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)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

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This announcement, for which the directors (the "Directors") of Global Digital Creations Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

THIRD QUARTERLY RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (the "Group") for the three months and the nine months ended 30 September 2007 with comparative figures for the corresponding periods in 2006. These quarterly results have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the periods ended 30 September 2007

		Three months ended 30 September		**Nine months ended 30 September**	
		2007	2006	**2007**	2006
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	NOTES	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3	**26,507**	15,883	**66,616**	34,206
Cost of sales		**(11,789)**	(8,623)	**(29,969)**	(19,871)
Allowance for production work in progress		**–**	–	**–**	(125)
Gross profit		**14,718**	7,260	**36,647**	14,210
Other income		**3,424**	170	**12,471**	464
Distribution costs		**(1,254)**	(1,102)	**(3,794)**	(4,989)
Administrative expenses		**(12,855)**	(8,394)	**(37,631)**	(24,443)
Finance costs	4	**(536)**	(3,697)	**(3,966)**	(9,848)
Gain on dilution of interest in a subsidiary	5	**385**	–	**40,680**	–
Gain on disposal of partial interest in a subsidiary	6	**–**	1,510	**–**	1,510
Profit (loss) for the period		**3,882**	(4,253)	**44,407**	(23,096)
Attributable to:					
Equity holders of the parent		**2,220**	(4,253)	**43,140**	(23,096)
Minority interests		**1,662**	–	**1,267**	–
		3,882	(4,253)	**44,407**	(23,096)
		HK cents	*HK cents*	***HK cents***	*HK cents*
Earnings (loss) per share	9				
Basic		**0.17**	(0.53)	**4.00**	(2.88)
Diluted		**0.17**	N/A	**3.87**	N/A

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated income statement has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated income statement has been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated income statement are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1 January 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC) – INT 12	Service Concession Arrangements[3]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[4]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

The Directors are in the process of assessing the potential impact and expect that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represented computer graphic ("CG") creation and production income, the amounts received and receivable for goods sold by the Group to outside customers (less returns and trade discounts), revenue arising on training fee, technical service fee and rental income from leasing of equipment during the period. An analysis of the Group's revenue was as follows:

	Three months ended 30 September		**Nine months ended 30 September**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
CG creation and production income	**16,518**	9,262	**38,770**	18,830
Sales of goods	**7,127**	3,771	**19,583**	8,192
Training fee	**2,652**	2,550	**6,913**	6,437
Technical service income	**148**	299	**1,288**	524
Rental income from equipment leasing	**62**	1	**62**	223
	26,507	15,883	**66,616**	34,206

4. FINANCE COSTS

	Three months ended 30 September		**Nine months ended 30 September**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on:				
Loan from a fellow subsidiary	**263**	2,697	**3,155**	6,620
Bank borrowings wholly repayable within five years	**223**	215	**608**	879
Loans from related parties	**34**	712	**125**	2,064
Finance leases	**16**	73	**75**	280
Others	**–**	–	**3**	5
	536	3,697	**3,966**	9,848

5. GAIN ON DILUTION OF INTEREST IN A SUBSIDIARY

The amount for the nine months ended 30 September 2007 of approximately HK$40,680,000 included (i) approximately HK$40,295,000 from the gain on dilution of the Group's interest in GDC Technology Limited ("GDC Technology"), a subsidiary of the Company, from approximately 83.3% to 56.3% of the issued capital of GDC Technology upon the completion of the subscription of 52,383,580 shares of GDC Technology by a subscriber at a consideration of US$6.5 million (or equivalent to approximately HK$50,570,000) in January 2007, and (ii) approximately HK$385,000 from the gain on further dilution of the Group's interest in GDC Technology to approximately 51.1% upon exercise of share options of GDC Technology during the period.

6. GAIN ON DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

The amount for the nine months ended 30 September 2006 represented the gain on transfer of 15% interest in GDC Technology to its management for an aggregate cash consideration of HK$1,600,000.

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the condensed consolidated income statement for both periods as the Group had no assessable profit arising in Hong Kong.

Pursuant to the relevant income tax regulations for productive enterprises with foreign investment established in the People's Republic of China (the "PRC", which for the purpose of this announcement, does not include Hong Kong, Macau and Taiwan) and being approved by the relevant PRC tax authority, the subsidiaries in the PRC are eligible for an exemption from PRC Enterprise Income Tax for two years starting from the first profit-making year after offsetting all tax losses carried forward from the previous five years, followed by a 50% reduction of tax rate in the next three years.

8. DIVIDENDS

The Directors did not recommend the payment of dividend for the nine months ended 30 September 2007 (2006: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the parent was based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Earnings (loss):				
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share (profit (loss) for the period attributable to equity holders of the parent)	**2,220**	(4,253)	**43,140**	(23,096)
	'000	*'000*	***'000***	*'000*
Number of shares:				
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**1,279,427**	800,820	**1,078,233**	800,820
Effect of dilutive potential ordinary shares:				
– share options	**16,931**	–	**35,436**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,296,358**	800,820	**1,113,669**	800,820

10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent											
	Share capital	Share premium account	Capital contribution reserve	Contributed surplus	Statutory reserve	Share options reserve	Exchange reserve	Deficit	Total	Equity component of share options reserve of a subsidiary	Minority 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 2007	**8,008**	**92,438**	**445**	**40,271**	**680**	**5,590**	**(2,205)**	**(300,253)**	**(155,026)**	**317**	**–**	**(154,709)**
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**–**	**(2,435)**	**–**	**(2,435)**	**–**	**–**	**(2,435)**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**43,140**	**43,140**	**–**	**1,267**	**44,407**
Total recognised (expense) income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(2,435)**	**43,140**	**40,705**	**–**	**1,267**	**41,972**
Sub-total	**8,008**	**92,438**	**445**	**40,271**	**680**	**5,590**	**(4,640)**	**(257,113)**	**(114,321)**	**317**	**1,267**	**(112,737)**
Share issued	**4,320**	**479,624**	**–**	**–**	**–**	**–**	**–**	**–**	**483,944**	**–**	**–**	**483,944**
Transaction costs attributable to issue of shares	**–**	**(12,740)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,740)**	**–**	**–**	**(12,740)**
Increase in minority share of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,940**	**9,940**
Exercise of share options	**615**	**29,791**	**–**	**–**	**–**	**(7,659)**	**–**	**–**	**22,747**	**–**	**–**	**22,747**
Exercise of share options of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(212)**	**2,249**	**2,037**
Recognition of equity-settled share based payments	**–**	**–**	**–**	**–**	**–**	**7,925**	**–**	**–**	**7,925**	**–**	**–**	**7,925**
Cancellation of share options granted by a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8**	**8**	**(8)**	**–**	**–**
At 30 September 2007	**12,943**	**589,113**	**445**	**40,271**	**680**	**5,856**	**(4,640)**	**(257,105)**	**387,563**	**97**	**13,456**	**401,116**
At 1 January 2006	8,008	92,438	445	40,271	680	–	(44)	(270,010)	(128,212)	–	–	(128,212)
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	(336)	–	(336)	–	–	(336)
Loss for the period	–	–	–	–	–	–	–	(23,096)	(23,096)	–	–	(23,096)
Total recognised expense for the period	–	–	–	–	–	–	(336)	(23,096)	(23,432)	–	–	(23,432)
As 30 September 2006	8,008	92,438	445	40,271	680	–	(380)	(293,106)	(151,644)	–	–	(151,644)

11. SUBSEQUENT EVENTS

(a) On 14 August 2007, GDC Holdings Limited ("GDC Holdings"), a wholly owned subsidiary of the Company, entered into a subscription agreement with GDC Technology to subscribe for 53,388,178 new shares of GDC Technology at HK$2 per new share of GDC Technology for a total consideration of approximately HK$106.78 million (the "GDC Tech Subscription"). The GDC Tech Subscription was approved and completed up to the date of this announcement.

Upon completion of the GDC Tech Subscription, the Group's effective interest in GDC Technology increased from approximately 51.1% to 62.4%.

(b) On 14 August 2007, GDC Holdings entered into an agreement (the "Agreement") with Shougang Holding (Hong Kong) Limited ("Shougang Holding"), for the acquisition of 100% interest in the issued share capital of Shougang GDC Media Holding Limited ("Shougang GDC Media") for a consideration of HK$42 million. The consideration was paid as to HK$41.5 million as deposit within one month from the date of the Agreement and as to HK$0.5 million at the completion date (the "Shougang GDC Media Acquisition"). The Shougang GDC Media Acquisition was approved and completed up to the date of this announcement.

The sole asset of Shougang GDC Media is its 49% interest in 中影首鋼環球數碼數字影院建設（北京）有限公司 (CFGDC Digital Cinema Company Limited), a sino-foreign joint venture incorporated in the PRC ("PRC Media JV"). PRC Media JV is principally engaged in the deployment of digital cinema network and related businesses in the PRC. Shougang Holding undertook that the deposit of HK$41.5 million received would be injected by Shougang Holding into Shougang GDC Media as a shareholder's loan and such shareholder's loan was assigned to GDC Holdings upon completion of the Shougang GDC Media Acquisition at nil consideration.

(c) On 30 October 2007, the Company granted 38,070,000 share options of the Company to eligible participants under the Company's share option scheme at an exercise price of HK$2.75 per share.

(d) On 2 November 2007, GDC Technology granted 19,095,000 share options of GDC Technology to eligible participants to subscribe for shares of GDC Technology, at a subscription price of HK$2 per share exercisable during the five-year period after date of grant (the "GDC Tech Options"). As at date of this announcement, the GDC Tech Options, if fully exercised, would represent approximately 8.3% of the existing issued share capital of GDC Technology and approximately 7.3% of the issued share capital of GDC Technology as enlarged by exercise of the GDC Tech Options.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the nine months ended 30 September 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue for the three months and the nine months ended 30 September 2007 was approximately HK$26,507,000 and HK$66,616,000, respectively, when compared with that of approximately HK$15,883,000 and HK$34,206,000, respectively, for the corresponding periods in the year 2006, represented an increase of approximately 67% and 95%. The increase was mainly attributable to the increase in revenue from digital content distribution and exhibitions division, and CG creation and production division.

During the nine months ended 30 September 2007, the Group's revenue from digital content distribution and exhibitions division, which mainly consisted of sales of digital cinema equipment and the relevant technical service income, amounted to approximately HK$20,933,000, increased for approximately 134% comparing with that for the corresponding period in the year 2006. This increase was mainly due to many orders for new products in compliance with the new industrial technical standard, which were just coming out in the fourth quarter of 2006, were received during this period. The Group's revenue from CG creation and production division amounted to approximately HK$38,770,000, increase for approximately 106% comparing with that for the corresponding period in the year 2006, a result of increase in both works from new clients and repeated orders from existing clients.

Cost of sales for the nine months ended 30 September 2007 amounted to approximately HK$29,969,000 which, comparing with that of approximately HK$19,871,000 for the corresponding period in the year 2006, represented an increase of approximately 51%.

The Group made a gross profit of approximately HK$36,647,000 for the nine months ended 30 September 2007, representing a gross profit margin of approximately 55%. Comparing with the gross profit margin of approximately 42% for the corresponding period in the year 2006, the improvement was mainly attributable to higher margin on sales of new products of digital cinema equipment and increase in efficiency in CG creation and production division.

Other income for the nine months ended 30 September 2007 amounted to approximately HK$12,471,000 (2006: HK$464,000) mainly represented the waiving of certain interest payable on other loans and rental payable of approximately HK$4,156,000 and HK$3,228,000, respectively, upon entering into settlement agreements with relevant parties, and interest income of approximately HK$4,396,000 earned during this period.

Administrative expenses for the nine months ended 30 September 2007 amounted to approximately HK$37,631,000 (2006: HK$24,443,000), representing an increase of approximately 54%. The increase was mainly due to recognition of equity-settled share based payments of approximately HK$7,925,000 for the share options granted during this period, and increase in operating expenses as a result of increase in the operations of the Group.

Finance costs for the nine months ended 30 September 2007 amounted to approximately HK$3,966,000 (2006: HK$9,848,000), representing a decrease of approximately 60%. The decrease was mainly attributable to decrease in interest to a fellow subsidiary and related parties of approximately HK$3,465,000 and HK$1,939,000, respectively.

Gain on dilution of interest in a subsidiary of approximately HK$40,680,000 for the nine months ended 30 September 2007 included (i) approximately HK$40,295,000 from the gain on dilution of the Group's interest in GDC Technology from approximately 83.3% to 56.3% of the issued capital of GDC Technology upon the completion of the subscription of 52,383,580 shares of GDC Technology by a subscriber at a consideration of US$6.5 million (or equivalent to approximately HK$50,570,000) in January 2007, and (ii) approximately HK$385,000 from the gain on further dilution of the Group's interest in GDC Technology to approximately 51.1% upon exercise of share options of GDC Technology during this period. With this additional funding, digital content distribution and exhibitions division was in a better position to expedite the rolling out of its business plan and enhanced its research and development activities.

Gain on disposal of partial interest in a subsidiary of approximately HK$1,510,000 for the nine months ended 30 September 2006 represented the gain on transfer of 15% interest in GDC Technology to its management for an aggregate cash consideration of HK$1,600,000.

Overall, the Group recorded profit of approximately HK$43,140,000 for the nine months ended 30 September 2007 attributable to equity holders of the Company, when compared with that loss of approximately HK$23,096,000 for the corresponding period in the year 2006.

BUSINESS REVIEW

Digital content distribution and exhibitions

The significant improvement in digital content distribution and exhibitions division for the nine months ended 30 September 2007 was due to the continue acceptance of the new generation of digital cinema server which adopts the Digital Cinema Initiative ("DCI") specifications and receiving worldwide customers' repeat orders to upgrade their digital cinema theatres to this next generation digital cinema server throughout the world. Besides, the Group has also set up its office in the United States of America ("USA") to enhance its service and marketing activities there. During this period, the Group received an order to install equipment to four digital cinema theatres in USA with the new product – DCI-2000 Digital Cinema Integrated Projection System.

The Group also delivered and installed equipment to a new 3D digital cinema theatre in Hong Kong with its new product – DCI-2000 Digital Cinema Integrated Projection System. Besides, the certificate of Hong Kong origin with CEPA (Closer Economic Partnership Arrangement) was issued by Hong Kong Trade and Development Council for DCI-2000 and this can exempt the import duty of DCI-2000 to the PRC. The Group continued to be the market leader in Asia, in particularly in the PRC where it enjoyed more than 95% market share in digital cinemas in the PRC.

At the China Beijing 5th Digital Cinema Forum held on 24 August 2007 during Beijing International Radio, TV & Film Equipment Exhibition ("BIRTV") where latest updates on digital cinema businesses and technologies were presented, the Group presented its new SA2100 DSR™ Digital Film Server capable of playing out 3D content. At the Digital Cinema Forum, this new SA2100 server was selected for the 3D screenings of the latest 3D Hollywood feature film trailers and also won the coveted 2007 BIRTV Award for Outstanding Product.

During this period, the Group also completed digitalisation of a high profile cinema multiplex in the PRC, based on the state-of-the-art Digital-Cinema-Total-Solution platform designed groundup by the Group. With the Group's total solution for digital cinema, the cinema operator can now display the full array of trailers, advertisements and alternative content on both the in-foyer displays and in-theatres screens through a centrally controlled Theater Management System that in turns is remotely monitored by a Network Operation Center. The various display devices can now be programmed from the ticketing system to playback all kind of content in coherency and up-to-the-last minute media can be delivered to all the various display devices connected to a central server. The installed system is so successful that other high-end cinema multiplexes in the PRC and Hong Kong have also begun installing the similar system supplied by the Group.

In addition, the Group has also installed networked digital signage solutions to new customers in Asia including a flagship cinema multiplex in Hong Kong and shopping malls in Singapore. Up to the date of this announcement, the Group has delivered and installed to more than 10 shopping malls in Singapore with its digital signage solutions. The Group envisage the rate of conversion of public area display systems used for out-of-home advertisement to digital systems, to accelerate in the year 2007.

CG creation and production

The Group's business volume in CG creation and production division grows continuously since the Group changed its strategy to enter into the business of subcontracting of CG creation and production. It resulted in a profit from this division for this period.

During this period, having completed several direct-to-home films and television series production projects, a co-production project and a feature film project, the Group continued delivering episodes of direct-to-home films and television series to clients.

The quality of the Group's service has won recognition in the industry. Three renowned distributors headquartered in Hollywood have respectively committed to distribute one direct-to-home film and two television series produced by the Group. Such recognition has generated new orders from all the existing clients for the Group. At present, in addition to domestic business in the PRC, the Group has expanded its customer base to USA, Europe, Japan and Middle East region.

CG training

The Group's CG training division served as a core component of its strategy towards professionalism. Tailored for students in the PRC, its training courses focused on the basic knowledge of CG production. With the best training, highest graduates employment rate and comprehensive training materials, the Group maintains a leading position in the CG professional training domain in the PRC. The Group also developed its infrastructure continuously to maintain its best training environment in the PRC. Through continued improvement in the management system and focused marketing programs, the Group recorded steady revenue growth from CG training division of approximately 7% for the nine months ended 30 September 2007, comparing with that for the corresponding period in the year 2006.

OUTLOOK

Digital content distribution and exhibitions

The Group continue to upgrade its products and market them through participation in international trade exhibitions and high profile demonstration projects. At 2007 ShoWest convention in March 2007, the Group launched an important new digital cinema product – DCI-2000 Digital Cinema Integrated Projection System that answers to the exhibitors' need of a fully integrated projector – server system. DCI-2000 addresses some of the biggest challenges of delivering, installing, operating and maintaining of digital cinema system in cinema multiplexes. The Group also unveiled another new product – SA2100 DSR™ Digital Film Server which is 33% smaller in size and designed to meet DCI specifications such as Texas Instruments Cinelink™ 2 and Hollywood's approved forensic watermarking features. The SA2100 server is a cost-effective and flexible solution for digital cinema and alternative content sources to be playout in a seamless pipeline; various formats of content such as live interview, on-screen advertisement and feature films can be programmed to playout without the need to re-initialise the server and/or projector for different image formats.

On the other hand, there are a rapidly growing number of cinemas going digital, over 3,000 North American screens have been digitalised. The biggest cinema chains in USA have announced to digitalise their cinemas next year, and a company in Europe signed "Virtual Print Fees" contracts with three major Hollywood studios up to the date of this announcement for its roll-out plan of digital cinemas there. With the increase in demand for digital cinema equipment and the successful development of DSR™ range of products, the Group expect there will be further improvement of business in this division for the remaining part of the year 2007 and in the future.

During this period, the Group successfully strengthened its production facilities in Shenzhen and Hong Kong in preparation of mass production of digital cinema equipment. The initial production capacity aimed to produce 250 units per month with the aim of ramping up the production to 400 units in 6-month time.

In addition, the sino-foreign joint venture with China Film Group Corporation ("CFGC") for the deployment of digital cinema network and related businesses in the PRC was established in the PRC in August 2007 and its 49% interest has already been transferred to the Group up to the date of this announcement. The digital cinema equipment to be installed will be to the major cinemas in the PRC and the Group is target to install 600 units by end of the year 2007, the Group and CFGC will share a portion of box office receipts of those cinemas using the digital cinema equipment for distribution of digital motion pictures. This will highly accelerate the digitalisation of the film distribution and exhibitions industry in the PRC and at the same time, lay a solid foundation for commencing related businesses of the Group, thus enable the Group to become the technology supplier of digital cinema in the PRC as well as the pioneer and key player in related businesses on top of its basis as a provider of digital cinema equipment worldwide.

CG creation and production

Based on the orders secured up to date of this announcement, the Group's revenue from CG creation and production division for the whole year 2007 will have substantial growth comparing with that for the year 2006. The CG creation and production division is expected to have a profit for the year 2007 as well.

Negotiations for new orders and various partnerships are undergoing. Considering the value of orders under discussion and the clients' trust and dependency on the Group and the fact that the Group's reputation in the industry are being enhanced, it is expected that the high growth rate of revenue will be maintained in the year 2008. It is worth more appreciation that all existing clients of the Group are negotiating new cooperation with the Group.

The PRC governments of various levels have been continuously recognising the Group as the leader in the CG industry in the PRC and have provided the Group with various forms of support, including supporting the Group to build a new building in Shenzhen as its headquarters.

CG creation and production division certainly is in a rapidly growing market both domestically and internationally. In order to maintain the Group's leader position in the PRC and siege the market opportunities, the Group will continuously improve its market share, production efficiency and creative ability. Besides, the Group is also actively studying the feasibility of establishment of a new studio. Preliminary discussions with various parties, including local government for the potential new studio, are in progress.

CG training

With the view of great success in the CG creation and production division, attracting more students and raising market demand for graduates, the Group will design new courses emphasising practical skills and including more case studies to in line with the market needs and enhance the production capability of the students. Besides, the Group's training centre in Shanghai and Shenzhen has already certified by the local government to be a vocational training centre, and the Group is considering the establishment of its third training centre, this will strengthen the training brand of the Group in the PRC. To conclude, the Group will further expand its training network throughout the PRC with Shanghai, Shenzhen and its new training centre as the core centers. The Group will also upgrade and strengthen its training system, the quality of its teaching staff and the graduate employment network.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the period under review.

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 extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period.

By Order of the Board
Chen Zheng
Managing Director

Hong Kong, 13 November 2007

As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman), Mr. Chen Zheng (Managing Director), Mr. Jin Guo Ping (Deputy Managing Director), Dr. Xu Qing, Catherine (Deputy Managing Director), Ms. Lu Yi, Gloria (Deputy Managing 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 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.

* *For identification purpose only*