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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSONS

Placing of new Shares under General Mandate

On 12 July 2011 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company agreed to place, through the Placing Agent, 220,000,000 new Shares to placees on a best effort basis at the Placing Price of HK$0.35 per Share.

The Placing Shares represent (i) approximately 16.99% of the existing issued share capital of the Company; and (ii) approximately 14.52% of the issued share capital of the Company as enlarged by the Placing.

The Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Subscription of new Shares by Connected Persons

On 12 July 2011 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers agreed to subscribe for an aggregate of 223,000,000 new Shares at the Subscription Price of HK$0.35 per Share.

* *For identification purpose only*

The Subscription Shares represent (i) approximately 17.22% of the existing issued share capital of the Company; (ii) approximately 14.69% of the issued share capital of the Company as enlarged by the Subscription; and (iii) approximately 12.83% of the issued share capital of the Company as enlarged by the Placing and the Subscription.

As the Subscribers include certain Directors (including certain Independent non-executive Directors), the entering into of the Subscription Agreement by the Company constitutes a connected transaction for the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

A circular containing, among others, (a) further information on the Subscription Agreement; (b) the letter of advice from the independent financial adviser to the independent board committee of the Company in relation to the Subscription Agreement and the transactions contemplated thereunder; (c) the letter of recommendation from the independent board committee of the Company to the Independent Shareholders; and (d) the notice of the special general meeting to be convened to approve the Subscription Agreement will be despatched to the Shareholders on or before 2 August 2011.

A. PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agreement

Date: 12 July 2011 (after trading hours)

Parties:

(a) The Company; and

(b) the Placing Agent.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placing Shares

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, to no fewer than six independent individuals, corporate and/or institutional placees a total of 220,000,000 new Shares. It is not expected that the Placing Agent or any of the placees will become a substantial shareholder of the Company immediately after the Placing.

The Placing Shares represent (i) approximately 16.99% of the existing issued share capital of the Company; and (ii) approximately 14.52% of the issued share capital of the Company as enlarged by the Placing. Based on the closing price of HK$0.405 per Share on the date of the Placing Agreement, the Placing Shares have a market value of HK$89.1 million. The Placing Shares have an aggregate nominal value of HK$2.2 million. After deducting expenses to the Placing, the net price per Placing Share is approximately HK$0.343.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares. There is no restriction on the transfer of the Placing Shares and the Company is not restricted from further allotment and issue of securities under the Placing Agreement.

Placing Price

The Placing Price represents:

(i) a discount of approximately 13.6% to the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 10.3% of the average closing price of HK$0.390 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and

(iii) a discount of approximately 20.5% to the audited consolidated net asset value per Share of approximately HK$0.44 as at 31 December 2010.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the Independent non-executive Directors) consider that the Placing Price is fair and reasonable under the current market conditions, and the Placing is in the interest of the Company and the Shareholders as a whole.

Condition of the Placing

Completion of the Placing is conditional upon the listing of and permission to deal in the Placing Shares being granted by the GEM Listing Committee of the Stock Exchange.

In the event that the condition to the Placing is not fulfilled on or before 26 July 2011 (or such later date as may be agreed between the parties), the Placing Agreement and all rights and obligations thereunder will cease and terminate.

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

Completion of the Placing

Completion of the Placing is expected to take place on the fourth Business Day upon the fulfillment of the condition set out in the Placing Agreement (or such other time or date as the Company and the Placing Agent shall agree in writing).

General Mandate

The Placing Shares will be issued under general mandate to allot, issue and deal with Shares granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company held on 19 May 2011. On the date of the annual general meeting, the Company had 1,295,255,540 Shares in issue, and the general mandate granted to the Directors was to issue up to 259,051,108 Shares, representing 20% of the number of Shares in issue as at the date of the passing of the resolution. As at the date of this announcement, no Shares have been issued pursuant to such general mandate.

The issue of the Placing Shares will not be subject to the approval of the Shareholders.

B. SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSONS

The Subscription Agreement

Date: 12 July 2011 (after trading hours)

Parties

(a) the Company; and

(b) the Subscribers.

Among the Subscribers, Mr. Chen Zheng is an Executive Director, Mr. Leung Shun Sang, Tony is a Non-executive Director and Mr. Kwong Che Keung, Gordon and Professor Japhet Sebastian Law are Independent non-executive Directors and are connected persons of the Company. As such, the entering into of the Subscription Agreement by the Company constitutes a connected transaction for the Company.

Subscription Shares

Pursuant to the terms of the Subscription Agreement, the Subscribers agreed to subscribe for an aggregate of 223,000,000 new Shares, representing (i) approximately 17.22% of the existing issued share capital of the Company; (ii) approximately 14.69% of the issued share capital of the Company as enlarged by the Subscription; and (iii) approximately 12.83% of the issued share capital of the Company as enlarged by the Placing and the Subscription. Details of the Subscription are as follows:

Name of Subscriber	Position	No. of Subscription Shares subscribed
Mr. Chen Zheng	Executive Director	200,000,000
Mr. Leung Shun Sang, Tony	Non-executive Director	10,000,000
Mr. Kwong Che Keung, Gordon	Independent non-executive Director	10,000,000
Prof. Japhet Sebastian Law	Independent non-executive Director	3,000,000
		223,000,000

Based on the closing price of HK$0.405 per Share on the date of the Subscription Agreement, the Subscription Shares have a market value of approximately HK$90.3 million. The Subscription Shares have an aggregate nominal value of HK$2.23 million. After deducting expenses to the Subscription, the net price per Subscription Share is approximately HK$0.348.

Subscription Price

The Subscription Price represents:

(i) a discount of approximately 13.6% to the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 10.3% of the average closing price of HK$0.390 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and

(iii) a discount of approximately 20.5% to the audited consolidated net asset value per Share of approximately HK$0.44 as at 31 December 2010.

The Subscription Price of HK$0.35 per Share was arrived at after arm's length negotiation between the Subscribers and the Company. The Directors (excluding the Independent non-executive Director, who will form the independent board committee and will provide his view after having obtained advice from an independent financial adviser) consider that the Subscription Price is fair and reasonable under the current market conditions, and the Subscription is in the interest of the Company and the Shareholders as a whole.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon:

(a) the Independent Shareholders having approved the transaction contemplated under the Subscription Agreement at the special general meeting to be convened in accordance with the requirements of the GEM Listing Rules; and

(b) the listing of and permission to deal in the Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange.

In the event that the conditions to the Subscription are not fulfilled on or before 30 September 2011 (or such later date as may be agreed between the parties), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

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

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription. There is no restriction on the transfer of the Subscription Shares and the Company is not restricted from further allotment and issue of securities under the Subscription Agreement.

Completion of the Subscription

Subject to fulfillment of the conditions of the Subscription Agreement, completion of the Subscription will take place within four Business Days (or such later date as the parties may agree in writing) after the date when the conditions set out above are satisfied.

The Subscription and the Placing are not inter-conditional and completion of the Subscription is not conditional upon completion of the Placing.

C. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The shareholding structure of the Company before and after completion of the Placing and the Subscription are summarised as follows:

Shareholder	As at the date of this announcement Number of Shares	%	Immediately after completion of the Placing Number of Shares	%	Immediately after completion of the Subscription Number of Shares	%	Immediately after completion of the Placing and the Subscription Number of Shares	%
Upper Nice Assets Ltd.	621,168,023	47.96	621,168,023	40.99	621,168,023	40.91	621,168,023	35.74
Placees	–	–	220,000,000	14.52	–	–	220,000,000	12.66
Mr. Chen Zheng	8,728,200	0.67	8,728,200	0.58	208,728,200	13.75	208,728,200	12.01
Mr. Leung Shun Sang, Tony	20,008,200	1.54	20,008,200	1.32	30,008,200	1.98	30,008,200	1.73
Mr. Kwong Che Keung, Gordon	800,820	0.06	800,820	0.05	10,800,820	0.71	10,800,820	0.62
Prof. Japhet Sebastian Law	–	–	–	–	3,000,000	0.20	3,000,000	0.17
Others	644,550,297	49.77	644,550,297	42.54	644,550,297	42.45	644,550,297	37.07
Total	1,295,255,540	100	1,515,255,540	100	1,518,255,540	100	1,738,255,540	100

D. CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising exercise in the 12 months immediately preceding the date of this announcement.

E. REASON FOR THE PLACING

The Group is principally engaged in computer graphic creation and production, digital content distribution and exhibitions, deployment of digital cinema network, computer graphic training and cultural park.

The Directors consider that the Placing is an appropriate mean of raising additional capital for the Group without incurring interest costs whilst broadening the capital and shareholders' base of the Company.

F. REASON FOR THE SUBSCRIPTION

The Directors consider that the Subscription would provide the Subscribers with an opportunity to have a personal stake in the Company and is an incentive to retain or otherwise maintain on-going relationships with the Subscribers whose contributions are or will be beneficial to the long-term growth of the Group.

G. USE OF PROCEEDS

The aggregate net proceeds from the Placing and the Subscription are expected to be approximately HK$153.0 million and will be used to finance the construction works of the redevelopment of the different phases of 珠影文化產業園 (Pearl River Film Cultural Park) once the detailed construction plan and budget are approved, and for general working capital of the Group and any future potential investment opportunities that may arise from time to time. The Company has not identified any specific project for investment at the date of this announcement.

H. GENERAL

Among the Subscribers, Mr. Chen Zheng is an Executive Director, Mr. Leung Shun Sang, Tony is a Non-executive Director and Mr. Kwong Che Keung, Gordon and Professor Japhet Sebastian Law are Independent non-executive Directors and are connected persons of the Company. The entering into of the Subscription Agreement by the Company constitutes a connected transaction for the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company will appoint an independent financial adviser to advise the Independent Shareholders on the terms of the Subscription. A circular containing, among others, (a) further information on the Subscription Agreement; (b) the letter of advice from the independent financial adviser to the independent board committee of the Company in relation to the Subscription Agreement and the transactions contemplated thereunder; (c) the letter of recommendation from the independent board committee of the Company to the Independent Shareholders; and (d) the notice of the special general meeting to be convened to approve the Subscription Agreement will be despatched to the Shareholders on or before 2 August 2011.

I. DEFINITIONS

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

"Company"	Global Digital Creations Holdings Limited, a company incorporated in Bermuda with limited liability whose securities are listed on GEM
"connected person"	has the meanings ascribed to it under the GEM Listing Rules

"Director(s)"	director(s) of the Company
"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
"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 People's Republic of China
"Independent Shareholders"	Shareholders other than the Subscribers who have material interests in the Subscription Agreement and the transactions contemplated therein
"Last Trading Date"	12 July 2011, the date of the Placing Agreement and the date of the Subscription Agreement
"Placing"	the placing of the Placing Shares pursuant to the Placing Agreement
"Placing Agent"	Daily Growth Securities Limited, a corporation licensed to carry on Type 1 of the regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
"Placing Agreement"	the agreement dated 12 July 2011 between the Company and the Placing Agent
"Placing Price"	HK$0.35 per Placing Share
"Placing Shares"	220,000,000 new Shares
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	Mr. Chen Zheng, Mr. Leung Shun Sang, Tony, Mr. Kwong Che Keung, Gordon and Professor Japhet Sebastian Law

"Subscription"	the subscription by the Subscribers of the Subscription Shares
"Subscription Agreement"	the agreement dated 12 July 2011 between the Company and the Subscribers in relation to the Subscription
"Subscription Price"	HK$0.35 per Subscription Share
"Subscription Shares"	223,000,000 new Shares
"substantial shareholder"	has the meanings ascribed to it under the GEM Listing Rules

By Order of the Board
GLOBAL DIGITAL CREATIONS
HOLDINGS LIMITED
Li Shaofeng
Chairman

Hong Kong, 12 July 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Shaofeng (Chairman and Executive Director), Mr. Chen Zheng (Managing Director and Executive Director), Mr. Jin Guo Ping (Deputy Managing Director and Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Kwong Che Keung, Gordon (Independent non-executive Director), Mr. Hui Hung, Stephen (Independent non-executive Director) and Prof. Japhet Sebastian Law (Independent non-executive Director).

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 not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.