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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)

UPDATE ON LITIGATION

Reference is made to the announcements (the “**Announcements**”) of Global Digital Creations Holdings Limited (the “**Company**”) dated 12 April 2016 and 21 October 2016 in respect of the legal proceedings initiated by 珠江電影製片有限公司(Pearl River Film Production Limited*)(“**Pearl River Film Production**”) against Guangdong Cultural Park in respect of breach of 《珠影文化產業園 – 改造建設合作框架協議》及其補充協議 (the framework agreement on the reconstruction of the Pearl River Film Park and its supplemental agreements *) (“**Framework Agreement and its Supplemental Agreements**”). Unless otherwise specified, capitalized terms used herein shall have the same meanings as defined in the Announcements.

Pursuant to the Civil Judgment, the Framework Agreement and its Supplemental Agreements have been declared terminated by the Guangzhou Intermediate People's Court in the late October 2016. Guangdong Cultural Park commenced negotiation with Pearl River Film Production regarding the respective parties' rights and obligations incurred in connection with Pearl River Film Cultural Park phase I and the commercial terms of a proposed new framework agreement (“**New Framework Agreement**”) regarding, among other things, the continuous use by Pearl River Film Cultural Park by Guangdong Cultural Park, including the rental payable to Pearl River Film Production going forward. As at the date of this announcement, Guangdong Cultural Park and Pearl River Film Production are still in discussions in connection therewith and no agreement has been reached, whilst the Pearl River Film Cultural Park is currently still operating by Guangdong Cultural Park. Meanwhile, Guangdong Cultural Park has also lodged an appeal (“**Appeal**”) with the Guangzhou Intermediate People's Court in November 2016 urging for an order that the Civil Judgment be set aside and that judgment be entered in favour of Guangdong Cultural Park with costs. No hearing date on the Appeal has been fixed as at the date of this announcement.

The Pearl River Film Cultural Park phase I was accounted for as an investment property held by the Group and was stated at a fair value of HKD 427.89 million (equivalent to RMB 366.70 million) on the Company's consolidated financial statements as at 30 June 2016. Such fair value assessment was carried out by the management of the Company on 30 June 2016 with reference to the valuation technique

carried out by an independent professional valuer on 31 December 2015. The fair value was determined based on an income approach by capitalising the rental income with due allowance for reversionary income potential and taking into consideration the rental payable to Pearl River Film Production for a term up to 31 December 2045. Based on the above fair value assessment methodologies, the management of the Company expects that in the event that the Appeal is unsuccessful, and/or the terms of the New Framework Agreement concluded are not in favour of the Group, such as the rental payable to Pearl River Film Production increases significantly and/or the term of the New Framework Agreement is shortened significantly, there will be a material adverse impact on the fair value of the Pearl River Film Cultural Park phase 1 as recorded in the consolidated financial statements of the Group.

The Company will keep the shareholders and potential investors of the Company informed of any further material development in connection with the Appeal and/or the negotiation and shall make further announcement as and when appropriate.

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

By Order of the Board
Global Digital Creations Holdings Limited
Li Shaofeng
Chairman

Hong Kong, 16 December 2016

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman and Executive Director), Mr. Chen Zheng (Chief Executive Officer and Executive Director), Mr. Jin Guo Ping (Vice President and Executive Director), Ms. Cheng Xiaoyu (Vice President and Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Kwong Che Keung, Gordon (Independent non-executive Director), Prof. Japhet Sebastian Law (Independent non-executive Director) and Mr. Lam Yiu Kin (Independent non-executive Director).

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.gdc-world.com.

** For identification purpose only*