

# TARGET

## Intelligence Report

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S A T U R D A Y

December 10, 2022

**DIGITAL HOLLYWOOD INTERACTIVE LTD:  
FROM A LOSS-MAKING ONLINE GAME PUBLISHER,  
MANAGEMENT HAS DETERMINED TO  
TRY SOMETHING ENTIRELY NEW – HOUSE LEASING !**

For the third consecutive Financial Year, Digital Hollywood Interactive Ltd (遊萊互動集團有限公司) (Code: 2022, Main Board, The Stock Exchange of Hongkong Ltd) suffered a Net Loss Attributable To Shareholders.

With regard to the Financial Year, ended December 31, 2021, Digital Hollywood Interactive Ltd recorded a Net Loss Attributable To Shareholders of \$US3,368,000.00 (equivalent to about \$HK26,270,400.00).

For the three Financial Years, ended December 31, 2021, the Company suffered aggregate Net Losses, amounting to \$US12,769,000.00 (about \$HK99,598,200.00).

Digital Hollywood Interactive Ltd sought and obtained a listing of its entire Issued and Fully Paid-Up Share Capital on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on or about December 15, 2017.

At the time of the Company's **Initial Public Offering (IPO)** on Main Board of The Stock Exchange of Hongkong Ltd, Management bagged approximately \$US35.40 million (about \$HK276.12 million), net of all expenses with regard to its Global Offering of 500 million, \$US0.001 Shares at 63 Hongkong cents per share.

The principal activities of the Company were given at Page 86 of the 2021 Annual Report as being:

*'The Company was incorporated in the Cayman Islands on November 24, 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Group is a leading global online game publisher for China-based game developers, with fast-growing in-house development capabilities for mobile games.'*

For its first two Financial Years, as a publicly listed corporate entity, its entire Issued Share Capital, having been listed on the premier equity market of The Stock Exchange of

Hongkong Ltd, ended December 31, 2018, Management reported a Net Profit Attributable to Shareholders of \$US1,727,000.00 (about \$HK13.47 million), followed by a Net Profit Attributable to Shareholders of about \$US937,000.00 (about \$HK7,308,600.00) in respect of the following Financial Year.

After those two Financial Years, only red ink was used to record the Net Losses Attributable to Shareholders with regard to the consecutive three Financial Years, ended December 31, 2021.

At Pages 116 and 117 of the 2021 Annual Report of Digital Hollywood Interactive Ltd, one was presented with the ‘**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**’ for the Financial Year, ended December 31, 2021, as follows:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2021	2020	
	All Figures Are Denominated In \$US (except where otherwise stipulated)		
Revenue	12,753,453	17,550,312	(27.33)
Gross Profit	5,413,366	9,160,365	(40.90)
Gross Profit Margin*	42.45 percent	52.19 percent	(18.66)
Operating Loss	(3,304,941)	(3,548,898)	(6.87)
Loss Before Income Taxation	(3,191,163)	(3,438,715)	(7.20)
Net Loss For The Year, Attributable To Shareholders Of The Company	(3,367,920)	(3,638,980)	(7.45)

\* These are **TARGET**’s calculations.

At Page 118 of the 2021 Annual Report of Digital Hollywood Interactive Ltd, under the heading, ‘**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**’, it was shown that ‘**Total Equity**’ (Shareholders’ Funds), as at December 31, 2021, stood at \$US41,193,628.00 (equivalent to \$HK321,310,298.40).

The figure of \$US41,193,628.00 represented a decrease of about 8.67 percent, compared with Shareholders’ Funds of \$US45,105,488.00, as at December 31, 2020.

It was noted that, as at December 31, 2021, the Company had no bank borrowings, according to Page 89 of the 2021 Annual Report.

At Pages 15 and 16 of the 2021 Annual Report of the Company, Mr Lu Yuan Feng (陸源峰), the Chairman of the Board of Directors of Digital Hollywood Interactive Ltd, had this to say:

#### **‘OVERVIEW OF THE GROUP**

*‘We are a leading global online game publisher for China-based game developers, with fast-growing in-house development capabilities for mobile games. Our mission is to bring engaging, differentiated gameplay experience to users across languages, cultures and borders. We offer*

*compelling value proposition to game developers by helping them penetrate the international markets with one-stop solutions, including game redesign, optimization, marketing, distribution, monetization, payment support and other user-related services.*

*‘We began our business as an international web game publisher and grew quickly to become the leading web game publisher. Besides, we strategically expanded our business focuses to develop and launch mobile games by enhancing in-house development capabilities to capture the market opportunity from the fast-growing smartphone users, and our mobile games achieved considerable success in a number of regional markets.*

*‘In recent years ... [CLICK TO ORDER FULL ARTICLE](#)*

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