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)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") 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 the 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*

THIRD 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 and nine months ended 30 September 2015 with comparative figures for the corresponding periods in the year 2014.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2015

		Three months ended 30 September		**Nine months ended 30 September**	
	NOTES	**2015**	2014	**2015**	2014
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3*	**43,349**	46,483	**145,701**	148,926
Cost of sales		**(25,875)**	(28,549)	**(85,070)**	(91,620)
Gross profit		**17,474**	17,934	**60,631**	57,306
Other income	*4*	**2,553**	4,421	**7,773**	31,308
Distribution costs and selling expenses		**(2,102)**	(1,441)	**(13,754)**	(16,533)
Administrative expenses		**(13,636)**	(16,083)	**(44,682)**	(46,209)
Finance costs	*5*	**(223)**	(1,634)	**(2,578)**	(5,295)
Other gains and losses	*6*	**363**	(3,964)	**25,381**	7,045
Profit (loss) before tax		**4,429**	(767)	**32,771**	27,622
Income tax expense	*7*	**(2,102)**	–	**(5,465)**	(303)
Profit (loss) for the period		**2,327**	(767)	**27,306**	27,319
Other comprehensive (expenses) income:					
Item that will not be reclassified to profit or loss:					
Exchange differences on translation of financial statements from functional currency to presentation currency		**(22,386)**	9,956	**(22,350)**	(10,681)
Items that may be subsequently reclassified to profit or loss:					
Decrease in fair value of available-for-sale investments		**–**	–	**(445)**	–
Cumulative gain reclassified to profit or loss on sale of available-for-sale investments		**–**	–	**(20,789)**	–
Other comprehensive (expenses) income for the period		**(22,386)**	9,956	**(43,584)**	(10,681)
Total comprehensive (expenses) income for the period		**(20,059)**	9,189	**(16,278)**	16,638

	NOTE	Three months ended 30 September		Nine months ended 30 September	
		2015	2014	**2015**	2014
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit (loss) for the period attributable to:					
Owners of the Company		**868**	(4,565)	**22,329**	28,080
Non-controlling interests		**1,459**	3,798	**4,977**	(761)
		2,327	(767)	**27,306**	27,319
Total comprehensive (expenses) income for the period attributable to:					
Owners of the Company		**(20,281)**	4,820	**(20,026)**	18,200
Non-controlling interests		**222**	4,369	**3,748**	(1,562)
		(20,059)	9,189	**(16,278)**	16,638
		HK cents	*HK cents*	***HK cents***	*HK cents*
Earnings (loss) per share:	*8*				
Basic		**0.06**	(0.30)	**1.47**	1.85

NOTES:

1. **BASIS OF PREPARATION**

The unaudited condensed consolidated statement of profit or loss and other comprehensive income have been prepared in accordance with applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. **PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated statement of profit or loss and other comprehensive income have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current period, the Group has applied the following accounting policy for financial liability at fair value through profit or loss ("FVTPL"):

Financial liability is classified as at FVTPL when it is designated as at FVTPL on initial recognition.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated as at FVTPL.

Financial liability at FVTPL is stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item.

3. REVENUE

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

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from contracts for computer graphic ("CG") creation and production *(Note)*	**11,554**	16,932	**56,276**	72,496
Rental and building management service fee income	**25,637**	24,528	**74,298**	64,031
CG Training fee	**6,158**	5,023	**15,127**	12,399
	43,349	46,483	**145,701**	148,926

Note: During the nine months ended 30 September 2015, an amount of approximately HK$15,406,000 (nine months ended 30 September 2014: HK$21,052,000) was attributable to revenue from the release of one animated film (nine months ended 30 September 2014: two animated films) based on an agreed sharing percentage of the box office receipts.

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**684**	1,076	**3,827**	4,534
Government grants	**1,754**	1,083	**3,673**	6,636
Dividend income from available-for-sale investments	**–**	–	**–**	17,683
Insurance claims received	**–**	2,243	**–**	2,243
Others	**115**	19	**273**	212
	2,553	4,421	**7,773**	31,308

5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**223**	1,634	**2,578**	5,295

6. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Gain on disposal of available-for-sale investments	**–**	–	**20,789**	–
Changes in fair value of held-for-trading investments	**–**	(4,380)	**6,265**	6,148
Loss on fair value changes of derivative financial instrument	**–**	–	**(2,117)**	–
Increase in fair value of structured deposits	**488**	393	**692**	574
Gain (loss) on disposal of property, plant and equipment	**13**	23	**(110)**	23
Impairment loss on trade receivables	**(138)**	–	**(138)**	–
Recovery of allowance for doubtful debts	**–**	–	**–**	300
	363	(3,964)	**25,381**	7,045

7. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC Enterprise Income Tax ("EIT"):				
Current tax	**2,102**	–	**6,139**	582
Overprovisions in prior years	**–**	–	**(674)**	(279)
Income tax expense	**2,102**	–	**5,465**	303

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for both periods since the Group had no assessable profit arising in Hong Kong for the nine months ended 30 September 2015 (nine months ended 30 September 2014: the assessable profit was wholly absorbed by tax losses brought forward).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Rules of the EIT Law, the EIT rate of the Group's subsidiaries in the People's Republic of China (the "PRC", for the purpose of this announcement, does not include Hong Kong, Macau and Taiwan) is 25% from 1 January 2008 onwards, except for those subsidiaries described below.

According to the Circular of State Council for the tax policies on the animation enterprise (Caishui [2009] No. 65), the PRC subsidiaries which qualified as animation enterprise are entitled to tax concession, whereby their applicable tax rate will progressively increase to 25%. The tax concession will expire in 2016. One of the PRC subsidiaries was able to enjoy a preferential tax rate at 12.5% from 2014 till 2016 as it was qualified as animation enterprise. For the nine months ended 30 September 2015, the relevant tax rates for the Group's subsidiaries in the PRC were ranged from 12.5% to 25% (nine months ended 30 September 2014: 12.5% to 25%).

No provision for tax in other jurisdictions has been made in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for both periods as the Group had no assessable profit arising in other jurisdictions.

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Earnings (loss)				
Earnings (loss) for the purposes of basic earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	**868**	(4,565)	**22,329**	28,080
	'000	*'000*	***'000***	*'000*
Number of shares				
Number of ordinary shares in issue for purposes of basic earnings (loss) per share	**1,518,256**	1,518,256	**1,518,256**	1,518,256

No diluted earnings (loss) per share have been presented for both periods as there were no potential ordinary shares in issue.

9. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital	Share premium reserve	Capital contribution reserve	Contributed surplus reserve	Statutory reserve	Investment revaluation reserve	Exchange reserve	Special reserve	Retained earnings	Sub-total	Non-controlling interests	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*
At 1 January 2015 (audited)	**15,183**	**75,856**	**445**	**245,881**	**1,107**	**25,986**	**53,644**	**(1,209)**	**576,216**	**993,109**	**46,631**	**1,039,740**
Profit for the period	-	-	-	-	-	-	-	-	**22,329**	**22,329**	**4,977**	**27,306**
Exchange differences on translation of financial statements from functional currency to presentation currency	-	-	-	-	-	-	**(21,121)**	-	-	**(21,121)**	**(1,229)**	**(22,350)**
Decrease in fair value of available-for–sale investments	-	-	-	-	-	**(445)**	-	-	-	**(445)**	-	**(445)**
Cumulative gain reclassified to profit or loss on sale of available-for-sale investments	-	-	-	-	-	**(20,789)**	-	-	-	**(20,789)**	-	**(20,789)**
Other comprehensive expenses	-	-	-	-	-	**(21,234)**	**(21,121)**	-	-	**(42,355)**	**(1,229)**	**(43,584)**
Total comprehensive (expenses) income for the period	-	-	-	-	-	**(21,234)**	**(21,121)**	-	**22,329**	**(20,026)**	**3,748**	**(16,278)**
At 30 September 2015 (unaudited)	**15,183**	**75,856**	**445**	**245,881**	**1,107**	**4,752**	**32,523**	**(1,209)**	**598,545**	**973,083**	**50,379**	**1,023,462**
At 1 January 2014 (audited)	15,183	75,856	445	245,881	870	-	73,264	39	544,591	956,129	46,112	1,002,241
Profit (loss) for the period	-	-	-	-	-	-	-	-	28,080	28,080	(761)	27,319
Exchange differences on translation of financial statements from functional currency to presentation currency	-	-	-	-	-	-	(9,880)	-	-	(9,880)	(801)	(10,681)
Total comprehensive (expenses) income for the period	-	-	-	-	-	-	(9,880)	-	28,080	18,200	(1,562)	16,638
Sub-total	15,183	75,856	445	245,881	870	-	63,384	39	572,671	974,329	44,550	1,018,879
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(1,248)	-	(1,248)	1,248	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(115)	(115)
At 30 September 2014 (unaudited)	15,183	75,856	445	245,881	870	-	63,384	(1,209)	572,671	973,081	45,683	1,018,764

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the nine months ended 30 September 2015, the Group recorded a turnover of approximately HK$145,701,000 (nine months ended 30 September 2014: HK$148,926,000). The Group's revenue from the CG creation and production division decreased by approximately 10%, offsetting an increase of approximately 16% from the Cultural Park division, comparing with those for the corresponding period in the year 2014.

Cost of sales for the nine months ended 30 September 2015 amounted to HK$85,070,000, representing a decrease of approximately 7% when compared with that of HK$91,620,000 for the corresponding period in the year 2014. The decrease was mainly attributable to a decrease in production costs for intellectual property projects as there was one animated film completed and released during the period under review compared to two animated films in the corresponding period in the year 2014.

Due to increases in turnover and relatively stable costs of sales, the gross profit margin of CG training and the Cultural Park divisions improved from the corresponding period of last year. The gross profit margin of CG creation and production division remained stable at approximately 30%.

Other income for the nine months ended 30 September 2015 amounted to HK$7,773,000 (nine months ended 30 September 2014: HK$31,308,000). It mainly included government grants of HK$3,673,000 (nine months ended 30 September 2014: HK$6,636,000) and interest income of HK$3,827,000 (nine months ended 30 September 2014: HK$4,534,000). Dividend income from available-for-sale investments and insurance claims received for the nine months ended 30 September 2015 were nil (nine months ended 30 September 2014: HK$17,683,000 and HK$2,243,000 respectively).

Distribution costs and selling expenses for the nine months ended 30 September 2015 amounted to HK$13,754,000 (nine months ended 30 September 2014: HK$16,533,000), representing a decrease of approximately 17%. The decrease was mainly attributable to a decrease in the advertising and marketing expenses in respect of intellectual property projects during the period under review.

Administrative expenses for the nine months ended 30 September 2015 amounted to HK$44,682,000 (nine months ended 30 September 2014: HK$46,209,000), representing a slight decrease of approximately 3%.

Finance costs for the nine months ended 30 September 2015 was HK$2,578,000 (nine months ended 30 September 2014: HK$5,295,000), being interest on bank borrowings for the construction of the headquarters building in Shenzhen. The decrease in finance costs resulted from decrease in both interest rate of bank borrowings and principal amount after repayment of bank borrowings during the period. All the bank borrowings have been early repaid in July 2015.

Other gains and losses for the nine months ended 30 September 2015 amounted to HK$25,381,000 of net gains (nine months ended 30 September 2014: HK$7,045,000 of net gains) which mainly included an increase in fair value of held-for-trading investments of HK$6,265,000 (nine months ended 30 September 2014: HK$6,148,000) and gain on disposal of available-for-sale investments of HK$20,789,000 (nine months ended 30 September 2014: nil) upon the 1st completion of the disposal of 23,823,822 shares of GDC Technology Limited ("GDC Tech") on 26 February 2015, partially offset by a loss recognised on fair value changes of derivative financial instrument of HK$2,117,000 (nine months ended 30 September 2014: nil).

As a whole, the Group recorded a profit of HK$22,329,000 for the nine months ended 30 September 2015 attributable to owners of the Company, representing a decrease of approximately 20% when comparing with that of HK$28,080,000 for the corresponding period in 2014.

BUSINESS REVIEW AND OUTLOOK

CG creation and production

The revenue from the CG creation and production division for the nine months ended 30 September 2015 amounted to HK$96,664,000, representing a decrease of HK$10,688,000 when compared with the corresponding period in the year 2014 of HK$107,352,000.

Revenue from the division was primarily generated from the production service of international animated films and television dramas, box office receipts and copyrights from intellectual property animated films projects, copyrights of animated television dramas and film production for exhibition and display.

During the first three quarters of 2015, the CG creation and production division completed three international animated television drama projects and one animated film. Currently, we are working on several international animated television dramas and films, including one television drama which is a co-production project with a French company which we have obtained copyright for. We worked with clients from Europe and North America on production projects in relation to international animated television dramas.

In respect of intellectual property projects, our latest animated film "Happy Little Submarine V: Magic Box of Time" hit theatres across the country on Children's Day time slot on 29 May 2015. There were a total of three domestically-produced animated films and five imported films which included one renowned Japanese animated film released on Children's Day time slot this year. Although the box office receipt of "Happy Little Submarine V: Magic Box of Time" of the Group, which was about RMB31,500,000 was less than last year, it was ranked first among all domestically-produced films released around the same time slot, contributing an income of approximately HK$15,406,000 to the Group. Following the release of the film, we have developed licensed products in the form of mobile games and its spin-off toys and such games and toys have been launched into the market. The Group has finished the production of "Smart Shunliu", an animated television drama that the Group produced in collaboration with the Television and Art Centre under the Military and Political Bureau of Jinan province of the PRC. It is expected the drama will be broadcasted on major children's cartoon TV channels in the country by end of this year. The Group has also entered into a spin-off product licensing agreement with a toy manufacturer to launch the toys and audiovisual products of "Smart Shunliu". It is expected that such spin-off products will increase the Group's business revenue.

In respect of digital animated technology exhibitions and large event production projects, the Group continued to provide high-end CG production services for programs on mainstream television stations in the PRC and for large-scale theme parks with self-developed software system integrated with advanced equipments. Meanwhile, the Group has applied for patents and is actively expanding its business by integrating creativity and technology.

The Group continues to actively participate in domestic and international animated films and dramas activities for the purposes of gaining more brand exposure and diversifying our brand promotion channels. In addition to our "Happy Little Submarine III: Rainbow Treasure" being selected and nominated to run for "Best Pre-School TV Film" in 2015 KIDSCREEN, a convention for kids television shows in North America held in the first quarter of this year, during the first half of 2015, our "Happy Little Submarine IV: Adventure of Octopus" was awarded the "Second Prize for Best Animated Stories-Broadcasting, Film and Television Award in Guangdong Province" and "Monkey King Award – Sliver Prize for the Best Director" by the 2015 China Animation Annual Conference. Furthermore, the Group was once again honoured to be the organizer of activities at the sub-venue for the latest China (Shenzhen) International Cultural Industry Exhibition, where we presented our new animated films and related products to facilitate public awareness of the Group.

The Group continues to focus on providing services of high quality and standards and endeavors to maintain good relationships with its international customers and well-known enterprises in China in the future, whilst continuing to enhance its competitiveness in the industry by reducing costs through technology and process innovation. In addition, the Group plans to develop animated films with new concepts and negotiate with renowned game companies, intelligent products companies and cinemas on co-production, with a view to creating works that carries weight.

CG Training

The revenue from the CG training division for the nine months ended 30 September 2015 amounted to HK$15,127,000, representing an increase of approximately 22% as compared with the revenue for the corresponding period in 2014 of HK$12,399,000, with noticeable improvement in revenue from the Shenzhen campus.

During the period, the CG training division held course introduction seminars so as to enhance students' understanding of our courses. In the long term, the seminars will be one of the channels for student enrolments and a channel to gather public opinion on the demand of CG training courses, shedding more lights on the direction of course planning. In the third quarter of 2015, the marketing team of the CG training division strengthened various external promotion channels, aiming at the comprehensive promotion coverage on media, platforms, online, offline and institutions recruiting channels. The animation production industry, having experienced the peak in its development over the past few years, has higher requirements on the professional standard and years of experience of its talents. As the training period of animation production is comparatively longer and the starting salaries for junior staff is generally low, the animated production industry has become less attractive to students and the number of new entrants reduced. With the decline in demand and rising operating costs, the profitability of the CG training division is subject to significant pressure. As such, the CG training division will focus on enhancing sales efficiency, optimizing teaching teams, strengthening cost control and resources integration in the future, so as to improve the business performance.

Cultural Park

The Cultural Park is located along the subway line in the center of Haizhu District in Guangzhou, at transport interchange. The land of the Cultural Park is owned by 珠江電影製片有限公司 ("Pearl River Film Production") and the Group operates the Cultural Park under a lease concession agreement till 31 December 2045. Since the opening of the Cultural Park in 2013, the Group has successfully invited a number of well-known brands to set up business there, allowing the Cultural Park to achieve a higher profile. The Group organized various activities at the mall in collaboration with several brands, which not only brought additional income to the Group, but also attracted visitors and attention to the Cultural Park. Total revenue in the first nine months of this year increased approximately 16% as compared with the corresponding period last year, through reviewing the tenant portfolio, expanding outdoor leasing areas of the concourse so as to increase revenue from leasing effectively. On the other hand, the research and discussion for the development of Phase II of the Cultural Park are still in progress. The Group continues to make regular improvement on properties in the Cultural Park and optimize its tenant portfolio, working on quality to ensure that such investment property will generate a better return for our shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the nine months ended 30 September 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Pursuant to Rules 5.05(1), 5.05A, 5.28 and 5.34 and code provision A.5.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, (i) the Board is required to have at least three independent non-executive directors; (ii) the Board is required to have independent non-executive directors representing at least one third of the Board; (iii) the audit committee must comprise a minimum of 3 members, all of whom are non-executive directors only; and (iv) each of the members of the audit, remuneration and nomination committee should comprise a majority of independent non-executive directors.

Mr. Chan Chung Chun, an Independent Non-executive Director as well as a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company passed away on 8 May 2015. Following the passing away of Mr. Chan Chung Chun, the Company only had two Independent Non-executive Directors which deviated from the requirements under Rules 5.05(1), 5.05A, 5.28 and 5.34 and code provision A.5.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

On 27 July 2015, Mr. Lam Yiu Kin was appointed as an Independent Non-executive Director as well as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Following the appointment of Mr. Lam Yiu Kin, the number of Independent Non-executive Directors of the Company and Audit Committee members fulfills the minimum number as required under Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules, and the number of Independent Non-executive Directors in the Remuneration Committee and Nomination Committee of the Company also represents a majority as required under Rule 5.34 and code provision A.5.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

Please refer to the announcement of the Company dated 27 July 2015 for further details.

Save as disclosed above, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the nine months ended 30 September 2015.

COMPLIANCE WITH CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of provisions 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 nine months ended 30 September 2015.

AUDIT COMMITTEE

The Group's third quarterly results for the nine months ended 30 September 2015 were unaudited. The Company's audit committee (the "Audit Committee") has reviewed the 2015 unaudited third quarterly results of the Group. A meeting of the Audit Committee was held with the management of the Company for, amongst other things, reviewing the third quarterly results of the Group for the nine months ended 30 September 2015.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all of the Directors, management and staff for their hard work and dedication throughout the period.

By Order of the Board
Li Shaofeng
Chairman

Hong Kong, 6 November 2015

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 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 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.