



環球數碼

GLOBAL DIGITAL CREATIONS HOLDINGS LIMITED

環球數碼創意控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8271)

**FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2023**

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This announcement, for which the directors (the “Director(s)”) of Global Digital Creations Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

FIRST QUARTERLY RESULTS

The board of Directors of the Company (the “Board”) hereby announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2023 with comparative figures for the corresponding period in the year 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2023

		Three months ended	
		31 March	
	Note	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	3	14,445	16,050
Cost of sales		<u>(8,268)</u>	<u>(8,772)</u>
Gross profit		6,177	7,278
Other income	4	3,227	3,204
Distribution and selling expenses		(386)	(1,014)
Administrative expenses		(7,782)	(8,752)
Other gain, net	5	<u>1</u>	<u>1</u>
Operating profit		1,237	717
Finance cost		<u>(7)</u>	<u>(7)</u>
Profit before income tax		1,230	710
Income tax expense	6	<u>(677)</u>	<u>(600)</u>
Profit for the period from continuing operations		553	110
Discontinued operation			
Loss for the period	7	<u>(2,912)</u>	<u>(2,497)</u>
Loss for the period		(2,359)	(2,387)
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		<u>6,567</u>	<u>2,520</u>
Total comprehensive income for the period		4,208	133

		Three months ended	
		31 March	
		2023	2022
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
– Owners of the Company:			
	– Continuing operations	553	110
	– Discontinued operation	(1,980)	(1,698)
		<u>(1,427)</u>	<u>(1,588)</u>
– Non-controlling interests:			
	– Continuing operations	–	–
	– Discontinued operation	(932)	(799)
		<u>(932)</u>	<u>(799)</u>
		<u>(2,359)</u>	<u>(2,387)</u>
Total comprehensive income/(loss)			
for the period attributable to:			
– Owners of the Company:			
	– Continuing operations	15,217	5,912
	– Discontinued operation	(7,486)	(3,932)
		<u>7,731</u>	<u>1,980</u>
– Non-controlling interests:			
	– Continuing operations	–	3
	– Discontinued operation	(3,523)	(1,850)
		<u>(3,523)</u>	<u>(1,847)</u>
		<u>4,208</u>	<u>133</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share attributable to the owners			
of the Company:			
Basic and diluted earnings/(loss) per share		8	
	– Continuing operations	0.04	0.01
	– Discontinued operation	(0.13)	(0.11)
		<u>(0.09)</u>	<u>(0.10)</u>

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated statement of comprehensive income has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated statement of comprehensive income has been prepared on the historical cost basis except for an investment property which is measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated statement of comprehensive income for the three months ended 31 March 2023 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the estimation of income taxes which are accrued using the tax rate that would be applicable to the expected total annual earnings.

In the current period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the financial year beginning on 1 January 2023. The application of the amendments to HKFRSs in the current period had no material effect on the unaudited condensed consolidated statement of comprehensive income.

3. REVENUE

An analysis of the Group's revenue from continuing operations is as follows:

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from computer graphic ("CG") production	1,410	1,735
Revenue from original television series and movies	315	316
Management service fee	2,798	3,039
Rental income	9,922	10,960
	14,445	16,050

4. OTHER INCOME

	Three months ended	
	31 March	
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Interest income	1,931	2,357
Government grants	1,104	784
Others	192	63
	<u>3,227</u>	<u>3,204</u>

5. OTHER GAIN, NET

	Three months ended	
	31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Exchange gain	1	1

6. INCOME TAX EXPENSE

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the assessable profit for the three months ended 31 March 2023 and 2022.

No provision for Hong Kong profits tax has been made for the three months ended 31 March 2023 and 2022.

PRC corporate income tax

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the subsidiaries in Mainland China (for the purpose of this announcement, "Mainland China" refers to the mainland of the People's Republic of China (the "PRC") and does not include Hong Kong, Macau and Taiwan) is 25%, except for two subsidiaries (three months ended 31 March 2022: same) of the Group in the Mainland China which were approved as High and New Technology Enterprise and accordingly, it is subject to a reduced preferential CIT rate of 15% for a 3-year period according to the applicable CIT Law, for the three months ended 31 March 2023 and 2022.

Provision for PRC corporate income tax amounted to HK\$677,000 has been made for the three months ended 31 March 2023 (three months ended 31 March 2022: HK\$600,000).

7. DISCONTINUED OPERATION

The 珠影文化產業園 (the “Cultural Park”) operation was classified as discontinued operation with effect from 1 December 2018. Certain costs continued to be incurred during the three months ended 31 March 2023 and 2022 as the matters set out in “MANAGEMENT DISCUSSION AND ANALYSIS – LITIGATIONS” remain unsolved.

The results of the discontinued operation for the three months ended 31 March 2023 and 2022 were as follows:

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income	2	1
Administrative expenses	(911)	(432)
Rental and settlement expenses	(2,003)	(2,066)
Loss before income tax	(2,912)	(2,497)
Income tax expense	–	–
Loss for the period from discontinued operation	<u>(2,912)</u>	<u>(2,497)</u>

8. EARNINGS/(LOSS) PER SHARE

	Three months ended	
	31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company		
– Continuing operations	553	110
– Discontinued operation	(1,980)	(1,698)
	<u>(1,427)</u>	<u>(1,588)</u>
	<u><u>(1,427)</u></u>	<u><u>(1,588)</u></u>
	Three months ended	
	31 March	
	2023	2022
	<i>No. of shares</i>	<i>No. of shares</i>
	<i>'000</i>	<i>'000</i>
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	1,504,162	1,508,262
	<u>1,504,162</u>	<u>1,508,262</u>
	<u><u>1,504,162</u></u>	<u><u>1,508,262</u></u>
	Three months ended	
	31 March	
	2023	2022
	<i>HK cents</i>	<i>HK cents</i>
	(Unaudited)	(Unaudited)
Basic and diluted earnings/(loss) per share		
– Continuing operations	0.04	0.01
– Discontinued operation	(0.13)	(0.11)
	<u>(0.09)</u>	<u>(0.10)</u>
Total basic and diluted loss per share	<u><u>(0.09)</u></u>	<u><u>(0.10)</u></u>

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during both periods excluding ordinary shares repurchased by the Company.

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2023 and 2022.

9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share premium reserve		Capital contribution reserve		Contributed surplus reserve		Property revaluation reserve		Exchange reserve		Special reserve		Retained earnings		Sub-total		Non-controlling interest		Total	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
At 1 January 2023 (audited)	15,042	74,687	445	245,881	11,679	45,787	(32,199)	17,860	79,788	458,970	(134,436)	324,534								
Comprehensive loss	-	-	-	-	-	-	-	-	(1,427)	(1,427)	(932)	(2,359)								
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-								
Other comprehensive income/(loss)	-	-	-	-	-	-	9,158	-	-	9,158	(2,591)	6,567								
Currency translation differences	-	-	-	-	-	-	9,158	-	-	9,158	(2,591)	6,567								
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	9,158	-	-	9,158	(2,591)	6,567								
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	9,158	-	(1,427)	7,731	(3,523)	4,208								
At 31 March 2023 (unaudited)	15,042	74,687	445	245,881	11,679	45,787	(23,041)	17,860	78,361	466,701	(137,959)	328,742								

Attributable to owners of the Company

	Share capital HK\$'000	Share premium reserve HK\$'000	Capital contribution reserve HK\$'000	Contributed surplus reserve HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Special reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	15,083	74,941	445	245,881	11,061	45,787	8,847	17,860	86,591	506,496	(142,681)	363,815
Comprehensive loss												
Loss for the period	-	-	-	-	-	-	-	-	(1,588)	(1,588)	(799)	(2,387)
Other comprehensive income/(loss)												
Currency translation differences	-	-	-	-	-	-	3,568	-	-	3,568	(1,048)	2,520
Other comprehensive income/(loss) for the period												
	-	-	-	-	-	-	3,568	-	-	3,568	(1,048)	2,520
Total comprehensive income/(loss) for the period												
	-	-	-	-	-	-	3,568	-	(1,588)	1,980	(1,847)	133
At 31 March 2022 (unaudited)	15,083	74,941	445	245,881	11,061	45,787	12,415	17,860	85,003	508,476	(144,528)	363,948

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2023 (the “Review Period”), the revenue from the continuing operations amounted to HK\$14,445,000, representing a decrease of HK\$1,605,000 as compared with HK\$16,050,000 for the corresponding period of 2022. This was mainly because the average exchange rate of Renminbi (“RMB”) to Hong Kong Dollars (“HK\$”) during the period decreased by approximately 8% as compared to that for the corresponding period of last year.

Cost of sales from the continuing operations for the Review Period amounted to HK\$8,268,000, representing a decrease of HK\$504,000 as compared to HK\$8,772,000 for the corresponding period of 2022. This was mainly attributable to the decline in the average exchange rate of RMB to HK\$ during the period.

Other income from the continuing operations for the Review Period amounted to HK\$3,227,000 (three months ended 31 March 2022: HK\$3,204,000), which was mainly attributable to the government awards of HK\$1,104,000 and interest income of HK\$1,931,000.

Distribution and selling expenses from the continuing operations for the Review Period amounted to HK\$386,000, representing a decrease of HK\$628,000 as compared to HK\$1,014,000 for the corresponding period of last year. This was mainly attributable to the decrease in the commission expenses of leasing agency of Shenzhen Building.

Administrative expenses from the continuing operations for the Review Period amounted to HK\$7,782,000, representing a decrease of HK\$970,000 as compared to HK\$8,752,000 for the corresponding period of 2022. This was mainly attributable to the decrease in staff costs and professional service fees.

Finance cost from the continuing operations for the Review Period amounted to HK\$7,000 (three months ended 31 March 2022: HK\$7,000). The Group did not have any loans, and such finance cost represented the interest element on lease liabilities.

Loss from the discontinued operation for the Review Period amounted to HK\$2,912,000, representing an increase of HK\$415,000 as compared with the loss of HK\$2,497,000 for the corresponding period of 2022. This was mainly attributable to the increase in litigation expenses during the period.

BUSINESS REVIEW AND OUTLOOK

Interactive Entertainment and Digital Assets

The revenue of the Interactive Entertainment and Digital Assets division of the Group was mainly attributable to: (1) the income from production services of animated films, television series, interactive entertainment, games and digital virtual characters; (2) box office receipts of original animated films and distribution revenues of original television series; (3) licensing income of original animated films and television series; and (4) licensing income derived from the animated intellectual property (“IP”).

During the first quarter of 2023, the animated films and television series creation and production business of the Group co-produced the Yangtze River-themed animated film “Finless Porpoise: Dance in the Wind” (《江豚·風時舞》) (tentative name of the film) with Jiangxi Cultural Performance Group and Jiangxi Hukou Cultural Tourism Group. The Group is responsible for the creation, production and publicity of the entire film. The production of the film has been completed and it is scheduled to be released this year. Such business segment is currently undergoing the post-production and review for the original ocean-themed animated film “Around the Earth in 80 Days” (《環遊地球80天》) (tentative name of the film). As for the production business, the division is currently undertaking the projects of Tencent interactive entertainment business group and Tencent technology engineering group.

In the first quarter, the digital virtual character business has completed a series of customised projects such as Virtual Joy-E of China Mobile Hong Kong, Dunhuang Gajiao Livestream* (敦煌伽瑤直播), Just Dance (Tencent’s musical), Music Festival Virtual Host in Rongjiang New District, and the Galaxy Twin Towers Conference hosted by Huawei Yunsheng, all of which have been well received by the customers.

Driven by the acceleration of the Metaverse, ChatGPT and the artificial intelligence technology boom from chatbots, the orders from the digital virtual character business projects have shown a strong growth. GDC has also accelerated the technological development of deep learning of natural language and the creation of products that combine the said technology with virtual characters, including the ongoing in-depth cooperation with Ximalaya, a leading natural language technology company in China.

New Cultural and Sport Space

GDC Building in Shenzhen continued to attract high quality animated film and television, high technology and cultural and creative enterprises. The Group utilised its self-developed cloud platform for cloud information processing to provide professional operation management services for the properties, continued to enhance the digital technology management system and improved ancillary facilities and services.

* For identification purpose only

To empower the urban renewal with technology, the preparation for the Chengdu Sports Park project* (成都體育公園項目) is under progress. The project will be ready for operation after the comprehensive acceptance. The project focuses on the philosophy of “Cultural IP + Technology + Sports”, forming a special package with a composite operating model, gaining commercial forces around six aspects: matching, differentiation, theme, purpose, coordination, and vision. It integrates sports, leisure and smart experience, and rejuvenates the sports park. A subsidiary of the Group located in Chengdu has developed a new smart city business to facilitate the creation of smart cities. At present, it has signed the contract of the first project, the preparation of which is underway; it has won the bid for the second project, while the third project is under the tendering process.

The Beijing branch of the Group recently reached a strategic cooperation agreement with Yingquan Technology Limited* (映泉科技有限公司) and Landmark Mark Metaverse Platform* (地標馬克元宇宙平臺).

The training business is also gradually creating a new business model to support the upgrade of new teaching technologies with cloud platform technology. It is intended to co-establish academic disciplines with Wuzhou Vocational College and Bailie Vocational College* (培黎職業學院).

Research and Development

The Group has a first-mover advantage in the technical accumulation of Metaverse infrastructure and the construction of virtual reality, possesses a complete solution in the areas such as virtual digital simulation and full-real digital natives, and has a software and hardware solution integrating automatic intelligent control, highly accurate full-body motion capture and artificial intelligence, which can be applied to digital employees, digital scenario and virtual spokespersons and customised services for digital scenarios. The research and development team has completed the development of computer animated character and artificial intelligence engine driver interface, as well as optimised the production process and technics continuously. The Group has also continued to enhance the improvement and application of new technologies such as unreal engine and real-time rendering. To keep up with the trend of the internet development, the research and development team transformed the Company’s management system into a platform, gradually realised the cloud service mode of mini-program plus application, and exchanged non-confidential information with WeCom to further improve management efficiency.

The hyperparameter artificial intelligence machine learning model is introduced by the Group to enhance the efficiency of processing the artificial intelligence machine learning of virtual characters and to improve the controllability of the intelligent virtual characters’ functions. In this regard, the intelligent and highly imitated voice broadcast, intelligent action movement and intelligent dialogue of digital virtual characters are realised. The hyperparameter artificial intelligence technology has been practically applied in the Kiehl’s virtual character project, and has been highly recognised by customers and brands.

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Government Awards

As for government awards, the Group participated in ten competitions and received enterprise qualification recognition, including the 27th Hong Kong International Film and TV Market, the Flowing Light — China Animation Centenary Exhibition* (流光浮動 — 中國動畫百年紀念展), the first China (Harbin) International Animation, Comic and Game Expo, the 2023 Dunhuang International Animation Festival, the selection of the top ten copyright holders, the Xiamen Cyber Sousa Award, the first China Digital Character Innovation Application Competition* (中國首屆元宇宙數字人創新應用大賽), the 10th Shenzhen Copyright Gold Award, the recognition of technology-based small and medium enterprises, and the 19th Shenzhen Cultural Expo Branch. “Thru The Mobius Strip” (《魔比斯環》) and “Smart Shunliu” (《聰明的順溜》) were awarded the 100 Outstanding Animation Works Award in the Flowing Light — China Animation Centenary Exhibition* (流光浮動 — 中國動畫百年紀念展), and the original ocean-themed film won the Gold Award for Shenzhen copyright works.

OUTLOOK

Leveraging on its existing business advantages, GDC will continue to optimise the city-level metaverse solution and empower the local digital economic development, promotion of traditional Chinese culture as well as rural revitalisation with its cultural tourism metaverse products.

The interactive entertainment and digital assets business will continue to explore the unique, local cultural content, and develop multiple themes such as ocean exploration, Yangtze River stories, Chinese mythology and science fictions in the future. Self-production and co-production modes will both be adopted to produce one to two animated films every year. The Group strives to produce good Chinese stories through cutting-edge computer animation technology and novel art style. In terms of the undertaking and production business, the Group will continue to provide high-quality and stable production services. The undertaking and production business of digital virtual characters will form a platform business model to expand market shares.

Following the inception of Chengdu Sports Park project* (成都體育公園項目), the Group will embrace “Cultural IP + Technology + Sports” as the core strategy, operate the New Cultural and Sports Space with the concept of commercialisation, and create an innovative, commercial and ecological sports park, thereby redefining the city with culture. Meanwhile, GDC’s digital genes will facilitate the creation of smart cities and the construction of the digital twin project “Smart City Rongcheng*” (智慧蓉城) based in Chengdu, serving multiple Metaverse scenarios, such as digital twin cities, digital cultural and creative contents, brand digital marketing, digital media technology, and digital asset management.

In 2023, the Group continues to commit to talent development and technology optimisation to improve business quality. At the same time, we will actively expand the market, boost efforts to expand the Metaverse virtual characters and New Cultural and Sports Space business. The Group will also fully achieve breakthroughs in the urban culture and tourism and the provision of variety shows in the Metaverse, gradually expand the metaverse products of various industries, and make every effort to become the China’s leading digital asset management group in Metaverse.

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LITIGATIONS

Updates of the litigations between 廣東環球數碼創意產業有限公司 (“Guangdong GDC*”), an indirect non-wholly owned subsidiary of the Company, and 珠江電影製片有限公司 (“Pearl River Film Production*”) in respect of the Pearl River Film Cultural Park are as follows:

1. In April 2019, Pearl River Film Production filed an action with the Intermediate People’s Court of Guangzhou City of Guangdong Province of the PRC (中國廣東省廣州市中級人民法院) (the “Guangzhou Intermediate People’s Court”), requiring Guangdong GDC to pay the property occupation fee of the Pearl River Film Cultural Park and related interest for the period between 23 March 2016 and 22 March 2019 in the amounts of RMB148,745,800 and RMB9,593,000, respectively.

On 30 December 2019, the decision for the trial of first instance was made by the Guangzhou Intermediate People’s Court that Guangdong GDC was required to pay the property occupation fee of the Pearl River Film Cultural Park and related interest for the period between 23 March 2016 and 11 September 2019 in the amounts of RMB41,656,989 and RMB3,813,331, respectively.

Each of Pearl River Film Production and Guangdong GDC filed an appeal with the Higher People’s Court of Guangdong Province of the PRC (中國廣東省高級人民法院) (the “Guangdong Higher People’s Court”). On 30 March 2021, a civil judgment from the Guangdong Higher People’s Court was made, the judgment from the Guangzhou Intermediate People’s Court was set aside and the case shall be returned to the Guangzhou Intermediate People’s Court for re-trial.

On 13 December 2022, a civil judgment for re-trial from Guangzhou Intermediate People’s Court (the “Guangzhou Intermediate People’s Court Civil Judgment for Re-trial”) was handed down to Guangdong GDC. According to the Guangzhou Intermediate People’s Court Civil Judgment for Re-trial, Guangdong GDC is required to pay property occupation fee to the Pearl River Film Production of RMB157,353,781 for the period between 23 March 2016 and the day when Guangdong GDC returned the entire Pearl River Film Cultural Park to Pearl River Film Production. All other claims made by Pearl River Film Production were dismissed.

Each of Guangdong GDC and Pearl River Film Production filed an appeal with the Guangdong Higher People’s Court. As at the date of this announcement, no judgment has been handed down for the appeal.

2. In April 2019, Pearl River Film Production filed an action with the People’s Court of Haizhu District of Guangzhou City of the PRC (中國廣州市海珠區人民法院) (the “People’s Court of Haizhu District”), requiring Guangdong GDC and 廣州高尚商業經營管理有限公司 (“Gaoshang Property Management*”), an indirect non-wholly owned subsidiary of the Company to pay the property occupation fee of the car park of the Pearl River Film Cultural Park in an amount of RMB26,457,900 for the period between 1 August 2015 and 21 June 2018 and related interest in the amount of RMB2,520,062 for the interest as of 27 March 2019.

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On 30 April 2020, the decision for the trial of first instance was made by the People’s Court of Haizhu District that Guangdong GDC and Gaoshang Property Management were required to pay the property occupation fee of the car park of the Pearl River Film Cultural Park in the amount of RMB3,854,363 and related interest for the period between 1 August 2015 and 21 June 2018.

The Guangzhou Intermediate People’s Court made the final judgment on 27 September 2020 in which the original judgment was upheld. The judgment was enforced by both parties in November 2020 and the case proceedings were concluded.

On 8 March 2021 Pearl River Film Production has applied to the Guangdong Higher People’s Court for setting aside of the abovementioned final judgment, and initiated a re-trial of the legal proceedings. As at the date of this announcement, no judgment has been handed down for the re-trial.

3. In April 2021, Guangdong GDC has initiated legal proceedings against Pearl River Film Production, claiming for the (i) return of capital contribution invested in the construction for the Pearl River Film Cultural Park and the related interests in the amount of approximately RMB240,000,000 and RMB54,900,000, respectively, and (ii) compensation on losses of RMB20,000,000 borne by Guangdong GDC arising from the said investment due to breach of contract by Pearl River Film Production.

On 18 May 2022, a civil judgment (民事判決書) (the “Civil Judgment”) from the Guangzhou Intermediate People’s Court was handed down to Guangdong GDC. According to the Civil Judgment, the Claims have been rejected by the Guangzhou Intermediate People’s Court. Guangdong GDC filed an appeal with the Guangdong Higher People’s Court on 1 June 2022. As at the date of this announcement, no judgment has been handed down for the appeal.

Should there be any significant update, the Company will make timely disclosure on the respective websites of the Stock Exchange and the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (whether on the Stock Exchange or otherwise) during the three months ended 31 March 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules throughout the three months ended 31 March 2023.

COMPLIANCE WITH CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors confirmed that they have complied with such code of conduct and the required standard of dealings regarding securities transactions by the Directors throughout the three months ended 31 March 2023.

AUDIT COMMITTEE

The Group's first quarterly results for the three months ended 31 March 2023 were unaudited. The Company's audit committee together with the management have reviewed the unaudited first quarterly results of the Group for the three months ended 31 March 2023.

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to our shareholders, business partners and clients for their utmost support to the Group. I would also like to take this opportunity to extend my gratitude and appreciations to management members and all of the staff for their hard work and dedication throughout the period.

By Order of the Board
Global Digital Creations Holdings Limited
Xu Liang
Chairman

Hong Kong, 10 May 2023

As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman), Mr. Wang Hongpeng (Managing Director) and Mr. Xiao Yong as Executive Directors; Mr. Chen Zheng (Deputy Chairman) as Non-executive Director; Prof. Japhet Sebastian Law, Mr. Lam Yiu Kin, Mr. Zheng Xiaodong and Mr. Li Yao as Independent Non-executive Directors.

This announcement will remain on the websites of the Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> on the "Latest Listed Company Information" page for at least 7 days from the date of its publications and on the Company's website at <http://www.gdc-world.com>.