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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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 11 April 2007, GDC Tech, a non-wholly owned subsidiary of the Company, and Shougang Grand entered into the Master Supply Agreement pursuant to which GDC Tech has agreed to supply Shougang Grand and/or its associates with digital cinema equipment and network management and other related products and services.

Shougang Grand is a substantial shareholder and is interested as to approximately 58% in the issued share capital of the Company as at the date of this announcement. GDC Tech is a non-wholly owned subsidiary of the Company in which the Company is interested as to approximately 56.25% of its issued share capital. Accordingly, transactions between GDC Tech and Shougang Grand constitute connected transactions for the Company under the GEM Listing Rules.

As the annual amount of the Continuing Connected Transactions is expected to exceed the thresholds provided in Rule 20.34(1) and (2) of the GEM Listing Rules, the Continuing Connected Transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.35 of the GEM Listing Rules. Shougang Grand and its associates will abstain from voting in the Special General Meeting to be convened for the approval of the Continuing Connected Transactions.

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Master Supply Agreement and an independent financial adviser will be appointed to advise the independent board committee of the Company on the terms of the Master Supply Agreement and the relevant cap amounts in relation to the Continuing Connected Transactions.

A circular containing, amongst other things, a notice convening the Special General Meeting and further details relating to the Master Supply Agreement and the Continuing Connected Transactions and a letter from an independent financial adviser to be appointed to advise the independent board committee on the Continuing Connected Transactions will be despatched to the Shareholders as soon as practicable.

THE MASTER SUPPLY AGREEMENT

Date:	11 April 2007
Parties:	Shougang Grand, a substantial shareholder of the Company; and GDC Tech, an indirect non-wholly owned subsidiary of the Company and Shougang Grand.
Subject:	Pursuant to the Master Supply Agreement, GDC Tech will supply Shougang Grand and/or its associates with digital cinema equipment and network management and other related equipment and services.
Condition:	The Master Supply Agreement is subject to approval by the Independent Shareholders and the approval by the independent shareholders of Shougang Grand, respectively.
Term:	The Master Supply Agreement will have a term expiring on 31 December 2009.
Price:	The basis of determining the prices for the Continuing Connected Transactions will be in accordance with: (1) a comparable market price; or (2) by agreement between the parties on an arm’s length basis, if no comparable market price can be taken as a reference.
Payment:	Payments for the Continuing Connected Transactions shall be on credit terms to be agreed between the parties in accordance with the normal term of supplies GDC Tech offered to third parties; or such other methods as may be reasonably requested by GDC Tech.

The Directors propose that the cap amounts of the Continuing Connected Transactions under the Master Supply Agreement for each of the period ending 31 December 2007 and the two financial years ending 31 December 2009 will not exceed the following cap amounts:

	For the period ending 31 December 2007 <i>US\$’000</i>	For the financial year ending 31 December 2008 <i>US\$’000</i>	For the financial year ending 31 December 2009 <i>US\$’000</i>
Proposed cap amounts for the Continuing Connected Transactions:			
Equipment	100,000	100,000	100,000
Services	3,000	4,500	6,000
Total	<u>103,000</u>	<u>104,500</u>	<u>106,000</u>

The cap amounts are determined with reference to the anticipated future sales of digital cinema equipment and services provided by GDC Tech to Shougang Grand and/or its associates for the period to be covered by the Master Supply Agreement. Save as announced by Shougang Grand on 4 April 2007 on the purchase of 4 units of digital cinema integrated projection system from GDC Tech by the IDMT Shenzhen, a wholly-owned subsidiary of GDC and hence an associate of Shougang Grand, for a sum of US\$240,000 (approximately HK\$1,860,000), there has been no previous transaction of a similar nature between GDC Tech and Shougang Grand. Digital cinema is in the initial period of deployment in PRC, and it is expected to replace the traditional cinema screens in the PRC. The cap amounts were determined in accordance with the deployment plan of the digital cinema business pursuant to the co-operation between IDMT Shenzhen and China Film Group Corporation (the “**China Film Group**”). China Film Group is the largest and the most influential state-run film enterprise in the PRC. It is the sole importer of foreign film in the PRC. The co-operation with the China Film Group is expected to be implemented in the near future and it is aimed at installing 1,500 units of digital cinema equipment installing at major cinemas in the PRC in each of the coming years.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company announced on 31 October 2006 that it has entered into a co-operation agreement with China Film Group to jointly promote digital cinema businesses in the PRC. The transactions are for the purpose of developing the digital cinema business of IDMT Shenzhen pursuant to the co-operation with the China Film Group. GDC Tech is principally engaged in the provision of computing solutions for digital content distribution and exhibitions, and the digital cinema equipment it produces are advanced in design and technology and reaches international standards.

The Directors consider that the Continuing Connected Transactions are of the types that are entered into in the ordinary and usual course of business of the Company on a frequent and regular basis. Therefore, the Directors consider that it would be: (i) impracticable to negotiate for numerous agreements with Shougang Grand for the Continuing Connected Transactions; and (ii) too costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the GEM Listing Rules. Hence, the Directors (including the independent non-executive Directors) are of the view that the Master Supply Agreement is beneficial to the Group and the Independent shareholders as a whole.

GDC Tech is owned as to 56.25% by the Company. Shougang Grand is a substantial shareholder and is interested as to approximately 58% of the issued share capital of the Company as at the date of this announcement. Accordingly, the transactions contemplated under the Master Supply Agreement between GDC Tech and Shougang Grand and/or its associates constitute continuing connected transactions for the Company under the GEM Listing Rules.

As the annual amount of the Continuing Connected Transactions is expected to exceed the thresholds provided in Rule 20.34(1) and (2) of the GEM Listing Rules, the Continuing Connected Transactions will be subject to the reporting, announcement and Independent

Shareholders' approval requirements pursuant to Rule 20.35 of the GEM Listing Rules. Shougang Grand and its associates will abstain from voting in the special general meeting to be convened for the approval of the Continuing Connected Transactions.

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and the terms of the Continuing Connected Transactions have been negotiated and will be conducted on an arm's length basis and on normal commercial terms between Shougang Grand and GDC Tech. The Directors (including the independent non-executive Directors) are therefore of the view that the Continuing Connected Transactions and the terms thereof are fair and reasonable and in the interests of the Group and the Independent Shareholders as a whole.

The Company will seek the approval by the Independent Shareholders of the Master Supply Agreement and the proposed cap amounts in relation to the Continuing Connected Transactions for a term ending on 31 December 2009 on terms in compliance with Rules 20.37 to 20.41 of the GEM Listing Rules.

GENERAL

The Company and its subsidiaries are principally engaged in the digital content business, encompassing creation, production and distribution of digital contents. Shougang Grand is an investment holding company and its subsidiaries are principally engaged in property investment and management, cultural mass media and financial services.

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Master Supply Agreement and an independent financial adviser will be appointed to advise the independent board committee in respect of the terms of the Master Supply Agreement and the relevant cap amounts in relation to the Continuing Connected Transactions.

SPECIAL GENERAL MEETING

A Special General Meeting will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Master Supply Agreement and the relevant cap amounts in relation to the Continuing Connected Transactions where Shougang Grand and his associates will abstain from voting. A circular containing, amongst others, further information on the Master Supply Agreement and the relevant cap amounts in relation to the Continuing Connected Transactions, the advice of the independent financial adviser to the independent board committee of the Company in relation to the Continuing Connected Transactions, the recommendation of the independent board committee of the Company to the shareholders of the Company in relation to the Continuing Connected Transactions and the notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“associate”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Global Digital Creations Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM of the Stock Exchange
“Continuing Connected Transactions”	the transactions contemplated under the Master Supply Agreement
“Director(s)”	the director(s) of the Company
“GDC Tech”	GDC Technology Limited, a company incorporated in the British Virgin Islands, which is owned as to approximately 56.25% by the Company, as to approximately 32.5% by Greater Appeal and as to approximately 11.25% by the management of GDC Tech
“Greater Appeal”	Greater Appeal Investment Limited, a company incorporated in the British Virgin Islands and is ultimately beneficially wholly-owned by Mr. Li Ka-Shing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IDMT Shenzhen”	Institute of Digital Media Technology (Shenzhen) Limited, a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
“Independent Shareholders”	the Shareholders 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 of the Stock Exchange
“Master Supply Agreement”	the master supply agreement entered into between Shougang Grand and GDC Tech on 11 April 2007

“PRC”	the People’s Republic of China
“Shareholders”	holders of the shares of the Company
“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 the Company
“Special General Meeting”	the special general meeting of the Company to be convened to approve the Master Supply Agreement and the relevant cap amounts in relation to the Continuing Connected Transactions or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the GEM Listing Rules
“%”	per cent.

By Order of the Board of
GLOBAL DIGITAL CREATIONS HOLDINGS LIMITED
Chen Zheng
Chief Executive Officer and Executive Director

Hong Kong, 12 April 2007

As at the date of this announcement, the Board of the Company 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 the Company 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 of the Company, 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.

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* For identification purpose only