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**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 RIGHTS OF USE ASSETS  
IN RELATION TO  
THE OPERATION OF TIE FO PARK**

**THE OPERATION AGREEMENT**

On 10 May 2024 (after trading hours), IDMT Shenzhen, an indirect wholly-owned subsidiary of the Company, entered into the Operation Agreement with Chengdu Investment, pursuant to which, IDMT Shenzhen was granted the rights to operate the Tie Fo Park (鐵佛公園) during the Operation Period.

Pursuant to HKFRS 16, the operation rights of the Tie Fo 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 rights of the Tie Fo Park Project is RMB5,997,000 (equivalent to approximately HK\$6,483,000), which is calculated with reference to the present value of the aggregated lease payments to be made under the Operation Agreement according to HKFRS 16.

Since the actual amount of payment payable to Chengdu Investment under the Operation Agreement can only be reliably estimated according to the profits generated from the operation of the Tie Fo Park, the amount payable in addition to the Minimum Guaranteed Income constitutes variable lease payments and is not included in the measurement of the lease liability at initial recognition under HKFRS 16. Therefore, no right-of-use asset related to the amount payable in addition to the Minimum Guaranteed Income is recognised, and such amount will be charged to the profit or loss of the Group in accordance with HKFRS 16.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

The Operation Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group for the purpose 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 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 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 AGREEMENT**

On 10 May 2024 (after trading hours), IDMT Shenzhen, an indirect wholly-owned subsidiary of the Company, entered into the Operation Agreement with Chengdu Investment, pursuant to which, IDMT Shenzhen was granted the rights to operate the Tie Fo Park during the Operation Period.

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

### **Date**

10 May 2024 (after trading hours)

### **Parties**

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

### **Subject matter**

Pursuant to the Operation Agreement, IDMT Shenzhen will be granted the rights to operate the Tie Fo Park.

During the Operation Period, IDMT Shenzhen shall operate the Tie Fo Park as a digital space by introducing Artificial Intelligence digital experiences, planning for different competitions and activities, operating training programmes for teenagers, operating different venues at the Tie Fo Park (including cartoon theme market, children entertainment centre, trendy sports venue and mixed reality fantasy theme park), and operating the exhibition halls for different purposes (including a comprehensive commercial centre, a sky research centre and a cultural intellectual property station).

## **Tie Fo Park**

Tie Fo Park is located at Fu Jin Road in the Wuhou District in Chengdu City, PRC with a total area of approximately 76,133 m<sup>2</sup>. Tie Fo Park comprises of lawn area, 3 basketball courts, 2 badminton courts and 3 exhibition halls.

### **Operation Period**

The operation period shall be 10 years commencing from the date of the formal transfer of the Tie Fo Park Project to IDMT Shenzhen (to be separately confirmed by the parties in writing).

### **Profits sharing arrangement**

During the Operation Period, IDMT Shenzhen shall be responsible for all costs for the operation of the Tie Fo Park and shall be entitled to the profits from the operation of the Tie Fo Park subject to the profit sharing arrangement as described below.

During the Operation Period, Chengdu Investment shall be entitled to receive the higher of (i) 61% of profits of the Tie Fo Park Project (being the balance of the total operating revenue minus the total costs for operating the Tie Fo Park) for the relevant year; or (ii) the minimum guaranteed income (the “**Guaranteed Minimum Income**”) based on the following schedule:

<b>Period</b>	<i>RMB</i>
1st Year	233,300
2nd Year	464,500
3rd Year	551,000
4th Year	697,100
5th Year	856,100
6th Year	871,300
7th Year	961,500
8th Year	961,500
9th Year	1,005,400
10th Year	<u>1,047,600</u>
Total	<u><u>7,649,300</u></u>

IDMT Shenzhen will share the remaining profits of the Tie Fo Park Project.

The parties shall confirm the amount payable for the relevant financial year within 15 working days after the audited financial statements of the Tie Fo Park Project for such financial year has been issued and IDMT Shenzhen shall pay Chengdu Investment within 30 working days after the parties have confirmed the amount payable for the relevant financial year. The payment will be made out of the profits of the Tie Fo Park Project and internal resources of the Group.

The profits sharing arrangement under the Operation Agreement was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market conditions and prevailing market rent for comparable premises in the vicinity, as well as business development opportunity in the Chengdu region.

### **Security Deposit**

A security deposit of RMB764,930 shall be paid by IDMT Shenzhen to Chengdu Investment within 15 working days prior to the commencement of the Operation Period.

Chengdu Investment shall be entitled to deduct from the security deposit such amount owed by IDMT Shenzhen to Chengdu Investment pursuant to the Operation Agreement (including but not limited to any unpaid profits and any penalty or compensation payable under the Operation Agreement).

### **Right of first offer**

If Chengdu Investment plans to transfer any facilities and housing (other than any transfer as directed by the Wuhou District Government) at the Tie Fo Park, Chengdu Investment shall give 30 days prior written notice to IDMT Shenzhen, and IDMT Shenzhen shall have the right to acquire the facilities and housing on same conditions and terms.

### **RIGHT-OF-USE ASSETS**

Pursuant to HKFRS 16, the operation rights of the Tie Fo 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 rights of the Tie Fo Park Project is RMB5,997,000 (equivalent to approximately HK\$6,483,000, which is calculated with reference to the present value of the aggregated lease payments to be made under the Operation Agreement according to HKFRS 16.

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## **INFORMATION ABOUT THE PARTIES**

The Group is principally engaged in the provision of computer graphic creation and production services, digital visual business, and new cultural and sport space business.

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, digital visual business and property leasing and management services in the PRC.

Chengdu Investment is a PRC limited liability company established on 19 November 2004. Its principal business includes the investment, construction, operation of tourism projects and accommodation service. 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, Chengdu Investment and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE OPERATION AGREEMENT**

By entering into the Operation 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 Board consider that the terms of the Operation 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**

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## DEFINITIONS

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

“Board”	the board of Directors
“Chengdu Investment”	Chengdu Wuhou Business Travel Investment Co., Ltd. (成都市武侯商旅投資有限公司), a company established in the PRC
“Company”	Global Digital Creations Holdings Limited, 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 of GEM
“Group”	the Company and its subsidiaries
“Guaranteed Minimum Income”	has the meaning ascribed it under the paragraph headed “The Operation Agreement – profits sharing arrangement” in this announcement
“HKFRS”	The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	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 company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Operation Agreement”	the operation agreement in relation to the Tie Fo Park Project dated 10 May 2024 entered into between IDMT Shenzhen and Chengdu Investment

“Operation Period”	10 years period from the date of the formal transfer of the Tie Fo Park Project to IDMT Shenzhen (to be separately confirmed by the parties in writing)
“PRC”	People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Tie Fo Park”	a park which is located at Fu Jin Road in the Wuhou District in Chengdu City, China
“Tie Fo Park Project”	the project relating to Tie Fo Park
“%”	per cent

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

Hong Kong, 10 May 2024

*In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1; RMB0.925. No representation is made that any amount is 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, Mr. Li Yao and Ms. Wu Chunhua as Independent Non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept 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 website of the Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> on the “Latest Listed Company Information” page for at least seven days from the date of its publication and on the website of the Company website at <http://www.gdc-world.com>.*

*\* For identification purpose only*