
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Global Digital Creations Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSAL FOR REDUCTION OF SHARE PREMIUM

A notice of Special General Meeting of Global Digital Creations Holdings Limited to be held at 10:50 a.m. on Friday, 6 June 2008 at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 6 to 7 of this circular. Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrars and transfer office of the Company, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of posting.

* For identification purposes only

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“Company”	Global Digital Creations Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM
“Director(s)”	the 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Reduction of Share Premium”	the proposed reduction of an amount of HK\$589,670,093 standing to the credit of the share premium account of the Company as at 31 December 2007
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Special General Meeting”	the special general meeting of the Company to be held at 10:50 a.m. on Friday, 6 June 2008 at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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)

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*)
Bu Fan Xiao
(*Independent Non-executive Director*)
Hui Hung, Stephen
(*Independent Non-executive Director*)

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

9 May 2008

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR REDUCTION OF SHARE PREMIUM

INTRODUCTION

The purpose of this circular is to provide the Shareholders with details regarding the proposal for the Reduction of Share Premium. Such proposal will be dealt with at the Special General Meeting.

REDUCTION OF SHARE PREMIUM

The Board announced on 24 April 2008 that it proposes a reduction of the share premium account of the Company pursuant to section 46 of the Companies Act. As at 31 December 2007, based on the audited consolidated financial statements of the Company, the amount standing to the credit of the share premium account of the Company was HK\$589,670,093, the amount of the contributed surplus of the Company was HK\$9,492,000 and the accumulated losses of the Company was HK\$384,060,440. It is proposed that an amount of HK\$589,670,093 standing to the credit of the share premium account of the Company as at 31 December 2007 will be reduced with the credit arising therefrom being transferred to the contributed surplus of the Company. Upon the said transfer becoming effective, an amount of

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LETTER FROM THE BOARD

HK\$384,060,440 standing to the credit of the contributed surplus of the Company will be applied to eliminate the accumulated losses of the Company as at 31 December 2007.

Reason for the Reduction of Share Premium

The Board considers that the Reduction of Share Premium will give the Company more flexibility to declare dividends to its Shareholders at the earliest opportunity in the future as and when the Board considers appropriate.

Effect of the Reduction of Share Premium

The Reduction of Share Premium does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

Implementation of the Reduction of Share Premium will not, of itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole or the share capital of the Company other than related expenses incurred which are immaterial.

Conditions of the Reduction of Share Premium

The Reduction of Share Premium is conditional upon:

- (i) the passing of a special resolution approving the Reduction of Share Premium by the Shareholders at the Special General Meeting; and
- (ii) compliance with the requirements of section 46(2) of the Companies Act, including (a) publication of a notice in relation to the Reduction of Share Premium in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Reduction of Share Premium is to have effect; and (b) the Board being satisfied that on the date the Reduction of Share Premium is to be effected, there are no reasonable grounds for believing that the Company is, or after the Reduction of Share Premium will be, unable to pay its liabilities as they become due.

In the event that the above conditions are fulfilled, it is expected that the Reduction of Share Premium will become effective on the date of the Special General Meeting, at which the relevant special resolution approving the Reduction of Share Premium is passed by the Shareholders.

SPECIAL GENERAL MEETING

The Company will convene the Special General Meeting at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 6 June 2008 at 10:50 a.m. at which special resolution will be proposed for the purpose of considering and, if thought fit, approving, the Reduction of Share Premium.

LETTER FROM THE BOARD

A notice convening the Special General Meeting is set out on pages 6 to 7 of this circular. A form of proxy for the Special General Meeting and at any adjournment thereof is enclosed herewith. Whether or not you are able to attend the Special General Meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit with the Hong Kong branch share registrars and transfer office of the Company, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting (as the case may be) should you so wish.

PROCEDURE FOR DEMANDING A POLL AT THE SPECIAL GENERAL MEETING

Pursuant to bye-law 66 of the Bye-laws, unless voting by way of a poll is required by the GEM Listing Rules, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person or (being a corporation) by a duly authorised corporate representative, but a poll may be demanded (before or upon the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) by the chairman of the relevant meeting or by:

- (a) at least 3 Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (b) a Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting, being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (d) if required by the GEM Listing Rules, any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at the meeting.

RESPONSIBILITY STATEMENT

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposal for the Reduction of Share Premium is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the special resolution to be proposed at the Special General Meeting in respect thereof.

Yours faithfully,
For and on behalf of
Global Digital Creations Holdings Limited
Cao Zhong
Chairman

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the Special General Meeting of Global Digital Creations Holdings Limited (the “Company”) will be held at 10:50 a.m. on Friday, 6 June 2008 at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

“THAT:

- (a) subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda (as amended) and with effect from the date of the passing of this resolution, the share premium account of the Company be reduced by HK\$589,670,093;
- (b) the directors of the Company be and are hereby authorised to transfer the credit arising from the reduction of share premium account set out in paragraph (a) above to the contributed surplus account of the Company and to apply the contributed surplus of the Company to offset against the accumulated losses of the Company of HK\$384,060,440 as at 31 December 2007 (paragraphs (a) and (b) collectively referred to as the “Reduction of Share Premium”); and
- (c) the directors of the Company be and are hereby authorised to do all such things and acts and execute all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect and/or implement the Reduction of Share Premium.”

By Order of the Board
Global Digital Creations Holdings Limited
Cao Zhong
Chairman

9 May 2008

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NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (3) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the Hong Kong branch share registrars and transfer office of the Company, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.