



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 2022

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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 2022 with comparative figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Continuing operations			
Revenue	2	72,295	84,689
Cost of sales		<u>(43,518)</u>	<u>(40,125)</u>
Gross profit		28,777	44,564
Other income	3	13,804	20,850
Distribution and selling expenses		(3,233)	(11,452)
Administrative expenses		(32,968)	(37,407)
Provisions for impairment of financial assets and contract assets		(2,191)	(242)
Other gains, net		<u>38</u>	<u>6,032</u>
Operating profit		4,227	22,345
Finance cost	4	<u>(22)</u>	<u>(14)</u>
Profit before income tax		4,205	22,331
Income tax expense	5	<u>(2,327)</u>	<u>(6,368)</u>
Profit for the year from continuing operations		<u>1,878</u>	<u>15,963</u>
Discontinued operation			
Loss for the year	8	<u>(11,857)</u>	<u>(15,140)</u>
(Loss)/profit for the year		<u>(9,979)</u>	<u>823</u>

	2022	2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (loss)/income:		
<i>Item that will not be reclassified to profit or loss:</i>		
– Exchange differences on translation to presentation currency	<u>(29,007)</u>	<u>9,912</u>
Other comprehensive (loss)/income for the year	<u>(29,007)</u>	<u>9,912</u>
Total comprehensive (loss)/income for the year	<u>(38,986)</u>	<u>10,735</u>
(Loss)/profit for the year attributable to:		
– Owners of the Company		
– Continuing operations	1,878	15,963
– Discontinued operation	<u>(8,063)</u>	<u>(10,295)</u>
	<u>(6,185)</u>	<u>5,668</u>
– Non-controlling interests		
– Continuing operations	–	–
– Discontinued operation	<u>(3,794)</u>	<u>(4,845)</u>
	<u>(3,794)</u>	<u>(4,845)</u>
	<u>(9,979)</u>	<u>823</u>
Total comprehensive (loss)/income for the year attributable to:		
– Owners of the Company		
– Continuing operations	(64,752)	38,795
– Discontinued operation	<u>17,521</u>	<u>(19,088)</u>
	<u>(47,231)</u>	<u>19,707</u>
– Non-controlling interests		
– Continuing operations	–	–
– Discontinued operation	<u>8,245</u>	<u>(8,972)</u>
	<u>8,245</u>	<u>(8,972)</u>
	<u>(38,986)</u>	<u>10,735</u>
	<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share attributable to the owners of the Company:		
6		
Basic and diluted (loss)/earnings per share		
– Continuing operations	0.12	1.06
– Discontinued operation	<u>(0.53)</u>	<u>(0.68)</u>
	<u>(0.41)</u>	<u>0.38</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		13,770	15,021
Right-of-use assets		9,040	10,857
Investment property		238,677	260,588
Interest in an associate		–	–
Movies and television programmes rights		–	1,196
Productions work in progress		37,798	19,074
Deposits		–	291
Total non-current assets		299,285	307,027
Current assets			
Contract assets		1,610	–
Trade receivables	9	11,224	9,578
Deposits, prepayments and other receivables		6,971	8,030
Restricted bank deposits		42,689	46,603
Cash and cash equivalents		270,584	318,845
Total current assets		333,078	383,056
Total assets		632,363	690,083
EQUITY			
Equity attributable to owners of the Company			
Share capital		15,042	15,083
Retained earnings		79,788	86,591
Other reserves		364,140	404,822
Total equity attributable to owners of the Company		458,970	506,496
Non-controlling interests		(134,436)	(142,681)
Total equity		324,534	363,815

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		17	492
Contract liabilities		2,415	2,221
Deferred income tax liabilities		<u>23,831</u>	<u>24,466</u>
Total non-current liabilities		<u>26,263</u>	<u>27,179</u>
Current liabilities			
Trade payables	<i>10</i>	202	–
Accruals and other payables		59,990	64,911
Provision for rental and settlement payables	<i>11</i>	211,942	222,949
Contract liabilities		581	673
Deferred government grants		–	195
Lease liabilities		475	690
Current income tax payable		<u>8,376</u>	<u>9,671</u>
Total current liabilities		<u>281,566</u>	<u>299,089</u>
Total liabilities		<u>307,829</u>	<u>326,268</u>
Total equity and liabilities		<u>632,363</u>	<u>690,083</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000		
Balance at 1 January 2021	15,100	369,888	82,180	467,168	(134,068)	333,100
Comprehensive income/(loss)						
Profit/(loss) for the year	–	–	5,668	5,668	(4,845)	823
Other comprehensive income/(loss)						
Currency translation differences	–	14,039	–	14,039	(4,127)	9,912
Other comprehensive income/(loss) for the year	–	14,039	–	14,039	(4,127)	9,912
Total comprehensive income/(loss) for the year	–	14,039	5,668	19,707	(8,972)	10,735
Transactions with owners						
Partial disposal of equity interest in a subsidiary	–	19,813	–	19,813	359	20,172
Repurchase of treasury shares	–	(192)	–	(192)	–	(192)
Cancellation of treasury shares	(17)	17	–	–	–	–
Transfer to statutory reserve	–	1,257	(1,257)	–	–	–
Total transactions with owners	(17)	20,895	(1,257)	19,621	359	19,980
Balance at 31 December 2021	15,083	404,822	86,591	506,496	(142,681)	363,815
Balance at 1 January 2022	15,083	404,822	86,591	506,496	(142,681)	363,815
Comprehensive loss						
Loss for the year	–	–	(6,185)	(6,185)	(3,794)	(9,979)
Other comprehensive loss						
Currency translation differences	–	(41,046)	–	(41,046)	12,039	(29,007)
Other comprehensive (loss)/income for the year	–	(41,046)	–	(41,046)	12,039	(29,007)
Total comprehensive (loss)/income for the year	–	(41,046)	(6,185)	(47,231)	8,245	(38,986)
Transactions with owners						
Repurchase of treasury shares	–	(295)	–	(295)	–	(295)
Cancellation of treasury shares	(41)	41	–	–	–	–
Transfer to statutory reserve	–	618	(618)	–	–	–
Total transactions with owners	(41)	364	(618)	(295)	–	(295)
Balance at 31 December 2022	15,042	364,140	79,788	458,970	(134,436)	324,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

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 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.

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

(a) New and amended standards, improvements and interpretations adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretations for the first time for their annual reporting period commencing 1 January 2022:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 2021
HKAS 16, HKAS 37 and HKFRS 3 (Amendments)	Narrow-scope amendments
Annual Improvements Projects	Annual Improvements to HKFRSs 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The standards and amendments listed above did not have any 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 assess 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 renamed Computes Graphic (“CG”) Creation and Production, and New Cultural Space to Interactive Entertainment and Digital Assets, and New Cultural and Sports Space, respectively, to align more closely with the Group’s development and internal reporting.

Management has identified two reportable segments based on the types of services, namely (i) Interactive Entertainment and Digital Assets (formerly known as “CG Creation and Production”) and (ii) New Cultural and Sports Space (formerly known as “New Cultural Space”).

There were no material sales between the reportable segments for the year ended 31 December 2022 (2021: same).

	Year ended 31 December 2022		Total HK\$'000
	Interactive Entertainment and Digital Assets (formerly known as “CG Creation and Production”) HK\$'000	New Cultural and Sports Space (formerly known as “New Cultural Space”) HK\$'000	
– Revenue from CG production	11,844	–	11,844
– Box office receipts	10	–	10
– Licensing income from television programmes and movies to online platforms	883	–	883
– Patent fee income from granting the right to access of trademarks	1,792	–	1,792
– Management service fee	–	13,579	13,579
– Consultancy fee	–	1,392	1,392
– Rental income	–	42,795	42,795
Total revenue from external customers	<u>14,529</u>	<u>57,766</u>	<u>72,295</u>
Segment results	(13,232)	31,257	18,025
Unallocated income			265
Unallocated expenses			(14,085)
Profit before income tax from continuing operations			<u>4,205</u>

	Year ended 31 December 2021		Total HK\$'000
	Interactive Entertainment and Digital Assets (formerly known as “CG Creation and Production”) HK\$'000	New Cultural and Sports Space (formerly known as “New Cultural Space”) HK\$'000	
– Revenue from CG production	2,806	–	2,806
– Box office receipts	10,653	–	10,653
– Licensing income from television programmes and movies to online platforms	5,699	–	5,699
– Patent fee income from granting the right to access of trademarks	1,225	–	1,225
– Management service fee	–	16,057	16,057
– Rental income	–	48,249	48,249
Total revenue from external customers	<u>20,383</u>	<u>64,306</u>	<u>84,689</u>
Segment results	(2,909)	44,753	41,844
Unallocated income			66
Unallocated expenses			(19,579)
Profit before income tax from continuing operations			<u>22,331</u>

The segment assets and liabilities as at 31 December 2022 and 2021 are as follows:

	Year ended 31 December 2022			
	Interactive Entertainment and Digital Assets (formerly known as “CG Creation and Production”) <i>HK\$’000</i>	New Cultural and Sports Space (formerly known as “New Cultural Space”) <i>HK\$’000</i>	Unallocated <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment assets	<u>242,531</u>	<u>332,806</u>	<u>57,026</u>	<u>632,363</u>
Segment liabilities	<u>46,930</u>	<u>35,236</u>	<u>225,663</u>	<u>307,829</u>
Additions to non-current assets	<u>25,939</u>	<u>–</u>	<u>–</u>	<u>25,939</u>
	Year ended 31 December 2021			
	Interactive Entertainment and Digital Assets (formerly known as “CG Creation and Production”) <i>HK\$’000</i>	New Cultural and Sports Space (formerly known as “New Cultural Space”) <i>HK\$’000</i>	Unallocated <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment assets	<u>277,845</u>	<u>335,339</u>	<u>76,899</u>	<u>690,083</u>
Segment liabilities	<u>50,311</u>	<u>36,345</u>	<u>239,612</u>	<u>326,268</u>
Additions to non-current assets	<u>15,178</u>	<u>–</u>	<u>1,949</u>	<u>17,127</u>

Geographical information

The following table shows revenue generated from the reportable segments by geographical area as according to the location of the customers:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China ("Mainland China", for the purpose of this announcement, refers to the mainland of the People's Republic of China ("PRC") and does not include Hong Kong, Macau and Taiwan)	71,902	83,902
Hong Kong	393	177
Others	–	610
	<u>72,295</u>	<u>84,689</u>

The following table shows non-current assets by geographical segment as according to the location where the assets are located:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	298,455	304,860
Hong Kong	830	2,167
	<u>299,285</u>	<u>307,027</u>

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	–	9,186
Customer B	9,733	10,312
Customer C	–	13,245
	<u>–</u>	<u>22,743</u>

3 OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants (<i>Note</i>)	4,751	12,400
Interest income	8,272	8,225
Others	781	225
	<u>13,804</u>	<u>20,850</u>

Note:

During the year ended 31 December 2022, government grants included subsidies of HK\$4,422,000 (2021: HK\$11,842,000) received from the relevant authorities in the PRC which are incentive payments mainly for industrial development to the Group whereby no future related cost is required or expected to be made.

In addition, an amount of HK\$185,000 (2021: HK\$558,000) is related to government grants on computer equipment acquisition which are amortised to the consolidated statement of comprehensive income during the year on a straight-line basis over the estimated useful life of the acquired assets.

During the year ended 31 December 2022, government grants of HK\$144,000 (2021: Nil) are grants from Employment Support Scheme under Anti-Epidemic Fund, which is related to Coronavirus Disease 2019 (“COVID-19”). There are no unfulfilled conditions or other contingents attached to the grants.

4 FINANCE COST

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance cost on lease liabilities	<u>(22)</u>	<u>(14)</u>

5 INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Current tax:		
– Hong Kong profits tax	–	–
– PRC corporate income tax	923	3,575
– Over provision for prior years	(37)	(19)
	<u>886</u>	<u>3,556</u>
Deferred income tax	<u>1,441</u>	<u>2,812</u>
Income tax expense	<u>2,327</u>	<u>6,368</u>

6 (LOSS)/EARNINGS PER SHARE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company		
– Continuing operations	1,878	15,963
– Discontinued operation	<u>(8,063)</u>	<u>(10,295)</u>
	<u>(6,185)</u>	<u>5,668</u>
	2022 No. of shares '000	2021 No. of shares '000
Weighted average number of ordinary shares in issue	<u>1,507,734</u>	<u>1,509,917</u>
	2022 <i>HK cents</i>	2021 <i>HK cents</i>
Basic and diluted (loss)/earnings per share		
– Continuing operations	0.12	1.06
– Discontinued operation	<u>(0.53)</u>	<u>(0.68)</u>
Total basic and diluted (loss)/earnings per share	<u>(0.41)</u>	<u>0.38</u>

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2021: same).

7 DIVIDENDS

No dividend is paid, declared or proposed during the years ended 31 December 2022 and 2021, and no dividend has been proposed since the end of the reporting period.

8 DISCONTINUED OPERATION

As set out in Note 11, the Cultural Park operation was classified as discontinued operation since 1 December 2018. Certain costs continued to be incurred during the years ended 31 December 2021 and 2022 as the matters as set out in Note 11 are still ongoing.

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

Cultural Park

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income	16	843
Other losses, net	–	(3)
Administrative expenses	(3,874)	(9,198)
Provision for rental and settlement expenses	(7,999)	(7,963)
	<hr/>	<hr/>
Loss before income tax	(11,857)	(16,321)
Income tax credit	–	1,181
	<hr/>	<hr/>
Loss for the year from discontinued operation	<u>(11,857)</u>	<u>(15,140)</u>

9 TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from contracts with customers	6,447	4,538
Rental receivables	6,992	5,066
	<hr/>	<hr/>
	13,439	9,604
<i>Less:</i> Provision for impairment	(2,215)	(26)
	<hr/>	<hr/>
	<u>11,224</u>	<u>9,578</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 90 days	11,597	8,246
91 to 180 days	6	1,358
Over 180 days	1,836	–
	<hr/>	<hr/>
	<u>13,439</u>	<u>9,604</u>

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

10 TRADE PAYABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 90 days	<u>202</u>	<u>–</u>

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

11 PROVISION FOR RENTAL AND SETTLEMENT PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accrued rental and settlement payables and late payment surcharge (<i>Note</i>)	<u>211,942</u>	<u>222,949</u>

Note:

In prior years, the Group was involved in the investment and operation of the Cultural Park. The Cultural Park was a property project based on a framework agreement on 28 March 2007 (as supplemented on 3 April 2008) (the “Framework Agreement”) entered into by 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”), a limited liability company established in the Mainland China and a state-owned enterprise, to redevelop the Cultural Park. Pursuant to the Framework Agreement, Pearl River Film Production, as the landlord of the Cultural Park, agreed to grant the property leasing right to Guangdong GDC, in return for predetermined monthly rental payments (the “Predetermined Rental”) from Guangdong GDC for a term up to 31 December 2045. Guangdong GDC is responsible for the design, financing, construction and operation of the Cultural Park and the funding of the entire construction project. Upon the expiration of the Framework Agreement, Guangdong GDC has to return all properties to Pearl River Film Production. After the redevelopment, the whole Cultural Park project will have a commercial area, a cultural entertainment area and a film production and development area, which was intended to be held for investment purpose.

On 11 April 2016, Pearl River Film Production as the plaintiff initiated legal proceedings against Guangdong GDC in respect of alleged breach of the Framework Agreement governing the lease and reconstruction of the Cultural Park (“2016 litigation”). On 11 October 2016, 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”) declared that the Framework Agreement was terminated as of 22 March 2016. Accordingly, the Group had been providing for rental and settlement payables based on the actual rental amounts it received from the tenants as stipulated in the rental agreements entered between the Group and these tenants, the amounts of which were higher than the Predetermined Rental stipulated in the Framework Agreement with Pearl River Film Production.

In November 2018, Pearl River Film Production issued a formal demand letter which demanded Guangdong GDC to return the entire Cultural Park. On 1 December 2018, upon the lapse of the re-trial appeal period of 2016 litigation, the Group decided to derecognise the investment property and cease recognition of all revenue in relation to the operation of the Cultural Park. The Cultural Park operation was classified as discontinued operation since 1 December 2018.

In April 2019, Pearl River Film Production initiated three legal proceedings against Guangdong GDC (1) to require Guangdong GDC to return the entire Cultural Park; (2) to claim for property occupation fee of the Cultural Park and related interests; and (3) to claim for property occupation fee of certain parking spaces and related interests.

(1) Return of the Cultural Park

With respect to the return of the Cultural Park, a final judgement under civil case dated 8 February 2021 from Guangzhou Intermediate People's Court was received by the Group pursuant to which Guangdong GDC shall return the Cultural Park to Pearl River Film Production. On 27 April 2021, Guangdong GDC returned the Cultural Park to Pearl River Film Production and ceased to receive rentals from tenants since then.

(2) Property occupation fee of the Cultural Park

A civil judgement ("Civil Judgement 1") dated 30 December 2019 from the Guangzhou Intermediate People's Court was received by the Group pursuant to which Guangdong GDC shall pay property occupation fee and related interest for the period from 23 March 2016 to 11 September 2019 of the Cultural Park determined on the basis that the property occupation fee shall be calculated based on the Predetermined Rental as stipulated in the Framework Agreement. Subsequently, Guangdong GDC and Pearl River Film Production both filed appeals with the Guangzhou Intermediate People's Court on 6 January 2020 and 14 January 2020, respectively on various matters about the Civil Judgement 1.

On 16 April 2021, a civil judgement ("Civil Judgement 2") 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") dated 30 March 2021 was received by Guangdong GDC that the judgement from the Guangzhou Intermediate People's Court was set aside and the case shall be returned to the Guangzhou Intermediate People's Court for re-trial.

On 13 December 2022, a civil judgement ("Civil Judgement 3") for re-trial from the Guangzhou Intermediate People's Court was handed down to Guangdong GDC. According to Civil Judgement 3, Guangdong GDC is 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. All other claims made by Pearl River Film Production were dismissed. Subsequently, both Guangdong GDC and Pearl River Film Production have filed appeal with the Guangdong Higher People's Court on the matters about the Civil Judgement 3. Up to date of this announcement, no further court's judgement has been received by the Group.

(3) Parking space

With respect to the parking space that was governed by a separate agreement dated 1 August 2012, occupation fee of RMB4.6 million had been paid to Pearl River Film Production as settlement and a court order from 海珠區人民法院 (the "People's Court of Haizhu District") was received on 19 November 2020, notifying Guangdong GDC the closure of this civil case. On 8 March 2021, Pearl River Film Production has initiated a re-trial to the Guangdong Higher People's Court. Up to date of this announcement, no further court's judgement has been received by the Group.

Management engaged an independent external lawyer to assist in assessing the magnitude and likelihood of occurrence for the possible outcomes of the litigation as of 31 December 2022 and 2021 based on the relevant information obtainable at the relevant stage of the litigation, including court decisions and related legal correspondence. Management also engaged an independent external valuer to assist in assessing the fair value of the economic benefits that could be derived from the Cultural Park during the periods in dispute.

12 CONTINGENT LIABILITIES

As detailed in Note 11, the Group is subject to uncertainty regarding the final outcome of the litigation claim. Having considered the various possible outcomes of the current litigation status, management considered a provision for rental and settlement payables amounting to HK\$211,942,000 as at 31 December 2022 to be sufficient and not excessive.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022 (the “Year”), revenue from the continuing operations for the Year amounted to HK\$72,295,000, representing a decrease of HK\$12,394,000 as compared with HK\$84,689,000 for the corresponding period of 2021, which was mainly due to the impact of the pandemic, which led to the decrease of revenue from original projects and rental income. Due to the recurrent pandemic in 2022, the Group had no film released for the Year, which led to the decrease of revenue from original projects. At the same time, rental income has also gone through a considerable extent of adjustment under the impact of the general market condition. During the Year, the Group actively developed the businesses of interactive entertainment and digital virtual characters, which led to an increase of HK\$9,038,000 in the revenue of the corresponding businesses as compared to the corresponding period of last year.

Cost of Sales

Cost of sales from the continuing operations for the Year amounted to HK\$43,518,000, representing an increase of HK\$3,393,000 as compared with HK\$40,125,000 for the corresponding period of 2021, which was mainly attributable to the simultaneous increase of direct staff costs and associated outsourcing costs in the digital virtual characters as caused by the increase in revenue.

Other Income

Other income from the continuing operations for the Year amounted to HK\$13,804,000 (2021: HK\$20,850,000) was mainly from interest income of HK\$8,272,000 and government grants of HK\$4,751,000.

Distribution and Selling Expenses

Distribution and selling expenses from the continuing operations for the Year amounted to HK\$3,233,000, representing a decrease of HK\$8,219,000 as compared with HK\$11,452,000 for the corresponding period of 2021, which was mainly attributable to the decrease in expenses arising from film distribution.

Administrative Expenses

Administrative expenses from the continuing operations for the Year amounted to HK\$32,968,000, representing a decrease of HK\$4,439,000 as compared with HK\$37,407,000 for the corresponding period of last year, which was mainly attributable to the decreases in staff costs and office running costs.

Other Gains, net

Net other gains of HK\$38,000 (2021: HK\$6,032,000) for the Year were exchange differences. The fair value of investment properties is determined by a qualified independent professional appraiser. The fair value of the Group's investment properties in RMB as at 31 December 2022 and 31 December 2021 remains unchanged.

Provisions for Impairment of Financial Assets and Contract Assets

Provisions for impairment of financial assets and contract assets from the continued operations for the Year amounted to HK\$2,191,000 (2021: HK\$242,000) were provisions for impairment of trade receivables.

Finance Cost

Finance cost from continuing operations for the Year amounted to HK\$22,000 (2021: HK\$14,000). The Group does not have any loans, and the finance cost for the Year represented the interest expense on lease liabilities recognised in accordance with Hong Kong Financial Reporting Standard 16.

Loss from Discontinued Operation

Loss recorded from the discontinued operation for the Year amounted to HK\$11,857,000, representing the loss decreased by HK\$3,283,000 as compared with the loss recorded of HK\$15,140,000 for the corresponding period of last year, which was mainly attributable to the decrease in litigation expenses and operating expenses for the Year.

Liquidity and Financial Resources

As at 31 December 2022, the Group had cash and cash equivalents of HK\$270,584,000 (2021: HK\$318,845,000), which were mainly denominated in RMB and HK\$, and restricted bank deposits amounted to HK\$42,689,000 (2021: HK\$46,603,000).

As at 31 December 2022, the Group had no borrowings or overdrafts. The Group's current ratio was 1.18 (2021: 1.28), which was calculated based on current assets of HK\$333,078,000 and current liabilities of HK\$281,566,000.

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

Capital Structure

Equity attributable to owners of the Company amounted to HK\$458,970,000 as at 31 December 2022 (2021: HK\$506,496,000). The decrease was mainly due to exchange differences of HK\$41,046,000 on translation of financial statements from functional currency to presentation currency and the loss attributable to owners of the Company of HK\$6,185,000.

Material Acquisitions, Disposals and Significant Investment

The Group did not have any material acquisitions, disposals and significant investment during the year ended 31 December 2022.

Charge on Assets

As at 31 December 2022, there were no charges on any of the Group's assets for loans and bank facilities.

Foreign Exchange Exposure

As at 31 December 2022, 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 2022 was approximately 9.2% lower than the exchange rate as at the end of 2021, and such exchange differences led to an additional exchange loss of HK\$29,007,000 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 12 to the consolidated financial statements, the Group had no significant contingent liabilities as at 31 December 2022.

Employees

As at 31 December 2022, the Group employed 165 (31 December 2021: 194) 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 AND OUTLOOK

Interactive Entertainment and Digital Assets (Formerly known as “CG Creation and Production”)

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

In the 2022, the recurrent COVID-19 pandemic had a significant impact on the industry and the region. In the first half of the year, in response to the COVID-19 outbreak, the Chinese government took stringent prevention and control measures, which affected business operations. In the third quarter, the Group strived to expand its business and catch up with the progress with creative production, and achieved steady results. In the fourth quarter, the Company carries on with the high-quality animated promotional video, digital cultural tourism application projects and local animated IP movie co-production businesses of first-tier enterprises in the industry and commences in-depth cooperation as well.

A total of two animated films were produced in 2022. One is the Yangtze River-themed animated film “Finless Porpoise: Dance in the Wind”* 《(江豚：風時舞)》 (tentative name of the film), which is coproduced with Jiangxi Cultural Performance Group and Jiangxi Hukou Cultural Tourism Group. The Group is responsible for the creation, production and publicity of the entire film. The production has been completed and is scheduled to be released next year. The other one is the ocean-themed animated film “Around the Earth in 80 Days”* 《(環遊地球80天)》 (tentative name of the film), which is currently in the mid-production stage.

The Group has led and cooperated with the leading enterprises in digital entertainment, such as Tencent, Huawei and iFlyTek, to set up the digital entertainment branch of China Culture & Entertainment Industry Association (中國文化娛樂行業協會數字文娛分會). As the president unit and under the guidance of competent government departments, the Group has actively involved in the policy formulation and standard setting of digital entertainment industry, as well as in industry interconnection, setting up of collaboration platform, optimization of industry environment, and the promotion of the construction and implementation of industry application scenarios in the digital entertainment.

* For identification purpose only

With the rapid development of the Metaverse industry, the Group has accelerated the development of its metaverse business centered around virtual characters. The core technology has been continuously improved, and the product system has been continuously enriched. The entry point to the metaverse is the virtual characters. The Group has been deeply cultivating the metaverse field, and has independently developed and completed the automatic text-to-speech broadcast product of the virtual character in the virtual character field. At present, it has completed the automatic broadcast service for the virtual character of the Bank of Beijing. The Group has made up for the shortcomings of the hyper-realistic virtual character business. The hyper-realistic virtual character “Jin Xiaohui” created by the Group for the domestic Jinhui Awards has won wide acclaim both inside and outside the industry. The Group has undertaken the production of the “Qualcomm Snapdragon Virtual Idol” project, where the film-level virtual character short film was completed and broadcast at the Qualcomm Snapdragon.

The Group has made great achievements in the field of virtual character integrated marketing through virtual character live broadcast technology. In January 2022, it held a virtual character livestream for the world-renowned skin care brand Kiehl’s. As the livestream was stable with no delay, the livestream received 5.32 million online viewers and 29.81 million views within two weeks. The project was rated as the Metaverse Innovation Application Case by the China Academy of Information and Communications Technology, and was included in the “Application Case Collection of Industry Metaverse Innovation”. It was also shortlisted for the TMA Metaverse Avatar Marketing Contest. The Group collaborated with Tencent Cloud and Tencent AI Lab and created a high-fidelity virtual character “Yuanxin” based on financial scenario operation services. In cooperation with Bank of Beijing, Shanghai Pudong Development Bank and Changsha Bank, the Group also participated in promotion through virtual character “Yuanxin” as a financial assistant.

During the year, the Group officially became the first virtual character business supplier of Huawei Cloud. With cutting-edge technology and digital marketing abilities, the Group won “The 2022 Metaverse Industrial Application and Pioneering Technology Potential TOP40 Enterprise List” which was ranked by the organizer – CLS (財聯社).

The game production center established by the Group has become the supplier of Tencent’s interactive entertainment business group, undertaking high-end game art and animation production. There are ongoing projects are currently in progress.

New Cultural and Sports Space

GDC Building in Shenzhen continued to attract high quality animated film and television, high technology and cultural and creative enterprises. The Group utilized its self-developed cloud platform for cloud information processing to provide professional operation management services for the properties, continued to enhance the digital technology management system and improved ancillary facilities and services.

To empower the urban renewal with technology, the preparation for the Chengdu Sports Park project* (成都體育公園項目) is almost completed. The project focuses on the philosophy of “Cultural IP + Technology + Sports”, forming a special package with a composite business model, gaining commercial forces around six aspects: matching, differentiation, theme, purpose, coordination, and vision. It integrates sports, leisure and smart experience, creates a project quality label, and rejuvenates the sports park. In addition, several other projects that positioned as combining virtual and reality with the concept of metaverse has introduced to the industry and digital twin. The newly developed smart city business in Chengdu facilitated the creation of a smart city. At present, the Company has won the bid for the first project, and the second project is under tendering process.

Research and Development

The Group has first-mover advantage in the construction of Metaverse application technology, as well as possesses application and business experience in the areas such as digital virtual simulation and full-real digital natives, and has formed software and hardware solutions of automatic control integrated system, highly accurate full-body motion capture, and artificial intelligence control, which can be applied to enterprise digital employees, digital scenario and virtual spokespersons and customized services for digital scenarios. The research and development team has completed the development of computer animated character and artificial intelligence engine driver interface, as well as optimized the production process and technique continuously. The Group has also continued to enhance the improvement and application of new technologies such as unreal game engine and real-time rendering for lightings, and has conducted continuous product marketization for its own IP – CG Aline cloud platform, an automated management system.

The hyperparameter artificial intelligence machine learning model is introduced by the Group to enhance the efficiency of processing the artificial intelligence machine learning of virtual characters and to improve the controllability of the intelligent virtual characters’ functions. In this regard, the intelligent and highly imitated voice broadcast, intelligent action movement and intelligent dialogue of digital virtual characters are realized. The hyperparameter artificial intelligence technology has been practically applied in the Kiehl’s virtual character project, and has been highly recognized by customers and brands.

* *For identification purpose only*

Government Awards

As for government awards, the Group applied for 35 awards of events such as the China-Europe Animation Cooperation Online Dialogue, Hong Kong International Film and TV Market, 2022 China International Children's Film Festival, the first Beijing Animation Week, the China (Shenzhen) International Cultural Industries Fair, Nanshan Enterprise TOP Summit, and the National "Five-One Project" Award, A state-accredited animation enterprise (獲國家認定動漫企業), Shenzhen Small and Medium-sized Technology Enterprises, Shenzhen Innovative Small and Medium-sized Enterprises, Shenzhen Micro and Small-sized Enterprise Entrepreneurship and Innovation Demonstration Base, 2022 Metaverse Industrial Application and Pioneering Technology Potential Enterprises (2022元宇宙產業應用與先鋒技術潛力企業), Shenzhen 12 Metaverse Enterprises with the Greatest Potential (深圳十二家最具潛力元宇宙企業), World's First Metaverse Innovation Demonstration Top 100 Cases (全球首創元宇宙創新示範100強案例集). It was approved as the subvenue of the 18th China (Shenzhen) International Cultural Industries Fair and was awarded the Shenzhen Child-Friendly Practice Base* (深圳市兒童友好實踐基地), the Outstanding Creativity Award of the 5th Animated Short Film Contest of Socialist Core Values* (第五屆社會主義核心價值觀動畫短片扶持創作活動優秀創意獎), the Third Prize of Guangdong Radio and Film Awards* (廣東省廣播影視獎三等獎), the Gold Award of the 10th Shenzhen Copyright Works* (第十屆深圳版權作品金獎) and the 2nd Cross-Strait Excellent Film and Television Works Cloud Exhibition* (第二屆海峽兩岸優秀影視作品雲展覽); it was also shortlisted for Macau International Movie Festival Nominations 2022, popular science film and television nomination by China Association for Science and Technology, the Venture Capital Conference of the 2022 Nanjing (International) Animation* (2022南京(國際)動漫創投大會). In terms of intellectual property rights, a total of 3 invention patents, 20 computer software copyrights and 1 work copyright were obtained in 2022.

OUTLOOK

Leveraging on its existing major business advantages, GDC will formulate a city-level metaverse solution and focus on empowering local digital economy, promotion of traditional Chinese culture as well as rural revitalization with its cultural tourism metaverse products.

Animated film and television business will continue to explore the unique, local cultural content, and develop multiple themes such as ocean exploration, Yangtze River stories, Chinese mythology and science fictions in the future. Self-production and co-production modes will both be adopted to produce one to two animated films every year. The Group strives to produce good Chinese stories through cutting-edge computer animation technology and novel art style. In terms of the undertaking and production of animated films business, the Group will continue to provide high-quality and stable production services. The Group will undertake the customization of digital virtual characters and form a platform business model to expand market shares.

* For identification purpose only

Following the inception of Sports Park project in Chengdu* (成都體育公園項目), the Group will embrace “Cultural IP + Technology + Sports” as the core strategy, operate the New Cultural and Sports Space with the concept of commercialization, and create an innovative ecological sports park, thereby redefining the city with culture. Meanwhile, the Group will also shape a product matrix focusing on “Cultural IP + Technology + Sports”, facilitate the establishment of a smart city, enhance the capability of replication, as well as continue to expand new projects. Relying on GDC’s digital genes, the digital city, being the carrier of Metaverse, will use Chengdu as base to build its digital twin “Smart City Rongcheng (智慧蓉城)” to serve multiple Metaverse scenarios, such as digital twin cities, digital cultural and creative contents, brand digital marketing, digital media technology, data asset management, as well as digital economic innovative entities with more dimensions.

In 2023, the Group intends to continue committing to talent development and technology optimization to improve business quality. At the same time, we will actively expand the market, boost efforts to expand the Metaverse virtual characters and New Cultural and Sports Space business. The Group will also fully promote the breakthroughs in the urban culture and tourism and the provision of variety shows in the Metaverse, gradually expand the metaverse products of various industries, as well as enable the originally single virtual character content undertaking business to evolve into China’s leading content infrastructure group in the Metaverse.

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 preceding financial year and the first, the second and the third quarter of this year. Updates are as follows:

1. In April 2019, Pearl River Film Production filed an action with 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”), 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 30 December 2019, the decision for the trial of first instance was made by the Guangzhou Intermediate People’s Court that Guangdong GDC was required to pay the property occupation fee of the Pearl River Film Cultural Park and related interest for the period between 23 March 2016 and 11 September 2019 in the amounts of RMB41,656,989 and RMB3,813,331, respectively.

Each of Pearl River Film Production and Guangdong GDC filed an appeal with 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”). On 30 March 2021, a civil judgment from the Guangdong Higher People’s Court was made, the judgment from the Guangzhou Intermediate People’s Court was set aside and the case shall be returned to the Guangzhou Intermediate People’s Court for re-trial.

* For identification purpose only

On 13 December 2022, a civil judgment for re-trial from Guangzhou Intermediate People’s Court (the “Guangzhou Intermediate People’s Court Civil Judgment for Re-trial”) was handed down to Guangdong GDC. According to the Guangzhou Intermediate People’s Court Civil Judgment for Re-trial, Guangdong GDC is 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. All other claims made by Pearl River Film Production were dismissed.

Each of Guangdong GDC and Pearl River Film Production filed an appeal with the Guangdong Higher People’s Court. As at the date of this announcement, no judgment has been handed down for the appeal.

2. In April 2019, Pearl River Film Production filed an action with the People’s Court of Haizhu District of Guangzhou City of the PRC (中國廣州市海珠區人民法院) (the “People’s Court of Haizhu District”), requiring Guangdong GDC and 廣州高尚商業經營管理有限公司, an indirect non-wholly owned subsidiary of the Company (“Gaoshang Property Management*”) to pay the property occupation fee of the car park of the Pearl River Film Cultural Park in an amount of RMB26,457,900 for the period between 1 August 2015 and 21 June 2018 and related interest in the amount of RMB2,520,062 for the interest as of 27 March 2019.

On 30 April 2020, the decision for the trial of first instance was made by the People’s Court of Haizhu District that Guangdong GDC and Gaoshang Property Management were required to pay the property occupation fee of the car park of the Pearl River Film Cultural Park in the amount of RMB3,854,363 and related interest for the period between 1 August 2015 and 21 June 2018.

The Guangzhou Intermediate People’s Court made the final judgment on 27 September 2020 in which the original judgment was upheld. The judgment was enforced by both parties in November 2020 and the case proceedings were concluded.

On 8 March 2021 Pearl River Film Production has applied to the Guangdong Higher People’s Court for setting aside of the abovementioned final judgment, and initiated a re-trial of the legal proceedings. As at the date of this announcement, no judgment has been handed down for the re-trial.

* For identification purpose only

3. 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.

On 18 May 2022, a civil judgment (民事判決書) (the “Civil Judgment”) from the Guangzhou Intermediate People’s Court was handed down to Guangdong GDC. According to the Civil Judgment, the Claims have been rejected by the Guangzhou Intermediate People’s Court. Guangdong GDC filed an appeal with the Guangdong Higher People’s Court on 1 June 2022. As at the date of this announcement, no judgment has been handed down for the appeal.

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

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

During the year ended 31 December 2022, the Company repurchased its ordinary shares on the Stock Exchange as follows:

Month of the repurchases	Total number of ordinary shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid <i>HK\$</i>
November 2022	4,100,000	0.072	0.072	295,200
Total	<u>4,100,000</u>			<u>295,200</u>

During the year, all repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value thereof. The purchases 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 disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (whether on the Stock Exchange or otherwise) during the year ended 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2022, except the following deviation:

The code provision C.1.6 of the Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the view of shareholders. Mr. Chen Zheng, a non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 27 May 2022 due to his other commitments.

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 2022.

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 2022.

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 2022 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 Thursday, 25 May 2023. 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 Monday, 22 May 2023 to Thursday, 25 May 2023, 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 Standard Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. (H.K. time) on Friday, 19 May 2023.

PUBLICATION OF 2022 FINAL RESULTS AND 2022 ANNUAL REPORT

The 2022 final results announcement of the Company is published on the website of the Stock Exchange and the Company's website. The 2022 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, 24 March 2023

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 a Non-executive Director; and Prof. Japhet Sebastian Law, Mr. Lam Yiu Kin, Mr. Zheng Xiaodong and Mr. Li Yao 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>.