately 221.2% and 251.5% in the Group's selling and marketing expenses, and administrative expenses, respectively, during the six months ended 30 June 2022 compared to the corresponding period in 2021.

### ***Profit from discontinued operations***

Profit from discontinued operations represented the profit generated from the private game room cards business of the Group. Profit from discontinued operations increased by approximately 106.3% from RMB56.2 million for the six months ended 30 June 2021 to RMB116.0 million in the corresponding period in 2022, primarily due to the gain on disposal of Jilin Yuke amounting to RMB82.5 million and was offset by the decrease in profit of private game room cards operations amounting to RMB22.7 million. For further details, please refer to note 10 to the condensed consolidated financial statements of the Company in this announcement.

### ***Income tax expenses***

Income tax expenses from continuing operations decreased by approximately 29.5% from RMB39.3 million (restated) for the six months ended 30 June 2021 to RMB27.7 million in the corresponding period in 2022, primarily due to a deferred tax in the amount of RMB16.2 million being applied during the six months ended 30 June 2022. The Group's effective tax rates were 13.4% and 9.5% for the six months ended 30 June 2021 and 2022, respectively. The decrease in the Group's effective tax rate was primarily due to an increase in research and development expenses resulting in an increase in the tax deductible expenses.

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

Profit attributable to owners of the Company increased by approximately 22.4% from approximately RMB310.7 million for the six months ended 30 June 2021 to approximately RMB380.3 million for the six months ended 30 June 2022.

### *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 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 owners of the Company for the periods indicated:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Profit for the period attributable to owners of the Company	<b>380,299</b>	310,699
Add:		
Share-based compensation	<b>15,180</b>	4,947
Adjusted net profit	<b><u>395,479</u></b>	<b><u>315,646</u></b>

The adjusted net profit for the six months ended 30 June 2022, adjusted by excluding the non-cash item of share-based compensation to key employees, was approximately RMB395.5 million, increased by 25.3% as compared to approximately RMB315.6 million for the six months ended 30 June 2021.

### **Liquidity and Capital Resources**

For the six months ended 30 June 2022, the Group financed its operations primarily through cash generated from the Group’s operating activities. The Group intends to finance its expansion and business operations with internal resources and through organic and sustainable growth.

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

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

The Group primarily operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. The Group has certain cash and cash equivalents and trade receivables denominated in HK dollars and US dollars, and is exposed to foreign exchange risk arising from exchange rate fluctuation of RMB against HK dollars and US dollars. As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB1,193.8 million (31 December 2021: approximately RMB1,125.2 million), which primarily consisted of cash at bank. Out of the RMB1,193.8 million, approximately RMB1,130.9 million is denominated in Renminbi, approximately RMB7.9 million is denominated in HK dollars and approximately RMB54.0 million is denominated in US dollars. 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.

### ***Borrowings***

During the six months ended 30 June 2022, 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 RMB22.8 million in aggregate.

### ***Gearing ratio***

The gearing ratio was zero since there was no debt as at 30 June 2022.

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

As at 30 June 2022, the Group did not pledge any of its assets.

### *Capital expenditure*

For the six months ended 30 June 2022, the Group's capital expenditure amounted to approximately RMB17.6 million (for the six months ended 30 June 2021: approximately RMB16.5 million), which mainly comprised expenditures on the purchase of office furniture and equipment, the purchase of computer software as well as investment in equity instruments at fair value through other comprehensive income. The Group funded its capital expenditure by using the cash flow generated from its operations and proceeds from the global offering. The capital expenditure for the six months ended 30 June 2022 was higher primarily due to increased expenditure with respect to the purchase of office furniture and equipment.

### *Contingent liabilities and guarantees*

As at 30 June 2022, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

### *Performance of major associate*

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

As of 30 June 2022, the carrying amount of the Group's interest in Jilin Xinyue was approximately RMB132.9 million, representing approximately 6.5% of the total assets of the Group. The vendor of Jilin Xinyue has undertaken that the audited net profit of Jilin Xinyue for the year ended 31 December 2022 shall not be less than RMB80,000,000. The unaudited net profit of Jilin Xinyue for the six months ended 30 June 2022 was RMB61.9 million. Further details on the Group's significant investment during the Reporting Period is contained in note 13 to the consolidated financial statements.

## ***Material acquisitions or disposals***

On May 5, 2022, (i) Jiaxiang Interactive (Xiamen) Network Technology Company Limited (家鄉互動 (廈門) 網絡科技有限公司) (“**Jiaxiang Interactive**”) (an indirect wholly-owned subsidiary of the Company by virtue of the contractual arrangements), as the vendor; (ii) Jilin Xinyue, as the purchaser; and (iii) the Jilin Yuke Network Technology Company Limited\* (吉林省宇柯網絡科技有限公司) (the “**Target Company**”) entered into an equity transfer agreement, pursuant to which Jiaxiang Interactive has agreed to sell the entire equity interest in the Target Company to Jilin Xinyue (a company owned as to 40% by Jilin Xinze, an indirect wholly-owned subsidiary of the Company by virtue of the contractual arrangements), at a total consideration of RMB124 million. Following the completion of the disposal as at 30 June 2022, (i) the Target Company ceased to be a subsidiary of the Company and its financial results are no longer consolidated into the consolidated financial statements of the Group; and (ii) the financial results of the Target Company are consolidated into the consolidated financial statements of Jilin Xinyue, which will continue to be classified as an investment in associated company in the Company’s financial statements in accordance with the relevant accounting standards. For further details of the disposal, please refer to the announcement of the Company dated May 5, 2022.

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

## **Employees and Staff Costs**

The Company has hired additional game developers, engineers and marketing personnel during the first half of 2022 in line with the Company’s business expansion. Taking into account the employees who departed during the first half of 2022, the Group had a total of 510 full time employees, mainly located in mainland China. In particular, 137 employees are responsible for the Group’s research and development, 240 for game development, 16 for technical support, 11 for customer service, 55 for marketing and 51 for operations and general administration. The total staff cost from continuing operations incurred by the Group for the six months ended 30 June 2022 was approximately RMB86.8 million compared to approximately RMB44.5 million (restated) for the corresponding period in 2021. The increase was primarily due to (i) the increase in payment of share-based compensation to key employees of approximately RMB6.4 million; and (ii) the increase in payment of salaries and other benefits in kind of approximately RMB34.5 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 interim report of the Company for the six months ended 30 June 2022.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

		<b>Six months ended 30 June</b>	
	<i>NOTES</i>	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>2021</b> <b>RMB'000</b> <b>(unaudited)</b> <b>(restated)</b>
<b>Continuing operations</b>			
Revenue	3	781,763	477,394
Cost of sales	4	<u>(229,673)</u>	<u>(125,975)</u>
Gross profit		552,090	351,419
Other income	5	21,612	15,412
Other gains and losses	6	(1,665)	—
Foreign exchange (losses) gains, net		2,935	(464)
Selling and marketing expenses		(216,634)	(67,439)
Administrative expenses		(82,936)	(23,594)
Other expenses		(7,594)	(708)
Share of profit of associates		24,559	18,764
Interest on lease liabilities		<u>(786)</u>	<u>(291)</u>
Profit before income tax		291,581	293,099
Income tax expense	8	<u>(27,658)</u>	<u>(39,257)</u>
Profit for the period from continuing operations	9	<u>263,923</u>	<u>253,842</u>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	10	<u>116,032</u>	<u>56,247</u>
<b>Profit for the period</b>		<u>379,955</u>	<u>310,089</u>
<b>Other comprehensive expense</b>			
<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 (“FVTOCI”), net of income tax		<u>(7,681)</u>	<u>(3,748)</u>
Other comprehensive expense for the period		<u>(7,681)</u>	<u>(3,748)</u>
<b>Total comprehensive income for the period</b>		<u><u>372,274</u></u>	<u><u>306,341</u></u>

		<b>Six months ended 30 June</b>	
	<i>NOTES</i>	<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
			<b>(restated)</b>
<b>Profit for the period attributable to owners of the Company:</b>			
— from continuing operations		264,267	254,452
— from discontinued operations		116,032	56,247
		<u>380,299</u>	<u>310,699</u>
<b>Profit for the period attributable to owners of the Company</b>		<u>380,299</u>	<u>310,699</u>
<b>Loss for the period attributable to non-controlling interests from continuing operation</b>		(344)	(610)
		<u>379,955</u>	<u>310,089</u>
<b>Total comprehensive income (expense) for the period attributable to:</b>			
Owners of the Company		372,618	306,951
Non-controlling interests		(344)	(610)
		<u>372,274</u>	<u>306,341</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u>372,274</u>	<u>306,341</u>
— from continuing operations		256,586	250,704
— from discontinued operations		116,032	56,247
		<u>372,618</u>	<u>306,951</u>
<b>Earnings per share (in RMB cents)</b>	<i>11</i>		
<b>From continuing and discontinued operations</b>			
— Basic		<u>30.56</u>	<u>24.92</u>
— Diluted		<u>30.18</u>	<u>24.22</u>
<b>From continuing operations</b>			
— Basic		<u>21.23</u>	<u>20.41</u>
— Diluted		<u>20.97</u>	<u>19.84</u>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2022*

		As at <b>30 June 2022</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (audited)
	<i>NOTES</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	<b>50,820</b>	51,557
Right-of-use assets	<i>12</i>	<b>21,362</b>	29,758
Intangible assets		<b>1,295</b>	1,412
Investment in associates	<i>13</i>	<b>147,339</b>	153,498
Equity instruments at FVTOCI		<b>14,390</b>	10,146
Loans to employees	<i>14</i>	<b>12,385</b>	13,788
Rental and other deposits		<b>5,456</b>	5,637
Deferred tax assets	<i>17</i>	<b>23,648</b>	9,972
Other receivables	<i>16</i>	<b>93,547</b>	—
		<hr/> <b>370,242</b> <hr/>	<hr/> 275,768 <hr/>
<b>Current assets</b>			
Trade receivables	<i>15</i>	<b>168,475</b>	194,736
Prepayments and other receivables	<i>16</i>	<b>309,390</b>	133,271
Loans to employees	<i>14</i>	<b>4,042</b>	—
Cash and cash equivalents		<b>1,193,791</b>	1,125,162
		<hr/> <b>1,675,698</b> <hr/>	<hr/> 1,453,169 <hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>18</i>	<b>70,742</b>	92,221
Deferred revenue	<i>19</i>	<b>57,699</b>	82,492
Tax payable		<b>56,705</b>	55,909
Lease liabilities		<b>10,871</b>	11,241
Derivative financial liabilities		<b>24,170</b>	—
		<hr/> <b>220,187</b> <hr/>	<hr/> 241,863 <hr/>
Net current assets		<hr/> <b>1,455,511</b> <hr/>	<hr/> 1,211,306 <hr/>
Total assets less current liabilities		<hr/> <b>1,825,753</b> <hr/>	<hr/> 1,487,074 <hr/>

		As at 30 June 2022 <i>RMB'000</i> (unaudited)	As at 31 December 2021 <i>RMB'000</i> (audited)
<b>Non-current liabilities</b>			
Lease liabilities		11,897	19,466
Deferred tax liabilities	17	—	1,934
Derivative financial liabilities		—	25,370
		<u>11,897</u>	<u>46,770</u>
<b>Net assets</b>		<u><b>1,813,856</b></u>	<u><b>1,440,304</b></u>
<b>Capital and reserves</b>			
Share capital	20	42	42
Reserves		<u>1,814,972</u>	<u>1,441,076</u>
Equity attributable to owners of the Company		<u>1,815,014</u>	1,441,118
Non-controlling interests		<u>(1,158)</u>	<u>(814)</u>
<b>Total equity</b>		<u><b>1,813,856</b></u>	<u><b>1,440,304</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE SIX MONTH ENDED 30 JUNE 2022

	Attributable to owners of the Company										
	Share capital RMB'000	Shares held for Share Award Scheme RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000 (Note i)	Share-based payments reserve RMB'000	FVTOCI reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2021 (audited)	41	—*	113,551	15,027	19,717	27,509	(1,275)	775,559	950,129	(777)	949,352
Profit (loss) for the period	—	—	—	—	—	—	—	310,699	310,699	(610)	310,089
Other comprehensive expense for the period	—	—	—	—	—	—	(3,748)	—	(3,748)	—	(3,748)
Total comprehensive (expense) income for the period	—	—	—	—	—	—	(3,748)	310,699	306,951	(610)	306,341
Recognition of share-based payment expenses under the Share Option Scheme (defined in Note 21)	—	—	—	—	—	4,947	—	—	4,947	—	4,947
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	400	400
<b>As at 30 June 2021 (unaudited)</b>	<b>41</b>	<b>—*</b>	<b>113,551</b>	<b>15,027</b>	<b>19,717</b>	<b>32,456</b>	<b>(5,023)</b>	<b>1,086,258</b>	<b>1,262,027</b>	<b>(987)</b>	<b>1,261,040</b>
As at 1 January 2022 (audited)	42	(16,594)	113,551	15,027	19,718	37,627	(4,849)	1,276,596	1,441,118	(814)	1,440,304
Profit (loss) for the period	—	—	—	—	—	—	—	380,299	380,299	(344)	379,955
Other comprehensive expense for the period	—	—	—	—	—	—	(7,681)	—	(7,681)	—	(7,681)
Total comprehensive (expense) income for the period	—	—	—	—	—	—	(7,681)	380,299	372,618	(344)	372,274
Recognition of share-based payment expenses under the Share Option Scheme and the incremental fair value under the Compensation Grant (defined in Note 21)	—	—	—	—	—	3,044	—	—	3,044	—	3,044
Recognition of share-based payment expenses under the 2021 Share Award Scheme (defined in Note 21)	—	—	—	—	—	405	—	—	405	—	405
Recognition of share-based payment expenses under the 2022 Share Award Scheme (defined in Note 21)	—	—	—	—	—	11,731	—	—	11,731	—	11,731
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2022 Share Award Scheme	—	13,814	13,126	—	—	(26,940)	—	—	—	—	—
Repurchase of shares (Note ii)	—	(13,902)	—	—	—	—	—	—	(13,902)	—	(13,902)
Disposal of equity instruments at FVTOCI	—	—	—	—	—	—	1,365	(1,365)	—	—	—
<b>As at 30 June 2022 (unaudited)</b>	<b>42</b>	<b>(16,682)</b>	<b>126,677</b>	<b>15,027</b>	<b>19,718</b>	<b>25,867</b>	<b>(11,165)</b>	<b>1,655,530</b>	<b>1,815,014</b>	<b>(1,158)</b>	<b>1,813,856</b>

\* less than RMB1,000.

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

*Note ii:* During the period ended 30 June 2022, the Company repurchased 9,478,000 of shares with total consideration of RMB13,902,000 (HK\$16,960,000) on the open market at a price of HK\$1.295 to HK\$1.875 through Futu Securities International (Hong Kong) Limited, which was appointed as an independent trustee for the share award schemes of the Company, as treasury shares for the purpose of future share award schemes. Details are as follows:

Month of repurchase	No of ordinary shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January	8,058,000	1.875	1.819	14,994
March	186,000	1.397	1.397	260
April	258,000	1.390	1.295	347
May	122,000	1.383	1.383	169
June	854,000	1.400	1.382	1,190
Total	<u>9,478,000</u>	<u></u>	<u></u>	<u>16,960</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		<b>Six months ended 30 June</b>	
	<i>NOTE</i>	<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net cash from operating activities</b>		<b>79,652</b>	225,605
<b>Investing activities</b>			
Interest received		13,416	10,258
Purchase of equity instruments at FVTOCI		(12,365)	—
Purchase of property, plant and equipment		(5,059)	(1,388)
Purchase of intangible assets		(199)	(71)
Investment in an associate		—	(15,000)
Dividend received		28,000	21,860
Payment of rental deposits		(174)	(1,488)
Loans to employees		(4,500)	(15,000)
Proceeds from disposal of equity instruments at FVTOCI		853	—
Net cash outflow on disposal of a subsidiary	10	(13,414)	—
Proceeds from disposal of property, plant and equipment		300	—
<b>Net cash generated from (used in) investing activities</b>		<b>6,858</b>	(829)
<b>Financing activities</b>			
Repayment of lease liabilities		(5,259)	(1,488)
Interest paid on lease liabilities		(907)	(292)
Capital injection from non-controlling interests		—	400
Payment on repurchase of shares		(13,902)	—
<b>Net cash used in financing activities</b>		<b>(20,068)</b>	(1,380)
Net increase in cash and cash equivalents		66,442	223,396
Cash and cash equivalents at the beginning of the period		1,125,162	732,724
Effect of foreign exchange rate changes		2,187	(593)
<b>Cash and cash equivalents at the end of the period, represented by cash and cash equivalents</b>		<b>1,193,791</b>	955,527

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

### General information

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

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

### Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

### Significant events and transactions in the current interim period

During the current interim period, the Group has streamlined its business and discontinued its private game room cards business through the disposal of Jilin Yuke Network Technology Company Limited (“**Jilin Yuke**”) to Jilin Xinyue Development and Network Technology Limited (“**Jilin Xinyue**”), an associate of the Group, with consideration of RMB105,947,000 and cessation of private game room cards business carried out by Jilin Xinze Network Technology Company Limited (“**Jilin Xinze**”). The details are disclosed in Note 10.

## 2. PRINCIPAL ACCOUNTING POLICES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values, as appropriate.

Other than application of certain accounting policies listed below which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

### **Changes in the Group's interests in existing subsidiaries**

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable International Financial Reporting Standards ("IFRSs")).

### **Application of amendments to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 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 income. As private game room cards business is classified as discontinued operations which are described in more detail in Note 10, 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”), Mr. Wu, the chief executive officer of the Group, for the purpose of allocating resources and assessing its performance. The CODM reviews the financial results of the Group as a whole for performance assessments. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from self-developed mobile games and third-party mobile games is recognized at a point in time when the customers obtain control of the services, being at the point the customers consume the virtual tokens in self-developed mobile games or the customers purchase the virtual tokens in the relevant third-party mobile games.

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
		<b>(restated)</b>
<b>Continuing operations</b>		
Revenue from:		
— Self-developed mobile games	<b>639,418</b>	399,605
— Third-party mobile games	<b>82,623</b>	6,282
	<b>722,041</b>	405,887
Advertising revenue	<b>59,722</b>	71,507
	<b>781,763</b>	<b>477,394</b>

The Group has a large number of customers, no revenue from any individual customer exceeded 10% or more of the Group’s revenue during both periods.



## Geographical information

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

## 4. COST OF SALES

Cost of sales is analyzed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
<b>Continuing operations</b>		
Employee benefit expenses	22,218	25,596
Commissions and fees charged by distribution channels and payment vendors	188,354	84,407
Server-related and technical support fees	17,365	14,370
Depreciation and amortization	1,736	1,602
	<u>229,673</u>	<u>125,975</u>

## 5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
<b>Continuing operations</b>		
Interest income	11,039	7,055
Government subsidies (note a)	5,905	3,143
Service income (note b)	2,201	4,337
Others	2,467	877
	<u>21,612</u>	<u>15,412</u>
Total	<u>21,612</u>	<u>15,412</u>

Notes:

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

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
Gain on fair value changes of derivative financial liabilities	1,200	—
Loss on disposal of investment in an associate	(2,718)	—
Loss on early termination on a lease agreement	(147)	—
	<u>          </u>	<u>          </u>
Total	<u><u>(1,665)</u></u>	<u><u>          </u></u>

## 7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the current interim period.

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

## 8. INCOME TAX EXPENSE

The income tax provision of the subsidiaries operating in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for both interim periods, based on the existing legislation, interpretations and practices in respect thereof.

Jiaxiang Interactive (Xiamen) Network Technology Company Limited (“**Jiaxiang Interactive**”) is qualified as “High and New Technology Enterprises” (“**HNTE**”) under the Enterprise Income Tax Law from 2020 and the valid period is three years. Therefore, the actual income tax rate for Jiaxiang Interactive was 15% for both periods.

Jilin Xinze was qualified as HNTE under the Enterprise Income Tax Law since 2017 and such qualification has been renewed in 2020 with a valid period of another three years. According to the Enterprise Income Tax Law, Jilin Xinze is entitled to a preferential income tax rate at 15% for both periods.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year (“**Super Deduction**”). Jiaxiang Interactive and Jilin Xinze have claimed such Super Deduction in ascertaining its tax assessable profits for both periods.

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
<b>Continuing operations</b>		
Current tax — PRC Enterprise Income Tax	40,731	39,257
Under provision in prior years	3,182	—
	<u>43,913</u>	<u>39,257</u>
Deferred tax ( <i>Note 17</i> )	(16,255)	—
	<u>(16,255)</u>	<u>—</u>
Income tax expense relating to continuing operations	<u>27,658</u>	<u>39,257</u>

## 9. PROFIT FOR THE PERIOD — CONTINUING OPERATIONS

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Lease expenses in respect of short-term leases on office properties	42	1,045
Depreciation of property, plant and equipment	3,231	2,077
Depreciation of right-of-use assets	5,361	1,548
Amortization of intangible assets	229	351
Auditors' remuneration	700	887
Donation (included in other expenses)	7,000	—
Directors' emoluments	1,897	2,008
Other staff costs:		
Salaries and other benefits in kind	71,543	37,003
Retirement benefit costs	2,477	1,002
Share-based payments for staff	10,902	4,471
Total staff costs	<u>86,819</u>	<u>44,484</u>

## 10. DISPOSAL OF A SUBSIDIARY/DISCONTINUED OPERATIONS

During the current interim period, in order to streamlining its business and discontinuing its private game room cards business, the Group entered into a sale agreement with Jilin Xinyue to dispose of its 100% equity interest in Jilin Yuke that carried out majority of the Group's private game room cards operations. Beijing Kexin Interactive Entertainment Technology Ltd. (“**Beijing Kexin**”), which was established in the PRC and wholly-owned by Jilin Yuke, was disposed together with Jilin Yuke. The disposal was completed on 30 June 2022, on which date the Group lost control of Jilin Yuke. On the other hand, the Group also ceased the Group's remaining operations of private game room cards carried out by Jilin Xinze during the current interim period.

The profit for the current period from the discontinued private game room cards operations is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the private game room cards operations as discontinued operations.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(unaudited)
Profit of private game room cards operations for the period	<b>33,492</b>	56,247
Gain on disposal of Jilin Yuke	<b>97,803</b>	—
Income tax expense on gain on disposal	<b>(15,263)</b>	—
	<u><b>116,032</b></u>	<u>56,247</u>

The results of the private game room cards operations for the period from 1 January 2022 to 30 June 2022 and preceding interim periods, which has been included in the condensed consolidated statement of profit or loss and other comprehensive income were as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(unaudited)
Revenue	<b>60,207</b>	80,033
Cost of sales	<b>(12,747)</b>	(8,789)
Gross profit	<b>47,460</b>	71,244
Other income	<b>4,380</b>	5,209
Selling and marketing expenses	<b>(1,716)</b>	(8,033)
Administrative expenses	<b>(8,112)</b>	(4,498)
Other expenses	<b>(3,000)</b>	—
Interest on lease liabilities	<b>(121)</b>	(1)
Profit before income tax	<b>38,891</b>	63,921
Income tax expense ( <i>Note</i> )	<b>(5,399)</b>	(7,674)
Profit for the period	<u><b>33,492</b></u>	<u>56,247</u>

*Note:*

Jilin Yuke was qualified as a DSE under the Enterprise Income Tax Law in 2019. Therefore, according to relevant tax regulations, Jilin Yuke is exempted from Enterprise Income Tax for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2017, the first year of profitable operation. On the other hand, Jilin Yuke is qualified as HNTE under the Enterprise Income Tax Law from 2022 and the valid period is three years. Therefore, the actual income tax rate for Jilin Yuke is 15% for the current interim period and 12.5% for the preceding interim period.

Jilin Yuke have claimed Super Deduction in ascertaining its tax assessable profits for both periods.

The net assets of Jilin Yuke at the date of disposal were as follows:

	<b><i>RMB'000</i></b> <b>(unaudited)</b>
Net assets disposed of	8,144
Gain on disposal	97,803
	<hr/>
Total consideration	<b>105,947</b>
	<hr/> <hr/>
Satisfied by:	
Cash	—
Deferred cash consideration ( <i>Note</i> )	105,947
	<hr/>
	<b>105,947</b>
	<hr/> <hr/>
Net cash outflow arising on disposal:	
Total cash consideration received	—
Bank balances and cash disposed of	(13,414)
	<hr/>
	<b>(13,414)</b>
	<hr/> <hr/>

*Note:* The deferred consideration amounted to RMB12,400,000 will be settled in cash by the buyer on or before 31 July 2022 and the rest of the deferred consideration amounted to RMB93,547,000 will be settled on 28 April 2025. The fair value of the deferred consideration is determined by discounting the consideration of RMB111,600,000 using the discount rate of 6.44% per annum.

Cash flows from the discontinued operations:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net cash flows from operating activities	<b>42,921</b>	49,138
Net cash flows used in investing activities	<b>(36)</b>	(15,021)
Net cash flows used in financing activities	<b>(637)</b>	(3)
	<hr/>	<hr/>
Net cash flows	<b><u>42,248</u></b>	<b><u>34,114</u></b>

## **11. EARNINGS PER SHARE**

### **From continuing operations and discontinued operations**

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share:		
— Profit for the period attributable to owners of the Company	<b><u>380,299</u></b>	<b><u>310,699</u></b>

	<b>Number of shares</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,244,617,204</b>	1,246,580,000
Effect of dilutive potential ordinary shares in respect of the Compensation Grant, the 2021 Share Award Scheme and the Share Option Scheme	<u><b>15,325,790</b></u>	<u>36,090,667</u>
Weighted average number of ordinary shares of the Company for the purpose of diluted earnings per share	<u><b>1,259,942,994</b></u>	<u>1,282,670,667</u>

### **From continuing operations**

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
		(restated)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share:		
— Profit for the period attributable to owners of the Company	<b>380,299</b>	310,699
Less:		
Profit for the year from discontinued operations	<u><b>116,032</b></u>	<u>56,247</u>
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<u><b>264,267</b></u>	<u>254,452</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 is RMB9.32 cents per share (2021: RMB4.51 cents per share) and diluted earnings per share for the discontinued operations is RMB9.21 cents per share (2021: RMB4.39 cents per share), based on the profit for the year from the discontinued operations of approximately RMB116,032,000 (2021: RMB56,247,000) and the denominators detailed above for both basic and diluted earnings per share.

## 12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired and paid RMB5,059,000 (six months ended 30 June 2021: RMB1,388,000) for furniture and equipment.

In addition, during the current interim period, the Group entered into a lease agreement and recognized right-of-use assets of RMB4,380,000 and lease liabilities of RMB4,380,000 (six months ended 30 June 2021: Nil). On the other hand, the Group terminated a lease agreement with right-of-use assets of RMB2,933,000 and lease liabilities of RMB2,786,000 derecognized and resulted a loss on the termination amounted to RMB147,000 (six months ended 30 June 2021: Nil).

## 13. INVESTMENTS IN ASSOCIATES

	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	<b>As at 31 December 2021 RMB'000 (audited)</b>
Cost of investment in associates	<b>165,000</b>	168,000
Share of post-acquisition profits	<b>48,522</b>	23,681
Dividend declared	<b>(66,183)</b>	(38,183)
Total	<b><u>147,339</u></b>	<b><u>153,498</u></b>

Details of the Group’s associates are as follows:

Name of entity	Place of Establishment and Principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activity
		30/06/2022	31/12/2021	
Jilin Xinyue ( <i>note i</i> )	China mainland	40%	40%	Development and operation of card and board games
Guangzhou Leiyun Interactive Technology and Limited (“ <b>Guangzhou Leiyun</b> ”) ( <i>note ii</i> )	China mainland	N/A	40%	Research development of online games
Siwen Technology (Tianjin) Limited (“ <b>Tianjin Siwen</b> ”)	China mainland	25.8621%	25.8621%	Research and development of online games
Shenzhen Feiyun Technology Limited (“ <b>Shenzhen Feiyun</b> ”) ( <i>note iii</i> )	China mainland	30%	N/A	Animation and artistic design of online games

*Notes:*

- (i) On 3 November 2020, Jilin Xinze (a subsidiary of the Company), Jilin Xinbao Technology Partnership (Limited Partnership) (“**Xinbao Technology**”) (40% equity shareholder of Jilin Xinyue), and Jilin Xinyue entered into an investment agreement (“**Investment Agreement**”) pursuant to which Xinbao Technology agreed to sell and Jilin Xinze agreed to acquire 40% of the equity interest in Jilin Xinyue, at cash consideration of RMB150,000,000. On 29 December 2020, Jilin Xinze, Xinbao Technology and Jilin Xinyue entered into a supplemental agreement to the Investment Agreement pursuant to which all the parties thereto agreed to supplement certain terms of the Investment Agreement as follows:
- Xinbao Technology has undertaken to ensure that the audited net profit of Jilin Xinyue for the years ending 31 December 2021 and 2022 shall be no less than RMB70,000,000 and RMB80,000,000, respectively (the “**Guaranteed Net Profit**”), and the audited net profit of Jilin Xinyue for the years ending 31 December 2021 and 2022 shall be no less than RMB150,000,000 in aggregate.

- If the actual audited net profit of Jilin Xinyue below the Guaranteed Net Profit for any of the years ending 31 December 2021 or 2022, Xinbao Technology shall pay compensation (the “**Profit Compensation**”) to Jilin Xinze in cash. The amount of Profit Compensation payable by Xinbao Technology shall be determined in accordance with the following formula:

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

where:

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

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

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

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

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

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

The equity investment in Jilin Xinyue is accounted for using equity method in accordance with IAS 28 and the derivative financial instrument arising from supplementary agreement is measured at fair value through profit and loss in accordance with IFRS 9.

For the current interim period, the profit and total comprehensive income of Jilin Xinyue is RMB61,895,000 and Jilin Xinyue distributed dividend amounted to RMB70,000,000 to its investors. The Group engaged a qualified valuer to perform valuation on the fair value of the derivative financial instrument as at 30 June 2022. The fair value of the derivative financial instrument was assessed to be RMB24,170,000 as at 30 June 2022 and a fair value gain of RMB1,200,000 was recognized in other gains and losses.

- (ii) On 14 March 2022, the Group disposed all equity interests in Guangzhou Leiyun and resulted a loss of RMB2,718,000.
- (iii) On 13 April 2022, the Group entered into an investment in 30% of equity interest in Shenzhen Feiyun which was newly set up. As at 30 June 2022, the investment has not been paid.

## 14. LOANS TO EMPLOYEES

The loans to employees represents the housing loans advanced to employees. The loans are unsecured, interest-free and repayable after 12 May 2023, 21 January 2024, 25 December 2024, 31 December 2024 and 5 January 2025 (31 December 2021: unsecured, interest-free and repayable on 12 May 2023, 21 January 2024 and 25 December 2024).

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (unaudited)	As at 31 December 2021 <i>RMB'000</i> (audited)
Non-current	<b>12,385</b>	13,788
Current	<b>4,042</b>	—
Total	<b><u>16,427</u></b>	<b><u>13,788</u></b>

The housing loans advanced to employees are measured initially at fair value and subsequently at amortized cost, using the effective interest method. RMB426,000 (2021 interim period: RMB1,949,000) being the difference between the principal amount and fair value at initial recognition, was recognized as staff costs during this period.

During the current interim period, loan to one staff amounted to RMB1,900,000 was reclassified to other receivables due to the resignation from the Group.

## 15. TRADE RECEIVABLES

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (unaudited)	As at 31 December 2021 <i>RMB'000</i> (audited)
Trade receivables	<b>168,475</b>	194,736
Less: allowance for credit losses	—	—
Total	<b><u>168,475</u></b>	<b><u>194,736</u></b>

Trade receivables comprise receivables from distribution channels, payment vendors and advertisement agents. The credit terms of trade receivables granted to them are usually 0 to 180 days (31 December 2021: 0 to 60 days). Ageing analysis of trade receivables presented based on date of invoices is as follows:

	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	As at 31 December 2021 RMB'000 (audited)
0–30 days	<b>119,112</b>	135,400
31–60 days	<b>29,905</b>	50,805
61–90 days	<b>10,969</b>	6,663
91–180 days	<b>7,176</b>	355
Over 180 days	<b>1,313</b>	1,513
Total	<b><u>168,475</u></b>	<b><u>194,736</u></b>

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date on which the credit was initially granted up to the reporting date. As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,674,000 (31 December 2021: RMB7,791,000) which are past due. Out of the past due balances, RMB1,680,000 (31 December 2021: RMB2,701,000) 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.

## 16. PREPAYMENTS AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (unaudited)	As at 31 December 2021 <i>RMB'000</i> (audited)
Prepayment for advertisement and promotion fees	<b>224,973</b>	74,692
Advances to employees	<b>2,584</b>	2,058
Receivables for service income	<b>3,985</b>	5,376
Prepayment for research and development fees ( <i>Note</i> )	<b>33,687</b>	26,623
Prepayment for server-related fees	<b>5,460</b>	5,612
Dividends receivable from associates	<b>10,000</b>	6,323
Receivables from disposal of a subsidiary ( <i>Note 10</i> )	<b>105,947</b>	—
Others	<b>16,301</b>	12,587
	<hr/>	<hr/>
Total	<b>402,937</b>	133,271
	<hr/> <hr/>	<hr/> <hr/>
Analyzed as:		
Current	<b>309,390</b>	133,271
Non-current	<b>93,547</b>	—
	<hr/>	<hr/>
	<b>402,937</b>	133,271
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Prepayment for research and development fees amounting to RMB33,687,000 (31 December 2021: RMB25,000,000) represented fees to associates for research and development service expected to be rendered within one year from the reporting date.

## 17. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax liabilities and assets recognized and movements thereon during the current and preceding interim periods:

	Fair value losses of FVTOCI investments <i>RMB'000</i>	Fair value change of derivative financial liabilities <i>RMB'000</i>	Temporary difference arising from prepaid advertising expenses <i>RMB'000</i>	Excess deductible advertising expenses <i>RMB'000</i>	Temporary difference arising from disposal of a subsidiary <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	225	—	—	—	—	225
Credit to other comprehensive income	662	—	—	—	—	662
As at 30 June 2021	887	—	—	—	—	887
Credit (charge) to profit or loss	—	3,806	(3,867)	7,244	—	7,183
Credit to other comprehensive income	(32)	—	—	—	—	(32)
As at 31 December 2021	855	3,806	(3,867)	7,244	—	8,038
Credit (charge) to profit or loss	—	(180)	(234)	13,960	2,709	16,255
Credit to other comprehensive income	(645)	—	—	—	—	(645)
As at 30 June 2022	<u>210</u>	<u>3,626</u>	<u>(4,101)</u>	<u>21,204</u>	<u>2,709</u>	<u>23,648</u>

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

	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	<b>As at 31 December 2021 RMB'000 (audited)</b>
Deferred tax assets	<b>23,648</b>	9,972
Deferred tax liabilities	<b>—</b>	(1,934)
	<b><u>23,648</u></b>	<b><u>8,038</u></b>

## 18. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	<b>As at 31 December 2021 RMB'000 (audited)</b>
Salary and staff welfare payables	<b>21,375</b>	47,005
Payable for advertisement expenses	<b>—</b>	10,682
Selling and marketing expenses accruals	<b>941</b>	9,721
Deposit for advertising and game operation	<b>1,351</b>	1,351
Other taxes payable	<b>10,988</b>	12,215
Payable to game developers ( <i>Note i</i> )	<b>5,953</b>	3,486
Administrative expenses accruals	<b>700</b>	1,700
Advances from technical support services	<b>2,000</b>	—
Payable to associates ( <i>Note ii</i> )	<b>18,728</b>	—
Others	<b>8,706</b>	6,061
Total	<b><u>70,742</u></b>	<b><u>92,221</u></b>

*Note i:* The balance represents sale proceeds received from players of games for which the Group acts as 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.

*Note ii:* The balance consists of RMB14,686,000 payable to Jilin Yuke for acquisition of Tianjin Siwen which was an associate of Jilin Yuke before the disposal as detailed in Note 10 and RMB4,042,000 payable to Beijing Kexin for a loan to an employee (included in Note 14) who transferred from Beijing Kexin to the Group (2021: Nil). These balances are unsecured, interest-free and repayable within one year from the reporting date.



## 19. DEFERRED REVENUE

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

	<b>Virtual tokens</b> <i>RMB'000</i>	<b>Private game room cards</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
As at 1 January 2022 (audited)	69,735	12,757	82,492
Sales proceeds, net of tax	710,005	64,229	774,234
Revenue recognized during the period	(722,041)	(60,207)	(782,248)
Disposal of a subsidiary	—	(13,317)	(13,317)
Transfer to other payables due to discontinued operation	—	(3,462)	(3,462)
	<u>57,699</u>	<u>—</u>	<u>57,699</u>
As at 30 June 2022 (unaudited)	<u>57,699</u>	<u>—</u>	<u>57,699</u>

## 20. SHARE CAPITAL

	<b>Number of shares</b>	<b>Nominal amount</b> <i>US\$</i>	<b>Shown in the condensed consolidated financial statements</b> <i>RMB'000</i>
<b>Authorized</b>			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022			
— Ordinary shares of HK\$0.000005 each	<u>10,000,000,000</u>	<u>50,000</u>	
<b>Issued and fully paid</b>			
As 1 January 2021 and 30 June 2021			
— Ordinary shares of HK\$0.000005 each	1,256,000,000	6,280	41
Issue of shares of HK\$0.000005 each	<u>27,403,500</u>	<u>137</u>	<u>1</u>
As at 31 December 2021, 1 January 2022 and 30 June 2022			
— Ordinary shares of HK\$0.000005 each	<u>1,283,403,500</u>	<u>6,417</u>	<u>42</u>

## 21. RELATED PARTY TRANSACTIONS

Other than as disclosed in Note 10, 16 and 18 in these condensed consolidated financial statements, the Group has following transactions with related parties:

<b>Relationship</b>	<b>Nature of transactions</b>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Associates	Other income	<b><u>228</u></b>	<b><u>3,826</u></b>

### **Key management personnel compensations**

The compensations paid or payable to key management personnel (including directors, chief executive officers and other senior executives) are shown below:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Salaries, bonuses, allowances and benefits in kind	<b>7,331</b>	6,092
Share-based payments	<b><u>7,289</u></b>	<u>2,000</u>
Total	<b><u>14,620</u></b>	<b><u>8,092</u></b>

## **OTHER INFORMATION**

### **INTERIM DIVIDEND**

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

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

Saved as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

### **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

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

During the Reporting Period, the Group has followed the plan and the timeline for the use of proceeds as set out in the prospectus of the Company dated 18 June 2019 and the results announcement for the year ended 31 December 2022 published by the Company on 28 March 2022. As at June 30 2022, all proceeds from the global offering has been utilized.

### **EVENTS AFTER THE REPORTING PERIOD**

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

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company has complied with the applicable code provisions of the Code as set forth in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), except for a deviation from code provision C.2.1 in Part 2 of the Corporate Governance Code which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

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

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

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

## **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 Audit Committee has reviewed the Company's unaudited consolidated interim 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. The interim results for the Reporting Period is unaudited, but has been reviewed by the Auditor, in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the International Auditing and Assurance Standards Board.

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

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM 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 interim report of the Company for the six months ended 30 June 2022 will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 29 August 2022

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