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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Global Digital Creations Holdings Limited (“the Company”), you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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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)

SHARE OPTION SCHEME OF GDC TECHNOLOGY LIMITED AND REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

A notice convening the Special General Meeting of the Company to be held at the Falcon Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on 19 September 2006 at 9:30 a.m. is set out on pages 24 to 26 of this circular. A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit with the Company's Hong Kong branch share registrar, Standard Registrars Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting. 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 should you so wish.

This circular, 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading, there are no other matters the omission of which would make any statement contained herein misleading and 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.

* For identification purpose only

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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.

DEFINITIONS

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

“Associate”	has the meanings ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Board Resolution Date”	11 August 2006, the date of the board of directors of GDC Technology resolved to conditionally adopt the GDC Tech Share Option Scheme
“Business Day”	any day (excluding Saturday) that banks in Hong Kong generally open for business
“Company” or “GDC”	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)”	the director(s) of the Company
“Dr. Chong”	Dr. Chong Man Nang, a director of GDC Technology
“Eligible Participant(s)”	means any full-time or part-time employees, executives or officers of the Group; any directors (including non-executive directors and independent non-executive directors) of the Group; any advisers, consultants, suppliers, customers and agents to the Group; and such other persons who, in the sole opinion of the board of GDC Technology, will contribute or have contributed to the Group, the assessment criteria of which are contribution to the development and performance of the Group; quality of work performed for the Group; initiative and commitment in performing his/her duties; and length of service or contribution to the Group
“GDC Technology”	GDC Technology Limited, a company incorporated in the British Virgin Islands and is an indirect non wholly-owned subsidiary of the Company
“GDC Tech Share Option Scheme”	the proposed share option scheme to be adopted by GDC Technology
“GEM”	the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grantees”	the grantees of the GDC Tech Share Option Scheme
“Group”	GDC Technology and any of its subsidiaries and its holding companies (including intermediate and ultimate holding companies)
“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
“Latest Practicable Date”	29 August 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cao”	Mr. Cao Zhong, the Chairman and Executive Director of the Company
“Mr. Chen”	Mr. Chen Zheng, the Chief Executive Officer and Executive Director of the Company
“Option Period”	a period to be determined by the board of GDC Technology at its absolute discretion and notified by the board of directors of GDC Technology to each Grantees including Relevant Grantees as being the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the terms of the GDC Tech Share Option Scheme
“Relevant Grantees”	Mr. Cao, Mr. Chen, Dr. Chong, Mr. Leung Shun Sang, Tony, Mr. Kwong Che Keung, Gordon and Dr. Xu Qing, Catherine, whom particulars are set out in the section headed “Proposed grant of options under the GDC Tech Share Option Scheme” in this circular
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise of all the options available to be granted by the Directors of the Company under the Share Option Scheme and any other schemes of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holders of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company dated 18 July 2003
“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 is the holding company of the Company
“Special General Meeting”	the special general meeting of the Company to be convened at Falcon Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on 19 September 2006 at 9:30 a.m., the notice of which is set out on pages 24 to 26 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Cao Zhong (Chairman)

Mr. Chen Zheng (Chief Executive Officer)

Mr. Jin Guo Ping (Vice President)

Dr. Xu Qing, Catherine (Vice President)

Registered office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

Non-Executive Directors

Dr. Deng Wei, David (Vice-Chairman)

Mr. Leung Shun Sang, Tony

Principal place of business

in Hong Kong:

6th Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai, Hong Kong

Independent Non-Executive Directors

Mr. Bu Fan Xiao

Mr. Hui Hung, Stephen

Mr. Kwong Che Keung, Gordon

Alternate Director

Mr. Zhang Dong Sheng

(Alternate to Dr. Deng Wei, David)

1 September 2006

To the Shareholders:

Dear Sir or Madam,

SHARE OPTION SCHEME OF GDC TECHNOLOGY LIMITED AND REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

INTRODUCTION

On 11 August 2006, the board of directors of GDC Technology resolved that (i) subject to the approvals of the shareholders of GDC and Shougang Grand, the GDC Tech Share Option Scheme will be adopted; and (ii) subject to the GDC Tech Share Option Scheme becoming effective, options will be granted under the GDC Tech Share Option Scheme to the Grantees (including the Relevant Grantees) to subscribe for an aggregate of 21,333,333 shares in the share capital of GDC Technology at a subscription

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LETTER FROM THE BOARD

price of HK\$0.145 per share, representing approximately 20% of the existing issued share capital of GDC Technology and approximately 16.7% of the issued share capital of GDC Technology as enlarged by the options, assuming that all options are fully exercised.

Pursuant to Rule 23.03(3) of the GEM Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under the GDC Tech Share Option Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of GDC Technology in issue as at the date of approval of the scheme. Note 1 to Rule 23.03(3) provides further that the Company may seek separate approval by its shareholders in general meeting for granting options beyond the 10% limit. As the proposed grant of options under the GDC Tech Share Option Scheme would (i) in aggregate exceed 10% of the issued share capital of GDC Technology and (ii) exceed 1% of the issued share capital of GDC Technology for the grant of options to the Relevant Grantees, the Company is seeking approvals from the Shareholders for a special mandate on the proposed grant of options and the grant of options to the Relevant Grantees. As the proposed grant of options under the GDC Tech Share Option Scheme would be under a special mandate to be granted by the Shareholders, the 10% general mandate limit under the GDC Tech Share Option Scheme will not be used for the grant of such options.

In addition, as the Grantees include Mr. Cao, Mr. Chen, Mr. Leung Shun Sang, Tony, Mr. Kwong Che Keung, Gordon, and Dr. Xu Qing, Catherine, who are Directors of the Company, and Dr. Chong, a director of GDC Technology, the proposed grant of options is also subject to the approval by the independent non-executive Directors of the Company (excluding Mr. Kwong Che Keung, Gordon, an independent non-executive Director who is also a grantee of the options). The independent non-executive Directors have approved the proposed grant of options under the GDC Tech Share Option Scheme.

The Board also proposed to refresh the 10% general limit on the grant of options under the Share Option Scheme of the Company at the Special General Meeting. Pursuant to such mandate, the total number of Shares which may be issued upon the exercise of the options granted under the Share Option Scheme must not exceed 10% of the relevant class of securities of the Company. As at the Latest Practicable Date, the Company has no options outstanding. The GDC Tech Share Option Scheme is a new scheme to be adopted by GDC Technology and upon the granting of options to the Relevant Grantees and the Grantees under the GDC Tech Share Option Scheme, and assuming all options are exercised, the number of shares in GDC Technology to be issued would represent 20% of the existing issued share capital of GDC Technology. Accordingly, the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under any schemes of the Company will not exceed 30% of the relevant class of securities of the Company.

The purpose of this circular is to provide you with information regarding the GDC Tech Share Option Scheme, the proposed grant of options under the GDC Tech Share Option Scheme and the refreshment of the 10% general limit on the grant of options under the Share Option Scheme and to give the Shareholders the notice of Special General Meeting.

ADOPTION OF THE GDC TECH SHARE OPTION SCHEME

The adoption of the GDC Tech Share Option Scheme is subject to the approval by the Shareholders at the Special General Meeting. As at the Latest Practicable Date, Shougang Grand was indirectly interested as to approximately 74.98% of the Company, accordingly, the GDC Tech Share Option Scheme would only take effect upon the approval by the shareholders of Shougang Grand.

LETTER FROM THE BOARD

A summary of the principal terms of the GDC Tech Share Option Scheme is set out in the Appendix to this circular.

PROPOSED GRANT OF OPTIONS UNDER THE GDC TECH SHARE OPTION SCHEME

Subject to the GDC Tech Share Option Scheme becoming effective, it is proposed that options under the GDC Tech Share Option Scheme be granted to the Grantees (including the Relevant Grantees) to subscribe for an aggregate of 21,333,333 shares in the share capital of GDC Technology at a subscription price of HK\$0.145 per share, representing approximately 20% of the existing issued share capital of GDC Technology and approximately 16.7% of the issued share capital of GDC Technology as enlarged by the options, assuming that all options are fully exercised. The proposed grant is determined by the directors of GDC Technology based on the contributions made by the Grantees to the Group with reference to the length of service, work performed for the Group, commitment in performing his/her duties and contributions to the development and performance of the Group.

It is also proposed that the Relevant Grantees be granted options in the GDC Tech Share Option Scheme that exceed 1% of the issued share capital of GDC Technology. The proposed grant of options to the Relevant Grantees and the proposed grant of options under the GDC Tech Share Option Scheme are inter-conditional. The following table illustrates the number of shares in GDC Technology to be issued upon exercise in full the options proposed to be granted to the Relevant Grantees and the other Grantees under the GDC Tech Share Option Scheme as at the Board Resolution Date:

Name	Number of shares in GDC Technology to be issued upon exercise in full of the options proposed to be granted under the GDC Tech Share Option Scheme	Approximate percentage shareholding in GDC Technology represented by shares which may fall to be issued upon exercise in full of the options proposed to be granted under the GDC Tech Share Option Scheme
Cao Zhong	4,266,667	4.0%
Chen Zheng	4,266,667	4.0%
Chong Man Nang	7,466,666	7.0%
Leung Shun Sang, Tony	2,133,333	2.0%
Kwong Che Keung, Gordon	1,706,667	1.6%
Xu Qing, Catherine	320,000	0.3%
Chiu Ming Kin, Kent	640,000	0.6%
Tsang Yu Tit, David	320,000	0.3%
Dai Qunbo, Bonnie	213,333	0.3%
Total	<u>21,333,333</u>	<u>20.0%</u>

No options have been granted to the Relevant Grantees under either the GDC Tech Share Option Scheme or the Share Option Scheme of the Company in the 12 months immediately preceding the Board Resolution Date.

LETTER FROM THE BOARD

As at the Latest Practicable Date, a total of 106,666,667 shares had been issued by GDC Technology. The following table illustrates the changes in shareholdings of GDC Technology with respect to the issued share capital of GDC Technology as at the Latest Practicable Date and the enlarged share capital of GDC Technology assuming exercise in full of the options proposed to be granted to the Grantees under the GDC Tech Share Option Scheme:

Name	Number of shares held in GDC Technology as at the Latest Practicable Date	Approximate percentage as at the Latest Practicable Date	Number of shares in GDC Technology to be issued upon exercise in full of the options proposed to be granted under the GDC Tech Share Option Scheme	Approximate percentage in GDC Technology upon exercise in full of the options proposed to be granted under the GDC Tech Share Option Scheme as at the Latest Practicable Date	Approximate shareholding upon exercise in full of the options proposed to be granted under the GDC Tech Share Option Scheme as enlarged by the options
GDC	90,666,667	85%	–	–	70.83%
Cao Zhong	4,266,667	4%	4,266,667	4%	6.67%
Chen Zheng	4,266,667	4%	4,266,667	4%	6.67%
Chong Man Nang	7,466,666	7%	7,466,666	7%	11.67%
Leung Shun Sang, Tony	–	–	2,133,333	2%	1.67%
Kwong Che Keung, Gordon	–	–	1,706,667	1.6%	1.33%
Xu Qing, Catherine	–	–	320,000	0.3%	0.25%
Chiu Ming Kin, Kent	–	–	640,000	0.6%	0.50%
Tsang Yu Tit, David	–	–	320,000	0.3%	0.25%
Dai Qunbo, Bonnie	–	–	213,333	0.3%	0.16%
Total	<u>106,666,667</u>	<u>100%</u>	<u>21,333,333</u>	<u>20%</u>	<u>100%</u>

LETTER FROM THE BOARD

Particulars of the Relevant Grantees

Set out below are the brief particulars of each of the Relevant Grantees

Mr. Cao Zhong, *Chairman and Executive Director*

Mr. Cao Zhong, aged 46, graduated from Zhejiang University, the PRC and Graduate School, The Chinese Academy of Social Sciences with a bachelor degree in engineering and a master degree in economics. He was appointed a non-executive director and the joint chairman of the Company in February 2005 and was re-designated as chairman and executive director of the Company in June 2006. He was appointed as the chairman of each of Shougang Concord Century Holdings Limited and Shougang Concord Technology Holdings Limited, the deputy chairman and general manager of Shougang Holding (Hong Kong) Limited, the managing director of Shougang Concord International Enterprises Company Limited and the vice chairman and managing director of Shougang Grand. He also acts as the assistant general manager of Shougang Corporation and the chairman of China Shougang International Trade and Engineering Corporation. Mr. Cao has extensive experience in corporate management and operation.

The proposed grant of options under the GDC Tech Share Option Scheme to Mr. Cao was to recognize his contribution to the strategic management and leadership in GDC Technology and to the development and performance of GDC Technology, to provide motivation and to retain on-going relationship with Mr. Cao whose contributions were beneficial to the development of GDC Technology.

Mr. Chen Zheng, *Chief Executive Officer and Executive Director*

Mr. Chen Zheng, aged 46, is an engineer and a senior economist. Mr. Chen holds a bachelor degree in chemical engineering and a master degree in business administration. He is an executive Director and re-designated Chief Executive Officer of the Company in February 2006. He is also a managing director operations and executive director of Shougang Grand. Mr. Chen has extensive experience in investing business and corporate management.

The proposed grant of options under the GDC Tech Share Option Scheme to Mr. Chen was to recognize his contribution to the strategic management and leadership in GDC Technology and to the development and performance of GDC Technology, to provide motivation and to retain on-going relationship with Mr. Chen whose contributions were beneficial to the development of GDC Technology.

Dr. Chong Man Nang, *CEO and a director of GDC Technology Limited*

Dr. Chong Man Nang, aged 40, is the founder and the Chief Executive Officer of GDC Technology. Dr. Chong received his bachelor of engineering (1st Honours) and Ph.D. degrees, both in electronic and electrical engineering from the University of Strathclyde, United Kingdom in 1988 and 1992, respectively. Prior to joining the Company, he was an associate professor of School of Computer Engineering at Nanyang Technological University, Singapore, from 1992 to 2000 and was leading the digital film, high definition television and digital television research in Singapore from 1996 to 2000. Dr. Chong has been actively involved in the field of image processing, video coding, digital cinema and motion picture restoration for over a decade.

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In 1996, Dr. Chong led a team to win the worldwide Texas Instruments' Digital Signal Processing Solutions Challenge US\$100,000 award. In 1999, Dr Chong founded Nirvana Digital Pte Ltd, a leading digital signal processing company which was subsequently acquired by Acterna Incorporation (NASDAQ: ACTR) in 2000. Acterna Incorporation is the holding company of Da Vinci Systems Incorporation which is the market leader in providing digital film, high definition television and SDTV colour enhancement technology to the worldwide post-production marketplace. Dr Chong was the Chief Consultant of Da Vinci Technologies from 2000-2002. Dr Chong is credited with the architecture, design, and successful commercial release of Nirvana's award-winning REVIVAL DIGITAL® product lines. REVIVAL DIGITAL® has been used to restore a large number of movies.

The proposed grant of options under the GDC Tech Share Option Scheme to Dr. Chong was to recognize his contribution to the technological development of the products of GDC Technology and his length of service with GDC Technology, to provide motivation and to retain on-going relationship with Dr. Chong whose contributions were beneficial to the development of GDC Technology.

Mr. Leung Shun Sang, Tony, *Non-Executive Director*

Mr. Leung Shun Sang, Tony, aged 63, holds a Master Degree in Business Administration of New York State University. He is a non-executive director of Shougang Concord International Enterprises Company Limited, Shougang Grand, Shougang Concord Technology Holdings Limited and Shougang Concord Century Holdings Limited, all of which are companies listed on the main board of the Stock Exchange. Mr. Leung is also the managing director of CEF Holdings Limited. He has extensive experience in areas of finance, investment and corporate management.

The proposed grant of options under the GDC Tech Share Option Scheme to Mr. Leung was to recognize his contribution to the development and performance of GDC Technology in the areas of fund raising and corporate governance, to provide motivation and to retain on-going relationship with Mr. Leung whose contributions were beneficial to the development of GDC Technology.

Mr. Kwong Che Keung, Gordon, *Independent Non-Executive Director*

Mr. Kwong Che Keung, Gordon, aged 56, was a graduate of the University of Hong Kong in 1972 and qualified as a chartered accountant in England and Wales in 1977. He was appointed as an independent non-executive director of the Company in April 2003. Mr. Kwong was a partner of PriceWaterhouse Hong Kong from 1984 to 1998. He has served as a part-time panel member of the Hong Kong Government's Central Policy Unit from 1993 to 1995 and was an independent member of the Council of the Stock Exchange from 1992 to 1997 during which time he also acted as convener of both the Compliance Committee and the Listing Committee of the Stock Exchange. Currently, he is an independent non-executive director of a number of Hong Kong listed companies on the Stock Exchange, including COSCO International Holdings Limited, Tianjin Development Holdings Limited, Beijing Capital International Airport Company Limited, Frasers Property (China) Limited, NWS Holdings Limited, China Oilfield Services Limited, Concepta Investments Limited, China Chengtong Development Group Limited, Ping An Insurance (Group) Company of China, Limited, Quam Limited, Tom Online Inc., China Power International Development Limited, New World Mobile Holdings Limited, Henderson Land Development Company Limited, Henderson

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Investment Limited and Agile Property Holding Limited. Mr. Kwong previously served as a non-executive director of COSCO Pacific Limited until his resignation in January 2006 and was an independent non-executive director of Henderson China Holdings Limited which was privatized in July 2005.

The proposed grant of options under the GDC Tech Share Option Scheme to Mr. Kwong was to recognize his contribution to the development and performance of GDC Technology in the area of financial management and his length of service with the Company, to provide motivation and to retain on-going relationship with Mr. Kwong whose contributions were beneficial to the development of GDC Technology.

Dr. Xu Qing, Catherine *Vice-President and Executive Director*

Dr. Xu Qing, Catherine, aged 40, holds Doctor of Electronic Engineering from University of Virginia and a Bachelor of Electronic Engineering from Peking University. She has extensive experience of business development and marketing experience in the internet, wireless and digital entertainment industries for 15 years. Dr. Xu was the vice president for business development of eTrieve, Inc., an integrated messaging service company. She was also the chief executive officer and co-founder of Right4Me.com, a LinkedIn.com like mobile internet community company. The Company's technology was sold to the mobile carrier Orange in United Kingdom, a Vodafone Group company. Before that, she had held director positions in marketing, sales and business development in American Online and Netscape for their Asia-Pacific operations.

The proposed grant of options under the GDC Tech Share Option Scheme to Dr. Xu was to recognize her contribution to the development and performance of GDC Technology in the area of fund raising and corporate finance, to provide motivation and to retain on-going relationship with Dr. Xu whose contributions were beneficial to the development of GDC Technology.

The other Grantees

Mr. Chiu Ming Kin, Kent, Mr. Tsang Yu Tit, David and Ms. Dai Qunbo, Bonnie, the other grantees of the options under the GDC Tech Share Option Scheme, are senior management personnel of the Company or GDC Technology. The proposed grant of options under the GDC Tech Share Option Scheme to them was to recognise their contributions to the development of GDC Technology in areas relating to fund raising and financial management, and to provide motivation and to retain on-going relationship with each of Mr. Chiu Ming Kin, Kent, Mr. Tsang Yu Tit, David and Ms. Dai Qunbo, Bonnie whose contributions were beneficial to the development of GDC Technology. They will be granted options to subscribe for an aggregate of 1,173,333 shares in GDC Technology, representing approximately 1.1% of the existing issued share capital of GDC Technology and approximately 0.91% of the issued share capital of GDC Technology as enlarged by the options, assuming that all options are fully exercised.

Subscription price

The subscription price for the proposed options to be granted to the Grantees is HK\$0.145 per share, which is equivalent to 145% of the par value of the shares of GDC Technology and was determined by calculating the investment cost of the GDC Technology's share, which has a par value of HK\$0.10, with the anticipated annual growth rate of GDC Technology of 15% on a straight line basis for the

LETTER FROM THE BOARD

coming three years. The annual growth rate of 15% is the targeted growth rate of GDC Technology based on the expected rate of return for investors in the market.

Duration of the GDC Tech Share Option Scheme and Option Period

The GDC Tech Share Option Scheme shall be valid for a period of 10 years from the date of its adoption. The option period is a period to be determined by the board of GDC Technology at its absolute discretion and notified by the board of directors of GDC Technology to each Grantee as being the period during which an Option may be exercised, such period shall not be longer than 10 years after the date of the grant of the option. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the Option Period.

Other conditions of the grant

The termination and lapse of the options to be granted under the GDC Tech Share Option Scheme to the Grantees will be subject to the conditions of the scheme.

There is no performance targets which the individual Grantee must attained before he/she could exercise the options to be granted to him/her.

The shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the Grantee as the holder thereof. Subject to the aforesaid, shares allotted and issued on the exercise of an option will rank pari passu with, and shall have the same voting right, dividend, transfer and other rights as the shares in issue of GDC Technology.

A consideration of HK\$1.00 is payable to GDC Technology upon acceptance of the option in accordance with the terms of the GDC Tech Share Option Scheme.

Reasons for granting the options under the GDC Tech Share Option Scheme to the Grantees

GDC Technology is an indirect non wholly-owned subsidiary of the Company and is principally engaged in the provision of computing solutions for digital content distribution and exhibitions. The Company announced on 6 July 2006 that in order to enhance management participation in GDC Technology, the Company agreed to transfer 4,266,667 shares, 4,266,667 shares and 7,466,666 shares, representing 4%, 4% and 7% in the issued share capital of GDC Technology to Mr. Cao, Mr. Chen and Dr. Chong, respectively for an aggregate cash consideration of HK\$1,600,000. Completion of the transfer took place on 31 July, 2006.

GDC Technology has been operating at a loss and based on its unaudited consolidated financial statements as at 31 May 2006, it was in a position of net liability. The Board considers that the granting of the options under the GDC Tech Share Option Scheme to the Grantees would give such personnel an opportunity to have a personal stake in GDC Technology. It is envisaged that with the personal interest, it would lead to further enhancement on the commitment and participation by the Grantees, which are primarily the senior management personnel of GDC Technology, in the business of GDC Technology, as their personal interests would be tied with that of GDC Technology. It is envisaged that with the personal interest, the Grantees would be more motivated to optimize their performance efficiency for the benefit of GDC Technology. Accordingly, the Directors consider that the proposed grant of options under the GDC Tech Share Option Scheme to the Grantees beneficial to the Company and its shareholders as a whole.

LETTER FROM THE BOARD

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 18 July 2003. Since its adoption, a total of 22,631,615 options have been granted and no options have been exercised. On 21 February, 2005, as part of the conditions on the acquisition of an approximate 82.22% interest in the Company by Shougang Grand, all the outstanding options of the Company, representing approximately 2.83% of the issued share capital of the Company, have been cancelled with the agreement of the grantees.

The Directors consider that the Company should renew the Scheme Mandate Limit so that the Company could have more flexibility to provide incentive to the grantees of the Group by way of granting Options to them. Accordingly, the Company wishes to seek approval from the Shareholders to refresh the 10% general limit on the grant of options under the Share Option Scheme at the Special General Meeting. Options previously granted under the scheme (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

On the assumption that no Shares will be issued between the Latest Practicable Date and the date of passing of the resolution to refresh the 10% general limit, the maximum number of Shares subject to options under the Share Option Scheme that can be granted by the Company under the Scheme Mandate Limit would be 80,082,000 Shares, representing 10% of the GDC Shares in issue as at the Latest Practicable Date.

The refreshment of the Scheme Mandate Limit is conditional upon the approval by the shareholders of the Company and GEM Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in the Shares (up to the refreshed Scheme Mandate Limit) which may be issued pursuant to the exercise of the options under the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of the Special General Meeting) which may be fall to be issued upon the exercise of any options that may be granted under the Scheme Mandate Limit. All Shares to be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme will be subject to the provisions of the Bye-laws of the Company.

The proposed refreshment of the Scheme Mandate Limit is in the interests of the Company and its shareholders of the Company as a whole as it enables the Company to offer share options to eligible participants in order to attract and retain on going business relationships with such participants whose contributions are or will be beneficial to the Company. The refreshment of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme and is in compliance with the Chapter 23 of the GEM Listing Rules.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING

Set out on pages 24 to 26 is a notice convening the Special General Meeting to be held at the Falcon Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on 19 September 2006 at 9:30 a.m. which ordinary resolutions will be proposed to approve:

- (i) the adoption of the GDC Tech Share Option Scheme;
- (ii) the proposed grant of options under the GDC Tech Share Option Scheme to the Grantees;
- (iii) the proposed grant of options under the GDC Tech Share Option Scheme to the Relevant Grantees;
- (iv) the proposed grant of options under the GDC Tech Share Option Scheme to the Relevant Grantees which would exceed 1% of the issued share capital of GDC Technology; and
- (v) the refreshment of the Scheme Mandate Limit of the Company.

Pursuant to the requirements of Rule 23.03(4) the GEM Listing Rules, the Grantees (including the Relevant Grantees) and their respective associates will abstain from voting for the resolution to approve the proposed grant of options to the Grantees under the GDC Tech Share Option Scheme, the Relevant Grantees and their respective associates will abstain from voting for resolutions (iii) and (iv) to approve the proposed grant of options to the Relevant Grantees and the proposed grant of options of over 1% of the issued share capital of GDC Technology to the Relevant Grantees under the GDC Tech Share Option Scheme. The proposed grant of options to the Grantees and the Relevant Grantees will be under the special mandate to be granted by the Shareholders.

The form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the Special General Meeting in person, you are advised to read the notice and complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Standard Registrars Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjourned meeting thereof. 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 thereof should you so wish.

PROCEDURE FOR DEMANDING A POLL AT THE SPECIAL GENERAL MEETING

Pursuant to Bye-law 66 of the Bye-laws of the Company, a poll may be demanded by:

- (a) by the chairman of such meeting; or
- (b) by at least three members of the Company present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (c) by a member or members of the Company present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members of the Company present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which and 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
- (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

The Company will publish an announcement on the results of the Special General Meeting with respect to whether or not the resolution for the adoption of the GDC Tech Share Option Scheme has been passed by the Shareholders.

DOCUMENT FOR INSPECTION

A copy of the rules of the GDC Tech Share Option Scheme is available for inspection at the principal place of business of the Company at 6th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including 18 September 2006.

RECOMMENDATIONS

The Directors consider that in order to enhance management participation in GDC Technology, it is important that they would be offered an opportunity to obtain ownership interest in GDC Technology and to enjoy the results of GDC Technology attained through their efforts and contributions.

Accordingly, the Directors (including the independent non-executive Directors) consider that it is in the interests of the Company and the Shareholders as a whole to approve the GDC Tech Share Option Scheme, the proposed grant of options under the GDC Tech Share Option Scheme to the Grantees, including the Relevant Grantees and to refresh the Scheme Mandate Limit of the Company. The Directors therefore recommend that the Shareholders to vote in favour of the resolutions proposed at the Special General Meeting.

Yours faithfully,

By Order of the Board of

GLOBAL DIGITAL CREATIONS HOLDINGS LIMITED

Cao Zhong

Chairman and Executive Director

Set out below is a summary of the principal terms of the GDC Tech Share Option Scheme:

(a) Purpose

The GDC Tech Share Option Scheme is a share incentive scheme and is established to provide the Eligible Participants an opportunity to have a personal stake in GDC Technology with the view to achieving the following objectives:

- (i) recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group;
- (ii) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (iii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The board of directors of GDC Technology may, at its discretion, offer to grant an option to subscribe for such number of new shares of GDC Technology as the board of directors of GDC Technology may determine the subscription price in accordance with paragraph (e) below to:

- (i) any full-time or part-time employees, executives or officers of the Group;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Group;
- (iii) any advisers, consultants, suppliers, customers and agents to the Group; and
- (iv) such other persons who, in the sole opinion of the board of directors of GDC Technology, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of the Group;
 - (bb) quality of work performed for the Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to the Group.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to GDC Technology by way of consideration for the grant. Any offer to grant an option to subscribe for shares may be accepted in respect of less than the number of shares for which it is offered. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) Maximum number of shares

The maximum number of shares in GDC Technology in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the GDC Tech Share Option Scheme and under any other share option schemes of GDC Technology must not in aggregate exceed 10% of the total number of shares of GDC Technology in issue immediately following adoption of the GDC Tech Share Option Scheme, excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the GDC Tech Share Option Scheme (or any other share option schemes of GDC Technology). As at the Latest Practicable Date, GDC Technology has 106,666,667 shares in issue and the maximum number of shares that are issuable under the 10% limit would be 10,666,666 shares. Subject to the issue of a circular by the Company and Shougang Grand, the approval of the Shareholders and the shareholders of Shougang Grand in general meeting and/or such other requirements prescribed under the GEM Listing Rules and the Listing Rules from time to time, the board of directors of GDC Technology may:

- (i) refresh this limit at any time to 10% of the shares in issue as at the date of the approval by the Shareholders and the shareholders of Shougang Grand in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the board of directors of GDC Technology. The circular issued by the Company and Shougang Grand to their shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules and the information required under Rule 17.02(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules as the case may be.

Notwithstanding the foregoing, the shares in GDC Technology which may be issued upon exercise of all outstanding options granted and yet to be exercised under the GDC Tech Share Option Scheme and any other share option schemes of GDC Technology at any time shall not exceed 30% of the shares of GDC Technology in issue from time to time. No options shall be granted under any schemes of GDC Technology (including the GDC Tech Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of shares in GDC Technology in respect of which options may be granted shall be adjusted, in such manner as the auditors of GDC Technology or an approved independent financial adviser shall certify to be appropriate, fair

and reasonable in the event of any alteration in the capital structure of GDC Technology in accordance with paragraph (n) below whether by way of consolidation, subdivision or reduction of the share capital of GDC Technology but in no event shall exceed the limit prescribed in this paragraph.

(d) Maximum number of options to any one individual

The total number of shares in GDC Technology issued and which may fall to be issued upon exercise of the options granted under the GDC Tech Share Option Scheme and any other share option schemes of GDC Technology (including both exercised and outstanding options) to each Eligible Participant in any 12-months period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company and Shougang Grand containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 23.02(2)(d) and the disclaimer required under 23.02(4) of the GEM Listing Rules and the information as required under Rules 17.02(2)(c) and (d) and the disclaimer required under 17.02(4) of the Listing Rules as the case may be; and
- (ii) the approval of the Shareholders and the shareholders of Shougang Grand in general meeting and/or other requirements prescribed under the GEM Listing Rules or the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the GEM Listing Rules and the Listing Rules) abstaining from voting. The numbers and terms (including the subscription price) of options to be granted to such participant must be fixed before such shareholders' approval and the date of the board meeting at which the board of directors of GDC Technology proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The board of directors of GDC Technology shall forward to such Eligible Participant an offer document in such form as the board of directors of GDC Technology may from time to time determine.

(e) Subscription price

The subscription price of a share in GDC Technology in respect of any particular option granted under the GDC Tech Share Option Scheme shall be such price as the board of directors of GDC Technology in its absolute discretion shall determine, provided always that:

- (i) the subscription price shall not be less than the nominal value of the shares; and
- (ii) the subscription price shall be subject to the approval of the Board of the Company or any committee duly constituted thereof.

(f) Granting options to Connected Persons

Any grant of options to a director, chief executive or substantial shareholder (as defined in the GEM Listing Rules or the Listing Rules) of the Company or Shougang Grand or any of their respective associates (as defined in the GEM Listing Rules and the Listing Rules) is required to be approved by the independent non-executive directors of the Company and Shougang Grand (excluding any independent non-executive Director who is the grantee of the Options). If the board of GDC Technology proposes to grant options to a substantial shareholder or any independent non-executive director of the Company or Shougang Grand or their respective associates (as defined in the GEM Listing Rules and the Listing Rules) which will result in the number of shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-months period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the GEM Listing Rules or the Listing Rules,

such further grant of options will be subject to, in addition to the approval of the independent non-executive directors of the Company and Shougang Grand, the issue of a circular by the Company and Shougang Grand, the approval of the shareholders of the Company and Shougang Grand in general meeting on a poll at which all Connected Persons of the Company and Shougang Grand shall abstain from voting, and/or such other requirements prescribed under the GEM Listing Rules and the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by the Company and Shougang Grand to their respective shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the subscription price) of the options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting of the Company and Shougang Grand and the date of board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the subscription price of such options;
- (ii) a recommendation from the independent non-executive directors of the Company and Shougang Grand (excluding any independent non-executive director who is the relevant Eligible Participant) as the case may be, to the independent shareholders of the Company and Shougang Grand as to voting; and
- (iii) the information required under Rule 23.02(d) and the disclaimer in Rule 23.02(4) of the GEM Listing Rules and the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules as the case may be.

(g) Restrictions on the times of grant of Options

For as long as the Company remains listed on GEM and Shougang Grand remains listed on the main board of the Stock Exchange, a grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the GEM Listing Rules or the Listing Rules, as the case may be. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting of the Company or Shougang Grand (as such date to first notified to the Stock Exchange in accordance with the GEM Listing Rules or the Listing Rules, as the case may be) for the approval of the results of the Company or Shougang Grand for any year, half-year, quarterly (if applicable) or other interim period (whether or not required under the GEM Listing Rules or the Listing Rules, as the case may be); and
- (ii) the deadline for the Company or Shougang Grand to publish an announcement of the results for any year or half-year under the GEM Listing Rules or the Listing Rules (whether or not required under the GEM Listing Rules or the Listing Rules), or for the Company, quarterly or other interim period (whether or not required under the GEM Listing Rules).

and ending on the date of actual publication of the results announcement.

(h) Rights are personal to grantee

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do.

(i) Time of exercise of Option and duration of the GDC Tech Share Option Scheme

An option may be exercised in accordance with the terms of the GDC Tech Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors of GDC Technology at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the GDC Tech Share Option Scheme. Subject to earlier termination by GDC Technology in general meeting or by the board of directors of GDC Technology, the GDC Tech Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(j) Performance target

Unless otherwise determined by the board of directors of GDC Technology and specified in the offer letter to be given to the grantee at the time of the offer of the opinions, a grantee may be required to achieve any performance targets as the board of directors of GDC Technology may then specify in the grant before any options granted under the GDC Tech Share Option Scheme can be exercised.

(k) Rights on winding-up

In the event a notice is given by GDC Technology to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up GDC Technology, GDC Technology shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of GDC Technology referred to above by giving notice in writing to GDC Technology, accompanied by a remittance for the full amount of the aggregate subscription price for the shares in respect of which the notice is given, whereupon GDC Technology shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant shares to the grantee credited as fully paid and register the grantee as holder thereof.

(l) Rights on compromise or arrangement between GDC Technology and its members or creditors

If a compromise or arrangement between GDC Technology and its members or creditors is proposed for the purposes of a scheme for the reconstruction of GDC Technology or its amalgamation with any other companies pursuant to the laws of jurisdictions in which GDC Technology was incorporated, GDC Technology shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to GDC Technology accompanied by a remittance for the full amount of the aggregate subscription price for the shares in respect of which the notice is given (such notice to be received by GDC Technology not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and GDC Technology shall as soon as possible in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reasons such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(m) Ranking of Shares

The shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting right, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid shares of GDC Technology in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(n) Effect of alterations to capital

In the event of any alteration in the capital structure of GDC Technology whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, reclassification, reconstruction, subdivision or reduction of share capital of GDC Technology, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of shares subject to any options so far as unexercised and/or the subscription price per share of each outstanding option and/or the method of exercise of the option as the auditors of GDC Technology or an independent financial adviser shall certify in writing to the board of directors of the Company and Shougang Grand to be in their/his opinion fair and reasonable in compliance with the GEM Listing Rules and the Listing Rules and the notes thereto and the supplementary guidance attached to the letter from the Stock Exchange to all issuers dated 5 September 2005 relating to share option schemes and/or such other requirement prescribed by the Stock Exchange from time to time.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of GDC Technology (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange to all issuers dated 5 September 2005 relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments provided that no such alteration will be made the effect of which would be to enable a share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(o) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry date relevant to that option;
- (ii) the date on which the scheme of arrangement of GDC Technology referred to in paragraph (l) becomes effective;

- (iii) the date of commencement of the winding-up of GDC Technology as referred to in paragraph (k);
 - (iv) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with GDC Technology and/or any of its subsidiaries or the holding company of GDC Technology for whatever reasons (including without limitation by reasons of being found guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of GDC Technology and/or any of its subsidiaries (if so determined by the board of GDC Technology) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with GDC Technology or the relevant subsidiary, or death, ill-health, injury, disability or retirement). A resolution of the board of directors of GDC Technology or the board of directors of the relevant subsidiary to the effect that the relationship of a grantee has or has not been terminated shall be conclusive; and
 - (v) the date on which the board of directors of GDC Technology shall exercise the company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (q) below.
- (p) Alteration of the GDC Tech Share Option Scheme

The GDC Tech Share Option Scheme may be altered in any respect by resolution of the board of directors of GDC Technology except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules and Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the GDC Tech Share Option Scheme or any change to the terms of options granted,

shall first be approved by the respective shareholders of GDC Technology, GDC and Shougang Grand in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the GDC Tech Share Option Scheme. The amended terms of the GDC Tech Share Option Scheme shall still comply with Chapter 23 of the GEM Listing Rules and Chapter 17 of the Listing Rules and any change to the authority of the board of directors of GDC Technology in relation to any alteration to the terms of the GDC Tech Share Option Scheme must be approved by the respective shareholders of GDC Technology, GDC and Shougang Grand in general meeting.

Notwithstanding the above, if for any reasons that GDC Technology is not a subsidiary, whether directly or indirectly, of any companies listed on the main board of the Stock Exchange or GEM, the board of directors of GDC Technology may by resolutions alter the GDC Tech Share Option Scheme as they see fit.

(q) Cancellation of Options

Subject to paragraph (h) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options.

(r) Termination of the GDC Tech Share Option Scheme

GDC Technology may by resolution in general meeting or the board of directors of GDC Technology at any time terminate the GDC Tech Share Option Scheme and in such event no further option shall be offered but the provisions of the GDC Tech Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the GDC Tech Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the GDC Tech Share Option Scheme.

(s) Administration of the GDC Tech Share Option Scheme

The GDC Tech Share Option Scheme shall be subject to the administration of the board of directors of GDC Technology whose decision as to all matters arising in relation to the GDC Tech Share Option Scheme or its interpretation or effect (save as otherwise provided therein) shall be final and binding on all parties.

(t) Disclosure in annual and interim reports

The Company and Shougang Grand will disclose details of the GDC Tech Share Option Scheme in their annual and interim reports including the number of options, date of grant, subscription price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the GEM Listing Rules and the Listing Rules, as the case may be, in force from time to time.

(u) Present status of the GDC Tech Share Option Scheme

As at the date Latest Practicable, no option had been granted under the GDC Tech Share Option Scheme.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that a special general meeting of Global Digital Creations Holdings Limited (the “Company”) will be held at the Falcon Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on 19 September 2006 at 9:30 a.m. for the purpose of considering, and, if thought fit, passing the following resolutions as an ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

- (1) **“THAT** the share option scheme (the **“GDC Tech Share Option Scheme”**) of GDC Technology Limited (**“GDC Technology”**), a non wholly-owned subsidiary of the Company, a copy of which is produced at the meeting and marked “A” and signed by the chairman for the purpose of identification, be and is hereby adopted, confirmed and approved.”
- (2) **“THAT** subject to and conditional upon the passing of resolution (1), the grant of options (the **“GDC Tech Options”**) under the GDC Tech Share Option Scheme to the Grantees (as defined in the circular of the Company dated 1 September 2006), be and is hereby confirmed and approved.”
- (3) **“THAT** subject to and conditional upon the passing of resolutions (1) and (2), the grant of GDC Tech Options to the Relevant Grantees (as defined in the circular of Company dated 1 September, 2006), be and is hereby confirmed and approved.”
- (4) **“THAT** subject to and conditional upon the passing of resolutions (1), (2) and (3), the grant of GDC Tech Options, which would exceed 1% of the issued share capital of GDC Technology to the Relevant Grantees, be and is hereby confirmed and approved.”
- (5) **“THAT** subject to and conditional upon the passing of resolutions (1) to (4) the grant of GDC Tech Options to Mr. Cao Zhong which would entitle him to subscribe for 4,266,667 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”
- (6) **“THAT** subject to and conditional upon the passing of resolutions (1) to (4), the grant of GDC Tech Options to Mr. Chen Zheng which would entitle him to subscribe for 4,266,667 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

- (7) “**THAT** subject to and conditional upon the passing of resolutions (1) to (4), the grant of GDC Tech Options to Dr. Chong Man Nang which would entitle him to subscribe for 7,466,666 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”
- (8) “**THAT** subject to and conditional upon the passing of resolutions (1) to (4), the grant of GDC Tech Options to Mr. Leung Shun Sang, Tony, which would entitle him to subscribe for 2,133,333 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”
- (9) “**THAT** subject to and conditional upon the passing of resolutions (1) to (4), the grant of GDC Tech Options to Mr. Kwong Che Keung, Gordon which would entitle him to subscribe for 1,706,667 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”
- (10) “**THAT** subject to and conditional upon the passing of resolutions (1) to (4), the grant of GDC Tech Options to Dr. Xu Qing, Catherine which would entitle her to subscribe for 320,000 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”
- (11) “**THAT** subject to and conditional upon the passing of resolutions (1) and (2) and subject further to the condition that none of the grantees shall be granted GDC Tech Options that exceed 1% of the issued share capital of GDC Technology, the grant of GDC Tech Options to such grantees as may be determined by the board of directors of GDC Technology which would entitle such grantees to subscribe for an aggregate of 1,173,333 shares of HK\$0.10 each in the share capital of GDC Technology, be and is hereby confirmed and approved and the directors of the Company be and hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of the GDC Tech Options.”
- (12) “**THAT**
- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the shares in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the Share Option Scheme of the Company

NOTICE OF SPECIAL GENERAL MEETING

adopted on 18 July 2003 and all other share option scheme(s) up to 10 per cent of the number of Shares in issue at the date of the passing of this resolution (the “**Scheme Mandate Limit**”) be and is hereby approved; and

- (b) any director of the Company be and is hereby authorised to do all such acts and execute all such documents to effect the Scheme Mandate Limit.”

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

Hong Kong, 1 September 2006

Notes:

1. Any member of the Company entitled to attend and vote at the meeting of the Company by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notary certified copy of such power or authority must be delivered to the office of Standard Registrars Limited, the Company’s branch share registrar in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

As at the date of this circular, the Executive Directors are Mr. Cao Zhong, Mr. Chen Zheng, Mr. Jin Guo Ping and Dr. Xu Qing, Catherine, the Non-executive Directors are Mr. Leung Shun Sang, Tony and Dr. Deng Wei, David, the Independent non-executive directors are Mr. Kwong Che Keung, Gordon, Mr. Bu Fan Xiao and Mr. Stephen Hui Hung, the Alternate Director is Mr. Zhang Dong Sheng (alternate to Dr. Deng Wei, David).

This circular 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.