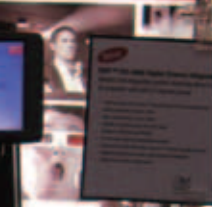




環球數碼創意控股有限公司*
Global Digital Creations Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code : 8271



First Quarterly Report 2009

**For identification purpose only*

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This report, 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: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONTENTS

CORPORATE INFORMATION	3
FIRST QUARTERLY RESULTS	
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT	5
MANAGEMENT DISCUSSION AND ANALYSIS	10
INTERIM DIVIDEND	13
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	13
DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES	14
INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO	17
SHARE OPTIONS	19
DIRECTORS' INTERESTS IN COMPETING BUSINESSES	21
AUDIT COMMITTEE	22
APPRECIATION	22

CORPORATE INFORMATION

Board of Directors

Cao Zhong (*Chairman*)
Chen Zheng (*Managing Director*)
Jin Guo Ping (*Deputy Managing Director*)
Lu Yi, Gloria (*Deputy Managing Director*)
Leung Shun Sang, Tony (*Non-executive Director*)
Kwong Che Keung, Gordon
(*Independent Non-executive Director*)
Hui Hung, Stephen
(*Independent Non-executive Director*)
Japhet Sebastian Law
(*Independent Non-executive Director*)

Executive Committee

Cao Zhong (*Chairman*)
Chen Zheng
Jin Guo Ping
Lu Yi, Gloria

Audit Committee

Kwong Che Keung, Gordon (*Chairman*)
Hui Hung, Stephen
Japhet Sebastian Law

Nomination Committee

Cao Zhong (*Chairman*)
Leung Shun Sang, Tony (*Vice Chairman*)
Kwong Che Keung, Gordon
Hui Hung, Stephen
Japhet Sebastian Law

Remuneration Committee

Leung Shun Sang, Tony (*Chairman*)
Cao Zhong (*Vice Chairman*)
Kwong Che Keung, Gordon
Hui Hung, Stephen
Japhet Sebastian Law

Compliance Officer

Chen Zheng

Company Secretary

Cheng Man Ching *FCIS, FCS*

CORPORATE INFORMATION *(Continued)*

Auditor	Deloitte Touche Tohmatsu
Principal Registrars	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street Hamilton HM 11 Bermuda
Hong Kong Branch Share Registrars and Transfer Office	Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal Office in Hong Kong	Rooms 1101-4, 11th Floor Harcourt House 39 Gloucester Road Wanchai Hong Kong
Stock Code	8271
Website	www.gdc-world.com

FIRST QUARTERLY RESULTS

The board of Directors of the Company (the "Board") is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2009 with comparative figures for the corresponding period in 2008.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2009

	NOTES	Three months ended 31 March	
		2009 HK\$'000	2008 HK\$'000
Revenue	3	71,120	16,270
Cost of sales	4	(52,588)	(15,970)
Gross profit		18,532	300
Other income	5	6,605	1,324
Distribution costs and selling expenses		(1,927)	(2,709)
Administrative expenses		(15,076)	(14,878)
Changes in fair value of held-for-trading investments		(327)	–
Finance costs	6	(475)	(680)
Share of loss of an associate		(165)	(409)
Profit (loss) before tax		7,167	(17,052)
Income tax expense	7	(1,034)	–
Profit (loss) for the period		6,133	(17,052)
Attributable to:			
Equity holders of the Company		4,365	(14,805)
Minority interests		1,768	(2,247)
		6,133	(17,052)
		HK cents	HK cents
Earnings (loss) per share	8		
Basic		0.34	(1.14)
Diluted		N/A	N/A

NOTES:**1. BASIS OF PREPARATION**

The unaudited condensed consolidated income statement has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated income statement has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited 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 2008.

In the current period, the Group has applied, for the first time, a number of new and revised standards and amendments ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 January 2009. 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 revised standards, amendments or interpretations that have been issued by the HKICPA but are not yet effective.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 5 (Amendment)	Plan to Sell the Controlling Interest in a Subsidiary ¹
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfers of Assets from Customers ²

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other amendments or interpretations will have no material impact on the results and financial position of the Group.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers (less sales related taxes, returns and trade discounts), computer graphic ("CG") creation and production services, revenue arising on training fee, royalty income from share of box office receipts, rental income from equipment leasing and technical service income during the period. An analysis of the Group's revenue is as follows:

	Three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Sales of goods	50,611	3,211
Revenue from contracts for CG creation and production	14,555	7,601
Training fee	4,508	2,885
Royalty income from share of box office receipts	570	1,582
Rental income from equipment leasing	482	–
Technical service income	394	991
	71,120	16,270

4. COST OF SALES

Cost of sales for the three months ended 31 March 2009 included amortisation of intangible asset, which represented contractual rights to share a specified percentage of the box office receipts from certain cinemas in the People's Republic of China (the "PRC"; for the purpose of this report, does not include Hong Kong, Macau and Taiwan) using the digital cinema equipment installed by the Group for exhibition of digital contents, of approximately HK\$633,000 (2008: HK\$6,633,000).

5. OTHER INCOME

Other income for the three months ended 31 March 2009 included gain of approximately HK\$5,670,000 (2008: Nil) on disposal of intangible asset to China Film Group Corporation. This disposal was approved by shareholders of the Company at the Special General Meeting of the Company on 17 February 2009. Details of this disposal were set out in the circular of the Company dated 23 January 2009.

6. FINANCE COSTS

	Three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Interest on:		
Loan from a fellow subsidiary	279	524
Bank borrowing wholly repayable within five years	196	129
Loan from other related party	–	18
Finance leases	–	9
	475	680

7. INCOMETAX EXPENSE

	Three months ended 31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,034	–

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

On 16 March 2007, the PRC promulgated the Law of the PRC on EIT (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the EIT rate of subsidiaries of the Group operating in the PRC was either remained at 25% or increased from 20% to 25% progressively from 1 January 2009 onwards. The relevant tax rates for the Group's subsidiaries in the PRC ranged from 20% to 25% (2008: 18% to 25%).

Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary was granted two years tax exemption for the financial years ended 2007 and 2008 followed by a 50% reduction for the next three years.

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Three months ended 31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share (Profit (loss) for the period attributable to equity holders of the Company)	4,365	(14,805)
	Three months ended 31 March	
	2009	2008
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	1,295,246	1,295,246

8. EARNINGS (LOSS) PER SHARE (Continued)

No diluted earnings per share has been presented for the three months ended 31 March 2009 as the exercise price of the share options was higher than the average market price for shares during the period.

No diluted loss per share had been calculated for the three months ended 31 March 2008 as the exercise of the share options could result in a decrease in the loss per share.

9. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										Share options		Minority interests	Total
	Share capital	Share premium account	Capital contribution reserve	Contributed surplus	Statutory reserve	Share options reserve	Exchange reserve	Special reserve	Accumulated profits (losses)	Total	reserve of a subsidiary			
	HK\$'000	HK\$'000	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 2009	12,952	-	445	245,881	680	38,765	21,599	(46,366)	31,075	305,031	15,838	57,083	377,952	
Exchange differences on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	(34)	-	-	(34)	-	(20)	(54)	
Profit for the period	-	-	-	-	-	-	-	-	4,365	4,365	-	1,768	6,133	
Total recognised (expense) income for the period	-	-	-	-	-	-	(34)	-	4,365	4,331	-	1,748	6,079	
Sub-total	12,952	-	445	245,881	680	38,765	21,565	(46,366)	35,440	309,362	15,838	58,831	384,031	
Cancellation of share options granted by a subsidiary	-	-	-	-	-	-	-	-	5	5	(5)	-	-	
At 31 March 2009	12,952	-	445	245,881	680	38,765	21,565	(46,366)	35,445	309,367	15,833	58,831	384,031	
At 1 January 2008	12,952	589,670	445	40,271	680	39,261	3,066	(46,366)	(281,943)	358,036	15,988	61,167	435,191	
Exchange differences on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	12,502	-	-	12,502	-	492	12,994	
Loss for the period	-	-	-	-	-	-	-	-	(14,805)	(14,805)	-	(2,247)	(17,052)	
Total recognised income (expense) for the period	-	-	-	-	-	-	12,502	-	(14,805)	(2,303)	-	(1,755)	(4,058)	
At 31 March 2008	12,952	589,670	445	40,271	680	39,261	15,568	(46,366)	(296,748)	355,733	15,988	59,412	431,133	

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue for the three months ended 31 March 2009 was approximately HK\$71,120,000, when compared with that of approximately HK\$16,270,000 for the corresponding period in the year 2008, represented an increase of approximately 337%. The increase was mainly attributable to increase in revenue from sales of goods and contracts for computer graphic (“CG”) creation and production by approximately HK\$47,400,000 and HK\$6,954,000, respectively.

Cost of sales for the three months ended 31 March 2009 amounted to approximately HK\$52,588,000, when compared with that of approximately HK\$15,970,000 for the corresponding period in the year 2008, represented an increase of approximately 229%.

The Group made a gross profit of approximately HK\$18,532,000 for the three months ended 31 March 2009, representing a gross profit margin of approximately 26%. Comparing with the gross profit margin of approximately 2% for the corresponding period in the year 2008, the improvement was mainly due to decrease in amortisation of intangible asset in the amount of cost of sales by approximately HK\$6,000,000.

Other income for the three months ended 31 March 2009 amounted to approximately HK\$6,605,000 (2008: HK\$1,324,000), representing an increase of approximately 399%. The increase was mainly due to the amount for this period included gain of approximately HK\$5,670,000 (2008: Nil) on disposal of intangible asset to China Film Group Corporation (“CFG”) upon termination of the cooperation with CFGC for the deployment of digital cinema network in the People’s Republic of China (the “PRC”; for the purpose of this report, does not include Hong Kong, Macau and Taiwan).

Administrative expenses for the three months ended 31 March 2009 amounted to approximately HK\$15,076,000 (2008: HK\$14,878,000), representing a slight increase of approximately 1%.

Overall, the Group recorded profit of approximately HK\$4,365,000 for the three months ended 31 March 2009 attributable to equity holders of the Company, when compared with that loss of approximately HK\$14,805,000 for the corresponding period in the year 2008.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW AND OUTLOOK

Digital content distribution and exhibitions

Attributed by increase in orders of digital cinema equipment from customers in the United States and the PRC during this period, sales of goods from the digital content distribution and exhibitions division reported a more than fourteen-fold increment to approximately HK\$50,611,000 for the three months ended 31 March 2009, when compared with that for the corresponding period in the year 2008. Since the set up of the office in the United States in late 2007, the Group has begun its sales and marketing activities to build up a sales network with key resellers there and signed agreements with the two largest cinema service providers to offer services through their networks in the United States, sales of approximately 100 units of digital cinema servers were made during this period. In the PRC, upon termination of the cooperation with CFGC as mentioned above, the Group has been actively marketing its products to other key cinema chains landing orders from three key cinema chains in the PRC during this period.

The Group continues to market its products through participation in international trade exhibitions and high profile demonstration projects. In March 2009, the Group attended ShoWest 2009 with a strong line of product offerings which included an enhanced version of its best-selling digital cinema server, SA2100A, as well as its theatre management system, TMS1000. Together with other products for digital cinema mastering, cinema digital signage and integrated projection system, the Group is capable of offering exhibitors an all-round digital cinema solution and developing products that aim at meeting more than the standard Digital Cinema Initiative ("DCI") specifications, and can differentiate its technology from its competitors.

According to key industrial reports, the Hollywood studios are now supplying nearly all of their contents in the United States in digital format apart from a few specialised films. Together with more 3D titles coming, the digital cinema conversion worldwide will take place soon and the demand for digital cinema equipment continues to increase. In Asia, the Group has reached separate non-exclusive agreements with five of the six major Hollywood studios for digital cinema deployment across Asia, of which these studios are committed to supply Asian exhibitors with feature film content digitally, as well as to make financial contributions towards the hardware cost of DCI compliant digital cinema equipment deployed. This milestone signals the Group's on-going commitment to Asian exhibitors as a trusted partner in digital conversion.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW AND OUTLOOK *(Continued)*

CG creation and production

Despite the global economy downturn, increase in CG production orders made the CG creation and production division recorded significant revenue growth by approximately 91% for the three months ended 31 March 2009 as compared with that of the corresponding period in the year 2008. At present, there are seven CG production projects in progress, including films, DVD and television series, the customers come from North America, Europe and Australia. Revenue generated from these projects is expected to be more than last year and this division is expected to make profit for the whole year 2009. Besides, two of the seven projects are co-production with large European and American animation content production and distribution companies, in which the Group has sole distribution right in the Chinese-speaking region and can share certain percentage from the global distribution. These partners actively work with the Group to insert "Chinese element" to these global project, the Group is proud of using the strong economic base and extensive distribution channels of these large children's entertainment content production companies to introduce Chinese culture to children around the world. The Group is looking forward to these new contents bringing reasonable return to the Group and its partners.

To deal with business growth and to increase market share, the Group's subsidiary in Chongqing has already commenced its production and employed more than 100 employees. The production centres in Shenzhen and Chongqing are now using advanced network and IT technology to establish an integrated operation platform so that employees, facilities and management system at these two locations can interflow together. This multi-site CG production increases the Group's ability in the CG business to expand the capacity and price adjustment, the Group can react promptly to changes in the market.

The Group is also actively developing new clients, several projects with world leading entertainment bands for animated television series and films are under negotiation. Many clients have expressed the desire for long-term and multi-project relationship with the Group based on the demonstrated track record of providing reliable, cost effective, high quality CG production services to international market.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW AND OUTLOOK *(Continued)*

CG training

To ease the employment pressure, the PRC government encourages various types of vocational and technical training, the CG training division is benefited from this advantage and able to achieve an “Upstream” result under the financial crisis. This division recorded steady growth in revenue of approximately 56% for the three months ended 31 March 2009, when compared with that of the corresponding period in the year 2008.

In addition to the existing training courses for the knowledge of CG production, on-line and other games, the Group has organised new professional training programmes for after effects and virtual reality, including comprehensive training materials and case studies, to cope with the market needs. Besides, the Group continues to co-operate with several famous high schools for organising “Skill and Qualification” training programme to their students to achieve their aim to get “One Course, Several Certificates” and to train up their practical skills to get ready for work immediately after graduated.

In addition to the Group’s training centres in Shanghai and Shenzhen and direct operation training sites in Chongqing and Wuxi, the Group plans to set up one more site each at the Southern and Northern to cover all the four directions of the PRC. At the same time, the Group will further develop its training network to those areas in the PRC with developed animation industry.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the three months ended 31 March 2009 (2008: Nil).

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 31 March 2009 had the following interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 31 March 2009 as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules:

(a) Long positions in the shares and underlying shares of the Company

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 31.03.2009
		Interests in shares	Interests under equity derivatives*	Total interests	
Cao Zhong	Beneficial owner	26,942,200	4,900,000	31,842,200	2.46%
Chen Zheng	Beneficial owner	8,718,200	4,900,000	13,618,200	1.05%
Jin Guo Ping	Beneficial owner	–	8,008,200	8,008,200	0.62%
Lu Yi, Gloria	Beneficial owner	–	12,000,000	12,000,000	0.93%
Leung Shun Sang, Tony	Beneficial owner	20,008,200	4,900,000	24,908,200	1.92%
Kwong Che Keung, Gordon	Beneficial owner	800,820	490,000	1,290,820	0.10%
Hui Hung, Stephen	Beneficial owner	800,820	490,000	1,290,820	0.10%

* The relevant interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 18 July 2003 (the "Scheme"). Upon exercise of the share options in accordance with the Scheme, ordinary shares of HK\$0.01 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Options" below.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(Continued)

- (b) Long positions in the shares and underlying shares of Shougang Concord Grand (Group) Limited ("Shougang Grand"), an associated corporation of the Company

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held in Shougang Grand			Total interests as to % to the issued share capital of Shougang Grand as at 31.03.2009
		Interests in shares	Interests under equity derivatives*	Total interests	
Cao Zhong	Beneficial owner	-	22,868,000	22,868,000	1.99%
Chen Zheng	Beneficial owner	-	18,368,000	18,368,000	1.60%
Leung Shun Sang, Tony	Beneficial owner	8,278,000	19,368,679	27,646,679	2.40%

* The relevant interests are unlisted physically settled options granted pursuant to Shougang Grand's share option scheme adopted on 7 June 2002 (the "Shougang Grand Scheme"). Upon exercise of the share options in accordance with the Shougang Grand Scheme, ordinary shares of HK\$0.01 each in the share capital of Shougang Grand are issuable. The share options are personal to the respective Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(Continued)

(c) Long positions in the shares and underlying shares of GDC Technology Limited ("GDC Tech"), an associated corporation of the Company

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held in GDC Tech			Total interests as to % to the issued share capital of GDC Tech as at 31.03.2009
		Interests in shares	Interests under equity derivatives*	Total interests	
Cao Zhong	Beneficial owner	8,533,334	1,650,000	10,183,334	4.38%
Chen Zheng	Beneficial owner	8,533,334	1,650,000	10,183,334	4.38%
Lu Yi, Gloria	Beneficial owner	–	12,000,000	12,000,000	5.16%
Leung Shun Sang, Tony	Beneficial owner	2,130,000	1,653,333	3,783,333	1.63%
Kwong Che Keung, Gordon	Beneficial owner	1,706,667	165,000	1,871,667	0.80%
Hui Hung, Stephen	Beneficial owner	–	165,000	165,000	0.07%

* The relevant interests are unlisted physically settled options granted pursuant to GDC Tech's share option scheme adopted on 19 September 2006 (the "GDC Tech Scheme"). Upon exercise of the share options in accordance with the GDC Tech Scheme, ordinary shares of HK\$0.10 each in the share capital of GDC Tech are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Options" below.

Save as disclosed above, as at 31 March 2009, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange as referred to in Rule 5.46 of the GEM Listing Rules.

Other than those disclosed in this section, no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives (including their spouses or children under 18 years of age) during the three months ended 31 March 2009.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2009, according to the register kept by the Company under Section 336 of the SFO (the "Register"), the following companies had long positions of 5% or more in the shares of the Company ("Notifiable Interest") which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity in which interests are held	Number of shares held in the Company	Interests as to % to the total issued share capital of the Company as at 31.03.2009
Shougang Holding (Hong Kong) Limited ("Shougang Holding")	Interests of controlled corporations	680,904,023 <i>(Note)</i>	52.57%
Wheeling Holdings Limited ("Wheeling")	Interests of controlled corporations	680,904,023 <i>(Note)</i>	52.57%
Shougang Grand	Interests of controlled corporations	680,904,023 <i>(Note)</i>	52.57%
Upper Nice Assets Ltd. ("Upper Nice")	Beneficial owner	656,360,023 <i>(Note)</i>	50.67%
Keywise Capital Management (HK) Limited	Investment manager	176,824,000	13.65%
Keywise Greater China Opportunities Master Fund	Beneficial owner	113,030,000	8.73%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(Continued)*

Long positions in the shares of the Company *(Continued)*

Note: Shougang Grand indicated in its disclosure form dated 3 April 2008 (being the latest disclosure form filed up to 31 March 2009) that as at 1 April 2008, its interests included 656,360,023 shares of the Company held by Upper Nice, an indirectly wholly-owned subsidiary of Shougang Grand. Upper Nice was recorded as having a Notifiable Interest in the Register and the records relating thereto was updated in accordance with the said disclosure form filed by Shougang Grand.

Shougang Holding indicated in its disclosure form dated 3 April 2008 (being the latest disclosure form filed up to 31 March 2009) that as at 1 April 2008, its interests included 680,904,023 shares of the Company held by Wheeling, a wholly-owned subsidiary of Shougang Holding. Wheeling was recorded as having a Notifiable Interest in the Register and the records relating thereto was updated in accordance with the said disclosure form filed by Shougang Holding. As indicated in the said disclosure form, Shougang Grand was held as to approximately 37.40% by Wheeling and its interest was included in the interests held by Wheeling.

Save as disclosed above, as at 31 March 2009, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTIONS

(a) Share options of the Company

On 18 July 2003, the Scheme which complies with the requirements of Chapter 23 of the GEM Listing Rules was adopted by the shareholders of the Company. No share option was granted, exercised, cancelled or lapsed in accordance with the terms of the Scheme during the three months ended 31 March 2009. Details of outstanding share options under the Scheme during the period are as follows:

Category or name of grantees	Options to subscribe for shares of the Company at the beginning and at the end of the period	Date of grant	Exercise period	Exercise price per share
Directors of the Company				
Cao Zhong	4,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
Chen Zheng	4,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
Jin Guo Ping	8,008,200	06.10.2006	06.10.2006 – 05.10.2009	HK\$0.30
Lu Yi, Gloria	12,000,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
Leung Shun Sang, Tony	4,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
Kwong Che Keung, Gordon	490,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
Hui Hung, Stephen	490,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
	<u>35,688,200</u>			
Employees of the Group				
	2,300,000	22.03.2007	22.03.2007 – 21.03.2010	HK\$1.07
	2,262,000	04.04.2007	04.04.2007 – 03.04.2010	HK\$1.52
	9,900,000	30.10.2007	30.10.2007 – 29.10.2012	HK\$2.75
	<u>14,462,000</u>			
Other participants				
	2,500,820	06.10.2006	06.10.2006 – 05.10.2009	HK\$0.30
	1,781,000	04.04.2007	04.04.2007 – 03.04.2010	HK\$1.52
	<u>4,281,820</u>			
	<u>54,432,020</u>			

SHARE OPTIONS *(Continued)*

(b) Share options of a subsidiary of the Company – GDC Tech

On 19 September 2006, the GDC Tech Scheme was adopted by the shareholders of the Company and Shougang Grand. No share option was granted, exercised or cancelled in accordance with the terms of the GDC Tech Scheme during the three months ended 31 March 2009. Details of movements in the share options under the GDC Tech Scheme during the period are as follows:

Category or name of grantees	Options to subscribe for shares of GDC Tech			Date of grant	Exercise period	Exercise price per share
	At the beginning of the period	Lapsed during the period	At the end of the period			
Directors of the Company						
Cao Zhong	1,650,000	-	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
Chen Zheng	1,650,000	-	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
Lu Yi, Gloria	12,000,000 ¹	-	12,000,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
Leung Shun Sang, Tony	3,333 ²	-	3,333	29.09.2006	29.09.2006 – 28.09.2009	HK\$0.145
	1,650,000	-	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
	1,653,333	-	1,653,333			
Kwong Che Keung, Gordon	165,000	-	165,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
Hui Hung, Stephen	165,000	-	165,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
	17,283,333	-	17,283,333			
Employees of the Group						
	3,913,332	(360,000) ³	3,553,332	05.10.2006	05.10.2006 – 04.10.2009	HK\$0.145
	1,650,000	-	1,650,000	02.11.2007	02.11.2007 – 01.11.2012	HK\$2.000
	5,563,332	(360,000)	5,203,332			
Other participants						
	853,333	-	853,333	29.09.2006	29.09.2006 – 28.09.2009	HK\$0.145
	23,699,998	(360,000)	23,339,998			

SHARE OPTIONS *(Continued)*

(b) Share options of a subsidiary of the Company – GDC Tech *(Continued)*

Notes:

1. The number of share options granted to Ms. Lu Yi, Gloria on 2 November 2007 exceeded the individual limit of 1% of the shares of GDC Tech then in issue and was approved by the shareholders of the Company and Shougang Grand on 30 October 2007 respectively.
2. The number of share options granted to Mr. Leung Shun Sang, Tony on 29 September 2006 exceeded the individual limit of 1% of the shares of GDC Tech then in issue and was approved by the shareholders of the Company and Shougang Grand on 19 September 2006 respectively.
3. The share options were held by a grantee who ceased to be an employee of the Group during the period and such share options were lapsed on 8 March 2009.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 11.04 of the GEM Listing Rules, the following Directors have declared interests in the following businesses (other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group during the period:

Name of Director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Cao Zhong	Shougang Grand <i>(Note 1)</i>	Cultural recreation content provision <i>(Note 2)</i>	Vice chairman and managing director
Chen Zheng	Shougang Grand <i>(Note 1)</i>	Cultural recreation content provision <i>(Note 2)</i>	Managing director of operations
Leung Shun Sang, Tony	Shougang Grand <i>(Note 1)</i>	Cultural recreation content provision <i>(Note 2)</i>	Director

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(Continued)*

Notes:

1. *Shougang Grand is the holding company of the Company which indirectly held approximately 52.57% interests in the Company as at 31 March 2009.*
2. *Such businesses may be carried out through the subsidiaries or associates of the entity concerned or by way of other forms of investments.*

Save as disclosed above, during the three months ended 31 March 2009, none of the Directors or the controlling shareholders of the Company or any of its subsidiaries or any of their respective associates, had any interests in a business which competed or may compete with the business of the Group.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the 2009 first quarterly results of the Group. A meeting of the Audit Committee was held with the management of the Company on 4 May 2009 for, amongst other things, reviewing the first quarterly results of the Group for the period ended 31 March 2009.

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

Cao Zhong

Chairman

Hong Kong, 11 May 2009