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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 2024

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 2024 (the “**Reporting Period**”) together with the comparative figures for the previous corresponding period.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2024	2023	Year-on-Year Change* (%)
	(RMB in thousands, except for percentages)		
Revenue	1,386,080	1,779,667	–22.1
Gross profit	629,586	1,157,455	–45.6
(Loss)/profit before income tax	(91,542)	501,097	–118.3
(Loss) profit for the year attributable to the owners of the Company	(74,174)	436,936	–117.0
Adjusted net profit attributable to the owners of the Company**	29,520	499,393	—

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

** The Company’s adjusted net profit attributable to owners for the year ended 31 December 2024 excludes share-based payment expenses, impairment losses under expected credit loss model recognized on loans receivables and the share of loss from associates and joint ventures attributable to undistributed profits of subsidiaries operating in the PRC. By contrast, for the same period in 2023, only share-based payment expenses were adjusted. For further details, please refer to the section headed “Non-IFRS Measures — Adjusted Net Profit” on pages 10 to 11 of this announcement.

REVENUE BY TYPES OF VIRTUAL PRODUCTS

	For the year ended 31 December 2024		2023		Year-on-Year Change*
	Amount (RMB in thousands)	Percentage of total revenue (%)	Amount (RMB in thousands)	Percentage of total revenue (%)	
Revenue from:					
— Self-developed mobile games	1,212,269	87.46	1,566,458	88.02	–22.6
— Third-party mobile games	140,153	10.11	145,209	8.16	–3.5
	1,352,422	97.57	1,711,667	96.18	–21.1
Advertising revenue**	33,658	2.43	68,000	3.82	–50.5
Total	1,386,080	100.00	1,779,667	100.00	–22.1

* 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 2024	As at or for the six months ended 30 June 2024	As at or for the year ended 31 December 2023
All games (including casual games)			
Daily active users (“DAUs”)* (as at period end)	13,377,495	13,360,659	14,389,388
Paying players**	17,756,141	15,691,516	13,104,865
Average monthly active users (“MAUs”)***	64,342,667	65,697,381	68,289,393

* 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.

BUSINESS OVERVIEW AND OUTLOOK

Business Review

In 2024, the gaming industry faced intensified competition, with players demanding higher quality, richer content, and better experiences, while becoming increasingly rational in their willingness to pay. This required us to continuously refine our strategic positioning. In response to these market changes, the Group focused on core product iterations and operational strategy upgrades to better match user needs and enhance our competitive edge. During the Reporting Period, we continued to deepen innovation in both the visual and gameplay aspects of our product portfolio. On the product front, we launched 3D versions of our flagship titles “微樂鬥地主” and “微樂四川麻將”. Through meticulous character modeling, dynamic card-play effects, and optimized interface design, we significantly improved visual performance. We also introduced the innovative “Streamer Battle” mode, allowing users to engage in real-time matches with popular streamers, which greatly enhanced social interaction and immersion. In terms of product commercialization strategy, we optimized payment models for selected products, introduced new payment mechanisms to lower top-up thresholds, and revamped the in-game economic system with unique monetization points such as “聚寶盆” and “求神”. These efforts effectively strengthened the entertainment, social engagement, and user stickiness of our products. As of December 31, 2024, our DAUs reached 13.38 million, and MAUs hit 64.34 million. The scale of active users remained relatively stable year-on-year and month-on-month. Furthermore, user willingness to pay increased significantly, with the number of paying users rising to 17.76 million, a 35% year-on-year increase. Due to the impact of the aforementioned commercialization strategy, although the number of paying users has increased, the average revenue per paying player (“ARPPU”) declined, which had a certain impact on overall revenue. Total revenue for the year amounted to RMB1.386 billion (2023: RMB1.78 billion), representing a year-on-year decrease of 22.1%. We believe that our revised monetization strategies have stabilized the active user base while substantially expanding the paying user pool, laying a solid foundation for future revenue growth.

During the reporting period, the Group also made several efforts in product publishing and marketing to enhance market visibility and brand recognition. In livestreaming, we entered into long-term strategic partnerships with top-tier streamers, who regularly hosted events such as streamer-versus-streamer matches and streamer-versus-fan matches to boost brand exposure. We successfully held large-scale events like the “微樂王炸杯全明星賽” and incubated a group of dedicated streamers, driving downloads and top-ups for core products. In esports, our key tournament accounts like “麻將研究院” and “微樂鬥地主研究院” livestreamed national events such as the “大魔王杯巔峰2v2” and “第二屆中國麻將公開賽” across multiple platforms, bringing traffic to our products via new media outreach. We also partnered with several MCN agencies through revenue-sharing models to

expand multi-channel user acquisition, successfully attracting a new batch of seed users. However, these initiatives brought notable financial pressure. Co-operation commissions charged by new media institutions increased by RMB123.4 million, while selling and marketing expenses rose by RMB106.1 million year-on-year, becoming the main factors behind profit decline. Despite the scale of investment, the related expenditures did not yield significant performance growth during the period, leading to pressure on profitability. As of December 31, 2024, the Group's adjusted net profit attributable to the owners of the Company was RMB29.5 million. Taking into account the impact of share-based payment expenses and certain non-operating one-off factors such as the share of losses from associates and joint ventures, the Group recorded a loss for the year attributable to the owners of the Company of RMB74.2 million.

Despite short-term profit pressure, the Group maintained sufficient operating cash flow, with no material impact on operations. Committed to long-term development, we continued to improve operational efficiency and invest in future growth drivers. During the period, we significantly reduced R&D investment in non-core categories and reallocated resources to competitive niche segments to ensure steady development of our core business. Meanwhile, through diversified initiatives including independent game publishing and globalization, we continued to explore new growth potential with lightweight investment. In diversification, we successfully launched a city-building casual SLG game “家園：夢想派對”. The Group also has a pipeline of licensed casual games to support future growth. In independent game publishing, we focused on player preferences and behavior, successfully launching several well-received titles. Some breakout games generated substantial buzz within indie player communities after their release, and with their popularity continuing to rise, their performance is expected to be reflected in 2025, becoming a new growth engine. In terms of globalization, “微樂捕魚場國際版” and “微樂捕魚場越南版” delivered strong results, contributing substantial overseas revenue. Building on this success, we plan to release more casual/social titles in Japan, Southeast Asia, and the Middle East, seizing global market opportunities and accelerating our international expansion. With these strategic deployments, we are confident in the Group's ability to generate long-term, sustainable returns for shareholders.

The Group also places strong emphasis on technological innovation and transformation. We actively explored the deep integration and application of AI across our business operations to drive intelligent upgrades of business process and R&D capabilities. During the Reporting Period, we upgraded our server architecture, ensuring platform stability for massive concurrent users and enabling intelligent deployment and efficient maintenance, which significantly boosted system efficiency. We successfully deployed advanced large language models including DeepSeek, and integrated them with a proprietary knowledge base. This led to the initial development of a multimodal AI agent tailored to the Group's organizational structure. Looking ahead, we plan to refine and roll out this AI agent across all business units to align with project workflows, achieving cost reduction, efficiency enhancement, and quality upgrades across the entire chain, thereby improving the Group's profitability and competitiveness.

On the regulatory and user rights protection in the gaming industry front, we remained highly vigilant and proactively and diligently established a comprehensive compliance system. On the user data protection front, we continued to upgrade and improve its personal information leakage prevention system and optimize its user privacy protection management framework. To combat gaming addiction, all game products integrated real-name authentication and anti-addiction prompts, fully complying with the latest regulatory requirements. We set clear and reasonable limits on gaming hours and spending for underage users, ensuring a healthy environment for minors. For user account and behavior management, we established a rigorous review mechanism covering key aspects such as user account security monitoring and the identification and handling of violations. We will continue to dynamically optimize our compliance measures to ensure the health and compliance of the Group's gaming products and provide a safe, transparent, and trustworthy digital entertainment environment.

In light of our commitment to sustainable development and shareholders' long-term interests, the Board has decided not to declare a final dividend for the year. This prudent move aims to allocate sufficient resources to support business expansion, technological innovation, and global strategic initiatives, thereby strengthening our core competitiveness. Moving forward, we remain dedicated to maximizing shareholder value through a dynamic balance between growth and returns, and repaying shareholders with tangible results.

Business Outlook

In 2025, the Group will implement the following strategies to drive business expansion and user growth:

1. Advancing Frontier Technologies and Empowering Processes with Technology

Develop proprietary multimodal AI agent and integrate them across key business functions. Build an AI-ready talent pipeline and accelerate end-to-end AI transformation in R&D and operations to upgrade the full organizational workflow and enhance operational efficiency and market competitiveness.

2. Penetrating Regional Markets and Expanding the User Base

Focus on high-potential niche segments, calibrate platform rules and optimize products to meet localized entertainment needs in lower-tier cities and underserved regions. Formulate differentiated marketing strategies based on traffic algorithms to improve user conversion efficiency, expand user scale, and enhance brand recognition.

3. Strengthen Product Pipeline and Grow Overseas Revenue

Continue user-centric R&D and innovation, advance the testing and rollout of multiple reserve projects to ensure product diversity and competitiveness. Speed up the overseas product launch schedule to establish diversified revenue engines.

4. Broaden Strategic Alliances and Explore New Growth Drivers

Leverage industry experience and the Weile brand to expand strategic partner networks. Explore new business opportunities through incubation, investment, and acquisition to inject fresh growth momentum into the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The Group's revenue is consisted of three major components: (i) revenue from self-developed mobile games; (ii) revenue from third-party mobiles games; and (iii) advertising revenue. For self-developed mobile games, the Group's revenue is primarily derived from the sales of virtual tokens. Virtual tokens can be used by the customers to play mobile games of the Group or for purchasing virtual products. For third-party mobile games, the Group provides mobile game publishing service to third-party game development companies. The third-party mobile games are hosted, maintained, operated and updated independently by the relevant game developers. The Group recognizes its revenue, net of the portion of proceeds to be shared with the third-party mobile game developers. Advertising revenue is derived principally from online advertising arrangements. The Group inserts certain in-game advertisement slots into its mini-programs and shares the proceeds with those mini-program platform operators.

The Group's revenue for the year ended 31 December 2024 amounted to approximately RMB1,386.1 million, representing a decrease of 22.1% from approximately RMB1,779.7 million recorded in 2023. The decrease was primarily attributable to the Group's proactive adjustments to the monetization strategies for certain self-developed mobile games. While these adjustments led to a significant expansion in the paying user base, the average revenue per paying user (ARPPU) correspondingly declined, resulting in a 22.6% year-on-year reduction in revenue from self-developed mobile games.

For the year ended 31 December 2024, revenue generated from the Group's sale of virtual tokens, distribution of third-party mobile games and advertising accounted for approximately 87.5%, 10.1% and 2.4% of the Group's total revenue, respectively, as compared with approximately 88.0%, 8.2% and 3.8%, respectively, for the year ended 31 December 2023.

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) co-operation commissions charged by new media institutions; (iv) commissions charged by game operators; (v) server related and technical support fees; and (vi) depreciation and amortization. The Group's cost of sales increased by approximately 21.6% to approximately RMB756.5 million in 2024 from

approximately RMB622.2 million in 2023, primarily due to (i) a RMB123.4 million increase in co-operation commissions charged by new media institutions; and (ii) a RMB36.6 million increase in commissions charged by game operators.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 45.6% to approximately RMB629.6 million for the year ended 31 December 2024 from approximately RMB1,157.5 million in 2023, and the Group's gross profit margin decreased to 45.4% for the year ended 31 December 2024 from 65.0% in 2023.

Other income

Other income decreased by approximately 36.1% from approximately RMB63.3 million for the year ended 31 December 2023 to approximately RMB40.5 million for the year ended 31 December 2024. The decrease was primarily due to (i) a RMB11.4 million decrease in interest income from bank deposits; and (ii) a RMB9.8 million decrease in government subsidies.

Other gains and losses

Other gains and losses increased by RMB69.3 million from a loss of approximately RMB5.7 million for the year ended 31 December 2023 to a gain of approximately RMB63.6 million for the year ended 31 December 2024. The increase was primarily due to (i) an increase of RMB34.2 million in gain on disposal of investments in associates; (ii) an increase of RMB23.7 million in gain from changes in fair value of financial assets measures at fair value through profit and loss; (iii) an increase of RMB10.6 million in gain on disposal of subsidiaries; and (iv) an increase of RMB8.6 million in gain on assets disposal transaction.

Foreign exchange gains, net

Foreign exchange gains of approximately RMB6.1 million was recorded for the year ended 31 December 2024 while foreign exchange gains of approximately RMB6.5 million was recorded for the year ended 31 December 2023, 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 increased by approximately 31.1% from approximately RMB340.6 million for the year ended 31 December 2023 to approximately RMB446.7 million in 2024. The increase was primarily attributable to an increase of RMB136.5 million in promotion and advertising expenses reflected the Group's intensified efforts to expand market reach and brand visibility.

Administrative and other expenses

The Group's administrative and other expenses decreased by approximately 26.2% from approximately RMB387.9 million for the year ended 31 December 2023 to approximately RMB286.2 million in 2024. The decrease was primarily due to a decrease in RMB48.6 million of share-based payments expenses and a decrease in RMB35.7 in research and development expenses. The Group's research and development expenses decreased by 32.8% from approximately RMB108.7 million for the year ended 31 December 2023 to approximately RMB73.0 million for the year ended 31 December 2024. The decrease was primarily due to a decrease in research and development personnel and salaries.

Loss/profit before income tax

The Group's profit before income tax decreased by approximately 118.3% from a profit of approximately RMB501.1 million for the year ended 31 December 2023 to a loss of approximately RMB91.5 million in 2024. The Group's profit before income tax as a percentage of total revenue decreased from 28.2% for the year ended 31 December 2023 to -6.6% for the year ended 31 December 2024, primarily due to the decreased gross profit and the increased selling and marketing expenses.

Income tax expenses

Income tax expenses decreased by approximately 125.3% from income tax expenses of RMB60.6 million for the year ended 31 December 2023 to income tax credit of RMB15.3 million for the year ended 31 December 2024. The Group's effective tax rates were 16.7% and 12.1% for the years ended 31 December 2024 and 2023, respectively.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by approximately 117.0% from a profit of approximately RMB436.9 million for the year ended 31 December 2023 to a loss of approximately RMB74.2 million for the year ended 31 December 2024. This decrease was mainly attributable to the decreases in revenue and gross profit and the increase in selling and marketing expenses, share of loss of associates and joint venture and impairment losses under expected credit loss model.

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 2024 RMB'000
Profit for the year attributable to the owners of the Company	(74,174)
Add:	
Share-based payment expenses	25,084
Share of loss of associates and joint ventures	30,126
Impairment losses under expected credit loss model recognized on loans receivables (net of income tax)	<u>48,484</u>
Adjusted net profit attributable to the owners of the Company	<u><u>29,520</u></u>
	For the year ended 31 December 2023 RMB'000
Profit for the year attributable to the owners of the Company	436,936
Add:	
Share-based payment expenses	<u>62,457</u>
Adjusted net profit attributable to the owners of the Company	<u><u>499,393</u></u>

For the year ended December 31, 2024, the adjusted profit attributable to owners of the Company was approximately RMB29.5 million. This figure has excluded the impact of the following non-cash items: (1) share-based payment expenses; (2) the share of losses in undistributed profits of subsidiaries operated by associates and joint ventures in China; and (3) impairment losses on loans receivable recognized under the expected credit loss model (net of tax effects).

Liquidity and Capital Resources

For the year ended 31 December 2024, 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 2024, the Group had cash and cash equivalents of approximately RMB755.0 million (31 December 2023: approximately RMB1,340.9 million), which primarily consisted of cash at bank. Out of the RMB755.0 million, approximately RMB699.6 million is denominated in Renminbi, approximately RMB41.2 million is denominated in US dollars, approximately RMB9.5 million is denominated in HK dollars, approximately RMB0.1 million and RMB4.6 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 2024, 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 RMB21.3 million in aggregate (31 December 2023: RMB20.8 million).

Gearing ratio

The gearing ratio was zero since there was no borrowings as at 31 December 2024. The Group's gearing ratio represented the percentage of the sum of non-current and current borrowings over total assets.

Charge on assets

As at 31 December 2024, the Group did not pledge any of its assets.

Capital expenditures

For the year ended 31 December 2024, the Group's capital expenditure amounted to approximately RMB387.8 million (for the year ended 31 December 2023: approximately RMB63.8 million), which mainly comprised expenditures on the purchase of office furniture and equipment, motor vehicles, leasehold improvements, the purchase of game publishing right, 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 2024 was significantly higher as expenditures increased with respect to the investment in financial assets at fair value through profit or loss, investment in associates and investment in joint ventures.

Contingent liabilities and guarantees

As at 31 December 2024, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, joint ventures, associates or financial assets during the Reporting Period.

Employees and Staff Costs

As at 31 December 2024, the Group had a total of 604 full time employees, mainly located in mainland China. In particular, 299 employees are responsible for the Group's research and development, 103 for technical support, 110 for marketing and 92 for operations and general administration. The total staff cost incurred by the Group for the year ended 31 December 2024 was approximately RMB192.1 million compared to approximately RMB278.9 million in 2023. The decrease was mainly due to (i) the reduction in the numbers of the Group's full time employees; and (ii) the Group implemented targeted cost-saving measures during the fiscal year, including workforce optimization, to enhance operational efficiency.

The Group invests in employee development through structured orientation for new hires and ongoing training programs for junior staff, enhancing workforce capabilities and productivity. Our compensation framework combines competitive base salaries with performance-based bonuses, supplemented by equity incentives including a Share Award Scheme (the “**Share Award Scheme**”) implemented on 6 June 2019 to align the employees' interests with that of the Company. In full compliance with PRC regulations, we participate in all mandatory social security programs covering pension, medical, maternity, unemployment insurance, and housing funds through local government administrations. Employee remuneration packages — determined by the Board based on merit, qualifications, experience, and market benchmarks — incorporate multiple components: base salaries, allowances, performance bonuses, equity incentives (where eligible), and comprehensive statutory benefits, ensuring market-competitive and compliant talent retention.

Further details of the Share Award Scheme will be set out in the annual report of the Company for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	1,386,080	1,779,667
Cost of sales		<u>(756,494)</u>	<u>(622,212)</u>
Gross profit		629,586	1,157,455
Other income		40,473	63,295
Other gains and losses		63,591	(5,683)
Foreign exchange gains, net		6,144	6,507
Selling and marketing expenses		(446,652)	(340,592)
Administrative and other expenses		(286,218)	(387,896)
Impairment losses under expected credit loss model		(67,288)	(3,465)
Share of results of associates		(25,061)	12,680
Share of results of joint ventures		(5,065)	(188)
Interest on lease liabilities		<u>(1,052)</u>	<u>(1,016)</u>
(Loss)/profit before income tax		(91,542)	501,097
Income tax credit (expense)	4	<u>15,321</u>	<u>(60,627)</u>
(Loss)/profit for the year	5	<u>(76,221)</u>	<u>440,470</u>
Other comprehensive income/(expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of income (expense) tax		<u>1,748</u>	<u>(5,808)</u>
Other comprehensive income/(expense) for the year, net of income tax		<u>1,748</u>	<u>(5,808)</u>
Total comprehensive (expense)/income for the year		<u><u>(74,473)</u></u>	<u><u>434,662</u></u>

		2024	2023
	NOTES	RMB'000	RMB'000
(Loss)/profit for the year attributable to:			
Owners of the Company		(74,174)	436,936
Non-controlling interests		<u>(2,047)</u>	<u>3,534</u>
		<u>(76,221)</u>	<u>440,470</u>
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(72,426)	431,128
Non-controlling interests		<u>(2,047)</u>	<u>3,534</u>
		<u>(74,473)</u>	<u>434,662</u>
(Loss)/earnings per share (in RMB cents)			
	7		
— Basic		<u>(5.94)</u>	<u>34.70</u>
— Diluted		<u>(5.94)</u>	<u>34.55</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		2024	2023
	NOTES	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		64,813	66,627
Intangible assets		33,807	1,635
Right-of-use assets		20,512	19,938
Investments in associates		54,920	56,186
Investments in joint ventures		39,575	24,640
Financial assets at fair value through profit or loss (“FVTPL”)		31,243	31,532
Loan to employees		1,160	4,755
Rental and other deposits		8,413	4,640
Equity instruments at FVTOCI		33,439	1,499
Deferred tax assets		65,933	36,959
Receivables for disposal of subsidiaries		5,500	48,062
Receivables for disposal of associates		—	89,610
Loan receivables		<u>44,000</u>	<u>13,414</u>
		<u>403,315</u>	<u>399,497</u>
Current assets			
Trade receivables	8	94,413	150,527
Financial assets at FVTPL		393,726	97,418
Prepayments and other receivables	9	162,903	173,975
Receivables for disposal of subsidiaries		11,350	—
Receivables for disposal of associates		106,989	—
Loan receivables		104,403	91,581
Loan to employees		19,979	33,000
Restricted bank deposit		50,000	—
Short-term bank deposits		65,000	—
Cash and cash equivalents		<u>755,032</u>	<u>1,340,918</u>
		<u>1,763,795</u>	<u>1,887,419</u>

		2024	2023
	NOTES	RMB'000	RMB'000
Current liabilities			
Other payables	10	55,114	74,393
Lease liabilities		8,365	8,352
Deferred revenue		147,105	72,965
Tax payable		18,900	29,654
Dividend payable		<u>4,800</u>	<u>4,800</u>
		<u>234,284</u>	<u>190,164</u>
Net current assets		<u>1,529,511</u>	<u>1,697,255</u>
Total assets less current liabilities		<u>1,932,826</u>	<u>2,096,752</u>
Non-current liabilities			
Lease liabilities		12,888	12,402
Deferred tax liabilities		<u>3,786</u>	<u>200</u>
		<u>16,674</u>	<u>12,602</u>
Net assets		<u>1,916,152</u>	<u>2,084,150</u>
Capital and reserves			
Share capital	11	42	42
Reserves		<u>1,882,018</u>	<u>2,083,261</u>
Equity attributable to owners of the Company		1,882,060	2,083,303
Non-controlling interests		<u>34,092</u>	<u>847</u>
Total equity		<u>1,916,152</u>	<u>2,084,150</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 17/F, Qianhai Shimao Financial Center II, No. 3040, Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the People’s Republic of China (the “**PRC**”). The Company is controlled by Mr. Wu Chengze (“**Mr. Wu**”) (the “**Controlling Shareholder**”).

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 NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards 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 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of amendments to IFRS Accounting Standards 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 IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity ³
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 Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s 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 revenue. The Group’s operating activities are attributable to a single operating segment focusing on development and operation of mobile games in the Mainland China as well as other Asian Countries. 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 IFRS Accounting Standards, that are regularly reviewed by the chief operating decision maker (“**CODM**”), Ms. Cui Wei (“**Ms. Cui**”), 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.

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

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Revenue from:		
— Self-developed mobile games	1,212,269	1,566,458
— Third-party mobile games	<u>140,153</u>	<u>145,209</u>
	1,352,422	1,711,667
Advertising revenue	<u>33,658</u>	<u>68,000</u>
	<u>1,386,080</u>	<u>1,779,667</u>

Revenue by geographical markets

	Revenue from external customers		Non-current assets <i>(note)</i>	
	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
China mainland	1,329,281	1,779,667	194,957	150,545
Other Asian countries (excluding Mainland China)	<u>56,799</u>	<u>—</u>	<u>18,670</u>	<u>18,481</u>
	<u>1,386,080</u>	<u>1,779,667</u>	<u>213,627</u>	<u>169,026</u>

Note: non-current assets excluded deferred tax assets and financial instruments.

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.

4. INCOME TAX (CREDIT) EXPENSE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC Corporate Income Tax (“CIT”)		
Current year	21,447	64,671
(Over) under provision in prior years	<u>(3,600)</u>	<u>4,492</u>
	<u>17,847</u>	<u>69,163</u>
Deferred tax		
Current year	<u>(33,168)</u>	<u>(8,536)</u>
	<u><u>(15,321)</u></u>	<u><u>60,627</u></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 (other than those stated below) 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.

Jiaxiang Interactive was qualified as “High and New Technology Enterprises” (“HNTe”) under the Corporate Income Tax Law (“CIT Law”) since 2021 with a valid period of three years and such qualification has been renewed in 2024 with a valid period of three years. As a result, Jiaxiang 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 profitable year. Therefore, Yaotang Xiamen was entitled for a 50% reduction in the applicable tax rates for the year ended 31 December 2024 and was exempted from CIT for the year ended 31 December 2023.

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 (Shenzhen) and Jilin Haiqi are 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 profitable year. Therefore, Yaotang Shenzhen and Jiin Haiqi were exempted from CIT for both years.

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. Jiexiang Interactive and Jilin Xinze have claimed such Super Deduction in ascertaining its tax assessable profits for both years.

The income tax (credit) expense for the year can be reconciled to the (loss) profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss) profit before income tax	<u>(91,542)</u>	<u>501,097</u>
Tax at income tax rate of 25%	(22,886)	125,274
Tax effect of tax losses not recognized	2,147	—
Utilization of tax losses previously not recognized	(47)	(1,221)
Tax effect of expenses not deductible for tax purpose	6,696	15,419
Tax effect of share of results of associates and joint ventures	7,532	(3,123)
Tax effect of temporary differences not recognized	7,836	31,697
Effect of Super Deduction	(26,556)	(12,381)
Effect of preferential tax rate	13,557	(99,530)
(Over) under provision in prior years	<u>(3,600)</u>	<u>4,492</u>
Income tax (credit) expense	<u>(15,321)</u>	<u>60,627</u>

5. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation of right-of-use assets	9,843	10,897
Depreciation of property, plant and equipment	17,282	12,088
Amortization of intangible assets (included in cost of sales and administrative and other expenses)	19,696	512
Research and development expenses (included in administrative and other expenses) (<i>Note</i>)	73,035	108,736
Auditors' remuneration	3,313	3,941
— Audit service	2,683	3,080
— Other service	630	861
Directors' emoluments	7,374	57,993
Other staff costs:		
Salaries and other benefits	157,102	203,009
Contributions to retirement benefit scheme	5,344	8,460
Share-based payment expenses	<u>22,298</u>	<u>9,398</u>
Total staff costs	<u><u>192,118</u></u>	<u><u>278,860</u></u>

Note: The amount included staff costs amounting to RMB53,700,000 (2023: RMB94,408,000), which are included in the total staff costs disclosed above.

6. DIVIDENDS

During the current year, a final dividend of HK\$0.10 (equivalent to RMB0.09) per share in respect of the year ended 31 December 2023 was declared by the Board on March 28, 2024 and approved by the shareholders in the general meeting. The aggregate amount of the final dividend declared in the interim period was amounted to HK\$128,340,350 (equivalent to RMB118,073,122) and was paid on 11 July 2024.

During year ended 31 December 2023, a final dividend of HK\$0.14 (equivalent to RMB0.13) per share in respect of the year ended 31 December 2022 was declared by the Board on March 30, 2023 and approved by the shareholders in the general meeting. 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).

7. (LOSS) EARNINGS PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share:		
— (Loss) profit for the year attributable to owners of the Company	<u>(74,174)</u>	<u>436,936</u>

	Number of shares 2024	2023
Number of shares		
Weighted average number of ordinary shares in issue less shares held for future share award scheme for the purpose of basic (loss) earnings per share	1,248,910,176	1,259,235,182
Effect of dilutive potential ordinary shares in respect of		
— The Compensation Grant	—	5,323,128
— The 2021 Share Award Scheme	<u>—</u>	<u>140,479</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>1,248,910,176</u>	<u>1,264,698,789</u>

The computation of diluted loss per share does not consider the Company's outstanding share awards since taking them into account would result in a decrease in loss per share for the year ended 31 December 2024.

8. TRADE RECEIVABLES

	31/12/2024 <i>RMB'000</i>	31/12/2023 <i>RMB'000</i>
Trade receivables	94,413	150,527
Less: Allowance for credit losses	<u>—</u>	<u>—</u>
Total	<u>94,413</u>	<u>150,527</u>

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB192,949,000.

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:

	2024	2023
	RMB'000	RMB'000
0–30 days	77,594	99,721
31–60 days	11,494	30,863
61–90 days	2,469	5,123
91–180 days	284	9,931
Over 180 days	<u>2,572</u>	<u>4,889</u>
Total	<u>94,413</u>	<u>150,527</u>

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,668,000 (2023: RMB21,328,000) which are past due. Out of the past due balances, RMB2,572,000 (2023: RMB7,673,000) 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

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Prepayment for co-operation commissions	71,356	—
Prepayment for advertisement and promotion fees	43,793	145,384
Prepayment for research and development	15,040	7,342
Value-added tax and other taxes recoverable	11,522	—
Prepayment to game developers	5,863	8,000
Prepayment for server-related fees	2,637	2,999
Advances to employees	279	496
Others	<u>12,413</u>	<u>9,754</u>
	<u>162,903</u>	<u>173,975</u>
Less: Allowance for credit losses	<u>—</u>	<u>—</u>
Total	<u>162,903</u>	<u>173,975</u>

10. OTHER PAYABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Salaries and staff welfare payables	33,014	48,224
Selling and marketing expenses accruals	7,379	8,671
Payable to game developers (<i>note i</i>)	7,273	4,600
Payable for co-operation commissions	1,709	—
Payable for customer service and technical support fee	665	2,140
Other taxes payable	893	2,162
Others	<u>4,181</u>	<u>8,596</u>
Total	<u><u>55,114</u></u>	<u><u>74,393</u></u>

Note:

- (i) As at 31 December 2024 and 2023, 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.

11. SHARE CAPITAL

	Par value US\$	Number of shares	Nominal amount US\$	Shown in the consolidated financial statements RMB'000
Authorized				
As at 1 January 2023,				
31 December 2023 and				
31 December 2024	<u>0.000005</u>	<u>10,000,000,000</u>	<u>50,000</u>	
Issued and fully paid				
As at 1 January 2023,				
31 December 2023 and				
31 December 2024	<u>0.000005</u>	<u>1,283,403,500</u>	<u>6,417</u>	<u>42</u>

OTHER INFORMATION

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

During the year ended 31 December 2024, Futu Securities International (Hong Kong) Limited, an independent trustee for the Share Award Scheme, purchased 20,340,000 shares of the Company with total consideration of RMB35,828,000 (HK\$38,916,000) on the Stock Exchange for the purpose of future grants of the share award schemes of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company during the year ended 31 December 2024.

As at 31 December 2024, the Company and its subsidiaries did not hold any treasury shares.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024, 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, and no deviation from the Code has been identified.

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 2024 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 2025. 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 2024 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.

FINAL DIVIDEND

After careful consideration, the Board has determined not to recommend a final dividend payment for the financial year ended 31 December 2024, in order to preserve capital for strategic business development.

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 2024 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 2025

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

** For identification purpose only*