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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, 2023

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2023 (the “**Reporting Period**”) amounted to approximately US\$4.8 million, representing a decrease of approximately 22.3% from approximately US\$6.2 million for the corresponding period in 2022.
- Gross profit for the Reporting Period amounted to approximately US\$1.9 million, representing a decrease of approximately 27.8% from approximately US\$2.6 million for the corresponding period in 2022.
- Loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$2.6 million, representing an increase of approximately 32.7% from approximately US\$1.9 million for the corresponding period in 2022.
- Non-IFRS adjusted loss attributable to owners of the Company⁽¹⁾ for the Reporting Period amounted to approximately US\$2.6 million, representing an increase of approximately 32.7% from approximately US\$1.9 million for the corresponding period in 2022.

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 2023, following the further lifting of the prevention and control measures in the aftermath of COVID-19, the overall business environment and consumption sentiment have improved in various regions. The Group has actively sought cooperation opportunities and visited game developers in Beijing, Shanghai, Fujian and Chengdu to vigorously expand its business. The Group has participated in ChinaJoy, the first large-scale domestic game exhibition held after the COVID-19 pandemic.

On the basis of its overseas business development in the past few years, the Group will continue to leverage the advantages of overseas publication to consolidate existing and future partnerships. The Group maintains a partnership with GameBCN, an independent game incubator with more than 70 Spanish-language cooperative studios in Barcelona, Spain. Both parties will give full play to their best edges and integrate existing resources, providing more support to game developers around the world. As invited by the Guangzhou Municipal Bureau of Commerce, the Group participated in gamescom held in Cologne, Germany as an exhibitor representing Guangzhou, actively promoting exchanges and cooperation between Guangzhou cultural and trade enterprises and international counterparts. Taking advantage of this opportunity, we have contacted organizations in the game industry, game development studios and media in different regions such as Europe, Southeast Asia and North America, with a view to preparing for future product reserves and carrying out further cooperation in the future.

The Group's GHG game platform connects with platforms such as Google, Apple and Steam to achieve "one-click access and multi-terminal publication". Our game platform comprises various games such as the action game *League of Angels Pact* and the role-playing strategy game *Evil Awakening 2: Erebus*, which have received unanimous praise from players and users and have also been recommended by different platforms, thus enjoying a good reputation.

In the meantime, the GHG game platform established a comprehensive membership framework in the first half of the year, so that systems of member benefit and credits were launched to enable members to exchange credits for game gift package and other benefits. Rewarding systems on membership day, birthday and celebration have also been added to enhance user stickiness to the Group's products.

Looking ahead, the Group will continue to promote its business strategy and enrich the HTML5 product matrix. The Group will also further promote its overseas market expansion strategy, continuously optimize its overseas business strategy, and continue to explore opportunities in new overseas game markets and platforms. In order to further develop the European market, the Group will launch several European versions of its games, such as the French version and German version of *League of Angels Pact* and the German version of *Dark Odyssey*. In addition, the Group is also steadily developing its mobile game business and is expected to launch its mobile version of *Eternal Fury 3* in the second half of the year, which will be released on multiple platforms so as to drive the game to a high popularity level. The Group believes that the exploration of new opportunities will bring new development opportunities to the Group in the future.

FINANCIAL REVIEW

Overview

Loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$2.6 million, representing an increase of approximately US\$0.7 million or 32.7% from approximately US\$1.9 million for the corresponding period in 2022. Non-IFRS adjusted loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$2.6 million, representing an increase of approximately US\$0.7 million or 32.7% as compared with approximately US\$1.9 million for the corresponding period in 2022.

Revenue

For the Reporting Period, revenue of the Group amounted to approximately US\$4.8 million, representing a decrease of approximately US\$1.4 million or 22.3% as compared with approximately US\$6.2 million for the corresponding period in 2022. The decrease in revenue was mainly due to the natural drop in revenue of certain games which are in their mature stages or ceased operation.

Cost of Revenue and Gross Profit Margin

For the Reporting Period, cost of revenue of the Group amounted to approximately US\$2.9 million, representing a decrease of approximately US\$0.7 million or 18.3% as compared with approximately US\$3.6 million for the corresponding period in 2022. The resulting gross profit margin decreased to 38.9% in 2023 from 41.8% for the corresponding period in 2022.

Other (Losses)/Gains, Net

For the Reporting Period, other losses of the Group amounted to approximately US\$0.4 million, as compared with other gains of the Group which amounted to approximately US\$0.3 million for the corresponding period in 2022. The other losses of the Group for the Reporting Period were primarily due to the decrease in the government grants.

Selling and Marketing Expenses

For the Reporting Period, selling and marketing expenses of the Group amounted to approximately US\$1.8 million, representing an increase of approximately US\$0.1 million or 2.7% from approximately US\$1.7 million for the corresponding period in 2022, primarily due to slight increase in advertising and promotion expenses.

Administrative Expenses

For the Reporting Period, administrative expenses of the Group amounted to approximately US\$1.4 million, representing a decrease of approximately US\$0.1 million or 5.4% from approximately US\$1.5 million for the corresponding period in 2022, primarily due to turnover of headcount which lead to corresponding employee benefits decrease.

Research and Development Expenses

For the Reporting Period, research and development expenses of the Group amounted to approximately US\$0.9 million, as compared to approximately US\$1.1 million for the corresponding period in 2022, which was primarily due to outsourcing program reduction.

Loss Attributable to Owners of the Company

As a result of the above, loss attributable to owners of the Company increased by approximately US\$0.7 million or 32.7% from approximately US\$1.9 million for the corresponding period in 2022 to approximately US\$2.6 million for the Reporting Period.

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\$2.6 million, representing an increase of approximately 32.7% from approximately US\$1.9 million for the corresponding period in 2022. Our non-IFRS adjusted loss attributable to owners of the Company for the Reporting Period and the corresponding period of 2022 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, 2023, the Group’s total bank balances, cash and short-term deposits amounted to approximately US\$22.6 million, representing a decrease of approximately 9.8% as compared with approximately US\$25.0 million as at December 31, 2022. The decrease in total bank balances, cash and short-term deposits during the Reporting Period was primarily resulted from the decrease in the net cash flow generated from operating activities.

As at June 30, 2023, current assets of the Group amounted to approximately US\$33.6 million, including bank balances and cash of approximately US\$22.6 million and other current assets of approximately US\$11.0 million. Current liabilities of the Group amounted to approximately US\$8.8 million, including trade payables and contract liabilities of approximately US\$3.1 million and other current liabilities of approximately US\$5.7 million. As at June 30, 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 3.8, as compared with 4.0 as at December 31, 2022. 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, 2023 and the resulting gearing ratio is nil (December 31, 2022: nil). The Group intends to finance the expansion, investments and business operations with internal resources.

Significant Investments

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, 2023, none of the Group's assets was pledged (as at December 31, 2022: nil).

Contingent Liabilities

The Group had no material contingent liabilities as at June 30, 2023 (as at December 31, 2022: nil).

Foreign Exchange Exposure

As at June 30, 2023, 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 recognized 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, 2023, 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 utilized 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 unutilized amounted to approximately US\$2.3 million. Due to the epidemic, the funds used for investment will be deferred to be fully utilized, and it is expected to be utilized on or before June 30, 2024. The balance of fund will continue to be utilized according to the manner as disclosed in the Prospectus. The Group held the unutilized net proceeds in short-term deposits with licensed institutions in Hong Kong. In the second half of 2023, 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 utilized amount available as at December 31, 2022 <i>USD'000</i>	Actual net amount utilized during the Reporting Period <i>USD'000</i>	Net unutilized amount as at June 30, 2023 <i>USD'000</i>	Expected timeline for utilizing the remaining net proceeds ^(Note)
Investment	2,522.8	203.7	2,319.1	Expected to be fully utilized on or before June 30, 2024
Development and research	–	–	–	Fully utilized
Expansion of online game business	–	–	–	Fully utilized
Marketing and advertisement	–	–	–	Fully utilized
Working capital and other general corporate purposes	–	–	–	Fully utilized
Total	<u>2,522.8</u>	<u>203.7</u>	<u>2,319.1</u>	

Note: The expected timeline for utilizing 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, 2023, the Group had 149 employees (as at December 31, 2022: 153), 55 of which were responsible for game development and maintenance, 65 for game operation and offline events organization, and 29 for general administration and corporate management. The total remuneration expenses, excluding share-based compensation expense, for the Reporting Period were approximately US\$1.8 million, representing a decrease of approximately 16.6% as compared to the corresponding period in 2022. 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, 2022: nil).

MATERIAL LEGAL PROCEEDINGS

In 2020, Guangzhou Zhang Ying Kong Information Technology Company Limited (“**Guangzhou ZYK**”), a wholly-owned subsidiary of the Company, instituted legal proceedings (the “**Legal Proceedings**”) against Shenzhen Qianhai Huanjing Network Technology Co., Ltd. (“**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.

On April 8, 2022, the Company received the judgment handed down by the Guangzhou Intellectual Property Court of the People’s Republic of China, pursuant to which (i) the intellectual property licensing agreements shall be rescinded; and (ii) Qianhai Huanjing shall repay the licensing fee in the amount of RMB6,556,900 to Guangzhou ZYK.

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 Listing Rules (the “**Listing Rules**”) on the Stock Exchange (the “**Stock Exchange**”) to keep the Shareholders (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, 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes 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 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 2022:

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

For the six months ended June 30, 2023

		Six months ended June 30,	
		2023	2022
	Note	USD	USD
		(Unaudited)	(Unaudited)
Revenue	4	4,780,940	6,152,832
Cost of revenue		(2,922,040)	(3,578,495)
Gross profit		1,858,900	2,574,337
Selling and marketing expenses		(1,751,881)	(1,705,338)
Administrative expenses		(1,390,576)	(1,469,729)
Research and development expenses		(887,369)	(1,055,524)
Other (losses)/gains, net	8	(389,886)	276,806
Operating loss		(2,560,812)	(1,379,448)
Finance income		88,928	9,516
Finance costs		(34,441)	(430,510)
Share of losses of associates		(2,143)	(4,367)
Loss before income tax		(2,508,468)	(1,804,809)
Income tax expense	9	(73,796)	(140,552)
Loss for the period		(2,582,264)	(1,945,361)
Other comprehensive expense:			
Items that may be reclassified to profit or loss			
– Exchange differences on translating foreign operations		(463,132)	(435,098)
Items that will not be reclassified to profit or loss			
– Changes in fair value of equity investments at fair value through other comprehensive income		(12,001)	(74,818)
Other comprehensive expense for the period, net of income tax		(475,133)	(509,916)
Total comprehensive expense for the period		(3,057,397)	(2,455,277)
Loss for the period attributable to:			
Owners of the Company		(2,582,264)	(1,945,361)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,057,397)	(2,455,277)
Loss per share (expressed in USD cents per share)			
– Basic	10	(0.14)	(0.10)
– Diluted		(0.14)	(0.10)
Dividends	11	–	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

		As at June 30, 2023 <i>USD</i> (Unaudited)	As at December 31, 2022 <i>USD</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment		858,548	1,035,197
Right-of-use assets		802,461	990,857
Intangible assets		146,228	194,405
Interests in associates		23,033	26,367
Equity investments at fair value through other comprehensive income		150,028	162,029
Prepayments and other receivables		5,079,332	5,260,646
Deferred tax assets		154,656	154,656
		7,214,286	7,824,157
Current assets			
Trade receivables	5	1,479,430	932,850
Contract costs		574,331	591,896
Prepayments and other receivables		8,995,448	9,915,972
Bank and cash balances		22,573,688	25,032,539
		33,622,897	36,473,257
Total assets		40,837,183	44,297,414
EQUITY AND LIABILITIES			
Equity			
Share capital	6	2,000,000	2,000,000
Reserves		29,241,343	32,298,740
Total equity		31,241,343	34,298,740

	<i>Note</i>	As at June 30, 2023 <i>USD</i> (Unaudited)	As at December 31, 2022 <i>USD</i> (Audited)
Liabilities			
Current liabilities			
Trade payables	7	1,293,419	1,259,567
Contract liabilities		1,793,384	1,745,077
Other payables and accruals		5,189,474	5,482,683
Lease liabilities		346,769	321,501
Current tax liabilities		225,907	242,025
		<u>8,848,953</u>	<u>9,050,853</u>
Non-current liabilities			
Lease liabilities		<u>746,887</u>	<u>947,821</u>
		<u>746,887</u>	<u>947,821</u>
Total liabilities		<u>9,595,840</u>	<u>9,998,674</u>
Total equity and liabilities		<u>40,837,183</u>	<u>44,297,414</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 28, 2023.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended June 30, 2023 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, 2022, 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 2023. 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,	
	2023	2022
	<i>USD</i>	<i>USD</i>
	(Unaudited)	(Unaudited)
Online game revenue	4,780,939	6,152,497
Advertising revenue	1	335
	<u>4,780,940</u>	<u>6,152,832</u>
Disaggregation of revenue from contracts with customers:		
Timing of revenue recognition		
Over time	<u>4,780,940</u>	<u>6,152,832</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 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, 2023 <i>USD</i> (Unaudited)	As at December 31, 2022 <i>USD</i> (Audited)
0-30 days	587,949	329,305
31-90 days	155,219	292,128
91-180 days	374,678	175,465
Over 180 days	361,584	135,952
	<u>1,479,430</u>	<u>932,850</u>

6 SHARE CAPITAL AND SHARES HELD FOR THE SHARE OPTION SCHEME

	Number of ordinary shares	Amount <i>USD</i>
Authorized: Ordinary shares of USD0.001 (2022: USD0.001) each		
At 1 January 2022, 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	4,000,000,000	4,000,000

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, 2023 (unaudited)	<u>2,000,000,000</u>	<u>2,000,000</u>	<u>(138,978)</u>
As at December 31, 2022 (audited)	<u>2,000,000,000</u>	<u>2,000,000</u>	<u>(138,978)</u>

7 TRADE PAYABLES

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

	As at June 30, 2023 <i>USD</i> (Unaudited)	As at December 31, 2022 <i>USD</i> (Audited)
0-90 days	394,795	362,139
91-180 days	246,970	276,076
181-360 days	233,852	296,292
Over 360 days	417,802	325,060
	<u>1,293,419</u>	<u>1,259,567</u>

8 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2023 <i>USD</i> (Unaudited)	2022 <i>USD</i> (Unaudited)
Net foreign exchange gains	265,635	64,949
Donations	(676,172)	–
Government grants	19,698	201,049
Others	953	10,808
	<u>(389,886)</u>	<u>276,806</u>

9 INCOME TAX EXPENSE

	Six months ended June 30,	
	2023 <i>USD</i> (Unaudited)	2022 <i>USD</i> (Unaudited)
Current tax		
– PRC Enterprise Income Tax and Hong Kong Profit Tax	–	58,803
– Overseas withholding income tax	73,796	81,749
	<u>73,796</u>	<u>140,552</u>

10 LOSS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	USD	USD
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(2,582,264)</u>	<u>(1,945,361)</u>
	Six months ended 30 June	
	2023	2022
	'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>1,861,022</u>

The effects of all potential shares are anti-dilutive for the six months ended 30 June 2023 and 2022.

11 DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended June 30, 2023 (June 30, 2022: 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 28, 2023

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*