

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



環球數碼

GLOBAL DIGITAL CREATIONS HOLDINGS LIMITED

環球數碼創意控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 8271)

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
IN RESPECT OF
ESTABLISHMENT OF TECHNOLOGY INNOVATION CENTRE
AND
CONTINUING CONNECTED TRANSACTION
IN RESPECT OF
MANAGEMENT OF TECHNOLOGY INNOVATION CENTRE**

ESTABLISHMENT AND MANAGEMENT OF TECHNOLOGY INNOVATION CENTRE

On 27 December 2023, Shougang Hong Kong and GDC Digital Economy entered into an Operation Management Agreement pursuant to which the parties agreed to set up the Centre and Shougang Hong Kong entrusted GDC Digital Economy to operate and manage the Centre.

GEM LISTING RULES IMPLICATIONS

Disclosable transaction

As the highest applicable ratio in respect of the establishment of the Centre as contemplated under the Operation Management Agreement is more than 5% but less than 25%, the establishment of the Centre as contemplated under the Operation Management Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notifiable and announcement requirement.

Connected transaction and continuing connected transaction

As at the date of this announcement, Shougang Hong Kong indirectly holds approximately 41.18% of the issued share capital of the Company and is a controlling shareholder and a connected person of the Company.

The establishment of the Centre as contemplated under the Operation Management Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the highest applicable ratio in respect of the establishment of the Centre as contemplated under the Operation Management Agreement is less than 25% and the total commitment for the establishment of the Centre is less than HK\$10,000,000, the establishment of the Centre as contemplated under the Operation Management Agreement is subject to reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The management service to be provided by GDC Digital Economy to the Centre as contemplated under the Operation Management Agreement constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the annual cap for the management fees to be received by GDC Digital Economy under the Operation Management Agreement is less than 25%, and the total aggregate management fees to be received by GDC Digital Economy under the Operation Management Agreement is less than HK\$10,000,000, the management service provided by GDC Digital Economy to the Centre as contemplated under the Operation Management Agreement is subject to reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

OPERATION MANAGEMENT AGREEMENT

On 27 December 2023, Shougang Hong Kong and GDC Digital Economy entered into an Operation Management Agreement pursuant to which the parties agreed to set up the Centre and Shougang Hong Kong entrusted GDC Digital Economy to operate and manage the Centre.

Principal terms of the Operation Management Agreement are summarised as below:

Date: 27 December 2023

Parties: Shougang Hong Kong

GDC Digital Economy, a wholly-owned subsidiary of the Company

Establishment of the Centre: Shougang Hong Kong and GDC Digital Economy agreed to establish the Centre as a co-working and shared office for business and technology incubation. The Centre will provide services to its tenants and other parties, including but not limited to, (i) agency services; (ii) referral services; (iii) promotion services for Mainland and international institutions; (iv) assisting Mainland and international enterprises to set up representative offices; and (v) financial roadshow services.

Shougang Hong Kong will provide office spaces at Wanchai for the establishment of the Centre.

For the establishment of the Centre, Shougang Hong Kong will contribute renovation costs for renovating the Centre for its uses with total cost of approximately HK\$3,100,000 and providing funding of HK\$1,084,000 as working capital, while GDC Digital Economy will contribute an aggregate of HK\$ 6,484,000 by providing the management personnel with total labour cost of approximately HK\$5,400,000 and providing funding of approximately HK\$1,084,000 as working capital. Total commitment by GDC Digital Economy for the establishment of the Centre shall not be more than HK\$9,000,000.

The commitment by the parties for the establishment of the Centre was determined on an arm's length basis with reference to the capital and resources required for the establishment of the centre.

Scope of services:

Shougang Hong Kong entrusted GDC Digital Economy as the manager of the Centre to manage the Centre, including managing and providing services to the tenants of the Centre and managing the accounting matter of the Centre.

Save for certain major corporate and financial matters which require unanimous consent of the management committee of the Centre (with one representative from Shougang Hong Kong and two representatives from GDC Digital Economy) including but not limited to, financial budgeting and cessation of operations, GDC Digital Economy shall be responsible for management and daily operation of the Centre.

Fees payable to GDC Digital Economy:

GDC Digital Economy is entitled to receive an annual management fee of 12% times the annual revenue of the Centre from Shougang Hong Kong subject to an annual cap of HK\$4,000,000. The revenue of the Centre will cover the revenue of the Centre from its services other than the rental income.

The management fees and the annual caps were determined on an arm's length basis taking into account the scope of services required by the Centre, the experience of the Group in property management and the estimation of the revenue arising from the operation of the Centre.

Profit and loss sharing: Shougang Hong Kong and GDC Digital Economy shall each share 50% of the net profit/loss of the Centre. The rental cost and income, the renovation cost contributed by Shougang Hong Kong and labour cost contributed by GDC Digital Economy will be not counted when determining the profit or loss of the Centre.

The profit sharing percentage was determined on an arm's length basis taking into account the contributions made by the parties to the Centre, the management services provided by GDC Digital Economy and incentives to GDC Digital Economy to promote the growth of the business and development of the Centre.

Term: Two years from the date of the Operation Management Agreement

INFORMATION OF THE PARTIES AND THE GROUP

Shougang Hong Kong, is a wholly-owned subsidiary of Shougang Group Co., Ltd., Shougang Group Co., Ltd is a company established in the PRC and a state-owned enterprise wholly-owned by Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). Shougang Group Co., Ltd is one of the largest steel production enterprises in the PRC and is principally engaged in a wide range of business including steel and iron production, overseas business, property development, mining resources and other businesses. Shougang Hong Kong is principally engaged in investment holding.

GDC Digital Economy, is an indirect wholly-owned subsidiary of the Company, which is principally engaged in (i) agency services; (ii) referral services; (iii) business promotion services; and (iv) property management. The Company and its subsidiaries are principally engaged in (i) interactive entertainment and digital assets productions; and (ii) managing cultural and sports space (property leasing and management services).

REASONS AND BENEFITS OF THE OPERATION MANAGEMENT AGREEMENT

The Group aims to leverage the advantages of Hong Kong as an international financial centre with sound legal system and developed capital markets to develop the Centre for business and technology incubation. The Centre provides a platform for integration of "business connectivity, exhibition deployment, ecological empowerment and industry incubation". With the Centre located in Hong Kong, the Centre could assist its tenant and other parties to connect with the Greater Bay Area, and also engage with the global market. The establishment of the Centre also aligns with the Group's long-term development strategy, enhances its overall competitiveness, and holds significant importance to the Group's future development.

In addition, the Group has experience in property leasing and management. The Group manages GDC building in Shenzhen with tenants engaging in high quality animated film and television, high technology and cultural creative enterprises. Such experience could assist GDC Digital Economy to manage the Centre and further its development.

The Directors (including the independent non-executive Directors) consider that the management services to be provided by GDC Digital Economy as contemplated under the Operation Management Agreement is in the ordinary and usual course of business of the Group, and the terms of the Operation Management Agreement are on normal commercial terms after arm's length negotiations with reference to the reasons set out above, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Disclosable transaction

As the highest applicable ratio in respect of the establishment of the Centre as contemplated under the Operation Management Agreement is more than 5% but less than 25%, the establishment of the Centre as contemplated under the Operation Management Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notifiable and announcement requirement.

Connected transaction and continuing connected transaction

As at the date of this announcement, Shougang Hong Kong indirectly holds approximately 41.18% of the issued share capital of the Company and is a controlling shareholder and a connected person of the Company.

The establishment of the Centre as contemplated under the Operation Management Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the highest applicable ratio in respect of the establishment of the Centre as contemplated under the Operation Management Agreement is less than 25% and the total commitment for the establishment of the Centre is less than HK\$10,000,000, the establishment of the Centre as contemplated under the Operation Management Agreement is subject to reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The management service to be provided by GDC Digital Economy to the Centre as contemplated under the Operation Management Agreement constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the annual cap for the management fees to be received by GDC Digital Economy under the Operation Management Agreement is less than 25%, and the total aggregate management fees to be received by GDC Digital Economy under the Operation Management Agreement is less than HK\$10,000,000, the management service provided by

GDC Digital Economy to the Centre as contemplated under the Operation Management Agreement is subject to reporting, announcement and annual reviews requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Except for Mr. Xu Liang and Mr. Wang Hongpeng, who are the Directors and hold position in Shougang Hong Kong and Beijing Shougang Fund Co., Ltd. (a subsidiary of Shougang Group Co., Ltd), respectively, had abstained from voting on the resolutions in respect of the Operation Management Agreement at the Board meeting, none of the other Directors has material interests in the Operation Management Agreement or is required to abstain from voting on such resolutions.

DEFINITIONS

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

“Board”	the board of Directors
“Centre”	technology innovation centre to be established under the Operation Management Agreement
“Company”	Global Digital Creations Holdings Limited, a company incorporated in Bermuda with limited liability whose securities are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“GDC Digital Economy”	GDC Institute of Digital Economy Limited, an indirect wholly-owned subsidiary of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of GEM
“Group”	the Company and its subsidiaries

“Operation Management Agreement”	the operation management agreement dated 27 December 2023 entered into between Shougang Hong Kong and GDC Digital Economy
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shougang Hong Kong”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent

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

Hong Kong, 27 December 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 Non-executive Director; Prof. Japhet Sebastian Law, Mr. Lam Yiu Kin, Mr. Zheng Xiaodong, Mr. Li Yao and Ms. Wu Chunhua as Independent Non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

* For identification purpose only