

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DIGITAL HOLLYWOOD INTERACTIVE LIMITED

遊萊互動集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2022)

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

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2022 (the “**Reporting Period**”) amounted to approximately US\$6.2 million, representing an increase of approximately 3.3% from approximately US\$6.0 million for the corresponding period in 2021.
- Gross profit for the Reporting Period amounted to approximately US\$2.6 million, representing a decrease of approximately 7.1% from approximately US\$2.8 million for the corresponding period in 2021.
- Loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$1.9 million, representing an increase of approximately 72.7% from approximately US\$1.1 million for the corresponding period in 2021.
- Non-IFRS adjusted loss attributable to owners of the Company⁽¹⁾ for the Reporting Period amounted to approximately US\$1.9 million, representing an increase of approximately 90.0% from approximately US\$1.0 million for the corresponding period in 2021.

In this announcement, “**we**”, “**us**” and “**our**” refer to Digital Hollywood Interactive Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

⁽¹⁾ Non-IFRS adjusted loss attributable to owners of the Company was derived from the loss attributable to the owners of the Company for the period, excluding share-based compensation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

In 2022, the impact of COVID-19 has still lingered around the world. Combined with changes in the international political situation and domestic and foreign policy implications, such as the international financial and trade sanctions caused by the war between Ukraine and Russia, the global economic situation is still not optimistic. Facing the multiple challenges brought about by this business environment, the Group has carried out a systematic planning and layout in terms of business strategy based on the review of its business development.

On the one hand, the Group has continued to develop and improve the functions of the GHG game platform (gamehollywood.com) to meet different needs of users and enhance user stickiness to the GHG game platform. Although the R&D progress of certain game development teams has slowed down under the impact of the COVID-19 outbreak, the Group has still launched certain HTML5 games of different types on the GHG game platform as at the date of this announcement, including 3D war strategy game *Game of Thrones*, card game *World of Rune*, casual game *Eco City*, RPG game *Eternal Fury EU* and SLG game *Emblem Heroes*.

On the other hand, the Group has actively promoted the upgrade of its classic flagship games to adapt to changes in the internet technology. During the Reporting Period, by utilising the Group's technological advantages and the conversion of HTML5 development engines in a variety of web game products continuously carried out by our R&D team, the Group has not only overcome the changes in internet technology and continued the life cycle of classic games, but also catered to users' needs for internet entertainment.

Looking ahead, the Group will continue to execute the business strategy for the year and build the Group's system of operation and development. The Group will gradually develop the paid download function for games on the GHG game platform, expand its online game projects and launch more game products. The improvement of the aforesaid functions will not only meet more entertainment needs of game users, but also bring more publication opportunities for different types of products to our game development team, thereby boosting the enthusiasm of the team members for research and development. The Group's GHG game platform will build a platform currency system, through which users can purchase embedded goods or services of various games on the platform by using platform coins, so as to enhance users' experience and interest in various games. In addition, the Group will develop the GHG monthly subscription service, which will provide users with more precise services to fit for various user preferences.

The Group will continue to develop a web game platform suitable for mobile phones and other mobile devices, and actively seek to better serve mobile user groups with game products. Through the construction of such platform, the Group will provide mobile game users with a new game platform and opportunities to experience more game products, so as to meet more entertainment needs of users, as well as expanding the Group's brand awareness.

In the meantime, the Group will continue to explore opportunities in new overseas game markets and platforms. The Group's major game, *Eternal Fury*, will soon be launched on Steam, one of the world's largest digital game social platforms; in addition, the Group is also promoting the development of the Japanese version of *Eternal Fury*, preparing to enter the market in the new language field. The Group believes that the exploration of new opportunities will bring new development prospects for the Group in the future.

FINANCIAL REVIEW

Overview

Loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$1.9 million, representing an increase of approximately US\$0.8 million or 72.7% from approximately US\$1.1 million for the corresponding period in 2021. Non-IFRS adjusted loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$1.9 million, representing an increase of approximately 0.9 million or 90.0% as compared with approximately US\$1.0 million for the corresponding period in 2021.

Revenue

For the Reporting Period, revenue of the Group amounted to approximately US\$6.2 million, representing an increase of approximately US\$0.2 million or 3.3% as compared with approximately US\$6.0 million for the corresponding period in 2021. The increase in revenue was mainly due to the launch of new games during the Reporting Period.

Cost of Revenue and Gross Profit Margin

For the Reporting Period, cost of revenue of the Group amounted to approximately US\$3.6 million, representing an increase of approximately US\$0.3 million or 9.1% as compared with approximately US\$3.3 million for the corresponding period in 2021. The resulting gross profit margin decreased to 41.8% in 2022 from 46.2% for the corresponding period in 2021.

Other Gains, Net

For the Reporting Period, other gains of the Group amounted to approximately US\$0.3 million, as compared with other gains of the Group which amounted to approximately US\$0.6 million for the corresponding period in 2021. The other gains of the Group for the Reporting Period were primarily due to the net exchange gains.

Selling and Marketing Expenses

For the Reporting Period, selling and marketing expenses of the Group amounted to approximately US\$1.7 million, representing an increase of approximately US\$0.1 million or 6.3% from approximately US\$1.6 million for the corresponding period in 2021, primarily due to increase in advertising and promotion expenses.

Administrative Expenses

For the Reporting Period, administrative expenses of the Group amounted to approximately US\$1.5 million and remained steady comparing to the corresponding period in 2021.

Research and Development Expenses

For the Reporting Period, research and development expenses of the Group amounted to approximately US\$1.1 million, as compared to approximately US\$0.9 million for the corresponding period in 2021, which was primarily due to development of new products.

Income Tax Expense

For the Reporting Period, income tax expense of the Group amounted to approximately US\$0.1 million, representing a decrease of approximately US\$0.1 million or 50.0% as compared with approximately US\$0.2 million for the corresponding period in 2021. The decrease in income tax expense was primarily due to the decrease of assessable profit of certain subsidiaries.

Loss Attributable to Owners of the Company

As a result of the above, loss attributable to owners of the Company increased by approximately US\$0.8 million or 72.7% from approximately US\$1.1 million for the corresponding period in 2021 to approximately US\$1.9 million for the Reporting Period. The increase in losses was mainly affected by the exchange rate changes in the first half of 2022 which in turn caused the decrease in other gain.

Non-IFRS Adjusted Loss Attributable to Owners of the Company

To supplement this interim results announcement which is presented in accordance with the International Financial Reporting Standards (the “IFRS”), we also use unaudited non-IFRS adjusted loss attributable to owners of the Company as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business.

For the Reporting Period, non-IFRS adjusted loss attributable to owners of the Company amounted to approximately US\$1.9 million, representing an increase of approximately 90.0% from approximately US\$1.0 million for the corresponding period in 2021. Our non-IFRS adjusted loss attributable to owners of the Company for the Reporting Period and the corresponding period of 2021 was calculated according to the loss attributable to the owners of the Company for the period.

Liquidity, Treasury Policy and Source of Funding and Borrowing

As at June 30, 2022, the Group's total bank balances, cash and short-term deposits amounted to approximately US\$26.6 million, representing a decrease of approximately 18.7% as compared with approximately US\$32.7 million as at December 31, 2021. The decrease in total bank balances, cash and short-term deposits during the Reporting Period was primarily resulted from the net cash outflow of investing activities during Reporting Period.

As at June 30, 2022, current assets of the Group amounted to approximately US\$38.2 million, including bank balances and cash of approximately US\$26.6 million and other current assets of approximately US\$11.6 million. Current liabilities of the Group amounted to approximately US\$8.8 million, including trade payables and contract liabilities of approximately US\$3.3 million and other current liabilities of approximately US\$5.5 million. As at June 30, 2022, the current ratio (the current assets to current liabilities ratio) of the Group was 4.3, as compared with 4.8 as at December 31, 2021. The Group adopts a prudent treasury management policy to ensure that our Group maintains a healthy financial position.

Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group does not have any bank borrowings and other debt financing obligations (excluding lease liabilities) as at June 30, 2022 and the resulting gearing ratio is nil (December 31, 2021: nil). The Group intends to finance the expansion, investments and business operations with internal resources.

Significant Investments

On January 20, 2022, Guangzhou You Lai Information Technology Company Limited* (廣州遊萊信息科技有限公司) (an indirect wholly-owned subsidiary of the Company) (“**Guangzhou You Lai**”) entered into an investment cooperation agreement dated January 20, 2022 with Guangzhou Red Circle Information Technology Company Limited* (廣州紅圈信息科技有限公司) (“**JV Partner**”), pursuant to which Guangzhou You Lai and the JV Partner have agreed to establish Guangzhou Duolai Technology Investment Limited* (廣州多萊科技投資有限公司) in the PRC for an investment project. Details of the investment cooperation agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated January 20, 2022 and the circular of the Company dated March 16, 2022.

Save as disclosed above, the Group did not have any material investments for the Reporting Period.

Material Acquisitions

The Group did not have any material acquisitions of subsidiaries, associates and joint ventures for the Reporting Period.

Material Disposals

The Group did not have any material disposals of subsidiaries, associates and joint ventures for the Reporting Period.

Pledge of Assets

As at June 30, 2022, none of the Group's assets was pledged (as at December 31, 2021: nil).

Contingent Liabilities

The Group had no material contingent liabilities as at June 30, 2022 (as at December 31, 2021: nil).

Foreign Exchange Exposure

As at June 30, 2022, the Group mainly operated in the global market and the majority of its transactions were settled in United States Dollars (the “USD”), being the functional currency of the group entities to which the transactions relate. We currently do not hedge transactions undertaken in foreign currencies but manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currencies exposures. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity’s functional currency. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi (“RMB”), Euro (“EUR”) and Hong Kong Dollars (“HKD”). Currency exposure arising from the net assets of our foreign operations is not significant. As at June 30, 2022, the Group did not have significant foreign currency exposure from its operations.

USE OF PROCEEDS FROM THE IPO

The net proceeds from the initial public offering of the Company dated December 15, 2017 (the “IPO”) amounted to approximately US\$35.4 million after deducting share issuance costs and listing expenses. During the Reporting Period, the net proceeds from the listing were utilised in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Company’s prospectus dated December 5, 2017 (the “Prospectus”), with the balance unutilised amounted to approximately US\$3.6 million. Due to the epidemic, the funds used for investment will be deferred to be fully utilised, and it is expected to be utilised on or before June 30, 2024. The balance of fund will continue to be utilised according to the manner as disclosed in the Prospectus. The Group held the unutilised net proceeds in short-term deposits with licensed institutions in Hong Kong. In the second half of 2022, the Company will use the proceeds raised from the IPO in accordance with its development strategies, market conditions and intended use of such proceeds. Details are set out in the following table:

	Net utilised amount available as at December 31, 2021 <i>USD’000</i>	Actual net amount utilised during the Reporting Period <i>USD’000</i>	Net unutilised amount as at June 30, 2022 <i>USD’000</i>	Expected timeline for utilising the remaining net proceeds ^(Note)
Investment	6,977.1	4,176.5	2,800.6	Expected to be fully utilised on or before June 30, 2024
Development and research	1,833.3	1,063.4	769.9	Expected to be fully utilised on or before December 31, 2022
Expansion of online game business	–	–	–	Fully utilised
Marketing and advertisement	–	–	–	Fully utilised
Working capital and other general corporate purposes	–	–	–	Fully utilised
Total	<u>8,810.4</u>	<u>5,239.9</u>	<u>3,570.5</u>	

Note: The expected timeline for utilising the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

HUMAN RESOURCES

As at June 30, 2022, the Group had 168 employees (As at December 31, 2021: 170), 56 of which were responsible for game development and maintenance, 80 for game operation and offline events organisation, and 32 for general administration and corporate management. The total remuneration expenses, excluding share-based compensation expense, for the Reporting Period were approximately US\$2.2 million, representing a decrease of approximately 5.9% as compared to the corresponding period in 2021. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonuses, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Company's board (the "**Board**") of directors (the "**Directors**") on the basis of their merit, qualification and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses include, among others, further educational studies, skills training and professional development courses for management personnel.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (For the six months ended June 30, 2021: nil).

MATERIAL LEGAL PROCEEDINGS

For the Reporting Period, Guangzhou Zhang Ying Kong Information Technology Company Limited* (廣州掌贏控信息科技有限公司) ("**Guangzhou ZYK**"), a wholly-owned subsidiary of the Company, has instituted legal proceedings (the "**Legal Proceedings**") against Shenzhen Qianhai Huanjing Network Technology Co., Ltd.* (深圳市前海幻境網絡科技有限公司) ("**Qianhai Huanjing**") in relation to the losses and damages sustained by Guangzhou ZYK as a result of the unilateral termination by Qianhai Huanjing of a series of intellectual property licensing agreements. Details of the Legal Proceedings are set out in the announcements of the Company dated May 18, 2020, March 8, 2021 and April 8, 2022.

Save as disclosed above, the Group was not involved in any material legal proceedings during the Reporting Period. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to keep the shareholders of the Company (the "**Shareholders**") and potential investors informed of any material development of the Legal Proceedings.

SIGNIFICANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD

The Group did not have any significant events after June 30, 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the principles and code provisions as set out in the Code of Corporate Governance (the "**Corporate Governance Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Corporate Governance Code during the Reporting Period, save for the deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code as disclosed below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a separate role of chairman and chief executive officer and Mr. LU Yuanfeng currently performs these two roles. With extensive experience in the internet industry, Mr. LU Yuanfeng is responsible for the overall strategic planning and general management of the Group and his leadership is instrumental to the Company's growth and business expansion since its establishment on November 24, 2014. 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 Group by the senior management and the Board, which comprises experienced individuals. The Board currently comprises three executive Directors (including Mr. LU Yuanfeng) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Save as disclosed above, the Company is in compliance with the requirements under all code provisions of the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company with an aim to maintain a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Having made specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The audit committee of the Board, comprising Professor CHAU Chi Wai, Wilton (chairman), Mr. LI Yi Wen and Mr. LU Qibo, has discussed with the management and reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been compiled with, and that adequate disclosures have been made.

The Board is pleased to announce the unaudited interim condensed consolidated financial results of the Group for the Reporting Period, together with the comparative figures for the corresponding period in 2021:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2022

	Note	Six months ended June 30,	
		2022	2021
		USD	USD
		(Unaudited)	(Unaudited)
Revenue	4	6,152,832	6,039,614
Cost of revenue		(3,578,495)	(3,251,416)
Gross profit		2,574,337	2,788,198
Selling and marketing expenses		(1,705,338)	(1,648,329)
Administrative expenses		(1,469,729)	(1,540,105)
Research and development expenses		(1,055,524)	(941,539)
Net impairment losses on financial assets		–	(50,983)
Other gains, net	9	276,806	560,861
Operating loss		(1,379,448)	(831,897)
Finance income		9,516	13,060
Finance costs		(430,510)	(107,480)
Finance costs, net		(420,994)	(94,420)
Share of losses of an associate		(4,367)	–
Loss before income tax		(1,804,809)	(926,317)
Income tax expense	10	(140,552)	(161,451)
Loss for the period		(1,945,361)	(1,087,768)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss			
– Exchange differences on translating foreign operations		(435,098)	219,842
Items that may not be reclassified to profit or loss			
– Changes in fair value of equity investment at fair value through other comprehensive income		(74,818)	(827,069)
Other comprehensive expense for the period, net of income tax		(509,916)	(607,227)
Total comprehensive expense for the period		(2,455,277)	(1,694,995)
Loss for the period attributable to:			
Owners of the Company		(1,945,361)	(1,087,768)
Total comprehensive expense for the period attributable to:		(2,455,277)	(1,694,995)
Owners of the Company		(2,455,277)	(1,694,995)
Loss per share (expressed in USD cents per share)			
– Basic	11	(0.10)	(0.06)
– Diluted		(0.10)	(0.06)
Dividends	12	–	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	<i>Note</i>	As at June 30, 2022 <i>USD</i> (Unaudited)	As at December 31, 2021 <i>USD</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment		1,218,281	1,445,391
Right-of-use assets		1,186,908	1,406,545
Intangible assets		127,240	62,476
Interest in associate	5	3,772,923	–
Financial assets at fair value through other comprehensive income		297,251	372,069
Prepayments and other receivables		3,693,403	3,700,644
Deferred income tax assets		99,094	99,094
		10,395,100	7,086,219
Current assets			
Trade receivables	6	1,374,245	1,032,458
Contract costs		651,624	803,382
Prepayments and other receivables		9,628,539	10,397,590
Short-term deposits		–	1,000,000
Cash and cash equivalents		26,591,095	31,681,054
		38,245,503	44,914,484
Total assets		48,640,603	52,000,703
EQUITY AND LIABILITIES			
Equity			
Share capital	7	2,000,000	2,000,000
Reserves		36,738,351	39,193,628
Total equity		38,738,351	41,193,628

	<i>Note</i>	As at June 30, 2022 <i>USD</i> (Unaudited)	As at December 31, 2021 <i>USD</i> (Audited)
Liabilities			
Current liabilities			
Trade payables	8	1,296,652	1,788,977
Contract liabilities		1,998,745	2,218,271
Other payables and accruals		4,803,826	4,801,778
Lease liabilities		339,275	344,469
Current tax liabilities		321,465	277,602
		<u>8,759,963</u>	<u>9,431,097</u>
Non-current liabilities			
Lease liabilities		<u>1,142,289</u>	<u>1,375,978</u>
		<u>1,142,289</u>	<u>1,375,978</u>
Total liabilities		<u>9,902,252</u>	<u>10,807,075</u>
Total equity and liabilities		<u>48,640,603</u>	<u>52,000,703</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Digital Hollywood Interactive Limited (the “**Company**”) was incorporated in the Cayman Islands on November 24, 2014 as an exempted company with limited liability. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development, operations and publishing of web-based games and mobile games business (“**Game Business**”) in North America, Europe, The People’s Republic of China (the “**PRC**”) and other regions.

The interim condensed consolidated financial information is presented in the United States Dollars (“**USD**”), unless otherwise stated, and have been approved for issue by the Company’s Board of Directors on August 29, 2022.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRSs issued by International Accounting Standards Board (“**IASB**”) that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4 REVENUE AND SEGMENT INFORMATION

	Six months ended June 30,	
	2022	2021
	USD	USD
	(Unaudited)	(Unaudited)
Online game revenue	6,152,497	6,039,186
Advertising revenue	335	428
	<u>6,152,832</u>	<u>6,039,614</u>
Disaggregation of revenue from contracts with customers:		
Timing of revenue recognition		
Over time	<u>6,152,832</u>	<u>6,039,614</u>

Segment information

For management purpose, the executive directors of the Company consider that the Group generates revenue primarily from the provision of online game services. The executive directors of the Company review the operating results of the business as one segment to make strategic decisions about resources to be allocated. Therefore, the executive directors of the Company consider that there is only one segment of the Group and no further analysis is presented.

5 INTEREST IN AN ASSOCIATE

During the six months ended 30 June 2022, Guangzhou You Lai (an indirect wholly-owned subsidiary of the Company) has paid RMB25,300,000 (equivalent to USD3,777,290) to Guangzhou Duolai Technology Investment Limited (the “**associate**”), in which RMB300,000 (equivalent to USD44,790) was the initial investment payment for 30% equity interest of the associate and RMB25,000,000 (equivalent to USD3,732,500) was the operating fund advance to the associate for proposed properties acquisition.

6 TRADE RECEIVABLES

The ageing analysis of trade receivables, based on recognition date of trade receivables, and net of allowance, is as follows:

	As at June 30, 2022 <i>USD</i> (Unaudited)	As at December 31, 2021 <i>USD</i> (Audited)
0-30 days	716,870	441,995
31-90 days	240,689	425,590
91-180 days	363,734	115,498
Over 180 days	52,952	49,375
	<u>1,374,245</u>	<u>1,032,458</u>

7 SHARE CAPITAL AND SHARES HELD FOR THE SHARE OPTION SCHEME

	Number of ordinary shares	Amount <i>USD</i>
Authorised: Ordinary shares of USD0.001 (2021: USD0.001) each		
At 1 January 2021, 31 December 2021 (audited), 1 January 2022 and 30 June 2022 (unaudited)	<u>4,000,000,000</u>	<u>4,000,000</u>

A summary of the Company’s share capital and shares held for the Share Option Scheme are as follows:

	Number of shares in issue	Share capital <i>USD</i>	Shares held for the Share Option Scheme <i>USD</i>
As at June 30, 2022	<u>2,000,000,000</u>	<u>2,000,000</u>	<u>(138,978)</u>
As at December 31, 2021	<u>2,000,000,000</u>	<u>2,000,000</u>	<u>(138,978)</u>

8 TRADE PAYABLES

The aging analysis of trade payables based on invoice date is as follows:

	As at June 30, 2022 <i>USD</i> (Unaudited)	As at December 31, 2021 <i>USD</i> (Audited)
0-90 days	419,737	511,790
91-180 days	328,636	393,120
181-360 days	271,601	652,821
Over 360 days	276,678	231,246
	<u>1,296,652</u>	<u>1,788,977</u>

9 OTHER GAINS, NET

	Six months ended 30 June	
	2022 <i>USD</i> (Unaudited)	2021 <i>USD</i> (Unaudited)
Net foreign exchange gains	64,949	540,008
Government grants	201,049	–
Others	10,808	20,853
	<u>276,806</u>	<u>560,861</u>

10 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended June 30, 2022 and 2021 is analysed as follows:

	Six months ended June 30,	
	2022 <i>USD</i> (Unaudited)	2021 <i>USD</i> (Unaudited)
Current tax		
– PRC Enterprise Income Tax and Hong Kong Profit Tax	58,803	76,772
– Overseas withholding income tax	81,749	84,679
	<u>140,552</u>	<u>161,451</u>

11 LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	Six months ended 30 June	
	2022	2021
	USD	USD
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(1,945,361)</u>	<u>(1,087,768)</u>
	Six months ended 30 June	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue		
less shares held for the Share Option Scheme for the purpose		
of calculating basic and diluted loss per share	<u>1,861,022</u>	<u>1,856,066</u>

The effects of all potential shares are anti-dilutive for the six months ended 30 June 2022 and 2021.

12 DIVIDEND

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.gamehollywood.com/company respectively. The interim report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites respectively in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

By Order of the Board
Digital Hollywood Interactive Limited
LU Yuanfeng
Chairman and Chief Executive Officer

Hong Kong, August 29, 2022

As at the date of this announcement, the executive Directors are Mr. LU Yuanfeng, Mr. HUANG Guozhan, Mr. HUANG Deqiang and the independent non-executive Directors are Professor CHAU Chi Wai, Wilton, Mr. LI Yi Wen and Mr. LU Qibo.

** For identification purpose only*