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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)

INSIDE INFORMATION UPDATE ON LITIGATION AND PROFIT WARNING

This announcement is made by Global Digital Creations Holdings Limited (the “Company”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Update on litigation

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, on 17 October 2016, Guangdong Cultural Park received a civil judgement (民事判決書) (the “**Civil Judgement**”) from the Intermediate People’s Court of Guangzhou City of Guangzhou Province (“**Guangzhou Intermediate People’s Court**”) dated 11 October 2016. According to the Civil Judgement, the Guangzhou Intermediate People’s Court declared that the Framework Agreement and its Supplemental Agreements were terminated as of 22 March 2016. According to the opinion of PRC lawyer, after the Framework Agreement and its Supplemental Agreements were terminated, both parties ceased to have all the rights and obligations thereunder. The Civil Judgement also

stated that Guangdong Cultural Park shall pay late payment surcharges for the overdue rental during the period from 1 October 2015 to 21 March 2016 and that Pearl River Film Production Limited is entitled to keep the construction deposit paid by Guangdong Cultural Park. All other claims made by Pearl River Film Production Limited were dismissed.

In light of the Civil Judgement, the Company will record an impairment loss on properties interest under construction and write-off the construction deposit in respect of the Pearl River Film Park which in aggregate is approximately RMB92,473,000 and will be reflected in the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2016.

Profit warning

The Board further announces that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available, it is expected to record a loss for the nine months ended 30 September 2016 as compared to the profit for the corresponding period in 2015 primarily due to the impairment loss and write off as stated above.

The information contained in this profit warning announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2016 and information currently available, which have not been audited or reviewed by the independent auditor of the Company. The Company is still in the process of finalising the third quarterly results of the Group for the nine months ended 30 September 2016. Financial information and other details of the Group will be disclosed in the third quarterly results announcement of the Group for the nine months ended 30 September 2016 which is expected to be announced on or before 7 November 2016.

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, 21 October 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*