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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)

PROFIT WARNING

This announcement is made by Digital Hollywood Interactive Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019 (the “**Relevant Period**”) and information currently available to the Company, (i) revenue of the Group for the Relevant Period is expected to decrease by approximately 30% to 40% as compared with the corresponding period in 2018; and (ii) unaudited profit attributable to owners of the Company for the Relevant Period is expected to decrease compared with the corresponding period in 2018, and it is likely to record loss attributable to owners of the Company for the Relevant Period.

Based on the information currently available, the Board wishes to further announce that the expected decline in both of revenue and unaudited profit attributable to the owners of the Company for the Relevant Period was mainly due to the following reasons: (i) due to the changes of the Chinese game market and regulatory environment, the supply of the game products from China complying with relevant laws and regulations and available to the Group for release in the overseas markets decreased dramatically in the Relevant Period, which limited the number of the Group’s new game releases in the overseas markets and in turn imposed an adverse effect on the Company’s financial performance; (ii) impairment loss arising from the balances due from the Group’s customers and the Group’s investment; and (iii) write-down of prepaid license fees and prepayments for certain newly launched games of the Group, which failed to achieve the expected performance level.

The Company is still in the process of finalizing the interim results for the six months ended 30 June 2019. The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group and the information currently available, and is not based on any financial figures and/or information which have been audited, verified or reviewed by the auditor or the audit committee of the Company. The interim results announcement of the Company for the six months ended 30 June 2019 is expected to be published in late August 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. LU Yuanfeng, Mr. HUANG Guozhan and Mr. HUANG Deqiang; and the independent non-executive directors of the Company are Mr. LI Yi Wen and Ms. Imma LING Kit-sum.

* *For identification purpose only*