



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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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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 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

FINAL RESULTS

The board of Directors of the Company (the “Board”) hereby announces the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	2	70,432	70,189
Cost of sales		(85,488)	(65,092)
Gross (loss)/profit		(15,056)	5,097
Other income	3	11,132	10,053
Distribution and selling expenses		(16,967)	(8,863)
Administrative expenses		(31,017)	(33,064)
Reversal of provision for impairment of financial assets and contract assets		119	145
Other losses, net	4	(12,050)	(3,258)
Operating loss		(63,839)	(29,890)
Finance cost	5	(502)	(5)
Loss before income tax		(64,341)	(29,895)
Income tax credit/(expense)	6	6,381	(3,303)
Loss for the year from continuing operations		(57,960)	(33,198)
Discontinued operation			
(Loss)/profit for the year	9	(5,852)	23,056
Loss for the year		(63,812)	(10,142)
Other comprehensive loss:			
<i>Item that will not be reclassified to profit or loss:</i>			
– Exchange differences on translation to presentation currency		(8,426)	(6,137)
Other comprehensive loss for the year		(8,426)	(6,137)
Total comprehensive loss for the year		(72,238)	(16,279)

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
– Owners of the Company			
– Continuing operations		(57,960)	(33,198)
– Discontinued operation		(3,980)	15,678
		<u>(61,940)</u>	<u>(17,520)</u>
– Non-controlling interests			
– Continuing operations		–	–
– Discontinued operation		(1,872)	7,378
		<u>(1,872)</u>	<u>7,378</u>
		<u>(63,812)</u>	<u>(10,142)</u>
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company			
– Continuing operations		(79,672)	(46,720)
– Discontinued operation		5,055	20,700
		<u>(74,617)</u>	<u>(26,020)</u>
– Non-controlling interests			
– Continuing operations		–	–
– Discontinued operation		2,379	9,741
		<u>2,379</u>	<u>9,741</u>
		<u>(72,238)</u>	<u>(16,279)</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share attributable to the owners of the Company:			
7			
Basic and diluted (loss)/earnings per share			
– Continuing operations		(3.86)	(2.21)
– Discontinued operation		(0.26)	1.04
		<u>(4.12)</u>	<u>(1.17)</u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		11,384	12,336
Right-of-use assets		8,271	8,126
Investment property		211,809	231,388
Interest in an associate		—	—
Movies and television programmes rights		648	15,229
Productions work in progress		5,425	4,567
Deposit		98	—
Total non-current assets		237,635	271,646
Current assets			
Contract assets		1,111	899
Trade receivables	10	3,289	11,120
Deposits, prepayments and other receivables		8,553	13,356
Restricted bank deposits		23	21
Cash and cash equivalents		223,713	248,039
Total current assets		236,689	273,435
Total assets		474,324	545,081
EQUITY			
Equity attributable to owners of the Company			
Share capital		15,033	15,036
Retained earnings		437	62,268
Other reserves		342,796	355,579
Total equity attributable to owners of the Company		358,266	432,883
Non-controlling interests		(122,316)	(124,695)
Total equity		235,950	308,188

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		201	—
Contract liabilities		1,277	1,786
Deferred income tax liabilities		11,986	19,408
Other payables		289	289
		<hr/>	<hr/>
Total non-current liabilities		13,753	21,483
		<hr/>	<hr/>
Current liabilities			
Trade payables	11	47	—
Accruals and other payables		63,330	58,655
Provision for rental and settlement payables	12	138,225	140,822
Contract liabilities		4,720	1,538
Lease liabilities		8,979	17
Deferred government grant		744	—
Current income tax payable		8,576	14,378
		<hr/>	<hr/>
Total current liabilities		224,621	215,410
		<hr/>	<hr/>
Total liabilities		238,374	236,893
		<hr/>	<hr/>
Total equity and liabilities		474,324	545,081
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property which are carried at fair value.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Amended standards and interpretations adopted by the Group

The Group has applied the following amended standards and interpretations for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements

The amendments and interpretation listed above do not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Impact of new and amended standards, improvements and interpretations that have been issued but are not yet adopted

The Group is still assessing what the impact of the new standards, interpretations and amendments will be in the periods of initial application. It is not yet in a position to state whether these standards, interpretations, and amendments will have a significant impact on the Group’s results of operations and financial position.

2 REVENUE AND SEGMENT INFORMATION

The chief operating decision maker (“CODM”) has been identified as the Executive Directors. The Executive Directors review the Group’s internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from service perspective and assesses the performance of the operating segments based on a measure of adjusted profit before income tax before unallocated income/expenses for the purpose of allocating resources and assessing performance. These reports are prepared on the same basis as the consolidated financial statements.

Management has identified two reportable segments based on the types of services, namely (i) Interactive Entertainment and Digital Assets and (ii) New Cultural and Sports Space.

There are no material sales between the reportable segments for the year ended 31 December 2024 (2023: same).

	Year ended 31 December 2024		
	Interactive Entertainment and Digital Assets HK\$'000	New cultural and Sports Space HK\$'000	Total HK\$'000
– Revenue from computer graphic (“CG”) production	12,994	–	12,994
– Box office receipts	7,352	–	7,352
– Licensing income from television programmes and movies to online platform	4,286	–	4,286
– Patent fee income from granting the right to access of trademarks	1,045	–	1,045
– Management service fee	–	15,987	15,987
– Rental income	–	28,768	28,768
	<hr/>	<hr/>	<hr/>
Total revenue from external customers	<u>25,677</u>	<u>44,755</u>	<u>70,432</u>
Segment results	(46,167)	(6,131)	(52,298)
Unallocated income			568
Unallocated expenses			<u>(12,611)</u>
Loss before income tax from continuing operations			<u>(64,341)</u>

Year ended 31 December 2023			
	Interactive Entertainment and Digital Assets HK\$'000	New cultural and Sports Space HK\$'000	Total HK\$'000
– Revenue from CG production	15,295	–	15,295
– Box office receipts	2,951	–	2,951
– Licensing income from television programmes and movies to online platforms	3,492	–	3,492
– Patent fee income from granting the right to access of trademarks	2,088	–	2,088
– Management service fee	–	11,785	11,785
– Rental income	–	34,578	34,578
Total revenue from external customers	<u>23,826</u>	<u>46,363</u>	<u>70,189</u>
Segment results	(33,633)	18,720	(14,913)
Unallocated income			711
Unallocated expenses			<u>(15,693)</u>
Loss before income tax from continuing operations			<u><u>(29,895)</u></u>

Other information:

	Year ended 31 December 2024			
	Interactive Entertainment and Digital Assets <i>HK\$'000</i>	New Cultural and Sports Space <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(1,526)	(362)	(105)	(1,993)
Depreciation of right-of-use assets	–	(4,748)	(308)	(5,056)
Impairment loss on right-of-use assets	–	(6,072)	–	(6,072)
Amortisation of movies and television programmes rights	(19,424)	–	–	(19,424)
Provision for impairment of movies and television programmes rights and productions work in progress	(4,490)	–	–	(4,490)
Employee benefit expenses	(31,030)	(9,704)	(5,993)	(46,727)
Marketing expenses	(13,982)	–	–	(13,982)
Subcontracting and movie service fee	(6,363)	–	–	(6,363)
Utility expenses	–	(5,916)	(9)	(5,925)
Building operation and management fee	(29)	(5,167)	–	(5,196)
Change in fair value of investment property (Note 4)	–	(11,711)	–	(11,711)
Interest income (Note 3)	4,006	14	557	4,577
Government grants (Note 3)	5,932	10	–	5,942

Year ended 31 December 2023				
	Interactive Entertainment and Digital Assets HK\$'000	New Cultural and Sports Space HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	(1,286)	(440)	(254)	(1,980)
Depreciation of right-of-use assets	–	(272)	(494)	(766)
Amortisation of movies and television programmes rights	(11,663)	–	–	(11,663)
Write-off of productions work in progress	(13,705)	–	–	(13,705)
Employee benefit expenses	(24,792)	(11,720)	(6,807)	(43,319)
Marketing expenses	(6,560)	–	–	(6,560)
Subcontracting and movie service fee	(5,273)	–	–	(5,273)
Utility expenses	–	(5,759)	(23)	(5,782)
Building operation and management fee	–	(239)	–	(239)
Change in fair value of investment property (Note 4)	–	(3,084)	–	(3,084)
Interest income (Note 3)	6,734	9	631	7,374
Government grants (Note 3)	1,286	763	–	2,049
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The segment assets and liabilities as at 31 December 2024 and 2023 are as follows:

Year ended 31 December 2024				
	Interactive Entertainment and Digital Assets HK\$'000	New Cultural and Sports Space HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	<u>159,036</u>	<u>302,657</u>	<u>12,631</u>	<u>474,324</u>
Segment liabilities	<u>41,476</u>	<u>45,514</u>	<u>151,384</u>	<u>238,374</u>
Additions to non-current assets	<u>11,074</u>	<u>19,582</u>	<u>2,104</u>	<u>32,760</u>

Year ended 31 December 2023				
	Interactive Entertainment and Digital Assets HK\$'000	New Cultural and Sports Space HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	<u>210,125</u>	<u>304,860</u>	<u>30,096</u>	<u>545,081</u>
Segment liabilities	<u>44,083</u>	<u>38,914</u>	<u>153,896</u>	<u>236,893</u>
Additions to non-current assets	<u>9,050</u>	<u>–</u>	<u>–</u>	<u>9,050</u>

3 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government grants	5,942	2,049
Interest income	4,577	7,374
Others	613	630
	<u>11,132</u>	<u>10,053</u>

4 OTHER LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Change in fair value of investment property	(11,711)	(3,084)
Exchange difference, net	(339)	(174)
	<u>(12,050)</u>	<u>(3,258)</u>

5 FINANCE COST

	2024 HK\$'000	2023 HK\$'000
Finance cost on lease liabilities	502	5

6 INCOME TAX (CREDIT)/EXPENSE

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Current tax:		
– Corporate income tax in the People's Republic of China (the "PRC")	618	1,626
– (Over)/under provision for prior years	(318)	5,695
	<u>300</u>	<u>7,321</u>
Deferred income tax credit	<u>(6,681)</u>	<u>(4,018)</u>
Income tax (credit)/expense	<u>(6,381)</u>	<u>3,303</u>

7 (LOSS)/EARNINGS PER SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/earnings for the year attributable to owners of the Company		
– Continuing operations	(57,960)	(33,198)
– Discontinued operation	(3,980)	15,678
	<u>(61,940)</u>	<u>(17,520)</u>
	2024	2023
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares in issue	<u>1,503,420</u>	<u>1,504,000</u>
	2024	2023
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted loss per share		
– Continuing operations	(3.86)	(2.21)
– Discontinued operation	(0.26)	1.04
Total basic and diluted loss per share	<u>(4.12)</u>	<u>(1.17)</u>

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares repurchased by the Company.

Diluted loss per share is the same as basic loss per share as there are no potential dilutive ordinary shares outstanding during the year (2023: same).

8 DIVIDENDS

No dividend is paid, declared or proposed during the years ended 31 December 2024 and 2023, and no dividend has been proposed since the end of the reporting period.

9 DISCONTINUED OPERATION

As set out in Note 12, the Cultural Park operation is classified as discontinued operation since 1 December 2018. Certain costs continue to be incurred during the years ended 31 December 2023 and 2024 as the matters as set out in Note 12 are still ongoing.

Financial information relating to the discontinued operation for the year is set out below:

Cultural Park

	2024 HK\$'000	2023 <i>HK\$'000</i>
Other income	2	384
Administrative expenses	(1,174)	(3,049)
(Provision)/reversal of provision for rental and settlement expenses	(4,680)	25,721
	<hr/>	<hr/>
(Loss)/profit before income tax	(5,852)	23,056
Income tax expense	–	–
	<hr/>	<hr/>
(Loss)/profit for the year from discontinued operation	(5,852)	23,056
	<hr/> <hr/>	<hr/> <hr/>

10 TRADE RECEIVABLES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade receivables from contracts with customers	1,738	3,397
Rental receivables	1,736	8,043
	<hr/>	<hr/>
	3,474	11,440
Less: Provision for impairment	(185)	(320)
	<hr/>	<hr/>
	3,289	11,120
	<hr/> <hr/>	<hr/> <hr/>

Except for rental receivables from tenants, which is due for settlement upon issuance of invoices, the Group generally grants a credit period ranging from 30 days to 120 days. The aging analysis of the gross trade receivables based on invoice date is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Current to 90 days	3,236	11,440
91 to 180 days	–	–
Over 180 days	238	–
	<hr/>	<hr/>
	3,474	11,440
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of trade receivables approximate their fair values and are denominated in Renminbi (“RMB”).

11 TRADE PAYABLES

The ageing analysis of the trade payables based on invoice date are as follows:

	2024 HK\$'000	2023 HK\$'000
Current to 90 days	<u>47</u>	<u>–</u>

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

12 PROVISION FOR RENTAL AND SETTLEMENT PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accrued rental and settlement payables and late payment surcharge (<i>Note</i>)	<u>138,225</u>	<u>140,822</u>

Note:

The legal dispute between 廣東環球數碼創意產業有限公司 (“Guangdong GDC”), a non-wholly owned subsidiary of the Company, and 珠江電影製片有限公司 (“Pearl River Film Production”) progresses through multiple trials, appeals and re-trials in respect of (1) the return of the entire Cultural Park; (2) the claim for the property occupation fee of certain parking spaces and related interests; (3) the claim for the property occupation fee of the Cultural Park and related interests; and (4) the claim for the capital contribution invested in the construction for the Cultural Park and the related interests from 2019.

The return of the entire Cultural Park and the claim for the property occupation fee of certain parking spaces and related interests are completed and settled in prior years. Litigation and results of the remaining two cases are filed and reported for the year ended 31 December 2024 are as follows:

1. Property occupation fee of the Cultural Park

Guangdong GDC applied a re-trial to the Supreme People’s Court of the PRC* (中國最高人民法院) (the “Supreme Higher People’s Court”) in respect of the judgement on the property occupation fee amounting to RMB157,353,781 dated 7 October 2023. On 26 February 2024, the Supreme Peoples’ Court rejected the re-trial application. The civil judgment from 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”) is the final judgment on the case.

On 29 March 2024, the Company received an enforcement order issued by 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”), which released the restricted deposits of approximately HK\$42,485,000 and rental receivable of approximately HK\$2,554,000 to Pearl River Film Production. This restricted deposit of approximately HK\$42,485,000 was transferred to the account under the name of the Guangzhou Intermediate People’s Court in December 2023 for partial settlement of provision for rental and settlement payables.

* English entity name is for identification purpose only

2. Capital contribution invested in the Cultural Park

Guangdong GDC applied a re-trial to the Supreme People's Court for the (i) return of capital contribution invested in the construction for the 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 27 June 2024, Guangdong GDC was informed that the re-trial is rejected by the Supreme People's Court.

On 16 August 2024, Guangdong GDC applied a protest to People's Procuratorate of Guangdong Province of the PRC* (中國廣東省人民檢察院) (the "Guangdong People's Procuratorate") regarding the above two cases and it is rejected on 25 October 2024. Subsequently, Guangdong GDC submitted a protest application to the Supreme People's Procuratorate of the PRC* (中國最高人民檢察院) (the "Supreme People's Procuratorate") on 27 November 2024 and is currently awaiting the judgement.

Based on the magnitude and likelihood of occurrence for the possible outcomes of the current litigation status as advised by the independent external lawyer, management determines that provision for rental and settlement payables and surcharge in relation to the litigation amounts to HK\$138,225,000 for the year ended 31 December 2024 (2023: HK\$140,822,000) and no reversal is recognised under discontinued operation for the year ended 31 December 2024 (2023: HK\$25,721,000).

13. CONTINGENT LIABILITIES

As detailed in Note 12, the Group is subject to uncertainty regarding the final outcome of a litigation claim. Having considered the various possible outcomes of the current litigation status, management considers a provision for rental and settlement payables amounting to HK\$138,225,000 as at 31 December 2024 to be sufficient and not excessive.

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the date of this announcement, Suzhou Global Digital Operation Management Company Limited* (蘇州環球數碼運營管理有限公司), as a lessee, issues a termination notice in respect of the Lease Framework Agreement to Suzhou Wuzhong Financial Investment and Merchants Services Company Limited* (蘇州市吳中金融招商服務有限公司), to terminate the Lease Framework Agreement with effective on 18 February 2025.

* *English entity name is for identification purpose only*

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024 (the「Year」), revenue from continuing operations amounted to HK\$70,432,000, representing an increase of HK\$243,000 as compared with HK\$70,189,000 in 2023, which was mainly attributable to a combination of factors such as the decrease in rental income and the decrease in the average exchange rate of Renminbi against Hong Kong dollars by approximately 2% as compared with the corresponding period last year, the distribution of two (2023: one) original animated films during the Year which led to a year-on-year increase in income from original projects.

Cost of Sales

Cost of sales from continuing operations for the Year amounted to HK\$85,488,000, representing an increase of HK\$20,396,000 as compared with HK\$65,092,000 in 2023, which was mainly attributable to provision for impairment of productions work in progress and an increase in operating costs and impairment loss on right-of-use assets of the Suzhou Technical Service Center during the year.

Other Income

Other income from continuing operations for the Year amounted to HK\$11,132,000 (2023: HK\$10,053,000) was mainly from government grants of HK\$5,942,000 and interest income of HK\$4,577,000.

Distribution and Selling Expenses

Distribution and selling expenses from continuing operations for the Year amounted to HK\$16,967,000, representing an increase of HK\$8,104,000 as compared with HK\$8,863,000 in 2023, which was mainly attributable to the increase in marketing expenses required to distribute the animated films.

Administrative Expenses

Administrative expenses from continuing operations for the Year amounted to HK\$31,017,000, representing an decrease of HK\$2,047,000 as compared with HK\$33,064,000 in 2023, which was mainly attributable to the decrease in professional service fees and office running expenses.

Reversal of Provision for Impairment of Financial Assets and Contract Assets

Reversal of provisions for impairment of financial assets and contract assets from continuing operations for the Year amounted to HK\$119,000 (2023: HK\$145,000), which was attributable to the adjustment to provisions for impairment of trade receivables.

Other Losses, Net

Other net losses from continuing operations for the Year amounted to HK\$12,050,000, representing an increase of HK\$8,792,000 as compared with HK\$3,258,000 in 2023, which was attributable to HK\$8,627,000 loss on the fair value of investment properties as compared with 2023.

Finance Cost

Finance cost from continuing operations for the Year amounted to HK\$502,000 (2023: HK\$5,000). The Group does not have any borrowings and such finance costs were the interest component of lease liabilities.

Loss from Continuing Operations

Based on the above factors, loss from the continuing operations for the Year amounted to HK\$57,960,000 representing an increase of HK\$24,762,000 as compared with HK\$33,198,000 for the corresponding period of 2023.

(Loss)/Profit from Discontinued Operation

Loss from the discontinued operation for the Year amounted to HK\$5,852,000, representing an increase in loss of HK\$28,908,000 as compared with profit of HK\$23,056,000 in 2023, which was attributable to the adjustment of provisions for rent and settlement payables due to the litigation judgment regarding Guangzhou Pearl River Film Cultural Park last year, whereas no such adjustments were made in the current year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had cash and cash equivalents of HK\$223,713,000 (2023: HK\$248,039,000), which were mainly denominated in RMB, United States (“US”) dollars and HK\$, and restricted bank deposits amounted to HK\$23,000 (2023: HK\$21,000).

As at 31 December 2024, the Group had no borrowings or overdrafts. The Group’s current ratio was 1.05 (2023: 1.27), which was calculated based on current assets of HK\$236,689,000 and current liabilities of HK\$224,621,000.

The Group adheres to the principle of prudent financial management and strives to maintain healthy financial position.

CAPITAL STRUCTURE

Equity attributable to owners of the Company amounted to HK\$358,266,000 as at 31 December 2024 (2023: HK\$432,883,000). The decrease was due to exchange differences of HK\$12,677,000 on translation of financial statements from functional currency to presentation currency and the loss attributable to owners of the Company of HK\$61,940,000.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Group did not have any material acquisitions, disposals and significant investment during the year ended 31 December 2024.

CHARGE ON ASSETS

As at 31 December 2024, there were no charges on any of the Group's assets for loans and bank facilities.

FOREIGN EXCHANGE EXPOSURE

As at 31 December 2024, the Group had no significant exposure under foreign exchange. Currently, the Group earns revenue mainly in RMB, and incurs costs mainly in RMB and HK\$. The Directors believe that the Group's operational cash flow and liquidity do not have significant foreign exchange exposure, and thus has not implemented any foreign currency hedging policy at the moment. However, if necessary, the Group will use reasonable measures to hedge against foreign currency exposure. The closing RMB exchange rate as at 31 December 2024 was approximately 3.5% lower than the exchange rate as at the end of 2023, and such exchange differences led to an additional exchange loss of HK\$8,426,000 being recognised in the other comprehensive income upon translation of financial statements from functional currency to presentation currency for the Year.

CONTINGENT LIABILITIES

Save for the disclosure in Note 13 to the consolidated financial statements, the Group had no significant contingent liabilities as at 31 December 2024.

EMPLOYEES

As at 31 December 2024, the Group employed 109 (2023: 148) full time employees (other than employees of the Group's associates).

The Group remunerates its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits, such as medical coverage, insurance plan, mandatory provident fund, and discretionary bonus are also available to the employees of the Group. During the Year, neither the Company nor its subsidiaries had paid or committed to pay any amount as an inducement to join or upon joining the Company and/or its subsidiaries to any individuals.

BUSINESS REVIEW

The year 2024 was a challenging year for GDC. Facing the limitations of our traditional businesses, we had been actively expanding our business in new directions, capitalising on our strengths, and focusing on the development of emerging areas such as interactive entertainment and digital assets. We have become one of the suppliers for industry leaders such as Qualcomm, Huawei and Tencent, and at the same time, we have strengthened the iteration of artificial intelligence generated content (AIGC) technology in our film and television business, of which costs were incurred to resolve residual issues and to further optimise our divisions and business.

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 and digital virtual characters; (2) box office receipts of animated films and distribution revenues of television series; (3) licensing income of animated films and television series; and (4) licensing income derived from the animation intellectual property (“IP”).

The Interactive Entertainment and Digital Assets division, with animated films, digital virtual characters and IP operations as its main delivery products, focuses on digital interactive content and media videos, providing turnkey, distribution and integration solutions from planning to production to promotion. The business covers different types of animation works, including promotional videos, animated films, virtual characters, game commentaries, human-computer interactions and other applications. The ocean-themed animated film series 11 has fully entered mid-term production and is expected to be completed by the end of March 2025. A number of urban cultural IPs were created in 2024, including Jiangxi-Hukou, Guangxi-Xingning and Guangzhou-Liede. Revenue of the interactive entertainment and digital assets business are generated from animated films, publicity, promotion of local themed events, cultural tourism projects, upgrading digital interactive entertainment experience products and sales of cultural and creative products.

The Group has actively explored the cooperation mode with renowned enterprises in the industry, and has become one of the suppliers for industry leaders such as Qualcomm, Huawei and Tencent, etc., presenting diversified projects such as digital characters, television commercials (TVCs), artificial intelligence training, etc. In the Transsion project, we adopted live link face technology for the first time to enhance the authenticity of the digital characters performance. In Fosun’s “Yuyuan Lantern Festival Short Film” project, digital asset modeling and real-life motion capture technology were used to create a fantastic digital Yuyuan Garden, with over 180 million views. In Qualcomm’s cooperation project, we utilized unreal engine 5 (UE5) technology to improve the production quality and efficiency of TV commercials, which won high recognition from our clients. Digital virtual characters independently developed and completed the “Phantom Mirror Digital Twin” 2D platform product and achieved sales revenue, laying the foundation for future bulk sales.

The Group followed the government’s orientation and expanded its brand influence, actively followed up the latest policies, applied for 26 government awards and subsidies, and completed the application of 20 software copyrights and 102 copyrights of works. In terms of enterprise qualification and awards, the Group was awarded as a National High-Tech Enterprise, the 20th Cultural Expo Outstanding Branch, Shenzhen Science and Technology Small and Medium Enterprises, and won the second prize of the Third MediaAIAC in the category of virtual digital human technology application, the Gold Award of the 11th Shenzhen Copyright Works, the ocean-themed animated film series “Around the Earth in 80 Days”* (《環遊地球80天》) was awarded the 2024 Quality Films Awards by the China Film Administration, the 2024 Jade Monkey Award – “Top 10 Most Commercially Valuable Cultural Tourism IPs”, and the Top 10 Most Commercially Valuable Cultural Tourism IPs, and the Best Animation Brand Award of the First Bay Area National Customs Animation and Game Awards in 2024.

New Cultural and Sports Space

Revenue from the Group’s New Cultural and Sports Space business is mainly derived from rental income and management fee income.

GDC has been operating Shenzhen GDC Building for many years. Relying on the industrial highland resources in Shenzhen, GDC is endowed with the resources for investment promotion and ecological operation around the upstream and downstream industrial chain, and through years of exploration in Shenzhen, it has cultivated a team from industrial planning to operation, which lays the foundation for the development of new space business in the future.

We signed strategic cooperation agreements with a number of local governments, with a view to creating standardized and replicable solutions to provide strong support for subsequent industrial services in various places.

The occupancy rate of our existing property, Shenzhen GDC Building, is currently maintained at a high level, providing basic financial support for the transformation of GDC’s business.

Research and Development

The Group has a first-mover advantage in the technical accumulation of Metaverse infrastructure and the construction of virtual reality. On the basis of the virtual digital simulation and full-real digital natives automatic intelligent control, highly accurate full-body motion capture solutions, the Group continues to develop cutting-edge technologies such as artificial intelligence-based speech and language recognition, graphic image acquisition and intelligent recognition, large-model database training, and Q&A on professional knowledge. The research and development team has completed the development of computer animation, and the improvement and application of new technologies such as the combination of unreal engine and artificial intelligence, and has already formed the digital virtual character all-in-one products.

Based on the open source code of Conversation Language Model (ChatGLM), the private domain model is deployed within the enterprise. Combined with the Faiss vector database and imported enterprise related information, it initially has the function of an enterprise artificial intelligence assistant, and has already realized the Q&A of 10,000 bytes in a single paragraph, which has been assembled in the “Globe Cloud” enterprise application.

* *For identification purpose only*

In addition, GDC is also in the leading position in the application of 3D laser scanning technology combined with special effects movies, AIGC character expression repair technology, SD ComfyUI process construction, HeyGen labs audio and mouth shape conversion, UE5 expression fusion and blueprint development, and other technologies.

OUTLOOK

The Interactive Entertainment and Digital Assets will focus on strengthening two core technologies and two core scenarios: 1) the core technology of digital Virtual character, which deepens the research and development of all-round functions of the AI Holographic Virtual BOX, and maintains its leading position in the research and development and application of new technologies such as overseas remote for virtualization, and fully AI-powered movement and facial expressions; 2) the improvement of the AIGC production technology, which realizes more efficient, accurate and low-cost video content production and consolidate our leading position in the industry. We will select two core scenarios, namely Interactive Entertainment and Digital Cultural Tourism, to become a high-quality content provider for leading enterprises and the government, and strive for higher growth in the Interactive Entertainment and Digital Assets through continuous enhancement of technology and scenarios.

The film and television business will continue to explore the unique, local cultural content, and develop multiple themes such as ocean exploration, Yangtze River stories and science fictions in the future. Self-production and coproduction modes will both be adopted to produce one to two animated films every year.

We will continue to work on existing projects to seek more cooperation opportunities and expand our business scope of New Cultural and Sports Space, especially combining the industrial development with the main business global digital, and create more growth points for the Company.

The Group continues to commit to talent development and technology optimization to improve business quality. At the same time, we will actively expand the market, and make every effort to become China's leading digital asset management group.

UPDATE ON LITIGATIONS

Details of the business disputes between 廣東環球數碼創意產業有限公司 (“Guangdong GDC”), a 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 and litigations resulted therefrom were reported in the report of preceding financial year and the interim report of this Year. Updates are as follows:

1. In April 2019, Pearl River Film Production filed an action with 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 13 December 2022, Guangzhou Intermediate People’s Court ruled that Guangdong GDC was 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.

Both the Guangdong Higher People’s Court and the Supreme People’s Court of the People’s Republic of China upheld the above judgment.

2. 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.

The above claims were rejected by the Guangzhou Intermediate People’s Court, the Guangdong Higher People’s Court and the Supreme People’s Court of the People’s Republic of China.

On 16 August 2024, the above two cases were protested to the People’s Procuratorate of Guangdong Province, On 25 October 2024, the People’s Procuratorate of Guangdong Province made a decision not to support the protest. Guangdong GDC then appealed to the Supreme People’s Procuratorate of the People’s Republic of China on 27 November 2024. As at the date of this announcement, no judgement has been handed down.

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

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

During the Year, total of 260,000 shares which repurchased in December 2023 were cancelled, the issued share capital of the Company was reduced by the nominal value thereof. The repurchases were made for the benefit of the Company’s shareholders with a view to enhancing the net value of the Company and its assets and/or its earnings per share of the Company.

Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024, the Company has applied the principles of and complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 under the GEM Listing Rules to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, except for the following deviation:

Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Prof. Japhet Sebastian Law, the former independent non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 24 May 2024 due to other engagement. Prof. Japhet Sebastian Law retired as an independent non-executive director of the Company following the conclusion of the annual general meeting of the Company.

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 year ended 31 December 2024.

AUDIT COMMITTEE

The Company's Audit Committee together with the auditor and the management of the Company have reviewed the final results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ending 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on Friday, 23 May 2025. The notice of the Annual General Meeting will be separately published in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify for attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. (H.K. time) on Monday, 19 May 2025.

PUBLICATION OF 2024 FINAL RESULTS AND 2024 ANNUAL REPORT

The 2024 final results announcement of the Company is published on the website of the Stock Exchange and the Company's website. The 2024 annual report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

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 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 year.

By Order of the Board

Xu Liang

Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman) and Mr. Feng Xianhuai (Managing Director) as Executive Directors; Mr. Chen Zheng (Deputy Chairman) as Non-executive Director; Mr. Lam Yiu Kin, Mr. Zheng Xiaodong, Ms. Wu Chunhua and Ms. Yang Siwei 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 website of Company at <http://www.gdc-world.com>.