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 2012

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

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

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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 the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

FINAL RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the audited financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 with comparative figures for the year ended 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	*2*	**111,022**	94,677
Cost of sales		**(74,932)**	(69,390)
Gross profit		**36,090**	25,287
Other income	*4*	**32,389**	14,735
Gain on dissolution of an associate		–	2,172
Distribution costs and selling expenses		**(12,644)**	(6,716)
Administrative expenses		**(60,133)**	(58,573)
Change in fair value of investment properties		**148,460**	–
Finance costs	*5*	**(11,353)**	(10,363)
Other expenses and losses	*6*	**(2,721)**	(3,509)
Share of loss of an associate		**–**	(188)
Profit (loss) before tax		**130,088**	(37,155)
Income tax expense	*7*	**(41,057)**	–
Profit (loss) for the year from continuing operations	*8*	**89,031**	(37,155)
Discontinued operations			
Profit for the year from discontinued operations		**–**	387,146
Profit for the year		**89,031**	349,991
Other comprehensive income (expense):			
Exchange differences arising on translation of foreign operations		**11,268**	23,951
Release of exchange reserve upon disposal of subsidiaries		**–**	(5,420)
Release of exchange reserve upon dissolution of an associate		**–**	(2,992)
Release of special reserve upon disposal of subsidiaries		**–**	36,568
		11,268	52,107
Total comprehensive income for the year		**100,299**	402,098

	NOTE	2012 HK$'000	2011 HK$'000
Profit for the year attributable to:			
Owners of the Company			
– Profit (loss) for the year from continuing operations		**60,463**	(34,635)
– Profit for the year from discontinued operations		**–**	340,815
		60,463	306,180
Non-controlling interests			
– Profit (loss) for the year from continuing operations		**28,568**	(2,520)
– Profit for the year from discontinued operations		**–**	46,331
		28,568	43,811
		89,031	349,991
Total comprehensive income for the year attributable to:			
Owners of the Company		**71,384**	355,657
Non-controlling interests		**28,915**	46,441
		100,299	402,098
		HK cents	*HK cents*
Earnings (loss) per share	*9*		
From continuing and discontinued operations			
Basic		**3.98**	22.69
Diluted		**3.98**	22.68
From continuing operations			
Basic and diluted		**3.98**	(2.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000*
Non-current assets			
Property, plant and equipment	*10*	**291,456**	306,878
Investment properties	*11*	**504,835**	170,605
Prepaid lease payments	*12*	**5,967**	6,029
Available-for-sale investments	*13*	**85,018**	85,010
Other receivables and deposits	*14*	**25,000**	24,691
		912,276	593,213
Current assets			
Programmes		**322**	8,922
Productions work in progress		**2,769**	1,860
Amounts due from customers for contract work		**6,166**	4,898
Trade receivables	*15*	**15,243**	8,735
Other receivables and deposits	*14*	**11,691**	10,894
Prepaid lease payments	*12*	**138**	136
Held-for-trading investments	*16*	**32,756**	27,396
Structured deposits		**–**	988
Bank balances and cash		**309,178**	444,976
		378,263	508,805
Current liabilities			
Advances from customers		**10,510**	6,709
Amounts due to customers for contract work		**1,699**	1,423
Trade payables	*17*	**2,183**	1,276
Other payables and accruals	*18*	**119,198**	64,980
Tax liabilities		**5,059**	1,276
Deferred income	*20*	**1,605**	–
Secured bank borrowings – due within one year	*19*	**30,000**	24,691
		170,254	100,355
Net current assets		**208,009**	408,450
Total assets less current liabilities		**1,120,285**	1,001,663
Non-current liabilities			
Deferred income	*20*	**8,214**	–
Deferred tax liabilities	*21*	**37,579**	–
Secured bank borrowings – due after one year	*19*	**115,000**	143,210
		160,793	143,210
Net assets		**959,492**	858,453
Capital and reserves			
Share capital	*22*	**15,183**	15,183
Reserves		**889,338**	817,915
Equity attributable to owners of the Company		**904,521**	833,098
Non-controlling interests	*23*	**54,971**	25,355
Total equity		**959,492**	858,453

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital	Share premium reserve	Capital contribution reserve	Contributed surplus reserve	Statutory reserve	Share options reserve	Exchange reserve	Special reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	12,953	36	445	245,881	6,362	41,104	31,659	(42,140)	97,478	393,778	176,612	570,390
Profit for the year	–	–	–	–	–	–	–	–	306,180	306,180	43,811	349,991
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	21,321	–	–	21,321	2,630	23,951
Release upon disposal of subsidiaries	–	–	–	–	–	–	(5,420)	36,568	–	31,148	–	31,148
Release upon dissolution of an associate	–	–	–	–	–	–	(2,992)	–	–	(2,992)	–	(2,992)
Total comprehensive income for the year	–	–	–	–	–	–	12,909	36,568	306,180	355,657	46,441	402,098
Sub-total	12,953	36	445	245,881	6,362	41,104	44,568	(5,572)	403,658	749,435	223,053	972,488
Shares issued	2,230	75,820	–	–	–	–	–	–	–	78,050	–	78,050
Exercise of share options of a subsidiary	–	–	–	–	–	–	–	5,572	–	5,572	20,620	26,192
Lapse of share options granted	–	–	–	–	–	(214)	–	–	214	–	–	–
Lapse of share options granted by a subsidiary	–	–	–	–	–	–	–	–	41	41	(41)	–
Payment of dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(138,583)	(138,583)
Release upon disposal of subsidiaries	–	–	–	–	(5,682)	–	–	–	5,682	–	(79,694)	(79,694)
At 31 December 2011	15,183	75,856	445	245,881	680	40,890	44,568	–	409,595	833,098	25,355	858,453
Profit for the year	–	–	–	–	–	–	–	–	60,463	60,463	28,568	89,031
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	10,921	–	–	10,921	347	11,268
Total comprehensive income for the year	–	–	–	–	–	–	10,921	–	60,463	71,384	28,915	100,299
Sub-total	15,183	75,856	445	245,881	680	40,890	55,489	–	470,058	904,482	54,270	958,752
Lapse of share options granted	–	–	–	–	–	(23,995)	–	–	23,995	–	–	–
Disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	39	–	39	701	740
At 31 December 2012	15,183	75,856	445	245,881	680	16,895	55,489	39	494,053	904,521	54,971	959,492

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

In the current year, the Group has applied, for the first time, a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the financial year beginning on 1 January 2012.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is rebutted. The Group recognises deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use and hence only the enterprise income taxes are taken into account.

The application of other amendments to HKFRSs in the current year has had no material impact on the Group's financial positions for the current and prior years performance and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liabilities that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015 and that the adoption of HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and measurement of the Group's other financial assets but not of the Group's financial liabilities. Regarding the Group's available-for-sale investments and other financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2012, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2012) and HKAS 28 (as revised in 2011).

Key requirements of these five standards that are applicable to the Group are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided that all of these five standards are applied at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the financial year ending 31 December 2013 and that the application of these standards will have no significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the financial year ending 31 December 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss".

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis, the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

2. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue from contracts for Computer Graphic ("CG") creation and production	**59,819**	53,517
Rental income	**33,395**	23,608
CG training fee	**17,808**	17,552
	111,022	94,677

3. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is currently organised into three operating divisions. These operating divisions are the basis upon which the information that is regularly reviewed by the CODM is prepared and are analysed under HKFRS 8 as follows:

- CG creation and production – CG creation and production, exhibition of television series and movies as well as property rental income

- CG training – provision of CG and animation training

- Cultural park – media entertainment and related commercial property investment

The above operating divisions constitute the operating segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating segments:

For the year ended 31 December 2012

Continuing operations

	CG creation and production	**CG training**	**Cultural park**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**91,908**	**17,808**	**1,306**	**111,022**
Segment result	**1,876**	**(38)**	**135,346**	**137,184**
Unallocated income				**10,926**
Unallocated expenses				**(18,022)**
Profit before tax from continuing operations				**130,088**

For the year ended 31 December 2011

Continuing operations

	CG creation and production	CG training	Cultural park	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	76,252	17,552	873	94,677
Segment result	(14,234)	–	(5,152)	(19,386)
Unallocated income				8,516
Unallocated expenses				(28,269)
Share of loss of an associate				(188)
Gain on dissolution of an associate				2,172
Loss before tax from continuing operations				(37,155)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 1. Segment results represent the profit earned by or loss incurred from each segment without allocation of investment income and central administration costs, share of loss of an associate and gain on dissolution of an associate. This is the measure reported to the CODM of the Company for the purposes of resources allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers.

There were no material inter-segment sales in the current and prior years.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 December 2012

	CG creation and production *HK$'000*	**CG training** *HK$'000*	**Cultural park** *HK$'000*	**Consolidated** *HK$'000*
Assets				
Segment assets	**608,006**	**18,375**	**536,522**	**1,162,903**
Unallocated assets				
– Available-for-sale investments				**85,018**
– Held-for-trading investments				**32,756**
– Bank balances and cash				**7,992**
– Others				**1,870**
Consolidated total assets				**1,290,539**
Liabilities				
Segment liabilities	**202,184**	**8,568**	**117,578**	**328,330**
Unallocated liabilities				**2,717**
Consolidated total liabilities				**331,047**

At 31 December 2011

	CG creation and production HK$'000	CG training HK$'000	Cultural park HK$'000	Consolidated HK$'000
Assets				
Segment assets	672,366	15,921	227,427	915,714
Unallocated assets				
– Available-for-sale investments				85,010
– Held-for-trading investments				27,396
– Bank balances and cash				71,402
– Others				2,496
Consolidated total assets				1,102,018
Liabilities				
Segment liabilities	219,343	8,277	1,059	228,679
Unallocated liabilities				14,886
Consolidated total liabilities				243,565

For the purpose of monitoring segment performances and allocating resources between segments:

– all assets are allocated to the operating segments other than unallocated assets attributed to the Company, the Group's management companies and investment holding companies.

– all liabilities are allocated to the operating segments other than unallocated liabilities attributed to the Company, the Group's management companies and investment holding companies.

Other segment information

For the year ended 31 December 2012

Continuing operations

	Amounts included in the measure of segment profit or loss or segment assets					
	CG creation and production *HK$'000*	CG training *HK$'000*	Cultural park *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated total *HK$'000*
Additions to non-current assets *(Note)*	**3,001**	**788**	**179,819**	**183,608**	**67**	**183,675**
Change of fair value of investment properties	**–**	**–**	**148,460**	**148,460**	**–**	**148,460**
Depreciation of property, plant and equipment	**16,616**	**1,844**	**316**	**18,776**	**685**	**19,461**
Allowance for programmes	**8,606**	**–**	**–**	**8,606**	**–**	**8,606**
Allowance for productions work in progress	**984**	**–**	**–**	**984**	**–**	**984**
Loss (gain) on disposal of property, plant and equipment	**721**	**–**	**–**	**721**	**(20)**	**701**
Written off of bad debts	**489**	**–**	**–**	**489**	**–**	**489**
Amortisation of prepaid lease payments	**136**	**–**	**–**	**136**	**–**	**136**
Interest income	**10,031**	**61**	**29**	**10,121**	**1**	**10,122**
Government grants	**11,080**	**25**	**–**	**11,105**	**–**	**11,105**

For the year ended 31 December 2011

Continuing operations

	Amounts included in the measure of segment profit or loss or segment assets					
	CG creation and production *HK$'000*	CG training *HK$'000*	Cultural park *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated total *HK$'000*
Additions to non-current assets *(Note)*	6,902	1,317	71,819	80,038	1,812	81,850
Depreciation of property, plant and equipment	14,971	2,285	262	17,518	442	17,960
Allowance for programmes	1,264	–	–	1,264	–	1,264
Allowance for productions work in progress	4,556	–	–	4,556	–	4,556
Loss on disposal of property, plant and equipment	–	–	161	161	–	161
Amortisation of prepaid lease payments	132	–	–	132	–	132
Interest income	1,953	20	–	1,973	1	1,974
Government grants	2,275	822	–	3,097	–	3,097

Note: Non-current assets exclude available-for-sale investments, and other receivables and deposits.

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC," for the purpose of this announcement, does not include Hong Kong Macau and Taiwan) and Hong Kong.

The Group's revenue from continuing operations from external customers by geographical location of the customers, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets** *(Note)*	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**73,159**	41,571	**800,247**	480,883
Denmark	**22,847**	29,512	**–**	–
USA	**5,565**	19,580	**–**	–
Hong Kong	**–**	–	**2,011**	2,629
France	**3,476**	38	**–**	–
Italy	**3,319**	1,993	**–**	–
Other regions	**2,656**	1,983	**–**	–
	111,022	94,677	**802,258**	483,512

Note: Non-current assets exclude available-for-sale investments, and other receivables and deposits.

Information about major customer

Revenue from the largest customer contributing over 10% of the total revenue of the Group from continuing operations for the year ended 31 December 2012 is approximately HK$15,144,000 (2011: HK$14,625,000) under CG creation and production segment.

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Dividend income from available-for-sale investments	**10,834**	8,039
Government grants *(Note)*	**11,105**	3,097
Bank interest income	**10,122**	1,974
Others	**328**	1,625
	32,389	14,735

Note: During the year ended 31 December 2012, government grants mainly represent subsidies of HK$8,457,000 (2011: HK$3,097,000) received from the relevant PRC authorities in PRC of which an amount of HK$3,704,000 (2011: Nil) is intended to compensate for the staff costs incurred by the Group in CG production and exhibition of motion pictures and the remaining amount of HK$4,753,000 (2011: HK$3,097,000) is an incentive payment to the Group whereby no future related cost is required or expected to be made.

In addition, an amount of HK$2,648,000 (2011: Nil) is related to government grants on computer equipment acquisition which are amortised to profit or loss on a straight-line basis over the estimated useful life of the acquired assets. Details are set out in Note 20.

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**11,353**	10,363

6. OTHER EXPENSES AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Changes in fair value of held-for-trading investments	**2,020**	3,509
Loss on disposal of property, plant and equipment	**701**	–
	2,721	3,509

7. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
The income tax expense comprises:		
PRC Enterprise Income Tax ("EIT")		
Current tax	**3,723**	–
Underprovision in prior years	**219**	–
	3,942	–
Deferred tax *(Note 21)*	**37,115**	–
	41,057	–

No provision for Hong Kong Profits Tax has been made in the consolidated statement of comprehensive income for both years as the Group had no assessable profit from continuing operations arising in Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% from 1 January 2008 onwards, except for those subsidiaries described below.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39) the PRC subsidiaries are entitled to a tax concession as a foreign investment enterprise, whereby their applicable tax rate will progressively increase to 25% over a five-year transitional period from 1 January 2008 to 31 December 2012. The tax concession for the foreign investment enterprises is still applicable until the end of the five-year transitional period under the EIT Law based on the revised income tax rate. According to the Circular of State Council for the Enterprise income tax policies on the advanced technology service enterprise ("ATSE") (Caishui [2010] No.65), one of the PRC subsidiaries is able to enjoy a preferential tax rate at 15% from 1 July 2010 to 31 December 2013 as it is qualified as ATSE. For the year ended 31 December 2012, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 15% to 25% (2011: 15% to 25%).

The income tax expense for the year from continuing operations can be reconciled to the profit (loss) before tax from continuing operations per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) before tax from continuing operations	**130,088**	(37,155)
Tax calculated at PRC EIT rate of 25% (2011: 25%)	**32,522**	(9,289)
Tax effect of income not taxable for tax purposes	**(2,274)**	(2,021)
Tax effect of expenses not deductible for tax purpose	**4,508**	1,691
Underprovision in respect of prior years	**219**	–
Tax effect of tax losses not recognised	**8,378**	10,165
Utilisation of tax losses previously not recognised	**(1,351)**	(1,031)
Income tax on concessionary rate	**(1,948)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,003**	485
Income tax expense for the year from continuing operations	**41,057**	–

At the end of the reporting period, the Group has the following tax losses, of which no deferred tax assets are recognised due to the unpredictability of the future profit streams:

	2012	2011
	HK$'000	*HK$'000*
Estimated tax losses that may be carried forward	**115,971**	87,863

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately HK$3,051,000 as at 31 December 2012 (2011: HK$358,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	2012 *HK$'000*	2011 *HK$'000*
Profit (loss) for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments:		
– Salaries, wages and other benefits	**92,787**	82,323
– Retirement benefit scheme contributions	**2,173**	2,115
Total staff costs	**94,960**	84,438
Less: amounts included in contract costs	**(21,247)**	(27,491)
amounts included in productions work in progress	**(2,100)**	(234)
	71,613	56,713
Allowance for programmes (included in cost of sales)	**8,606**	1,264
Allowance for productions work in progress (included in cost of sales)	**984**	4,556
Written off of bad debts	**489**	–
Amortisation of prepaid lease payments	**136**	132
Auditor's remuneration	**1,140**	1,480
Contract costs recognised as an expense:		
Staff costs	**28,936**	25,367
Others	**25,323**	26,112
	54,259	51,479
Depreciation of property, plant and equipment	**21,961**	24,008
Less: amounts included in contract costs	**(2,365)**	(5,985)
amounts included in productions work in progress	**(135)**	(63)
	19,461	17,960
Exchange (gain) loss, net	**(622)**	2,195
Loss on disposal of property, plant and equipment	**701**	161
Minimum lease payments under operating leases for land and buildings	**5,481**	5,034
Less: amounts included in contract costs	**(649)**	(1,942)
amounts included in productions work in progress	**(51)**	(13)
	4,781	3,079

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**60,463**	306,180
Effect of dilutive potential ordinary shares:		
Adjustment to share of profit of a subsidiary constituting discontinued operations based on dilution of its earnings per share	**–**	(35)
Earnings for the purpose of diluted earnings per share	**60,463**	306,145

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,518,256**	1,349,631

The computation of diluted earnings per share for the year 2012 does not assume the exercises of the Company's share options as the exercise prices of the share options were higher than the average market price of the shares for 2012.

The effect of incremental shares from assumed exercise of share options have been excluded from calculation of the diluted earnings per share from continuing and discontinued operations for the year ended 31 December 2011 because their assumed exercise is antidilutive in calculating loss per share from continuing operations.

From continuing operations

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

	2012	2011
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share from continuing operations (Profit (loss) for the year from continuing operations attributable to the owners of the Company)	**60,463**	(34,635)

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**1,518,256**	1,349,631

The computation of diluted earning for the year 2012 does not assume the exercises of the Company's share options as the exercise prices of the share options were higher than the average market price of the share for 2012.

The effect of incremental shares from assumed exercise of share options have been excluded from calculation of the diluted loss per share from continuing operations for the years ended 31 December 2011 because their assumed exercise would result in decrease in loss per share from continuing operations.

10. PROPERTY, PLANT AND EQUIPMENT

	Carrying value
	HK$'000
At 1 January 2012	306,878
Exchange realignment	3,566
Additions	4,137
Depreciation for the year	(21,961)
Disposals	(1,164)
At 31 December 2012	**291,456**

11. INVESTMENT PROPERTIES

	Completed properties	**Properties interest under construction**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2012	–	170,605	170,605
Additions	–	179,538	179,538
Transfer	298,934	(298,934)	–
Exchange realignment	1,856	4,376	6,232
Increase in fair value recognised in the consolidated statement of comprehensive income	148,460	–	148,460
At 31 December 2012	449,250	55,585	504,835

The investment properties represent the properties interest held under an operating lease on a property project which arose from 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 (formerly known as 廣東時尚置業有限公司) ("Guangdong Cultural Park"), a 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 PRC and a state-owned enterprise, to redevelop 珠影文化產業園 ("Pearl River Film Cultural Park").

Pearl River Film Production, as the landlord of the Pearl River Film Cultural Park, agreed to grant the property leasing right to Guangdong Cultural Park, in return for predetermined monthly payment from Guangdong Cultural Park for a term up to 31 December 2045. Guangdong Cultural Park is responsible for the design, financing, construction and operation of the Pearl River Film Cultural Park and the funding of the entire construction project. Upon the expiration of the Framework Agreement, Guangdong Cultural Park has to return all properties to Pearl River Film Production.

The Pearl River Film Cultural Park is located at No. 352 and 354, Xin Gang Zhong Road, Guangzhou, the PRC and the present land use right is owned by Pearl River Film Production. After the redevelopment, the whole Pearl River Film Cultural Park project will have a commercial area, a cultural entertainment area and a film production and development area, which will be held for investment properties purpose.

The properties interests under construction represent Phase II of the Pearl River Film Cultural Park which is to be developed as an entertainment and film production and development area and are stated at cost as the fair value cannot be reliably measured in 2012.

The completed properties represent Phase I of the Pearl River Film Cultural Park which is a shopping mall and are stated at the fair value as at 31 December 2012. The fair value of the completed properties at 31 December 2012 has been arrived at on the basis of a valuation carried out on that day by ROMA Appraisals Limited ("ROMA"), independent qualified professional valuers not connected with the Group. The valuation took into account the rental income of the property derived from the existing leases and the estimated future lease income capitalized at a market yield rate expected for similar type of property over the remaining period of the property leasing right granted by Pearl River Film Production. The expense on the land lease for the investment property was also taken into consideration.

12. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise medium-term leasehold land in the PRC and analysed for reporting purposes as follows:

	2012	2011
	HK$'000	*HK$'000*
Current	**138**	136
Non-current	**5,967**	6,029
	6,105	6,165

As at 31 December 2012 and 2011, all of the Group's prepaid lease payments have been pledged to secure banking facilities granted to the Group (see Note 19).

13. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
11.52% equity interest in GDC Technology Limited ("GDC Tech") (2011: 11.93%)	**84,393**	84,393
5% equity interest in a private entity established in the PRC	**625**	617
	85,018	85,010

These investments are measured at cost less impairment at the end of reporting period because the range of reasonable fair value estimate is so significant that the Directors are of opinion that the fair value cannot be measured reliably.

14. OTHER RECEIVABLES AND DEPOSITS

	2012	2011
	HK$'000	*HK$'000*
Deposits *(Note)*	**25,878**	25,430
Others	**10,813**	10,155
	36,691	35,585
Analysed for reporting purposes as:		
Current	**11,691**	10,894
Non-current	**25,000**	24,691
	36,691	35,585

Note: Deposits included deposit paid by Guangdong Cultural Park to Pearl River Film Production of RMB20,000,000 (equivalent to HK$25,000,000) for the development of the Pearl River Film Cultural Park in 2010. The deposit is refundable upon the completion of the entire project.

15. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**15,243**	8,735

Except for rental income receivable from tenants, which is due for settlement upon issue of invoice, the Group allows different credit periods to its trade customers ranging from 30 days to 120 days, depending on the type of products sold or services provided.

The following is an aged analysis at the end of the reporting period of the trade receivables, net of allowance for doubtful debts presented based on the invoice date:

	2012	2011
	HK$'000	*HK$'000*
Within three months	**15,186**	8,580
Three to six months	**–**	99
Over six months	**57**	56
	15,243	8,735

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. In addition, the Group will review the repayment history of trade receivables by each customer with reference to the payment terms to determine the recoverability of trade receivables. Trade receivables that are neither past due nor impaired have good credit quality according to their past repayment history.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of approximately HK$57,000 (2011: HK$56,000) which are past due at the end of the reporting period for which the Group does not provide for impairment loss as the Directors assessed that the balances will be recovered. The Group does not hold any collateral over these receivables.

The following is an aged analysis of trade receivables which are past due but not impaired:

	2012	2011
	HK$'000	*HK$'000*
Six to nine months	**–**	32
Over one year	**57**	24
Total	**57**	56

16. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2012 and 2011 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid prices available on the Stock Exchange.

17. TRADE PAYABLES

The following is an aged analysis at the end of the reporting period of the trade payables presented based on the invoice date:

	2012	2011
	HK$'000	*HK$'000*
Within three months	**885**	666
Three to twelve months	**6**	13
Over one year	**1,292**	597
	2,183	1,276

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

18. OTHER PAYABLES AND ACCRUALS

	2012	2011
	HK$'000	*HK$'000*
Construction payable	**86,605**	27,554
Accruals	**12,059**	9,690
Other tax payables	**1,276**	170
Rental deposits from tenants	**9,136**	4,487
Others	**10,122**	23,079
	119,198	64,980

19. SECURED BANK BORROWINGS

	2012	2011
	HK$'000	*HK$'000*
Secured variable-rate bank borrowings	**145,000**	167,901
Carrying amount repayable:		
Within one year	**30,000**	24,691
More than one year, but not exceeding two years	**35,000**	29,630
More than two years, but not exceeding three years	**45,000**	34,568
More than three years, but not exceeding four years	**35,000**	44,444
More than four years, but not exceeding five years	**–**	34,568
	145,000	167,901
Less: Amounts due within one year shown under current liabilities	**(30,000)**	(24,691)
Amounts due after one year	**115,000**	143,210

20. DEFERRED INCOME

	2012	2011
	HK$'000	*HK$'000*
Deferred income related to government grants:		
Current portion	**1,605**	–
Non-current portion	**8,214**	–
	9,819	–

Note: In 2012, the Group received government subsidies of HK$12,467,000 for the acquisition of the computer equipment for CG production development in the PRC. The amount has been treated as deferred income when received and is transferred to income over the useful lives of the relevant assets, which is 3 to 5 years. This policy has resulted in a credit to income of HK$2,648,000 (2011: Nil) in the current period. As at 31 December 2012, an amount of HK$9,819,000 (2011: Nil) remains to be amortised. The current portion of HK$1,605,000 (2011: Nil) represented the grants to be amortised to profit or loss next year.

21 DEFERRED TAX LIABILITIES

At the end of the reporting period, the deferred tax liabilities recognised and movements thereon during the current year:

	Fair value gain on investment properties *HK$'000*
At 1 January 2011 and 31 December 2011	
Charge to the statement of comprehensive income for the year	37,115
Exchange differences	464
At 31 December 2012	37,579

22. SHARE CAPITAL

	Number of shares	**Share capital** *HK$*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2011, 31 December 2011 and 2012	2,400,000,000	24,000,000
Issued and fully paid		
At 1 January 2011	1,295,255,540	12,952,555
Shares issued	223,000,000	2,230,000
At 31 December 2011 and 2012	1,518,255,540	15,182,555

23. NON-CONTROLLING INTERESTS

	Share of share options reserve of a subsidiary *HK$'000*	Share of other net assets of subsidiaries *HK$'000*	Total *HK$'000*
At 1 January 2011	8,936	167,676	176,612
Share of profit for the year	–	43,811	43,811
Share of exchange differences arising on translation of foreign operations	–	2,630	2,630
Exercise of share options of a subsidiary	(7,855)	28,475	20,620
Lapse of share options granted by a subsidiary	(41)	–	(41)
Payment of dividends	–	(138,583)	(138,583)
Release upon disposal of subsidiaries	(1,040)	(78,654)	(79,694)
At 31 December 2011	–	25,355	25,355
Share of profit for the year	–	28,568	28,568
Share of exchange differences arising on translation of foreign operations	–	347	347
Disposal of partial interest in a subsidiary	–	701	701
At 31 December 2012	–	54,971	54,971

24. LITIGATION

The Company received an original complaint in April 2010, a first amended complaint in July 2010 and a second amended complaint in March 2012 for damages and injunctive relief, and demand for jury trial (the "Proceeding") filed with the District Court, Central District of California Western Division of the United States (the "Court") by X6D Limited, X6D USA Inc. and XpanD, Inc. (collectively, the "X6D") against, among others, the Company and its former subsidiaries namely GDC Tech, GDC Technology China Limited, GDC Technology (USA), LLC and GDC Technology of America LLC (collectively, the "Defendants") for copyright infringement, trademark and trade dress infringement, patent infringement, misappropriation of trade secrets and statutory unfair competition in relation to the 3D glasses sold by the Defendants. Sale of 3D glasses is not a core business of the Group.

The Group filed its answer and counterclaims in November 2011 and amended answers and counterclaims in January 2011 and April 2011 denying X6D's allegations, asserting various affirmative defences and asserting eight counterclaims against X6D generally that, among others, X6D did not own any valid intellectual property rights that cover the Defendants' 3D glasses and X6D wrongfully and intentionally interfered with the Defendants' prospective business relations with their potential customers. In January 2011 and May 2011, X6D filed its answers to the counterclaims denying the Defendants' allegations and asserting various affirmative defences.

In May 2011, X6D filed with the United States Patent & Trademark Office re-issue request for all three of its design patents. In June 2011, the Defendants filed a motion to stay the litigation on the ground that the patent claims were in flux due to the re-issue applications, and that the same facts applied to the validity of all of X6D's intellectual property and trade secrets claims, and all claims involved common products. X6D filed its opposition to the motion in July 2011. The Court issued its order granting the stay as to the patent claims but denying the motion as to all non-patent claims in August 2011.

During the mediation on 9 March 2012, X6D and the Group has reached an agreement to settle the dispute out of the Court. The agreement to resolve the disputes was signed by the parties on 13 June 2012. The Group had settled the compensation of US$242,500 (equivalent to HK$1,892,000) to X6D on 25 June 2012.

On 5 July 2012, the Court granted an order to dismiss the Defendant's claim against X6D in their entity. Upon settlement of the case, no provision for the litigation is required in the consolidated financial statements.

25. EVENT AFTER THE REPORTING PERIOD

From September 2011 to November 2012, the online training enrolment website of a wholly-owned PRC subsidiary of the Company was hacked. The case was passed to the relevant law enforcement authorities in April 2012, all hackers were arrested in Shenzhen by November 2012.

Investigations revealed that the hackers were appointed by the Group's competitor. To compensate for the economic loss suffered by the Group, the competitor made an offer of RMB3,800,000 (equivalent to HK$4,750,000) on 24 January 2013.

The Group accepted the offer and reached the settlement agreement with the competitor on 25 January 2013. It was agreed that no further civil liability against the competitor on the above issue would be claimed.

As the negotiation was only initiated after the year ended 31 December 2012 and there was no sign of indemnity before that, the compensation amounting to RMB3,800,000 (equivalent to HK$4,750,000) was regarded as a non-adjusting event and no contingent asset was recorded as at 31 December 2012.

26. CAPITAL COMMITMENTS

	2012	2011
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of investment properties	**14,285**	104,093

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

Revenue from continuing operations for the year ended 31 December 2012 was HK$111,022,000, when compared with that of HK$94,677,000 for the year 2011, representing an increase of 17%. The increase was mainly attributable to revenue from the release of a 3D animated film amounting to HK$6,302,000 and increase in rental income by HK$9,787,000.

Cost of sales from continuing operations for the year ended 31 December 2012 amounted to HK$74,932,000, when compared with that of HK$69,390,000 for the year 2011, representing an increase of 8%. The increase was mainly due to an increase in the allowance for programmes amounting to HK$3,770,000.

The Group recorded a gross profit from continuing operations of HK$36,090,000 for the year ended 31 December 2012, when compared with that of HK$25,287,000 for the year 2011, representing an increase of 43%. The Group's gross profit margin of continuing operations for the year ended 31 December 2012 amounted to 33% (2011: 27%).The improvement in the gross profit margin was mainly attributable to an increase in rental income and income from a 3D-animated film.

Other income from continuing operations for the year ended 31 December 2012 amounted to HK$32,389,000 (2011: HK$14,735,000), representing a significant increase of 120%. The increase was mainly due to increases in bank interest income, government grants and dividend income by HK$8,148,000, HK$8,008,000 and HK$2,795,000 respectively.

Distribution costs and selling expenses from continuing operations for the year ended 31 December 2012 amounted to HK$12,644,000 (2011: HK$6,716,000), representing an increase of 88%. The increase was mainly due to an increase in marketing expenses spent on the release of a 3D-animated film during the year.

Administrative expenses from continuing operations for the year ended 31 December 2012 amounted to HK$60,133,000 (2011: HK$58,573,000), representing a slight increase of 3%. The increase is resulted from an increase in staff cost and decrease in legal and professional fee.

Change in the fair value of investment properties from continuing operations for the year ended 31 December 2012 was HK$148,460,000 (2011: Nil). Such change in the fair value was arisen from Phase I of the Pearl River Film Cultural Park, which was completed at the end of year 2012.

Finance costs from continuing operations for the year ended 31 December 2012 amounted to HK$11,353,000 (2011: HK$10,363,000), which mainly included interest on bank borrowings for the construction of the headquarters building in Shenzhen which is not eligible for capitalisation upon completion of the construction.

Other expenses and losses from continuing operations for the year ended 31 December 2012 amounted to HK$2,721,000 (2011: HK$3,509,000). It included change in fair value of held-for-trading investments of HK$2,020,000 (2011: HK$3,509,000) and loss on disposal of property, plant and equipment of HK$701,000 (2011: Nil).

As a whole, the Group recorded a profit attributable to owners of the Company of HK$60,463,000 for the year ended 31 December 2012, when compared with the profit attributable to owners of the Company of HK$306,180,000 for the year 2011. In the year 2011, profit attributable to owners of the Company included HK$387,146,000 contributed by the Group's digital content distribution and exhibitions and deployment of digital cinema network operations, which have been discontinued following the disposal of such businesses by the Group in September 2011.

Basic and diluted earnings per share from continuing and discontinued operations for the year ended 31 December 2012 amount to HK3.98 cents (2011: HK22.69 cents and HK22.68 cents respectively). Basic and diluted earning per share from continuing operations for the year ended 31 December 2012 amounted to HK3.98 cents (Basic and diluted loss per share from continuing operations in 2011: HK2.57 cents), representing an improvement of 255% when compared with that for the year 2011.

Business Review and Outlook

CG creation and production

For the year ended 31 December 2012, revenue from CG creation and production division was HK$91,908,000, representing a significant increase of HK$15,656,000 when compared with that of HK$76,252,000 for the year 2011. The increase was attributable to revenue from the release of a 3D-animated film and increase in rental income from the headquarters building in Shenzhen by HK$6,302,000 and HK$9,354,000, respectively.

The Group adjusted and consolidated CG creation and production in the year 2012. The operation in Chongqing has been consolidated to Shenzhen, which will help to improve cost efficiency. The Group completed twenty-four CG production projects during the year. Most of our clients are from Europe, America, Australia and the PRC. The completed projects have been launched on major entertainment media in the regions where our clients come from and are highly appreciated by clients and the industry. The Group currently has six CG production projects in progress from clients in North America and Europe and there are several co-production projects and service projects with completed tests or under commercial negotiations. In addition, two new subsidiaries namely 深圳市環球數碼創意科技有限公司 ("GDC Shenzhen") and 北京風雲環球數碼傳媒技術有限公司 ("GDC Beijing") have been established respectively in Shenzhen and Beijing to expand new businesses and geographical coverage, whose main scope of business is to provide clients with interactive CG production with high-end technology. After completion of a creative production project for a large theme park in Shenzhen last year, the Group has started production of certain new projects, among which GDC Beijing had worked with China Central Television and a well-known website to provide 3D animation production services to the European Cup project and the report of Shenzhou-9 respectively, both well-reputed. Although GDC Shenzhen has only operated for less than one year, it has generated profit for the Group. GDC Shenzhen has successfully won contracts for two new projects from our current clients. Going forward, in addition to continuous cooperation with the large theme park in Shenzhen, the Company will actively seek more potential clients to expand business opportunities. Though GDC Beijing has not yet contributed profit to the Group, it currently has six projects in discussion. It is anticipated that GDC Beijing will be able to achieve target in year 2013.

As to the intellectual property projects, "Happy Little Submarines II", a 3D-animated film created and produced by the Group, was released in over 2,000 cinemas in the PRC in June 2012 with positive response. "Happy Little Submarines III" has been finished and is expected to be released in the PRC in mid 2013. Meanwhile, the Group has started the production of another 3D-animated film which is expected to be completed by the end of year 2013. The Group has initiated the planning of new intellectual property animation projects, including certain projects which have started production of the first print and negotiations on cooperation with several companies, and intends to expand to the animation-related businesses.

The headquarters building in Shenzhen generated rental income of HK$32,089,000 for the Group for the year 2012. In the year 2012, the rent in Shenzhen property market rose steadily. Currently, the leasing of the headquarters building is satisfactory, which will continue to bring stable income to the Group in the future.

CG training

For the year 2012, the revenue from CG training business amounted to HK$17,808,000, representing a slight increase of 1% when compared with that of HK$17,552,000 for the year 2011. Despite greater competition in the industry, desirable progress was made in the area of recruitment with growth in both recruitment hotline enquires and enrolments compared to the same period in the year 2011. While aggressively recruiting, the CG training division exercised strict control over the quality of education to guard the professional capability of graduates and maintained long-term talent output cooperation with plenty of domestic production enterprises, thus improving the employment rate of students after graduation. The Group also continues to seek cooperation with colleges in the PRC to organise "Training on Campus" and "Skills and Qualifications" training programmes so as to offer "One Course, Multiple Certifications" and enable immediate employment after graduation.

During the year, the CG training division attempted to cooperate with various TV, film and animation producers and game developers to provide specially tailored training courses that meet enterprises' job requirements, so as to provide the necessary hands-on experiences to enable the graduates to become productive once they join the enterprises. In addition, the CG training division collaborated with Tencent Original Animation Talent Union to further enhance exchange and promotion of platform resources, industry resources and quality works resources. It also cooperates with a number of software companies to provide training services regarding the latest software.

In the year 2013, the CG training division will focus on enhancing its core competitive power by putting more efforts in network promotion and marketing and improving the reputation of the training school so as to increase the revenue from training. In order to meet the demands from students, the CG training division will diversify the product portfolio by providing various training courses, and continue to cooperate with colleges to develop more cooperation plans with an aim to offer more options for the students.

Cultural park

The Pearl River Film Cultural Park which is located at a prime location in Guangzhou is planned to be redeveloped at stages, covering an area of approximately 120,000 square meters. Phase I of the Pearl River Film Cultural Park was successfully completed in December 2012 with three storeys. The external landscaping works were also completed in January 2013 with a lettable floor area of approximately 14,000 square meters.

With the smooth progress of business promotion for Phase I of the Pearl River Film Cultural Park, the Group has entered into tenancy agreements or letters of intent to lease with a number of renowned domestic and foreign brands, and started trial operation of Phase I project in December 2012. With the high praise from the shops and clients during the trial operation, it is expected to bring rental income to the Group in year 2013.

The redevelopment project of Phase II of the Pearl River Film Cultural Park has proceeded well with interim approvals obtained from relevant regulatory authorities of the PRC. Meanwhile, the Group has commenced concept design with several renowned architects, commercial consultants and property management companies for Phase II of the Pearl River Film Cultural Park project.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group had bank balances and cash of HK$309,178,000 (2011: HK$444,976,000) which were mainly denominated in Hong Kong dollars, Renminbi and United States dollars, and no structured deposits (2011: HK$988,000). The net decrease of HK$136,786,000 was the result of cash used in additions in investment properties of HK$106,768,000 and repayment of bank loans of HK$24,691,000.

As at 31 December 2012, the Group's borrowings amounted to HK$145,000,000, of which HK$30,000,000 were repayable within twelve months from 31 December 2012 and HK$115,000,000 were repayable after twelve months from 31 December 2012. The borrowings were denominated in Renminbi and bore interest at market rates.

The Group's gearing ratio (calculated as borrowings divided by equity attributable to owners of the Company) as at 31 December 2012 was 16% (2011: 20%). As at 31 December 2012, the Group had a current ratio of 2.2 (2011: 5.1) based on current assets of HK$378,263,000 and current liabilities of HK$170,254,000. The improvement in the gearing ratio was mainly attributable to the repayment of the bank loan of HK$24,691,000 during the year.

CAPITAL STRUCTURE

The equity attributable to owners of the Company amounted to HK$904,521,000 as at 31 December 2012 (2011: HK$833,098,000). The increase was mainly attributable to profit for the year ended 31 December 2012 attributable to owners of the Company of HK$60,463,000 and exchange differences arising on translation of foreign operations of HK$10,921,000.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Group did not have any material acquisitions, disposals and significant investment during the year ended 31 December 2012.

CHARGE ON ASSETS

As at 31 December 2012, the Group's building, plant and machinery and prepaid lease payments with an aggregate carrying value of HK$259,091,000 were pledged to a bank to secure for bank borrowings with an outstanding amount of HK$145,000,000. As at 31 December 2012, the Group had no unutilised banking facility.

FOREIGN EXCHANGE EXPOSURE

Currently, the Group earns revenue mainly in Renminbi, Euro and United States dollars while costs are mainly incurred in Renminbi and Hong Kong dollars. The Directors believe that the Group does 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 consider using forward exchange contracts to hedge against foreign currency exposures. As at 31 December 2012, the Group had no significant exposure under foreign exchange.

CONTINGENT LIABILITIES

Saved as disclosed in note 24 about litigation proceedings, the Group had no significant contingent liabilities as at 31 December 2012.

EMPLOYEES

As at 31 December 2012, the Group employed 509 (2011: 459) full time employees (excluding those employees under the payroll of an associate of the Group). 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, discretionary bonus and employee share option scheme are also available to the employees of the Group.

During the year ended 31 December 2012, the Company and its subsidiaries have neither paid nor committed to pay any amount as an inducement to join or upon joining the Company and/or its subsidiaries to any individual.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year ended 31 December 2012.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the Code on Corporate Governance Practices (effective until 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (effective from 1 April 2012) (the "New CG Code") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

COMPLIANCE WITH CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of provisions of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors confirmed that they have complied with such code of conduct and the required standard of dealings regarding securities transactions by the Directors throughout the year ended 31 December 2012.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements of the Group for the year ended 31 December 2012 have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu. A meeting of the Audit Committee of the Company was held with the auditor and the management of the Company for, amongst other things, reviewing the final results of the Group for the year ended 31 December 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 ended 31 December 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held at The Residence, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 June 2013 at 10:00 a.m.. 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 Friday, 14 June 2013 to Tuesday, 18 June 2013 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 13 June 2013.

PUBLICATION OF 2012 FINAL RESULTS AND 2012 ANNUAL REPORT

The final results announcement of the Company is published on the GEM website (www.hkgem.com) and the Company's website (www.gdc-world.com). The annual report of the Company for the year ended 31 December 2012 will be dispatched to the Shareholders and published on the GEM website (www.hkgem.com) and the Company's website (www.gdc-world.com) in due course.

APPRECIATION

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

By Order of the Board
Li Shaofeng
Chairman

Hong Kong, 27 March 2013

As at the date of this announcement, the Board comprises Mr. Li Shaofeng (Chairman and Executive Director), Mr. Chen Zheng (Chief Executive Officer and Executive Director), Mr. Jin Guo Ping (Vice President and Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Kwong Che Keung, Gordon (Independent Non-executive Director), Prof. Japhet Sebastian Law (Independent Non-executive Director) and Mr. Chan Chung Chun (Independent Non-executive Director).

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.gdc-world.com.