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)

MAJOR TRANSACTION DISPOSAL OF 11.38% EQUITY INTEREST IN GDC TECHNOLOGY LIMITED

Reference is made to the announcements of the Company dated 16 October 2014 and 14 November 2014 in relation to the Offer Letter.

THE DISPOSAL

Upon further negotiations between GDC Holdings and the Purchaser, on 28 November 2014, GDC Holdings and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and GDC Holdings has conditionally agreed to sell all the GDC Tech Shares currently held by GDC Holdings (i.e. 29,779,777 shares, representing approximately 11.38% of the issued share capital of GDC Tech as at the date hereof) at an initial consideration of US$0.4778 per GDC Tech Share (subject to adjustment).

GEM LISTING RULES IMPLICATIONS

As at the date hereof, GDC Holdings is a wholly-owned subsidiary of the Company and the Purchaser is an independent third party of the Group.

As the relevant percentage ratios for the Disposal exceed 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Since no Shareholders is required to abstain from voting if the Company were to convene a general meeting for approving the Agreement and the Disposal, shareholders' approval for the Agreement and the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. As at the date hereof, Upper Nice, the controlling shareholder of the Company holding 619,168,023 Shares (representing approximately 40.78% of the issued share capital of the

Company), and Mr. Chen, a substantial shareholder of the Company holding 208,728,200 Shares (representing approximately 13.75% of the issued share capital of the Company), are "closely allied group of shareholders" under Rule 19.45 of the GEM Listing Rules, and they hold, in aggregate, 827,896,223 Shares (representing approximately 54.53% of the issued share capital of the Company). Both Upper Nice and Mr. Chen have given their written approvals in respect of the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Agreement and the Disposal.

A circular containing, among other things, (i) information on the Agreement and the Disposal, and (ii) other information as required under the GEM Listing Rules will be despatched to the Shareholders on or before 19 December 2014.

The Disposal is subject to a number of conditions precedent and may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when making any decision related to dealing in the Shares of the Company.

THE DISPOSAL

Reference is made to the announcements of the Company dated 16 October 2014 and 14 November 2014 in relation to the Offer Letter.

Upon further negotiations between GDC Holdings and the Purchaser, on 28 November 2014, GDC Holdings and the Purchaser entered into the Agreement, principal terms of which are set out below:-

Date

28 November 2014

Parties

(1) GDC Holdings, as vendor
(2) Purchaser

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date hereof, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of

29,779,777 GDC Tech Shares, being all the GDC Tech Shares currently held by GDC Holdings, representing approximately 11.38% of the issued share capital of GDC Tech as at the date hereof.

Consideration and payment terms

Pursuant to the Agreement, the Purchaser has agreed to acquire a total of 29,779,777 GDC Tech Shares from GDC Holdings at an initial consideration of US$0.4778 per GDC Tech Share (subject to adjustment), which will be paid to GDC Holdings in cash in immediate funds as follows:-

(i) US$11,383,022.15 with respect to the GDC Tech Sale Shares (i.e. 23,823,822 GDC Tech Shares) will be paid at the 1st Completion; and

(ii) the remaining balance of the consideration for the GDC Tech Remaining Shares and, where applicable, any additional consideration payable by the Purchaser for the GDC Tech Sale Shares as a result of the consideration adjustment (more details below) will be paid at the 2nd Completion.

The initial consideration of US$0.4778 per GDC Tech Share is subject to the following adjustment:-

(a) If the average of the audited consolidated net profit of GDC Tech for the 3 financial years ending 31 December 2016 is less than US$17 million, then, unless an increase to the consideration per GDC Tech Share will be made pursuant to sub-section (c) below, the consideration per GDC Tech Share in US$ payable by the Purchaser to GDC Holdings under the Agreement shall be reduced in accordance with the following formula:

    The adjusted consideration per GDC Tech Share = US$0.4778 x (A ÷ US$17 million)

    "A" is the yearly average in US$ of the audited consolidated net profit of GDC Tech for the 3 financial years ending 31 December 2016.

(b) If the consideration per GDC Tech Share is reduced as a result of the sub-section (a) above, then GDC Holdings shall, on the 5th Business Day after the parties' agreement or determination of the yearly average of the audited consolidated net profit of GDC Tech for the 3 financial years ending 31 December 2016, transfer to the Purchaser at nominal consideration of US$1 of such number of GDC Tech Shares as is equal to the product of the following formula:

    The additional number of GDC Tech Shares to be transferred by GDC Holdings to the Purchaser (rounded down to the nearest whole number)

    = (US$11,383,022.15 ÷ the adjusted consideration per GDC Tech Share) – 23,823,822

    provided that in no event shall the number of the GDC Tech Shares to be transferred by GDC Holdings to the Purchaser under this sub-section (b) exceed the number of the GDC Tech Shares that GDC Holdings will hold after the 1st Completion.

(c) If the aggregate amount of the audited consolidated net profit of GDC Tech for the 2 financial years ending 31 December 2016 is greater than US$42 million, the consideration per GDC Tech Share under the Agreement shall be increased to US$0.5848 per GDC Tech Share. The additional consideration payable by the Purchaser in respect of the GDC Tech Sale Shares shall be paid to GDC Holdings in immediate funds at the 2nd Completion.

Assuming the final consideration per GDC Tech Share is US$0.4778, the aggregate consideration for the 29,779,777 GDC Tech Shares to be sold by GDC Holdings to the Purchaser pursuant to the Agreement will be approximately US$14.22 million (equivalent to approximately HK$110.27 million).

Assuming the final consideration per GDC Tech Share is US$0.5848, the aggregate consideration for the 29,779,777 GDC Tech Shares to be sold by GDC Holdings to the Purchaser pursuant to the Agreement will be approximately US$17.41 million (equivalent to approximately HK$134.96 million).

The consideration has been arrived at after arm's length negotiations between GDC Holdings and the Purchaser and was determined with reference to and the same as the purchase price for other GDC Tech Shares acquired by the Purchaser from other certain shareholders of GDC Tech under the Other SPA.

Conditions precedent

Completion of the Agreement is conditional on the following:-

(a) the approval from the Shareholders of the Company for the Agreement and the transactions contemplated thereunder as well as other requirements in accordance with the GEM Listing Rules;

(b) expiration of a period of 20 Business Days after the Purchaser having obtained the approval from the PRC authority (namely, the State Administration of Foreign Exchange of the PRC) in relation to the transactions consummated under the Agreement;

(c) the Purchaser having received a legal opinion from a British Virgin Islands counsel to GDC Holdings in relation to GDC Holdings' due execution of the Agreement and/or entering into the transactions contemplated thereunder in accordance with the applicable laws and regulations, in such form as may be reasonably acceptable to the Purchaser;

(d) GDC Holdings having received a legal opinion from a British Virgin Islands counsel to the Purchaser in relation to the Purchaser's due execution of the Agreement and/or entering into the transactions contemplated thereunder in accordance with the applicable laws and regulations, in such form as may be reasonably acceptable to GDC Holdings;

(e) the Purchaser having received a copy of the memorandum and articles (or their equivalent) of GDC Holdings together with a copy of its duly signed and valid board resolutions authorizing the entry into and performance by GDC Holdings of the Agreement and the transactions contemplated thereunder; and

(f) GDC Holdings having received a copy of the memorandum and articles (or their equivalent) of the Purchaser together with a copy of its duly signed and valid board resolutions authorizing the entry into and performance by the Purchaser of the Agreement and the transactions contemplated thereunder.

If all the above conditions cannot be fulfilled or waived by GDC Holdings or the Purchaser (as the case may be) on or before 31 May 2015, the Agreement shall lapse and cease to have effect.

Completion

The 1^{st} Completion for the sale and purchase of the GDC Tech Sale Shares shall take place on the 5^{th} Business Day after fulfillment or waiver by GDC Holdings or the Purchaser (as the case may be) of all the conditions precedent of the Agreement, unless the parties agree otherwise.

The 2^{nd} Completion for the sale and purchase of the GDC Tech Remaining Shares shall take place on the 5^{th} Business Day after the date of the parties' agreement or determination of the audited consolidated net profit of GDC Tech for each of the 3 financial years ending 31 December 2016, subject to any GDC Tech Shares having been transferred to the Purchaser by GDC Holdings pursuant to the consideration adjustment provisions under the Agreement as set forth in sub-section (b) under the section headed "Consideration and payment terms" above.

Dividend of GDC Tech

If the 1^{st} Completion occurs after 31 January 2015, GDC Holdings shall be entitled to retain any GDC Tech's dividend declared prior to the 1^{st} Completion to the extent such dividend represents a distribution of accumulated profits of GDC Tech and its subsidiaries as at any time up to 30 June 2014. If the 1^{st} Completion occurs on or prior to 31 January 2015, GDC Holdings shall be entitled to retain any GDC Tech's dividend declared prior to the 1^{st} Completion to the extent such dividend represents a distribution (when aggregated with all other such distributions declared on or after the date of the Agreement) of accumulated profits of GDC Tech and its subsidiaries as at 31 December 2013 not exceeding US$4 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Pursuant to the Offer Letter, the Purchaser has entered into the Other SPA with other certain shareholders of GDC Tech for acquisition of a total of approximately 67.57% of the issued share capital of GDC Tech as at the date hereof. It is expected that upon completion of the Other SPA, on the assumption that the Purchaser has not disposed and will not dispose of any GDC Tech Shares, the Purchaser will become the largest shareholder of GDC Tech, holding not less than two-third of the issued share capital of GDC Tech as at the date hereof. Taking into consideration that (i) other certain shareholders of GDC Tech (including the original largest shareholder of GDC Tech immediately prior to the date of the Other SPA) have agreed to sell all of their respective GDC Tech Shares, representing a total of approximately 67.57% of the issued share capital of GDC Tech as at the date hereof, to the Purchaser under the Other SPA, and (ii) the Purchaser agrees to acquire the GDC Tech Shares from GDC Holdings on terms same as or no less favourable than those under the Other SPA, the Directors consider that the Disposal represents a good opportunity for the Group to realize its investment in GDC Tech at a fair and reasonable price and enables the Group to strengthen its current cash flow and liquidity position as well as to increase the general working capital and cash resources for other businesses of the Group and for any future potential investment opportunities that may arise from time to time.

In view of the foregoing, the Directors consider that the terms of the Agreement and the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon the 1st Completion, the Group will hold 5,955,955 GDC Tech Shares, representing approximately 2.28% of the issued share capital of GDC Tech as at the date hereof. Upon the 2nd Completion, the Group will cease to hold any shareholding in the GDC Tech.

As disclosed above, the consideration for each GDC Tech Share will depend on (i) the average of the audited consolidated net profit of GDC Tech for the 3 financial years ending 31 December 2016 and (ii) the aggregate amount of the audited consolidated net profit of GDC Tech for the 2 financial years ending 31 December 2016. Pursuant to the Agreement, the Company is expected to recognize a gain from the Disposal (after deduction of relevant costs and expenses) ranging from approximately US$430,000 (equivalent to approximately HK$3.33 million) to approximately US$6.45 million (equivalent to approximately HK$49.99 million). The gain is calculated by reference to the consideration of either US$0.4778 or US$0.5848 per GDC Tech Share and the maximum number of the GDC Tech Shares which may be transferred to the Purchaser pursuant to the consideration adjustment provisions in the Agreement (details are set out in the section headed "Consideration and payment terms" above).

The net proceeds of the Disposal (after deduction of relevant costs and expenses) are estimated to range from approximately US$11.32 million (equivalent to approximately HK$87.73 million) to approximately US$17.35 million (equivalent to approximately HK$134.46 million) subject to any adjustment to be made to the final consideration per GDC Tech Share pursuant to the Agreement. The Company intends to apply the net proceeds of the Disposal as general working capital for the Group and future investment.

INFORMATION ON GDC TECH

GDC Tech is a company incorporated in the Cayman Islands with limited liability and is owned as to approximately 11.38% by GDC Holdings as at the date hereof. GDC Tech and its subsidiaries are principally engaged in development, manufacture and sale of digital cinema servers, and provision of a comprehensive suite of digital cinema products and services providing exhibitors and distributors with a solution for exhibiting digital cinema content.

Set out below is the financial information of GDC Tech.

Unit: US$

	For the year ended 31 December		For the six months ended 30 June
	2012	**2013**	**2014**
	(audited)	(audited)	(unaudited)
Revenue	116,551,942	104,517,163	36,354,111
Net profit before tax	32,435,104	19,756,291	7,038,953
Net profit after tax	27,732,276	16,285,942	5,912,721

Unit: US$

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	(audited)	(audited)	(unaudited)
Net assets	36,903,222	41,220,353	27,940,846

INFORMATION ON THE GROUP, GDC HOLDINGS AND THE PURCHASER

The Group is principally engaged in computer graphic creation and production, computer graphic training and cultural park.

GDC Holdings is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Huayi Brothers Media Corporation (華誼兄弟傳媒股份有限公司), which is a company listed on Shenzhen Stock Exchange (stock code: 300027) and an integrated entertainment group in the PRC principally engaged in the sectors of films, TV shows, talents management, games, music, cinema, entertainment market, live entertainment and new media.

GEM LISTING RULES IMPLICATIONS

As at the date hereof, GDC Holdings is a wholly-owned subsidiary of the Company and the Purchaser is an independent third party of the Group.

As the relevant percentage ratios for the Disposal exceed 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Since no Shareholders is required to abstain from voting if the Company were to convene a general meeting for approving the Agreement and the Disposal, shareholders' approval for the Agreement and the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. As at the date hereof, Upper Nice, the controlling shareholder of the Company holding 619,168,023 Shares (representing approximately 40.78% of the issued share capital of the Company), and Mr. Chen, a substantial shareholder of the Company holding 208,728,200 Shares (representing approximately 13.75% of the issued share capital of the Company), are "closely allied group of shareholders" under Rule 19.45 of the GEM Listing Rules, and they hold, in aggregate, 827,896,223 Shares (representing approximately 54.53% of the issued share capital of the Company). Both Upper Nice and Mr. Chen have given their written approvals in respect of the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Agreement and the Disposal.

A circular containing, among other things, (i) information on the Agreement and the Disposal, and (ii) other information as required under the GEM Listing Rules will be despatched to the Shareholders on or before 19 December 2014.

The Disposal is subject to a number of conditions precedent and may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when making any decision related to dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"1st Completion"	the completion of sale and purchase of the GDC Tech Sale Shares
"2nd Completion"	the completion of sale and purchase of the GDC Tech Remaining Shares
"Agreement"	the sale and purchase agreement entered into between GDC Holdings and the Purchaser on 28 November 2014, pursuant to which GDC Holdings has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire a total of 29,779,777 GDC Tech Shares, being all the GDC Tech Shares held by GDC Holdings as at the date hereof
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which commercial banks in the PRC, New York and Hong Kong are open for the conduct of regular banking business
"Company"	Global Digital Creations Holdings Limited, an exempted company incorporated in Bermuda with limited liability, Shares of which are listed on GEM
"connected person"	has the same meaning as ascribed to this term under the GEM Listing Rules
"controlling shareholder"	has the same meaning as ascribed to this term under the GEM Listing Rules
"Director(s)"	the director(s) of the Company

"Disposal"	the sale of the GDC Tech Shares by GDC Holdings to the Purchaser pursuant to the Agreement
"GDC Holdings"	GDC Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"GDC Tech"	GDC Technology Limited, a company incorporated in the Cayman Islands with limited liability, which is owned as to approximately 11.38% by GDC Holdings as at the date hereof
"GDC Tech Remaining Shares"	the remaining GDC Tech Shares to be sold by GDC Holdings to the Purchaser at 2nd Completion, being 5,955,955 GDC Tech Shares less any GDC Tech Shares which GDC Holdings will transfer to the Purchaser pursuant to the consideration adjustment provisions under the Agreement
"GDC Tech Sale Shares"	23,823,822 GDC Tech Shares, to be sold by GDC Holdings to the Purchaser at 1st Completion pursuant to the Agreement
"GDC Tech Share(s)"	ordinary share(s) of par value US$0.0001 each in the share capital of GDC Tech
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, and any amendments thereto from time to time
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Mr. Chen"	Mr. Chen Zheng, the executive Director and a substantial shareholder of the Company as at the date hereof
"Offer Letter"	the indicative non-binding offer letter issued by the Purchaser in relation to the Disposal on 15 October 2014, which has been accepted by GDC Holdings on 16 October 2014
"Other SPA"	the sale and purchase agreement entered into between the Purchaser and other certain shareholders of GDC Tech in September 2014, pursuant to which the Purchaser has agreed to acquire a total of approximately 67.57% of the issued share capital of GDC Tech as at the date hereof from such shareholders at an initial consideration of US$0.4778 per GDC Tech Share (subject to adjustment on same terms applying to the Agreement)

"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Purchaser"	Huayi Brothers International Investment Limited, a company incorporated in the British Virgin Islands, an independent third party of the Company as at the date hereof
"Share(s)"	share(s) of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the same meaning as ascribed to this term under the GEM Listing Rules
"Upper Nice"	Upper Nice Assets Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company as at the date hereof
"US$"	United States dollar, the lawful currency of the United States of America
"%"	percentage or per cent

For the purpose of this announcement, the exchange rate of US$1.00 = HK$7.75 has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts have been, could have been and may be exchanged, at this or any other rates.

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

Hong Kong, 28 November 2014

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), 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. Chan Chung Chun (Independent Non-executive Director).

This announcement, for which the Directors of Global Digital Creations Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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 purposes only*