

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF RIGHT-OF-USE ASSETS
IN RELATION TO
THE OPERATION AND MANAGEMENT OF
WUHOU SPORTS PARK**

THE OPERATION AND MANAGEMENT AGREEMENT

On 10 September 2021 (after trading hours), IDMT Shenzhen, an indirect wholly-owned subsidiary of the Company, entered into the Operation and Management Agreement with Wuhou Investment, pursuant to which, IDMT Shenzhen was granted the rights to operate and manage the Wuhou Sports Park Project for a term of ten years commencing from the date of the formal transfer of the Wuhou Sports Park Project to IDMT Shenzhen.

Pursuant to HKFRS 16, the operation and management rights of the Wuhou Sports Park Project will be recognized as right-of-use assets. As appraised by Roma Appraisals Limited, an independent valuer, the value of the right-of-use assets represented by the operation and management rights of the Wuhou Sports Part Project is RMB12,622,863 (equivalent to approximately HK\$15,208,269), which is calculated with reference to the present value of the aggregated lease payments to be made under the Operation and Management Agreement according to HKFRS 16.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Operation and Management Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group for the purposes of the GEM Listing Rules.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the transaction under the Operation and Management Agreement is more than 5% but less than 25%, the transaction contemplated thereunder constitutes discloseable transaction under Chapter 19 of the GEM Listing Rules. Accordingly, the Operation and Management Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from shareholders' approval under the GEM Listing Rules.

THE OPERATION AND MANAGEMENT AGREEMENT

The principal terms of the Operation and Management Agreement are set out below:

Date

10 September 2021 (after trading hours)

Parties

- (1) Wuhou Investment; and
- (2) IDMT Shenzhen

Subject matter

Pursuant to the Operation and Management Agreement, IDMT Shenzhen will be granted the rights to operate and manage the Wuhou Sports Park Project, including the operation and management of all of the venue, assets, facilities and equipment within the scope of the Wuhou Sports Park Project during the Operation Period (as defined below). IDMT Shenzhen shall be responsible for the operation and management costs and relevant ancillary fees (including the utilities fees and other outgoings) and shall be entitled to all revenue generated from its operation and management of the Wuhou Sports Park Project.

Wuhou Sports Park Project

Wuhou Sports Park Project is located at Group 11, Goyan Village, Jitou subdistrict office, Wuhou District, Chengdu, Sichuan Province, the PRC, with the total area of 32 mu.

Operation Period

The operation period shall be 10 years commencing from the date of the formal transfer of the Wuhou Sports Park Project to IDMT Shenzhen (to be separately confirmed by the parties in writing) (the “**Operation Period**”).

Rental Payment

During the Operation Period, IDMT Shenzhen shall pay rental to Wuhou Investment on a quarterly basis. The rental for the initial two years of the Operation Period shall be RMB1,550,000 (equivalent to approximately HK\$1,867,470) per annum (tax inclusive). Starting from the third year of the Operation Period, the annual rental shall increase by 5% every two years.

The rent under the Operation and Management Agreement was determined after arm’s length negotiations between the parties, after taking into consideration the prevailing market price for comparable premises in the district of the Wuhou Sports Park Project.

The aggregate value of consideration payable under the Operation and Management Agreement, being the aggregate rental payable by IDMT Shenzhen, is approximately RMB17,129,457 (equivalent to approximately HK\$20,637,900).

Security Deposit

A security deposit of RMB387,500 (equivalent to approximately HK\$466,867) shall be paid by IDMT Shenzhen to Wuhou Investment within 15 business days prior to the commencement of the Operation Period. Wuhou Investment shall return the security deposit, after deducting any unpaid rental, utilities fees, compensation or any maintenance fees owed by IDMT Shenzhen pursuant to the Operation and Management Agreement, within 15 business days after the both parties completed the return procedures of the Wuhou Sports Park Project.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16, the operation and management rights of the Wuhou Sports Park Project will be recognized as right-of-use assets. As appraised by Roma Appraisals Limited, an independent valuer, the value of the right-of-use assets represented by the operation and management rights of the Wuhou Sports Part Project is RMB12,622,863 (equivalent to approximately HK\$15,208,269), which is calculated with reference to the present value of the aggregated lease payments to be made under the Operation and Management Agreement according to HKFRS 16.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the provision of computer graphic creation and production services, the intellectual property-based value-added digital visual business, the new cultural space integrating culture and technology development business, and the provision of property leasing and management services in the PRC.

IDMT Shenzhen, an indirect wholly-owned subsidiary of the Company, is a limited liability company established in the PRC on 17 August 2000. Its principal business includes the provision of computer graphic and animation creation and production services, development of multimedia software and hardware, provision of related technical consultancy services and property holding business in the PRC.

Wuhou Investment is a PRC limited liability company established on 16 January 2017. Its principal business includes the investment, construction and operation of culture projects, sports projects and tourism projects. It is ultimately beneficially owned as to 100% by Chengdu Wuhou State-owned Assets Supervision, Management and Financial Bureau* (成都市武侯區國有資產監督管理和金融工作局).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Wuhou Investment and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE OPERATION AND MANAGEMENT AGREEMENT

By entering into the Operation and Management Agreement, the Group will explore the massive market in Chengdu and develop offline business with the empowerment of the Company's brands and cultural intellectual property. It will expand the Group's revenue stream and thus provide stable income for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Operation and Management Agreement are fair and reasonable, based on normal commercial terms and are in the best interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Operation and Management Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group for the purposes of the GEM Listing Rules.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the transaction under the Operation and Management Agreement is more than 5% but less than 25%, the transaction contemplated thereunder constitutes discloseable transaction under Chapter 19 of the GEM Listing Rules. Accordingly, the Operation and Management Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from shareholders' approval under the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Global Digital Creations Holdings Limited (環球數碼創意控股有限公司*), a company incorporated in Bermuda with limited liability whose securities are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IDMT Shenzhen”	Institute of Digital Media Technology (Shenzhen) Limited* (環球數碼媒體科技研究(深圳)有限公司), a PRC limited liability company established on 17 August 2000 and an indirect wholly-owned subsidiary of the Company
“mu”	畝, a Chinese unit of measurement in terms of area and one mu is equivalent to approximately 666.67 square meters
“Operation and Management Agreement”	the operation and management agreement in relation to the Wuhou Sports Park Project dated 10 September 2021 entered into between IDMT Shenzhen and Wuhou Investment
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Wuhou Investment”	Chengdu Wuhou Cultural and Creative Industry Investment Co. Limited* (成都武侯文化創意產業投資有限公司), a PRC limited liability company established on 16 January 2017
“Wuhou Sports Park Project”	the project under the Operation and Management Agreement which located in Wuhou District, Chengdu City, the PRC

By order of the Board
Global Digital Creations Holdings Limited
Xu Liang
Chairman

Hong Kong, 10 September 2021

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.83. No representation is made that any amount in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman), Mr. Wang Hongpeng (Managing Director) and Mr. Xiao Yong as Executive Directors; Mr. Chen Zheng (Deputy Chairman) as Non-executive Director; Prof. Japhet Sebastian Law, Mr. Lam Yiu Kin, Mr. Zheng Xiaodong and Mr. Li Yao as Independent Non-executive Directors.

This announcement, for which the Directors 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 Listed Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.gdc-world.com.

** For identification purpose only*