



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

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

TOP-UP PLACING
AND
DISCLOSEABLE TRANSACTION
IN RESPECT OF SUBSCRIPTION
OF SHARES IN GLOBAL DIGITAL
CREATIONS HOLDINGS LIMITED



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
CONNECTED TRANSACTION
IN RESPECT OF SUBSCRIPTION OF NEW SHARES
AND
INCREASE IN AUTHORISED SHARE CAPITAL
AND
RESUMPTION OF TRADING

Placing Agent



Guotai Junan Securities (Hong Kong) Limited

Top-up Placing

On 16 March 2007, Upper Nice and GDC entered into the Placing and Subscription Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed to, on a fully underwritten basis, procure purchasers to acquire, and Upper Nice has agreed to sell, 120,000,000 existing GDC Shares at the Placing Price of HK\$0.54 per GDC Share.

The Placing Shares represent approximately 14.26% of the existing issued share capital of GDC and approximately 12.48% of the issued share capital of GDC as enlarged by the Top-up Subscription. The Placing Price represents (i) a discount of approximately 15.63% to the closing price of HK\$0.64 per GDC Share as quoted on the Stock Exchange on 15 March 2007, the last trading date immediately preceding the date of the Placing and Subscription Agreement; and (ii) a discount of approximately 19.88% of the average closing price of HK\$0.674 per GDC Share as quoted on the Stock Exchange for the last five trading days up to and including 15 March 2007. Pursuant to the Placing and Subscription Agreement, Upper Nice has also conditionally agreed to subscribe the Top-up Subscription Shares at the Top-up Subscription Price. The Top-up Subscription Shares represent approximately 14.26% of the existing issued share capital of GDC and approximately 12.48% of the issued share capital of GDC as enlarged by the Top-up Subscription.

Subscription of new GDC Shares

On 16 March 2007, Upper Nice and GDC entered into the Subscription Agreement, pursuant to which Upper Nice has conditionally agreed to subscribe 100,000,000 new GDC Shares at HK\$0.54 per GDC Share.

The Subscription Shares represent approximately 11.88% of the existing issued share capital of GDC and approximately 9.42% of the issued share capital of GDC as enlarged by the Top-up Subscription and the Subscription. The Subscription Price is the same as the Placing Price and represents (i) a discount of approximately 15.63% to the closing price of HK\$0.64 per GDC Share as quoted on the Stock Exchange on 15 March 2007, the last trading date immediately preceding the date of the Subscription Agreement; and (ii) a discount of approximately 19.88% of the average closing price of HK\$0.674 per GDC Share as quoted on the Stock Exchange for the last five trading days up to and including 15 March 2007.

Increase in authorised share capital of GDC

The Directors proposes to increase the existing authorised share capital of GDC from HK\$12,000,000 divided into 1,200,000,000 GDC Shares to HK\$24,000,000 divided into 2,400,000,000 GDC Shares by the creation of additional 1,200,000,000 unissued GDC Shares.

The net proceeds from the Top-up Subscription in the amount of approximately HK\$63.0 million and the net proceeds from the Subscription in the amount of approximately HK\$53.6 will be used by GDC as to approximately HK\$75.0 million for the deployment of digital cinema network project in China, and the remaining balance will be used as general working capital of the GDC Group and for the repayment of loans.

GDC will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Top-up Subscription Shares and the Subscription Shares.

At the request of GDC, trading in the GDC Shares on the GEM was suspended from 9:30 a.m. on 16 March 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 19 March 2007.

A. TOP-UP PLACING

Placing and Subscription Agreement

Date: 16 March 2007

Parties:

- (a) Upper Nice, an indirect wholly owned subsidiary of Shougang Grand, the holding company of GDC;
- (b) GDC; and
- (c) the Placing Agent, an independent third party and is not a connected person of each of GDC and Shougang Grand.

Placing Shares

120,000,000 existing GDC Shares are to be placed, representing approximately 14.26% of the existing issued share capital of GDC and approximately 12.48% of the issued share capital of GDC as enlarged by the Top-up Subscription.

Placing Price

The Placing Price of HK\$0.54 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 15.63% to the closing price of HK\$0.64 per GDC Share as quoted on the Stock Exchange on 15 March 2007, being the last trading date immediately preceding the date of the Placing and Subscription Agreement; and (ii) a discount of approximately 19.88% of the average closing price of HK\$0.674 per GDC Share as quoted on the Stock Exchange for the last five trading days up to and including 15 March 2007. 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 GDC 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.

Independence of placees

The Placing Agent will procure as agent of Upper Nice purchasers for the Placing Shares. The placees and their ultimate beneficial owners will be third parties independent of and not connected with the directors, chief executives or substantial shareholders of GDC and Shougang Grand or any of their respective subsidiaries or any of their respective associates. The Placing Agent expects that there will be not less than six independent placees. It is not expected that any placees will become a substantial shareholder of GDC as a result of the Placing.

Completion of the Placing

Completion of the Placing is not subject to any conditions and the parties expect that the Placing will be completed on 21 March 2007 (or such other date as the parties may agree in writing).

Top-up Subscription Shares

120,000,000 Top-up Subscription Shares will be subscribed by Upper Nice, representing approximately 14.26% of the existing issued share capital of GDC and approximately 12.48% of the issued share capital of GDC as enlarged by the Top-up Subscription.

Top-up Subscription Price

The Top-up Subscription Price is equivalent to the Placing Price of HK\$0.54 per GDC Share. The Top-up Subscription Shares have a market value of approximately HK\$76.8 million based on the closing price of the GDC Shares of HK\$0.64 on 15 March 2007. The net price of the Top-up Subscription Shares is approximately HK\$0.525 per GDC Share.

General mandate to issue the Top-up Subscription Shares

The Top-up Subscription Shares will be issued pursuant to the general mandate granted by the shareholders of GDC to the Directors at the annual general meeting of GDC held on 26 May 2006. As at the date of this announcement, 40,000,000 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 Top-up Subscription Shares.

Ranking

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

Conditions of the Top-up Subscription

Completion of the Top-up Subscription is conditional upon:

- (a) completion of the Placing;
- (b) the approval for the listing of, and permission to deal in, the Top-up Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange; and
- (c) (if necessary) the Bermuda Monetary Authority consenting to the issue of the Top-up Subscription Shares.

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

Completion of the Top-up Subscription

Completion of the Top-up Subscription shall take place on the second Business Day following the fulfilment of all of the above conditions precedent, or such later time and/or date as GDC and Upper Nice may agree in writing. It is intended that completion of the Top-up Subscription will take place no later than 14 days after the date of the Placing and Subscription Agreement, which is 30 March 2007.

B. SUBSCRIPTION OF NEW GDC SHARES**Subscription Agreement**

Date: 16 March 2007

Parties:

- (a) Upper Nice; and
- (b) GDC.

Subscription Shares

100,000,000 new GDC Shares will be subscribed by Upper Nice, representing approximately 11.88% of the existing issued share capital of GDC and approximately 9.42% of the issued share capital of GDC as enlarged by the Top-up Subscription and the Subscription.

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the existing GDC Shares in issue. There is no subsequent restriction on any subsequent transfer of the Subscription Shares.

Subscription Price

The Subscription Price is equivalent to the Placing Price of HK\$0.54 per GDC Share and was arrived at after arm's length negotiations between GDC and Upper Nice. It represents: (i) a discount of approximately 15.63% to the closing price of HK\$0.64 per GDC Share as quoted on the Stock Exchange on 15 March 2007, being the last trading date immediately preceding the date of the Subscription Agreement; and (ii) a discount of approximately 19.88% of the average closing price of HK\$0.674 per GDC Share as quoted on the Stock Exchange for the last five trading days up to and including 15 March 2007.

The Subscription Shares have a market value of approximately HK\$64.0 million based on the closing price of the GDC Shares of HK\$0.64 on 15 March 2007.

The respective directors of Shougang Grand and GDC (including their respective independent non-executive directors) are of the opinion that the Subscription Price is fair and reasonable and in the interests of Shougang Grand and GDC and their respective shareholders as a whole.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) the GDC Independent Shareholders having approved the Subscription at a general meeting of GDC by way of poll;
- (b) the approval for the listing of, and permission to deal in, the Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange; 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

Subject to fulfilment of the above conditions, completion of the Subscription shall take place on the second Business Day after the above conditions have been satisfied. If the above conditions precedent are not fulfilled by 30 September 2007 (or such later date as may be agreed between the parties), the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations under the Subscription Agreement, save for liabilities for any antecedent breaches.

Listing Rules implications on the Subscription

Upper Nice is an indirect wholly owned subsidiary of Shougang Grand. Shougang Grand, together with its associates, is interested in approximately 71.40% of the existing issued share capital of GDC and is the holding company of GDC. The Subscription therefore constitutes a connected transaction for GDC and will be subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

As the Subscription will exceed 5% but will be below 25% of each of the percentage ratios provided under Rule 14.07 of the Listing Rules for Shougang Grand, the Subscription constitutes a discloseable transaction for Shougang Grand under Chapter 14 of the Listing Rules.

C. INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of GDC is HK\$12,000,000 divided into 1,200,000,000 GDC Shares, of which 841,620,000 GDC Shares have been issued. In order to accommodate future expansion and growth of the GDC Group, GDC proposes to increase its authorised share capital from HK\$12,000,000 divided into 1,200,000,000 GDC Shares to HK\$24,000,000 divided into 2,400,000,000 GDC Shares by the creation of additional 1,200,000,000 unissued GDC Shares. The proposed increase in the authorised share capital of GDC is conditional upon the passing of an ordinary resolution by the shareholders of GDC at its special general meeting.

D. INFORMATION ON GDC

GDC and its subsidiaries are principally engaged in the digital content business, encompassing creation, production and distribution of digital contents. The following table shows the audited consolidated financial information of GDC for the two years ended 31 December 2006:

	For the year ended 31 December 2005 HK\$'000	For the year ended 31 December 2006 HK\$'000
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 was approximately HK\$154,709,000.

E. CHANGES IN THE SHAREHOLDING STRUCTURE OF GDC

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

Shareholder	Current		Immediately after completion of the Placing but before the Top-up Subscription		Immediately after completion of the Placing and the Top-up Subscription		Immediately after completion of the Placing, the Top-up Subscription and the Subscription	
	Number of GDC Shares	{%}	Number of GDC Shares	{%}	Number of GDC Shares	{%}	Number of GDC Shares	{%}
Upper Nice and its associates	600,890,023	71.40	480,890,023	57.14	600,890,023	62.49	700,890,023	66.02
Placees	—	—	120,000,000	14.26	120,000,000	12.48	120,000,000	11.30
Other public shareholders	240,729,977	28.60	240,729,977	28.60	240,729,977	25.03	240,729,977	22.68
Public shareholders	240,729,977	28.60	360,729,977	42.86	360,729,977	37.51	360,729,977	33.98
Total	841,620,000	100.00	841,620,000	100.00	961,620,000	100.00	1,061,620,000	100.00

Upon completion of the Placing, the Top-up Subscription and the Subscription, GDC will continue to be accounted for as a subsidiary of Shougang Grand.

F. REASONS FOR THE TOP-UP PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Top-up Placing and the Subscription are effected to enable GDC to raise funds for the projects of the GDC Group and as general working capital and for the repayment of loans while broaden the shareholder's base and the capital base of GDC. The respective directors of GDC and Shougang Grand (including their respective independent non-executive directors) consider that the terms and conditions of the Placing and Subscription Agreement and the Subscription Agreement are fair and reasonable and are in the interests of GDC and Shougang Grand and their respective shareholders as a whole are concerned.

The net proceeds from the Top-up Subscription are estimated to be approximately HK\$63.0 million and the net proceeds from the Subscription are estimated to be approximately 53.6 million. Such proceeds will be used by GDC as to approximately HK\$75.0 million for the deployment of digital cinema network project in China, and the remaining balance will be used as general working capital of the GDC Group and for the repayment of loans.

G. CAPITAL RAISING ACTIVITIES OF GDC DURING THE PAST 12 MONTHS

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

Date of announcement	Capital Raising Activity	Net Proceeds Raised	Use of Proceeds
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' loan
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

H. GENERAL

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

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

An independent financial adviser will be appointed by GDC to advise the GDC Independent Board Committee and the GDC Independent Shareholders on the terms of the Subscription Agreement. Circulars of Shougang Grand and GDC containing, inter alia, further details of the Subscription and in respect of the circular of GDC, a notice convening the special general meeting for the approval of the Subscription and the increase in authorised share capital, will be dispatched to their respective shareholders as soon as practicable.

At the request of GDC, trading in the GDC Shares on the GEM was suspended from 9:30 a.m. on 16 March 2007 pending the release of this announcement. Application has been made by GDC to the GEM for the resumption of trading in the GDC Shares on the GEM with effect from 9:30 a.m. on 19 March 2007.

DEFINITIONS

“associates”	has the meanings 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 banking business in Hong Kong
“connected person(s)”	has the meanings ascribed to it under the Listing Rules and the GEM Listing Rules
“Directors”	directors of GDC
“GDC”	Global Digital Creations Holdings Limited, a company incorporated in Bermuda with limited liability whose securities are listed on GEM
“GDC Group”	GDC and its subsidiaries
“GDC Share(s)”	share(s) of HK\$0.01 each in the share capital of GDC
“GDC Independent Board Committee”	the committee of the Directors comprising the independent non-executive directors, which will be formed to advise the GDC Independent Shareholders on the Subscription
“GDC Independent Shareholders”	the shareholders of GDC other than Shougang Grand and its associates
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on 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 People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to carry on Types 1 and 4 of the regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement dated 16 March 2007 between Upper Nice, GDC and the Placing Agent
“Placing Price”	HK\$0.54 per Placing Share
“Placing Shares”	120,000,000 existing GDC Shares
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by Upper Nice of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 March 2007 between Upper Nice and GDC
“Subscription Price”	is equivalent to the Placing Price per GDC Share
“Subscription Shares”	100,000,000 new GDC Shares to be subscribed by Upper Nice pursuant to the Subscription Agreement
“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 meanings ascribed to it under the Listing Rules and the GEM Listing Rules
“Top-up Placing”	the placing of the Placing Shares by Upper Nice to the Placing Agent and the subscription of the Top-up Subscription Shares by Upper Nice pursuant to the Placing and Subscription Agreement
“Top-up Subscription”	the conditional subscription by Upper Nice of the Top-up Subscription Shares pursuant to the Placing and Subscription Agreement
“Top-up Subscription Price”	is equivalent to the Placing Price per GDC Share
“Top-up Subscription Shares”	120,000,000 new GDC Shares to be subscribed by Upper Nice or its nominees under the Top-up Subscription
“Upper Nice”	Upper Nice Assets Limited, a company incorporated in the British Virgin Islands, an indirect wholly owned subsidiary of Shougang Grand, the holding company of GDC

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

16 March 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 and Dr. Xu Qing, Catherine (Vice Presidents and Executive Directors), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Kwong Che Keung, Gordon, Professor Bu Fan Xiao and Mr. Hui Hung, Stephen (Independent Non-Executive Directors).

This announcement, for which the directors of GDC 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 directors of GDC, 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 for at least 7 days from the date of its posting.

** For identification purpose only*