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**首長四方(集團)有限公司\***  
**SHOUGANG CONCORD GRAND**  
**(GROUP) LIMITED**

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 730)

**DISCLOSEABLE TRANSACTION**  
**TOP-UP PLACING**  
**AND**  
**RESUMPTION OF TRADING**



**環球數碼創意控股有限公司\***  
**GLOBAL DIGITAL CREATIONS**  
**HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*  
(Stock code: 8271)

**TOP-UP PLACING**  
**AND**  
**RESUMPTION OF TRADING**

**Placing Agent**



**SBI E2-Capital Securities Limited**

**Top-up Placing**

Pursuant to the Placing and Subscription Agreement dated 4 July 2007 entered into between Upper Nice, Shougang Grand, GDC and the Placing Agent, the Placing Agent has agreed to, on a best effort basis, procure purchasers to acquire, and Upper Nice has agreed to sell, up to 72,000,000 existing GDC Shares at the Placing Price of HK\$2.70 per GDC Share.

The Placing Shares represent approximately 5.98% of the existing issued share capital of GDC and approximately 5.64% of the issued share capital of GDC as enlarged by the Subscription. The Placing Price represents (i) a discount of approximately 6.90% to the closing price of HK\$2.90 per GDC Share as quoted on the Stock Exchange on 29 June 2007, the last trading day immediately preceding the date of the Placing and Subscription Agreement; and (ii) a discount of approximately 3.57% of the average closing price of approximately HK\$2.80 per GDC Share as quoted on the Stock Exchange for the last five trading days up to and including 29 June 2007.

Pursuant to the Placing and Subscription Agreement, Upper Nice has also conditionally agreed to subscribe for the Subscription Shares at the Subscription Price. The Subscription Shares represent approximately 5.98% of the existing issued share capital of GDC and approximately 5.64% of the issued share capital of GDC as enlarged by the Subscription.

\* For identification purpose only

The Placing and the Subscription are interconditional upon each other.

As the Placing and the Subscription constitutes a discloseable transaction for Shougang Grand, a circular containing, amongst other things, details relating to the Placing and the Subscription will be sent to the shareholders of Shougang Grand as soon as practicable.

### **Resumption of Trading**

At the request of Shougang Grand, trading in Shougang Grand Shares on the Stock Exchange was suspended from 9:30 a.m. on 3 July 2007 pending the release of this announcement. Application has been made by Shougang Grand to the Stock Exchange for the resumption of trading in Shougang Grand Shares on the Stock Exchange with effect from 9:30 a.m. on 5 July 2007.

At the request of GDC, trading in GDC Shares on the GEM was suspended from 9:30 a.m. on 3 July 2007 pending the release of this announcement. Application has been made by GDC to the GEM for the resumption of trading in GDC Shares on the GEM with effect from 9:30 a.m. on 5 July 2007.

## **A. TOP-UP PLACING**

### **Placing and Subscription Agreement**

**Date** 4 July 2007

### **Parties**

- (a) Upper Nice, an indirect wholly-owned subsidiary of Shougang Grand, the holding company of GDC;
- (b) Shougang Grand (as a warrantor);
- (c) GDC; and
- (d) the Placing Agent, an Independent Third Party.

### **Placing Shares**

Up to 72,000,000 existing GDC Shares are to be placed, representing approximately 5.98% of the existing issued share capital of GDC and approximately 5.64% of the issued share capital of GDC as enlarged by the Subscription.

### **Placing Price**

The Placing Price of HK\$2.70 per GDC Share was arrived at after arm's length negotiations between GDC, Upper Nice and the Placing Agent. It represents: (i) a discount of approximately 6.90% to the closing price of HK\$2.90 per GDC Share as quoted on the Stock Exchange on 29 June 2007, the last trading day immediately preceding the date of the Placing and Subscription Agreement; and (ii) a discount of approximately 3.57% of the average closing price of approximately HK\$2.80 per GDC Share as quoted on the Stock Exchange for the last five trading days up to and including 29 June 2007.

The Placing Shares have a market value of HK\$208,800,000, based on the closing price of HK\$2.90 per GDC Share on 29 June 2007, the last trading day immediately preceding the date of the Placing and Subscription Agreement. The net price of the Placing Shares is approximately HK\$2.61 per GDC Share.

The Directors (including the independent non-executive Directors) are of the opinion that the Placing Price is fair and reasonable and in the interests of Shougang Grand and its shareholders as a whole.

### **Rights**

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto, including the right to receive all dividends or other distributions declared, made or paid on or after completion of the Placing.

### **Placees**

Subject to the terms and conditions of the Placing and Subscription Agreement, the Placing Shares will be placed, on a best effort basis, by the Placing Agent to not less than six Placees which are Independent Third Parties.

### **Condition of the Placing**

Completion of the Placing is conditional upon the Subscription having become unconditional (other than the condition in connection with completion of the Placing). The Placing is expected to be completed simultaneously upon completion of the Subscription on the Completion Date, or such other date as the parties may agree in writing.

It is expected that none of the Placees will become a substantial shareholder of GDC immediately after the completion of the Placing and the Subscription.

### **Subscription Shares**

Up to 72,000,000 Subscription Shares will be subscribed by Upper Nice, representing approximately 5.98% of the existing issued share capital of GDC and approximately 5.64% of the issued share capital of GDC as enlarged by the Subscription.

### **Subscription Price**

The Subscription Price is equivalent to the Placing Price of HK\$2.70 per GDC Share. The Subscription Shares have a market value of HK\$208,800,000 based on the closing price of HK\$2.90 per GDC Share on 29 June 2007. The net price of the Subscription Shares is approximately HK\$2.61 per GDC Share.

### **General mandate to issue the Subscription Shares**

The Subscription Shares will be issued pursuant to the general mandate granted by the shareholders of GDC to the GDC Directors at the annual general meeting of GDC held on 6 June 2007. As at the date of this announcement, no GDC Shares have been issued under this general mandate.

An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Ranking**

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the existing GDC Shares in issue.

### **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (b) the Placing having become unconditional; and
- (c) (if necessary) the Bermuda Monetary Authority consenting to the issue of the Subscription Shares.

None of the above conditions can be waived and the Subscription cannot be completed unless all the above conditions are fulfilled.

### **Completion of the Subscription**

Completion of the Subscription shall take place simultaneously with completion of the Placing on the Completion Date, or such other date as GDC and Upper Nice may agree in writing. It is intended that completion of the Subscription will take place no later than 14 days after the date of the Placing and Subscription Agreement, which is 18 July 2007.

## **B. INFORMATION ON GDC**

The following table shows the audited consolidated financial information of GDC for the two years ended 31 December 2006:

	<b>For the year ended 31 December 2005</b>	<b>For the year ended 31 December 2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax	76,205	30,245
Loss for the year attributable to equity holders of GDC	76,356	30,245

As at 31 December 2006, the audited consolidated net liabilities of GDC were approximately HK\$154,709,000.

### C. CHANGES IN THE SHAREHOLDING STRUCTURE OF GDC

The shareholdings in GDC before and after the Placing and the Subscription are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of GDC Shares</i>	<i>%</i>	<i>Number of GDC Shares</i>	<i>%</i>	<i>Number of GDC Shares</i>	<i>%</i>
Upper Nice and its associates	656,790,023	54.57	584,790,023	48.59	656,790,023	51.49
GDC Directors	16,817,220	1.40	16,817,220	1.40	16,817,220	1.32
Placees	4,018,000	0.33	76,018,000	6.31	76,018,000	5.96
Other public shareholders	525,964,257	43.70	525,964,257	43.70	525,964,257	41.23
Total	<u>1,203,589,500</u>	<u>100.00</u>	<u>1,203,589,500</u>	<u>100.00</u>	<u>1,275,589,500</u>	<u>100.00</u>

*Note: Assuming no new GDC Shares will be issued save for the Subscription Shares.*

The Placing and the Subscription are interconditional upon each other. Upon completion of the Placing and the Subscription, GDC will continue to be accounted for as a subsidiary of Shougang Grand. Moreover, should the Placing would have been executed prior to the Subscription, the equity interest of Shougang Grand in GDC would have been reduced from approximately 54.57% to approximately 48.59%. From accounting point of view, GDC will still be treated as a subsidiary of Shougang Grand given that its control over GDC remains unchanged following the Placing.

### D. REASON FOR THE PLACING AND THE SUBSCRIPTION

The Directors and the GDC Directors (including their respective independent non-executive directors) expect that the Placing and the Subscription will enhance the capital base of GDC. Accordingly, they consider that the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of Shougang Grand and GDC and their respective shareholders as a whole.

The net proceeds from the Subscription are estimated to be approximately HK\$188 million. Such proceeds will be used by GDC as to approximately HK\$163 million for the deployment of digital cinema network projects in the PRC, and the remaining balance will be used as general working capital of the GDC Group and for the repayment of loans.

#### **E. CAPITAL RAISING ACTIVITIES OF GDC DURING THE PAST 12 MONTHS**

GDC has carried out the following capital raising activity during the past 12 months:

<b>Date of announcement</b>	<b>Capital Raising Activity</b>	<b>Net Proceeds Raised</b>	<b>Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
6 July 2006	Transfer of shares in GDC Technology Limited	HK\$1.6 million	Reinvested by GDC in GDC Technology Limited in the form of a shareholder's loan	The proceeds have been used as proposed
5 December 2006	Subscription of shares in GDC Technology Limited and subscription of shares in GDC	HK\$59.3 million	Approximately HK\$50.07 million was utilised for business expansion and enhancement of research and development activities of GDC Technology Limited, a non-wholly owned subsidiary of GDC, and approximately HK\$9.23 million was used as general working capital of GDC	The proceeds have been used as proposed
16 March 2007	Top-up placing and subscription of new shares in GDC	HK\$116.6 million	Approximately HK\$75 million would be used for the deployment of digital cinema network projects in the PRC and the remaining balance for the repayment of loans and as general working capital of the GDC Group	As to approximately HK\$18 million and HK\$41.6 million were used for (i) the deployment of digital cinema network projects in the PRC and (ii) the repayment of loans and as general working capital of the GDC Group respectively. The net proceeds of approximately HK\$57 million are yet to be utilised.

<b>Date of announcement</b>	<b>Capital Raising Activity</b>	<b>Net Proceeds Raised</b>	<b>Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
2 May 2007	Top-up placing and subscription of new shares in GDC	HK\$157.0 million	Approximately HK\$137 million would be used for the deployment of digital cinema network projects in the PRC and the remaining balance for the repayment of loans and as general working capital of the GDC Group	As to approximately HK\$20 million was used for the repayment of loans and as general working capital of the GDC Group.  The net proceeds of approximately HK\$137 million are yet to be utilised.

## **F. FINANCIAL EFFECTS OF THE PLACING**

After the completion of the Placing and the Subscription, Shougang Grand's equity interest in GDC was diluted from approximately 54.57% to approximately 51.49% after completion of the Placing and the Subscription. Shougang Grand expects to realise an unaudited gain on the dilution of interest in GDC of approximately HK\$192.8 million, being the difference between (i) the net proceeds from the Subscription of approximately HK\$188 million, and (ii) the Shougang Grand's attributable interest diluted in the audited consolidated net liabilities of GDC of approximately HK\$4.8 million as at 31 December 2006. Shareholders of Shougang Grand should note that the actual gain on the dilution of interest in GDC to be recorded by Shougang Grand depends on the net assets/liabilities of GDC as at the date of completion of the Placing and the Subscription. The Placing and the Subscription is not expected to have any material effect on the earnings, assets and liabilities of Shougang Grand.

## **G. GENERAL**

Shougang Grand is an investment holding company and its subsidiaries are principally engaged in property investment and management, cultural mass media and provision of financial services.

GDC is principally engaged in the digital content business, encompassing creation, production and distribution of digital contents.

As the Placing and the Subscription constitutes a discloseable transaction for Shougang Grand, a circular containing, amongst other things, details relating to the Placing and the Subscription will be sent to the shareholders of Shougang Grand as soon as practicable.

At the request of Shougang Grand, trading in Shougang Grand Shares on the Stock Exchange was suspended from 9:30 a.m. on 3 July 2007 pending the release of this announcement. Application has been made by Shougang Grand to the Stock Exchange for the resumption of trading in Shougang Grand Shares on the Stock Exchange with effect from 9:30 a.m. on 5 July 2007.

At the request of GDC, trading in GDC Shares on the GEM was suspended from 9:30 a.m. on 3 July 2007 pending the release of this announcement. Application has been made by GDC to the GEM for the resumption of trading in GDC Shares on the GEM with effect from 9:30 a.m. on 5 July 2007.

## DEFINITIONS

“associates”	has the meaning ascribed to it under the Listing Rules and the GEM Listing Rules
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Hong Kong
“Completion Date”	The second Business Day by following the fulfilment of all the conditions in connection with the Placing and the Subscription
“Directors”	Directors of Shougang Grand
“GDC”	Global Digital Creations Holdings Limited, a company incorporated in Bermuda with limited liability whose securities are listed on GEM
“GDC Directors”	Directors of GDC
“GDC Group”	GDC and its subsidiaries
“GDC Share(s)”	share(s) of HK\$0.01 each in the share capital of GDC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM and any amendments thereto
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best knowledge, information and belief of the Directors and the GDC Directors, having made all reasonable enquires, are independent of Shougang Grand and GDC and their connected persons (as defined in Listing Rules and GEM Listing Rules).
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto

“Placees”	Any person or entity whom the Placing Agent or its agent has procured to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	SBI E2-Capital Securities Limited, a corporation licensed to carry on Types 1, 4 and 9 of the regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	The conditional placing and subscription agreement entered into between Upper Nice, Shougang Grand, GDC and the Placing Agent on 4 July 2007
“Placing Price”	HK\$2.70 per Placing Share
“Placing Shares”	Up to 72,000,000 existing GDC Shares
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Shougang Grand”	Shougang Concord Grand (Group) Limited, a company incorporated in Bermuda with limited liability whose securities are listed on the main board of the Stock Exchange and the holding company of GDC
“Shougang Grand Share(s)”	share(s) of HK\$0.01 each in the share capital of Shougang Grand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by Upper Nice of the Subscription Shares pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$2.70 per GDC Share, the equivalent of the Placing Price per GDC Share
“Subscription Shares”	Up to 72,000,000 new GDC Shares to be subscribed by Upper Nice pursuant to the Placing and Subscription Agreement, the equivalent of the number of Placing Shares
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules and the GEM Listing Rules

“Upper Nice”

Upper Nice Assets Ltd., a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of Shougang Grand, the holding company of GDC

“%”

per cent

By Order of the Board  
**SHOUGANG CONCORD GRAND  
(GROUP) LIMITED**

**Cao Zhong**

*Vice Chairman and Managing Director*

By Order of the Board  
**GLOBAL DIGITAL CREATIONS  
HOLDINGS LIMITED**

**Chen Zheng**

*Executive Director and Chief Executive Officer*

4 July 2007

*As at the date of this announcement, the board of Shougang Grand comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Vice Chairman and Managing Director), Mr. Chen Zheng (Managing Director of Operations), Mr. Wang Tian (Deputy Managing Director), Ms. Cheng Xiaoyu (Deputy Managing Director), Mr. Yuan Wenxin (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Ms. Zhou Jianhong (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).*

*As at the date of this announcement, the board of GDC comprises Mr. Cao Zhong (Chairman and Executive Director), Mr. Chen Zheng (Chief Executive Officer and Executive Director), Mr. Jin Guo Ping (Vice President and Executive Director), Dr. Xu Qing, Catherine (Vice President and Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Kwong Che Keung, Gordon (Independent Non-executive Director), Professor Bu Fan Xiao (Independent Non-executive Director) and Mr. Hui Hung, Stephen (Independent Non-executive Director).*

*This announcement, for which the GDC 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 GDC. The GDC Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*