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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, 2021

#### FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2021 (the “**Reporting Period**”) amounted to approximately US\$6.0 million, representing a decrease of approximately 38.8% from approximately US\$9.8 million for the corresponding period in 2020.
- Gross profit for the Reporting Period amounted to approximately US\$2.8 million, representing a decrease of approximately 48.1% from approximately US\$5.4 million for the corresponding period in 2020.
- Loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$1.1 million, representing a decrease of approximately 21.4% from approximately US\$1.4 million for the corresponding period in 2020.
- Non-IFRS adjusted loss attributable to owners of the Company<sup>(1)</sup> for the Reporting Period amounted to approximately US\$1.0 million, as compared to approximately US\$1.0 million for the corresponding period in 2020.

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

<sup>(1)</sup> 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 the first half of 2021, competition in the global game industry remained intense and challenging due to market competition, government regulation and the ongoing global pandemic. During the Reporting Period, the Group's revenue decreased significantly as compared with the corresponding period of last year, mainly due to the cessation of operation of certain web games as they entered into the mature stage, while the games launched during the Reporting Period were still under promotion and had not yet generated significant scale of revenue.

Despite various challenges, the Company remained steadfast in its commitment to the sustainable development of its business and actively laid a solid foundation for healthy growth in the future. By actively leveraging its fundamental advantages in overseas markets and integrating its existing resources, the Group cooperated with game developers in various regional markets around the world and expanded product resources to enhance the Group's influence in the overseas game markets. At the same time, the Group continued to provide more support to global game developers. During the Reporting Period, the Group further strengthened its expansion and marketing in the European and South American markets, including participating in GameBCN, an independent game incubator established by the Institute of Culture of Barcelona in Spain.

Looking forward, the Group will continue to explore the global game publishing market and work closely with business partners in the field of game research and development, publishing and promotion. At the same time, through in-depth cooperation with more game developers, the Group will develop game products, further improve the Group's game categories and expand its game product reserves. According to the Group's product pipeline plan, a series of new game products will be launched this year, including mobile games featuring horse racing and integrating raising, strategy and competition, and new premium games such as classic two-dimensional warframe tactics games. Meanwhile, given that a number of games have already been published on major overseas publishing platforms, the Group plans to further promote the publishing of games on these platforms to expand its global influence. We will continue to expand our game portfolio, improve our game design and layout, and utilize our unique resources to realize the single-engine cross-platform operation of our game products, so as to further expand and improve the Group's layout and business presence in overseas markets.

## **FINANCIAL REVIEW**

### **Overview**

Loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$1.1 million, representing a decrease of approximately US\$0.3 million or 21.4% from approximately US\$1.4 million for the corresponding period in 2020. Non-IFRS adjusted loss attributable to owners of the Company for the Reporting Period amounted to approximately US\$1.0 million, as compared with approximately US\$1.0 million for the corresponding period in 2020.

### **Revenue**

For the Reporting Period, revenue of the Group amounted to approximately US\$6.0 million, representing a decrease of approximately US\$3.8 million or 38.8% as compared with approximately US\$9.8 million for the corresponding period in 2020. The decrease in revenue was mainly due to (i) the natural drop in revenue of certain web games which are in their mature stages or ceased operation, and (ii) games launched during the Reporting Period are still in promotion period and yet to generate sizable income.

### **Cost of Revenue and Gross Profit Margin**

For the Reporting Period, cost of revenue of the Group amounted to approximately US\$3.3 million, representing a decrease of approximately US\$1.2 million or 26.7% as compared with approximately US\$4.5 million for the corresponding period in 2020. The resulting gross profit margin decreased to 46.2% in 2021 from 55.1% for the corresponding period in 2020.

### **Other Gains, Net**

For the Reporting Period, other gains of the Group amounted to approximately US\$0.6 million, as compared with other gains of the Group which amounted to approximately US\$0.1 million for the corresponding period in 2020. 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\$1.6 million, representing a decrease of approximately US\$1.7 million or 51.5% from approximately US\$3.3 million for the corresponding period in 2020, primarily due to decrease in advertising and promotion expenses.

### **Administrative Expenses**

For the Reporting Period, administrative expenses of the Group amounted to approximately US\$1.5 million, which represents a decrease of approximately US\$1.2 million or 44.4% from approximately US\$2.7 million for the corresponding period in 2020. The decrease in administrative expenses for the Reporting Period was mainly due to the decrease of impairment loss of assets.

## **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\$0.9 million for the corresponding period in 2020.

## **Net Impairment Losses on/Reversal of Financial Assets**

For the Reporting Period, net impairment losses on financial assets of the Group amounted to approximately US\$0.05 million, which was attributable to impairment on the balances due from the Group's customers. Net impairment reversal of financial assets of the Group amounted to approximately US\$0.1 million for the corresponding period in 2020, which was primarily due to the reversal of previous impairment on the balances due from the Group's customers.

## **Income Tax Expense**

For the Reporting Period, income tax expense of the Group amounted to approximately US\$0.2 million, representing an increase of approximately US\$0.1 million or 100.0% as compared with approximately US\$0.1 million for the corresponding period in 2020. The increase in income tax expense was primarily due to the increase of assessable profit of certain subsidiaries and the change of deferred tax.

## **Loss Attributable to Owners of the Company**

As a result of the above, loss attributable to owners of the Company decreased by approximately US\$0.3 million or 21.4% from approximately US\$1.4 million for the corresponding period in 2020 to approximately US\$1.1 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\$1.0 million, as compared with approximately US\$1.0 million for the corresponding period in 2020. Our non-IFRS adjusted loss attributable to owners of the Company for the Reporting Period and the corresponding period of 2020 was calculated according to the loss attributable to the owners of the Company for the period, excluding share-based compensation of approximately US\$0.07 million for the Reporting Period and approximately US\$0.4 million for the corresponding period in 2020.

## **Liquidity, Treasury Policy and Source of Funding and Borrowing**

As at June 30, 2021, the Group's total bank balances, cash and short-term deposits amounted to approximately US\$35.7 million, representing an increase of approximately 11.9% as compared with approximately US\$31.9 million as at December 31, 2020. The increase in total bank balances, cash and short-term deposits during the Reporting Period was primarily resulted from the increase in the net cash flow generated from operating activities.

As at June 30, 2021, current assets of the Group amounted to approximately US\$47.5 million, including bank balances and cash of approximately US\$35.7 million and other current assets of approximately US\$11.8 million. Current liabilities of the Group amounted to approximately US\$9.9 million, including trade payables and contract liabilities of approximately US\$6.6 million and other current liabilities of approximately US\$3.3 million. As at June 30, 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 4.8, as compared with 5.0 as at December 31, 2020. 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, 2021 and the resulting gearing ratio is nil (December 31, 2020: 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, 2021, none of the Group's assets was pledged (as at December 31, 2020: nil).

### **Contingent Liabilities**

The Group had no material contingent liabilities as at June 30, 2021 (as at December 31, 2020: nil).

## Foreign Exchange Exposure

As at June 30, 2021, 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, 2021, 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\$10.1 million. 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 2021, 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, 2020 <i>USD’000</i>	Actual net amount utilised during the Reporting Period <i>USD’000</i>	Net unutilised amount as at <b>June 30, 2021</b> <i>USD’000</i>	Expected timeline for utilising the remaining net proceeds <sup>(Note)</sup>
Investment	7,429.7	129.6	<b>7,300.1</b>	Expected to be fully utilised on or before June 30, 2022
Development and research	3,908.3	1,121.5	<b>2,786.8</b>	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>11,338.0</u>	<u>1,251.1</u>	<u><b>10,086.9</b></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, 2021, the Group had 164 employees (As at December 31, 2020: 175), 54 of which were responsible for game development and maintenance, 79 for game operation and offline events organisation, and 31 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 an increase of approximately 15.8% as compared to the corresponding period in 2020. 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, 2020: 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 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. The Legal Proceedings have been heard by the Guangzhou Intellectual Property Court on April 2, 2021 and the Group is currently awaiting for the judgment by the court. Details of the Legal Proceedings are set out in the announcements of the Company dated May 18, 2020 and March 8, 2021.

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 to keep the shareholders of the Company ("**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 30 June 2021 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 Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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 A.2.1 of the Corporate Governance Code as disclosed below.

Pursuant to code provision A.2.1 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 of 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 2020:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended June 30, 2021

	Note	Six months ended June 30,	
		2021 USD (Unaudited)	2020 USD (Unaudited)
Revenue	4	6,039,614	9,811,273
Cost of revenue		(3,251,416)	(4,455,891)
<b>Gross profit</b>		<b>2,788,198</b>	<b>5,355,382</b>
Selling and marketing expenses		(1,648,329)	(3,342,899)
Administrative expenses		(1,540,105)	(2,738,051)
Research and development expenses		(941,539)	(877,430)
Net impairment reversal of/(losses on) financial assets		(50,983)	148,902
Impairment of investment in an associate		–	–
Other gains, net	8	560,861	116,499
<b>Operating loss</b>		<b>(831,897)</b>	<b>(1,337,597)</b>
Finance income		13,060	95,148
Finance costs		(107,480)	(57,740)
Finance income/(costs), net		(94,420)	37,408
<b>Loss before income tax</b>		<b>(926,317)</b>	<b>(1,300,189)</b>
Income tax expense	9	(161,451)	(106,604)
<b>Loss for the period</b>		<b>(1,087,768)</b>	<b>(1,406,793)</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		709,559	(128,383)
Items that may not be reclassified subsequently to profit or loss			
– Changes in fair value of investment in equity securities		(827,069)	(403,742)
<b>Total comprehensive loss for the period</b>		<b>(1,205,278)</b>	<b>(1,938,918)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(1,087,768)	(1,406,793)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(1,205,278)	(1,938,918)
<b>Loss per share (expressed in USD cents per share)</b>			
– Basic	10	(0.06)	(0.08)
– Diluted		(0.06)	(0.08)
Dividends	11	–	–

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2021

	<i>Note</i>	As at <b>June 30, 2021 USD (Unaudited)</b>	As at December 31, 2020 USD (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,588,350	1,743,556
Right-of-use assets		1,486,473	1,633,824
Intangible assets		262,504	418,830
Prepayments and other receivables		3,715,917	3,714,391
Deferred income tax assets		–	–
Financial assets at fair value through other comprehensive income		337,176	1,164,245
		<u>7,390,420</u>	<u>8,674,846</u>
<b>Current assets</b>			
Contract costs		565,429	616,740
Trade receivables	5	2,388,843	1,282,604
Prepayments and other receivables		8,871,068	13,783,691
Short-term deposits		3,100,704	5,000,000
Cash and cash equivalents		32,581,912	26,914,401
		<u>47,507,956</u>	<u>47,597,436</u>
<b>Total assets</b>		<u><b>54,898,376</b></u>	<u><b>56,272,282</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	6	2,000,000	2,000,000
Shares held for the share option scheme	6	(144,224)	(144,224)
Reserves		39,029,943	39,569,808
Retained earnings		2,592,136	3,679,904
<b>Total equity</b>		<u><b>43,477,855</b></u>	<u><b>45,105,488</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		1,488,581	1,623,045
Deferred income tax liabilities		–	–
		<u>1,488,581</u>	<u>1,623,045</u>

	<i>Note</i>	<b>As at June 30, 2021 USD (Unaudited)</b>	<b>As at December 31, 2020 USD (Audited)</b>
<b>Current liabilities</b>			
Trade payables	7	4,114,774	3,866,255
Contract liabilities		2,492,985	2,448,797
Lease liabilities		301,462	295,702
Other payables and accruals		2,758,864	2,721,422
Current income tax liabilities		263,855	211,573
		<u>9,931,940</u>	<u>9,543,749</u>
<b>Total liabilities</b>		<u>11,420,521</u>	<u>11,166,794</u>
<b>Total equity and liabilities</b>		<u><u>54,898,376</u></u>	<u><u>56,272,282</u></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 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 27, 2021.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended June 30, 2021 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, 2020, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

## 3 CHANGE OF ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2020, as described in those annual financial statements, except for the following:

(a) **The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2021**

IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
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Amendments to IFRSs effective for the financial year beginning on or after January 1, 2021 do not have a material impact on the Group’s accounting policies and did not require retrospective adjustments.

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning January 1, 2021 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
IAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	January 1, 2022
IAS 16 (Amendment)	Proceeds before intended use	January 1, 2022
IAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IFRS 3 (Amendment)	Reference to the Conceptual Framework	January 1, 2022
Annual Improvements to IFRSs 2018-2021 Cycle	Annual improvements 2018-2021 cycle (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	January 1, 2022
IFRS 17	Insurance Contract	January 1, 2023
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when these standards become effective.

#### 4 REVENUE AND SEGMENT INFORMATION

	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Service</b>		
Online game revenue	<b>6,033,186</b>	9,799,358
Licensing revenue	<b>6,000</b>	10,417
Advertising revenue	<b>428</b>	1,498
	<b>6,039,614</b>	9,811,273

For management purpose, the executive directors of the Company consider that the Group generates revenue primarily from the provision of 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.

## 5 TRADE RECEIVABLES

	As at <b>June 30,</b> <b>2021</b> <i>USD</i> <b>(Unaudited)</b>	As at December 31, 2020 <i>USD</i> (Audited)
Trade receivables	<b>4,049,581</b>	4,812,624
Less: allowance for impairment of trade receivables	<b>(1,660,738)</b>	<u>(3,530,020)</u>
	<b><u>2,388,843</u></b>	<b><u>1,282,604</u></b>

Trade receivables are arising from the development and operation of online game business. The credit terms of trade receivables granted to the platforms and third party payment vendors are usually 0 to 120 days and 0 to 30 days, respectively. Aging analysis based on invoice date of the gross trade receivables at the respective balance sheet dates is as follows:

	As at <b>June 30,</b> <b>2021</b> <i>USD</i> <b>(Unaudited)</b>	As at December 31, 2020 <i>USD</i> (Audited)
0-30 days	<b>762,225</b>	497,510
31-90 days	<b>211,927</b>	397,996
91-180 days	<b>245,903</b>	631,658
Over 180 days	<b>2,829,526</b>	<u>3,285,460</u>
	<b><u>4,049,581</u></b>	<b><u>4,812,624</u></b>

## 6 SHARE CAPITAL AND SHARES HELD FOR THE SHARE OPTION SCHEME

The total authorised share capital of the Company comprises 4,000,000,000 ordinary shares (December 31, 2020: 4,000,000,000 ordinary shares) with par value of USD0.001 per share (December 31, 2020: USD0.001 per share).

As at June 30, 2021, the total number of issued ordinary shares of the Company was 2,000,000,000 shares (December 31, 2020: 2,000,000,000 shares) which included 143,474,123 shares (December 31, 2020: 144,224,041 shares) held under the share incentive scheme. They have been fully paid up.

A summary of movements in the Company's share capital and shares held for the share option scheme are as follows:

	Number of shares in issue	Share capital USD	Shares held for the share option scheme USD (Note (a))
As at June 30, 2021	<u>2,000,000,000</u>	<u>2,000,000</u>	<u>(143,474)</u>
As at December 31, 2020	<u>2,000,000,000</u>	<u>2,000,000</u>	<u>(144,224)</u>

- (a) According to the written resolutions of all the members of the Company dated November 2, 2015 and capitalisation issue dated November 24, 2017, an aggregate of 150,000,000 ordinary shares were authorised and reserved for the issuance to the employees, directors of the Group and other persons pursuant to the share incentive scheme (the "Share Option Scheme") to be adopted by the Company.

The Company has appointed Core Trust Company Limited as the trustee to assist with the administration and vesting of options granted pursuant to the Share Option Scheme. On May 27, 2017, the Company allotted and issued shares to Epic City Limited ("Share Scheme Trust"), a wholly-owned subsidiary of Core Trust Company Limited, which are or will be used to satisfy the options upon exercise. The shares held by Share Scheme Trust are presented as a deduction in equity as shares held for the Share Option Scheme.

During the six months ended June 30, 2021, the Share Scheme Trust transferred 749,918 ordinary shares of the Company (June 30, 2020: the Share Scheme Trust transferred 2,439,966 ordinary shares of the Company) to the grantees exercising of the awarded shares.

## 7 TRADE PAYABLES

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

	As at June 30, 2021 USD (Unaudited)	As at December 31, 2020 USD (Audited)
0-90 days	544,298	573,828
91-180 days	502,677	602,035
181-360 days	506,518	1,179,648
Over 360 days	<u>2,561,281</u>	<u>1,510,744</u>
	<u>4,114,774</u>	<u>3,866,255</u>

**8 OTHER GAINS, NET**

	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other gains</b>		
Foreign exchange gain, net	<b>132,926</b>	37,975
Others	<b>33,139</b>	80,424
	<b>166,065</b>	<b>118,399</b>
<b>Other losses</b>		
Foreign exchange losses, net	<b>407,082</b>	–
Others	<b>(12,286)</b>	(1,900)
	<b>394,796</b>	<b>(1,900)</b>
<b>Other gains, net</b>	<b>560,861</b>	<b>116,499</b>

**9 INCOME TAX EXPENSE**

The income tax expense of the Group for the six months ended June 30, 2021 and 2020 is analysed as follows:

	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current income tax		
– PRC and Hong Kong	<b>76,772</b>	–
– Overseas withholding income tax	<b>84,679</b>	100,647
Deferred tax	<b>–</b>	5,957
	<b>161,451</b>	<b>106,604</b>



## 10 LOSS PER SHARE

### Basic

Basic loss per share (“EPS”) is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held for the Share Option Scheme during the six months ended June 30, 2021 and 2020.

	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss attributable to owners of the Company (USD)	<u>(1,087,768)</u>	<u>(1,406,793)</u>
Weighted average number of ordinary shares in issue less shares held for the Share Option Scheme – Basic EPS (in USD cents/share)	<u><b>1,855,431,026</b></u> <u><b>(0.06)</b></u>	<u>1,854,276,670</u> <u>(0.08)</u>

The EPS is based on that 1,855,431,026 shares were the weighted average number of ordinary shares in issue excluding the 144,628,582 (June 30, 2020: 145,723,329) shares held for the Share Option Scheme for the six months ended June 30, 2021, without taking into account any shares which may be granted and issued by the Company pursuant to the Share Option Scheme.

### Diluted

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue less shares held for the Share Option Scheme outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS). No adjustment is made to earnings (numerator).

	<b>Six months ended June 30,</b>									
	<b>2021</b>	<b>2020</b>								
	<b>(Unaudited)</b>	<b>(Unaudited)</b>								
Loss attributable to owners of the Company (USD)	<u>(1,087,768)</u>	<u>(1,406,793)</u>								
Weighted average number of ordinary shares in issue less shares held for the Share Option Scheme Adjustments for share options and awarded shares	<table border="1" style="width: 100%;"><tr><td style="text-align: right;"><b>1,855,431,026</b></td><td style="text-align: right;">1,854,276,670</td></tr><tr><td style="text-align: right;">–</td><td style="text-align: right;">–</td></tr></table>	<b>1,855,431,026</b>	1,854,276,670	–	–	<table border="1" style="width: 100%;"><tr><td style="text-align: right;">1,854,276,670</td><td style="text-align: right;">–</td></tr><tr><td style="text-align: right;">–</td><td style="text-align: right;">–</td></tr></table>	1,854,276,670	–	–	–
<b>1,855,431,026</b>	1,854,276,670									
–	–									
1,854,276,670	–									
–	–									
Weighted average number of ordinary shares for the calculation of diluted EPS	<u>–</u>	<u>–</u>								
– Diluted EPS (in USD cents/share)	<u><b>(0.06)</b></u>	<u>(0.08)</u>								

The 35,678,377 options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the six months ended June 30, 2021. These options could potentially dilute basic loss per share in the future.

## 11 DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended June 30, 2021 (June 30, 2020: 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](http://www.hkexnews.hk) and of the Company at [www.gamehollywood.com](http://www.gamehollywood.com) 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 27, 2021

*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*