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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)

CLARIFICATION ANNOUNCEMENT

The Board wishes to clarify certain information contained in a press article which appeared in the SCMP on 3 July 2004.

This announcement is made voluntarily by Global Digital Creations Holdings Limited (the “Company” or “GDC” and together with its subsidiaries, the “Group”).

The board (the “Board”) of directors (the “Directors”) of the Company wishes to place on record that the last column of the article entitled “*HK’s image rises as film effects centre*” appearing in Business Section on page B2 of the South China Morning Post (the “SCMP”) of Saturday 3 July 2004 (the “Article”), was factually erroneous in the following respects:

1. It was stated in the report that “GDC was estimated to have posted a quarterly loss of US\$10.64 million on revenue of \$5.92 million”. Our first quarterly report for 2004 published on 11 May 2004 showed the true position in the unaudited consolidated profit and loss account as a loss for the three month period ended 31 March 2004 of HK\$10,645,000 on a turnover of HK\$5,920,000 (all in Hong Kong Dollars). The account, which was extracted from the financial statements of the Company, had been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with the accounting standards issued by the Hong Kong Society of Accountants, and was prepared on the same basis as the audited accounts for the year ended 31 December 2003, published on 19 March 2004.
2. The amount of money spent by the Group on the feature film “*Thru the Moebius Strip*” (the “Film”) was included in the published first quarterly report of the Group as at 31 March 2004 under production work in progress as HK\$85,615,000 (equivalent to approximately US\$10.97 million) and not US\$20 million as reported in the Article.
3. The Company is, with the assistance of its sales agent in Los Angeles, screening the completed Film to major studios in the US and, to the best of the knowledge of the management of the Company and the Directors, no one has so far asked for the Film to be “considerably reworked” as reported in the Article.

* *For identification purposes only*

The Company will be taking up through its solicitors with the SCMP this erroneous reporting, and the baseless defamatory remarks contained in the Article.

GENERAL

The Group is engaged in the integration of the entire value chain in the digital content business, encompassing creation, production (for its own projects and projects contracted to it by third parties) and distribution of digital contents, in order to meet two developing global trends of (i) strong continuing growth in demand for digital contents, particularly computer graphics imaging; and (ii) a paradigm shift from a chemical film based medium to an electronic, digital medium in the cinema industry.

As at the date of this announcement, the Board comprised Mr. Anthony Francis Neoh (Chairman and non-executive Director), Dr. David Deng Wei (Vice-chairman and non-executive Director), Mr. Raymond Dennis Neoh (executive Director), Mr. Stephen Scharf (non-executive Director), Mr. Gordon Kwong Che Keung and Professor Japhet Sebastian Law (independent non-executive Directors).

By Order of the Board
Global Digital Creations Holdings Limited
Raymond Dennis Neoh
Executive Director

Hong Kong, 5 July 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and is not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and 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 GEM website at www.hkgem.com for at least 7 days from the day of its posting and at the Company's website www.gdc-world.com.