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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)

- (1) APPOINTMENT OF TRUSTEE OF THE SHARE AWARD SCHEME**
- (2) CANCELLATION OF SHARE OPTIONS**
- (3) GRANT OF SHARE AWARDS PURSUANT TO THE SHARE AWARD SCHEME**
- (4) PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE**
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APPOINTMENT OF TRUSTEE OF THE SHARE AWARD SCHEME

On September 30, 2021, the Company entered into the Trust Deed with Futu Trustee for its appointment as an independent trustee for the purpose of the Share Award Scheme pursuant to the rules of the Share Award Scheme. Futu Trustee is a trust company registered under section 78(1) of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). It is a third party independent of and not connected with the Company and any of its connected persons.

CANCELLATION OF SHARE OPTIONS

As at the date of this announcement, 60,760,000 Outstanding Existing Options remain outstanding and have not been exercised. The Board has resolved to cancel the Outstanding Existing Options with effect from September 30, 2021 in accordance with the terms of the Share Option Scheme with respect to cancellation of options granted but not exercised, at the request of the Remaining Option Grantees. The Company has obtained consent and mutually agreed with each of the Remaining Option Grantees with respect to the arrangement and compensation for the cancellation of the Outstanding Existing Options.

GRANT OF SHARE AWARDS PURSUANT TO THE SHARE AWARD SCHEME

As compensation for the cancellation of the Outstanding Existing Options and in accordance with the mutual agreement with each of the Remaining Option Grantees, the Board has resolved to compensate the Remaining Option Grantees with the grant of Share Awards under the Share Award Scheme calculated based on the number of Outstanding Existing Options held by individual Remaining Option Grantees. As a result, a total of 26,803,500 Share Awards representing the same number of underlying Shares were granted as compensation for the cancellation of the Outstanding Existing Options.

Furthermore, the Board has resolved to grant a total of 600,000 additional Share Awards to two grantees pursuant to the Share Award Scheme.

The amount payable upon acceptance of the grant of the Share Awards is US\$0.000005 per Share Award.

Out of the 27,403,500 Share Awards granted, 6,000,000 Share Awards were granted to six connected persons of the Group.

PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE AND CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF NEW SHARES FOR THE BENEFIT OF CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The Share Awards granted to the Non-connected Grantees shall be satisfied by the proposed allotment and issue of 21,403,500 new Shares under the Company's General Mandate and the Share Awards granted to the Connected Grantees shall be satisfied by the proposed allotment and issue of 6,000,000 new Shares under the Specific Mandate, subject to the approval of the Independent Shareholders. The new Shares will be allotted and issued at par value of US\$0.000005 each to Futu Trustee, as trustee for the benefit of the grantees.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in such new Shares.

LISTING RULES IMPLICATIONS

The cancellation of the Outstanding Existing Options and the Share Awards Grant have been approved by the Board. Although the grant of the Share Awards to the Connected Grantees forms part of their remuneration packages under their respective service contracts with the Group and therefore such grant is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.73(6) and Rule 14A.95 of the Listing Rules, such grant involves the issuance of new Shares for the benefit of the Connected Grantees which does not fall within any of the exemptions as set out under Rule 14A.92 of the Listing Rules. As such, the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements.

The Company will put forward ordinary resolutions to approve the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees at an extraordinary general meeting to be convened by the Company for the Independent Shareholders' consideration and approval.

A circular containing, among others, further details of the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees, and the notice convening the extraordinary general meeting will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before October 22, 2021.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Draco Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of the new Shares underlying the grant of Share Awards to the Connected Grantees described herein.

APPOINTMENT OF TRUSTEE OF THE SHARE AWARD SCHEME

Reference is made to the Share Award Scheme adopted by the Company on June 6, 2019. A summary of the principal terms of the Share Award Scheme is set out in the prospectus of the Company dated June 18, 2019 and the annual report of the Company published on April 21, 2021. The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules.

Pursuant to the Share Award Scheme, the Board shall appoint one or more trustees to assist with the administration and vesting of the share awards granted under the Share Award Scheme. Prior to the Company's Listing, the Company appointed The Core Trust Company Limited as a trustee for the purpose of the Share Award Scheme.

The Board is pleased to announce that on September 30, 2021, the Company entered into the Trust Deed with Futu Trustee for its appointment as an independent trustee for the purpose of the Share Award Scheme pursuant to the rules of the Share Award Scheme. Futu Trustee is a trust company registered under section 78(1) of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). It is a third party independent of and not connected with the Company and any of its connected persons. The Core Trust Company Limited will remain as a trustee for the purpose of the Share Awards granted under the Share Award Scheme prior to the Company's listing.

CANCELLATION OF SHARE OPTIONS

Reference is made to the announcement of the Company dated November 14, 2019 in relation to the grant of share options (the “**Existing Share Options**”) under the Share Option Scheme to 58 eligible employees (the “**Option Grantees**”) to subscribe for a total of 62,360,000 Shares at the exercise price of HK\$2.09 per Share. As at the date of this announcement, out of these 62,360,000 Existing Share Options, 1,600,000 share options granted to two Option Grantees have lapsed due to the termination of their employment with the Company and 60,760,000 share options remain outstanding (the “**Outstanding Existing Options**”). None of the Existing Share Options has been exercised by the Option Grantees as at the date of this announcement. The total number of Shares which may be issued on the full exercise of the Outstanding Existing Options is 60,760,000 and it represents 4.84% of the existing issued share capital of the Company.

The Board has resolved to cancel the Outstanding Existing Options with effect from September 30, 2021 in accordance with the terms of the Share Option Scheme with respect to cancellation of options granted but not exercised, at the request of the Option Grantees other than the two grantees whose share options have lapsed (the “**Remaining Option Grantees**”). The Company has obtained consent and mutually agreed with each of the Remaining Option Grantees with respect to the arrangement and compensation for the cancellation of the Outstanding Existing Options.

GRANT OF SHARE AWARDS PURSUANT TO THE SHARE AWARD SCHEME

As compensation for the cancellation of the Outstanding Existing Options and in accordance with the mutual agreement with each of the individual Remaining Option Grantees, the Board has resolved to compensate the Remaining Option Grantees with the grant of Share Awards under the Share Award Scheme calculated based on the number of Outstanding Existing Options held by individual Remaining Option Grantees. Each Outstanding Existing Option held by individual Remaining Option Grantees can be compensated with 0.35, 0.50 or 0.8333 Share Awards depending on the department or product unit in which the Remaining Option Grantee serves, his seniority and his past contribution to the Group. Accordingly, 26,510,000 Outstanding Existing Options held by 26 Remaining Option Grantees were compensated by the grant of 9,278,500 Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to 0.35 Share Award, 33,050,000 Outstanding Existing Options held by 29 Remaining Option Grantees were compensated by the grant of 16,525,000 Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to 0.5 Share Award and 1,200,000 Outstanding Existing Options held by one Remaining Option Grantee were compensated by the grant of 1,000,000 Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to approximately 0.8333 Share Award. As a result, a total of 26,803,500 Share Awards representing the same number of underlying Shares were granted as compensation for the cancellation of the Outstanding Existing Options (the “**Compensation Grant**”).

Furthermore, the Board has resolved to grant a total of 600,000 Share Awards to two grantees pursuant to the Share Award Scheme (the “**New Grant**”, together with the Compensation Grant, the “**Share Awards Grant**”), to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group.

Details of the Share Awards Grant are set out as follows:

Date of grant: September 30, 2021

Number of underlying Shares 27,403,500
in respect of Share Awards
granted:

- Vesting Date for each grantee:
- (1) 40% of the total number of Share Awards shall be vested on April 30, 2022;
 - (2) 30% of the total number of Share Awards shall be vested on April 30, 2023; and
 - (3) 30% of the total number of Share Awards shall be vested on April 30, 2024.

- Other vesting conditions:
- (1) In respect of the vesting on April 30, 2022, (a) the Company's consolidated revenue for the year ending December 31, 2021 shall increase by 10% or more as compared with the consolidated revenue for the year ended December 31, 2020; (b) the Company's operating profit for the year ending December 31, 2021 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending December 31, 2021;
 - (2) In respect of the vesting on April 30, 2023, (a) the Company's consolidated revenue for the year ending December 31, 2022 shall increase by 15% or more as compared with the consolidated revenue for the year ended December 31, 2020; (b) the Company's operating profit for the year ending December 31, 2022 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending December 31, 2022; and
 - (3) In respect of the vesting on April 30, 2024, (a) the Company's consolidated revenue for the year ending December 31, 2023 shall increase by 20% or more as compared with the consolidated revenue for the year ended December 31, 2020; (b) the Company's operating profit for the year ending December 31, 2023 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending December 31, 2023.

Out of the 27,403,500 Share Awards granted, 6,000,000 Share Awards were granted to six connected persons of the Group (the “**Connected Grantees**”), details of which are as follows:

Name of Connected Grantees	Position in the Group	Number of underlying Shares in respect of Share Awards granted and percentage of issued share capital as at the date of this announcement	Number of Outstanding Existing Options cancelled
Zhiyong CAO (曹志勇)	Director of a subsidiary of the Company General Manager	1,050,000 (0.08%)	3,000,000
Yinghao TANG (湯英浩)	Director of a subsidiary of the Company Financial Director	1,000,000 (0.08%)	1,200,000
Guobao CHENG (成國寶)	Director of a subsidiary of the Company Operation Director	2,000,000 (0.16%)	4,000,000
Xuejian ZHANG (張雪健)	Director of a subsidiary of the Company Research & Development Sub-unit Leader	600,000 (0.05%)	1,200,000
Xingyu LU (盧星宇)	Director of a subsidiary of the Company Business Channel Manager	650,000 (0.05%)	1,300,000
Qiang WANG (王強)	Director of a subsidiary of the Company Game Testing Manager	700,000 (0.06%)	1,400,000

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, each of the other grantees of Share Awards (the “**Non-connected Grantees**”) is an employee of the Group and a third party independent of the Company and not a connected person. One of the Non-connected Grantees is a director of an insignificant subsidiary of the Company and is therefore not a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules.

The amount payable upon acceptance of the grant of the Share Awards is US\$0.000005 per Share Award.

PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE AND CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF NEW SHARES FOR THE BENEFIT OF CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The Share Awards granted to the Non-connected Grantees shall be satisfied by the proposed allotment and issue of 21,403,500 new Shares under the Company's General Mandate to Futu Trustee, as trustee for the benefit of the Non-connected Grantees. The allotment and issue of such new Shares is conditional upon the grant of approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares.

Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 251,200,000 Shares, representing 20% of the total number of Shares in issue as at the date of the annual general meeting of the Company held on June 29, 2021. As at the date of this announcement, no Share has been allotted and issued under the General Mandate.

The Share Awards granted to the Connected Grantees shall be satisfied by the proposed allotment and issue of 6,000,000 new Shares under the Specific Mandate to Futu Trustee, as trustee for the benefit of the Connected Grantees, subject to the approval of the Independent Shareholders. The allotment and issue of such new Shares is also conditional upon the grant of approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares.

All new Shares will be issued at the par value of US\$0.000005 each.

The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the grant as quoted on the Stock Exchange is HK\$2.074 per Share. Based on the closing price of HK\$2.15 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of 21,403,500 Shares underlying the Share Awards granted to the Non-connected Grantees, and 6,000,000 Shares underlying the Share Awards granted to the Connected Grantees are HK\$46,017,525 and HK\$12,900,000, respectively.

The underlying Shares of the Share Awards, being 21,403,500 Shares to be issued under the General Mandate and 6,000,000 Shares to be issued under the Specific Mandate, represent approximately 1.70% and 0.48% of the total issued share capital of the Company as at the date of this announcement, and approximately 1.67% and 0.47% of the enlarged total issued share capital of the Company, respectively (assuming there will be no other change to the total issued share capital from the date of this announcement up to the proposed allotment and issue of the Shares underlying the Share Awards granted).

The new Shares to be allotted and issued by the Company for the purpose of the grant of the Share Awards will rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in such new Shares.

REASONS FOR THE GRANT OF THE SHARE AWARDS AND THE ISSUE OF NEW SHARES UNDERLYING THE SHARE AWARDS

The Group is a leading localized mobile card and board game developer and operator in the PRC with a special focus on localized Mahjong and poker games.

The Share Award Scheme forms part of the employee incentives of the Group. The Board considers that the Share Awards Grant and the allotment and issue of new Shares for the Share Awards granted shall recognize the contributions of the Grantees to the growth of the Group and incentivize them to remain with the Group and motivate them to strive for the future development and expansion of the Group.

The Board (excluding the members of the Independent Board Committee whose views will be set out in the circular to be despatched to the Shareholders together with the opinion of IFA after receiving advice from IFA) are of the view that the terms of the grant of Share Awards and the proposed allotment and issue of new Shares for the benefit of the Connected Grantees are fair and reasonable and in the interests of the Company and its shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

The cancellation of the Outstanding Existing Options and the Share Awards Grant have been approved by the Board. Although the grant of the Share Awards to the Connected Grantees forms part of their remuneration packages under their respective service contracts with the Group and therefore such grant is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.73(6) and Rule 14A.95 of the Listing Rules, such grant involves the issuance of new Shares for the benefit of the Connected Grantees which does not fall within any of the exemptions as set out under Rule 14A.92 of the Listing Rules. As such, the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees constitutes a non-exempt

connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements.

The Company will put forward ordinary resolutions to approve the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees at an extraordinary general meeting to be convened by the Company for the Independent Shareholders' consideration and approval.

To the best of the knowledge, information and belief of the Board, apart from one of the Non-connected Grantees, who holds 21,118,000 Shares, representing 1.68% of the Company's issued share capital as at the date of this announcement, no Shareholder is required to abstain from voting on the resolution(s) to approve the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees at the extraordinary general meeting to be convened by the Company.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees and the Specific Mandate.

A circular containing, among others, further details of the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees, and the notice convening the extraordinary general meeting will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before October 22, 2021.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Draco Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of the new Shares underlying the grant of Share Awards to the Connected Grantees described herein.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Homeland Interactive Technology Ltd., a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 3798)
“Connected Grantee(s)”	has the meaning given to it under the section headed “Grant of Share Awards Pursuant to the Share Award Scheme” of this announcement
“connected persons(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Futu Trustee”	Futu Trustee Limited, an independent trustee appointed by the Company for the purpose of the Share Award Scheme
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to allot, issue and deal with a maximum of 251,200,000 Shares, representing not more than 20% of the total number of issued shares of the Company on June 29, 2021, which Shares have not been allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries, including operating entities controlled by the Company by virtue of contractual arrangements
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board comprising Mr. Yu Ronald Patrick Lup Man, Mr. Zhang Yuguo, Mr. Hu Yangyang and Ms. Guo Ying, each being an independent non-executive Director, formed to advise the Independent Shareholders on whether the terms of the proposed allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees and the Specific Mandate are fair and reasonable

“IFA”	Draco Capital Limited, a licensed corporation permitted to carry on Type 6 regulated activity under the Securities and Futures Ordinance, being the IFA appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees
“Independent Shareholders”	the Shareholders who are not prohibited from voting under the Listing Rules to approve the allotment and issue of new Shares underlying the Share Awards granted to the Connected Grantees
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-connected Grantee”	has the meaning given to it under the section headed “Grant of Share Awards Pursuant to the Share Award Scheme” of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Remaining Option Grantees”	has the meaning given to it under the section headed “Cancellation of Share Options” of this announcement
“Share Awards Grant”	has the meaning given to it under the section headed “Grant of Share Awards Pursuant to the Share Award Scheme” of this announcement
“Share(s)”	means ordinary share(s) of US\$0.000005 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Share Award”	a share award granted by the Board to eligible grantees pursuant to the terms of the Share Award Scheme
“Share Award Scheme”	the share award scheme adopted by the Company on June 6, 2019, as amended from time to time

“Share Option Scheme”	the post-IPO share option scheme adopted by the Company on June 5, 2019, as amended from time to time
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Specific Mandate”	the specific mandate to the Directors to exercise the power of the Company to issue and allot 6,000,000 new Shares underlying the Share Awards granted to the Connected Grantees, which mandate will be sought at the extraordinary general meeting to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed entered into between the Company and the Futu Trustee on September 30, 2021 in relation to the Share Award Scheme
“%”	per cent

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

Xiamen, PRC, September 30, 2021

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