
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 **HMV Digital China Group Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee.

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**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (“AGM”) to be held at 7/F, Zung Fu Industrial Building, 1067 King’s Road, Quarry Bay, Hong Kong on Wednesday, 8 March 2017 at 4:00 p.m. is set out on pages 14 to 17 of this circular.

Whether or not you are able to attend the AGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 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 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at www.china3d8078.com.

7 February 2017

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 7/F, Zung Fu Industrial Building, 1067 King’s Road, Quarry Bay, Hong Kong on Wednesday, 8 March 2017 at 4:00 p.m., a notice of which is set out on pages 14 to 17 of this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Close Associate(s)”	has the meaning as defined under the GEM Listing Rules
“Company”	HMV Digital China Group Limited (Stock code: 8078), an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the GEM
“Core Connected Person”	has the meaning given in the GEM Listing Rules
“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
“General Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 February 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“PRC”	the People’s Republic of China

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase the Shares of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission in Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



HMV Digital China Group Limited
HMV 數碼中國集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8078)

Executive Directors:

Mr. Shiu Stephen Junior
Ms. Li Mau
Mr. Sun Lap Key, Christopher
Mr. Lee Wing Ho, Albert
Mr. Ho Gilbert Chi Hang

Non-executive Director:

Mr. Wu King Shiu, Kelvin

Independent non-executive Directors:

Mr. Chan Chi Ho
Mr. Kam Tik Lun
Mr. Tam Kwok Ming, Banny

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
Business in Hong Kong:*

7/F
Zung Fu Industrial Building
1067 King's Road
Quarry Bay, Hong Kong

7 February 2017

To the Shareholders:

Dear Sir/Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the forthcoming AGM to be held at 7/F, Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong on Wednesday, 8 March 2017 at 4:00 p.m. to (a) grant to the Directors general mandates to repurchase and issue Shares of the Company; and (b) to re-elect the retiring Directors.

LETTER FROM THE BOARD

GENERAL MANDATE AND REPURCHASE MANDATE

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

Under the GEM Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in Appendix I.

GENERAL MANDATE

The Company has in issue an aggregate of 5,471,099,035 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 1,094,219,807 Shares, representing 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM. In addition, it is further proposed, by way of a separate ordinary resolution that the General Mandate be extended so that the Directors be given a general mandate to issue further Shares of an aggregate nominal value equal to the aggregate nominal value of the share capital repurchased under the Repurchase Mandate. Any issue of new Shares of the Company is subject to approval from the Stock Exchange for the listing of and permission to deal in such new Shares.

The Directors have no present intention to allot and issue new Shares under the General Mandate.

REPURCHASE MANDATE

At the AGM, an ordinary resolution will also be proposed that the Directors be granted a general and unconditional mandate to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution.

In addition, if the resolution to authorize the repurchase of shares is passed, an ordinary resolution will be proposed at the AGM providing that any Shares repurchased (up to a maximum of 10% of the issued Shares as at the date of the grant to the Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the General Mandate.

LETTER FROM THE BOARD

An explanatory statement required by the GEM Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase the Company's shares is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Bye-laws 87(1) and 87(2) of the Bye-laws, Mr. Lee Wing Ho, Albert, Ms. Li Mau, Mr. Ho Gilbert Chi Hang, Mr. Wu King Shiu, Kelvin and Mr. Kam Tik Lun shall retire as executive Directors, non-executive Director and independent non-executive Director respectively at the AGM and being eligible, will offer themselves for re-election to the respective office.

To enable Shareholders to make an informed decision on the re-election of these retiring Directors, the biographical details of each of the retiring Directors, as required under Chapter 17 of the GEM Listing Rules, are set out in Appendix II to this circular for information of the Shareholders.

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 the information contained in this circular 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 circular misleading.

ACTION TO BE TAKEN

Notice of the AGM is set out on pages 14 to 17 to this circular. A proxy form for appointing proxy is despatched with this circular and published on the GEM website (www.hkgem.com) and the Company's website (www.china3d8078.com). Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the Company's Branch Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or the adjourned meeting. Completion and return of a proxy form will not preclude you from attending and voting at the meeting and any adjourned meeting if you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the AGM shall be voted by poll.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the granting of the General Mandate and Repurchase Mandate to the Directors to issue shares and to repurchase shares of the Company and re-election of the retiring Directors are in the best interests of the Company and the Shareholders. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the AGM.

Yours faithfully,
For and on behalf of the Board
HMV Digital China Group Limited
Shiu Stephen Junior
Chairman

This is an explanatory statement given to all Shareholders of the Company relating to the resolution to be proposed at the AGM authorising the Repurchase Mandate. It contains all the relevant information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

1. SHARE CAPITAL

On 3 February 2017, being the Latest Practicable Date, prior to the printing of this circular, there was a total of 5,471,099,035 Shares in issue.

Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 547,109,903 Shares, representing 10% of the aggregate nominal amount of Shares in issue as at the date of AGM.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the GEM. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's Bye-laws, the GEM Listing Rules and the applicable laws of Bermuda.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 30 June 2016) in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels of the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the GEM of the Stock Exchange during each of the twelve months preceding the Latest Practicable Date:

Month	Share Prices	
	Highest HK\$	Lowest HK\$
2016		
February	0.465	0.335
March	0.580	0.380
April	0.760	0.540
May	1.000	0.670
June	0.950	0.750
July	1.060	0.790
August	1.130	0.830
September	0.970	0.700
October	0.850	0.720
November	0.970	0.830
December	0.900	0.720
2017		
January	0.780	0.720
February (up to the Latest Practicable Date)	0.780	0.730

5. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If, as a result of a repurchase of the Share pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following persons were interested in 5% or more of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full and there is no change in the number of Shares held by them after the Repurchase Mandate is exercised, the interest of such persons will be increased to approximately the percentage set out in the last column as follows:

Name of Shareholder	Number of Shares held	Approximate percentage of shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
AID Treasure Investment Limited (<i>note 1</i>)	1,118,219,178	20.44%	22.71%

Note 1: AID Treasure Investment Limited, a subsidiary of AID Partners Technology Holdings Limited, a listed company on GEM (Stock code 8088).

In the event that the Directors should exercise in full the power to repurchase its Shares which is proposed to be granted pursuant to the Repurchase Mandate, such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code nor reduce the amount of Shares held by the public to less than 25%.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances which they deem appropriate for the benefits of the Company and the Shareholders as a whole. The Directors have no present intention to exercise the Repurchase Mandate to the extent as would result in the number of Shares in public hands would fall below the prescribed minimum percentage for the Company as required under the GEM Listing Rules.

The Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

6. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

7. DISCLOSURE OF INTERESTS AND UNDERTAKING OF THE DIRECTORS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates have any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the Bye-laws and the applicable laws of Bermuda.

The Company has not been notified by any core connected person (as defined in the GEM Listing Rules) that such a person has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders to the Board.

The following Directors are proposed to be re-elected at the AGM:

1. LEE WING HO, ALBERT, Executive Director

Lee Wing Ho, Albert (“Mr. Lee”), aged 47, joined the Company in February 2011. Mr. Lee holds a Bachelor of Arts from Trinity Western University, Canada, and a Master of Business Administration from South Eastern University, United States of America. Mr. Lee is a Certified Facility Manager and is a member of International Facility Management Association and The Hong Kong Institute of Real Estate. Mr. Lee has over 22 years of experience in real estate and leasing management, cinemas consultancy as well as in the fields of movie production and distribution in Hong Kong and the PRC.

Mr. Lee has no relationship with any senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to the terms of a service agreement with the Company, Mr. Lee was appointed as Executive Director of the Company for an initial term of service of two years commencing, with all the terms being renewable automatically for a successive terms of one year thereafter unless terminated three months’ notice in writing served by either party. Mr. Lee shall be entitled to receive a director’s fee of HK\$600,000 per annum and 10% performance bonus on the audit net profit derived from cinema-related project, which is determined by the Board by reference to the duties and responsibilities undertaken by him as a director of the Company. In accordance with the Bye-laws of the Company, Mr. Lee will hold office until the next annual general meeting of the Company and will then be eligible for re-election; thereafter he will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

2. LI MAU, Executive Director & Co-Chairman

Li Mau (“Ms. Li”), aged 38, is the founder and the chief executive officer of HVM Cultural F&B Group Limited (“HVM F&B Group”), a food and beverage group jointly owned by Hainan Airline Group and Ms. Li. Ms. Li oversees the management, businesses and strategic direction of the HVM F&B Group. In addition to the internal management, Ms. Li manages the business development globally as well. Ms. Li is the founder and chairman of i-Future Teens International Foundation Limited, a registered charitable organization in Hong Kong, providing developmental opportunities and exposures to children and youth from under resourced neighborhoods in Hong Kong to inspire them to identify their own talents and dreams. Ms. Li has accumulated extensive experience in investment and business management through her working experience in difference business segments in Asia and Europe. She is currently holding the position of chairman at HVM Asia Limited, and venture partner at AID Partners Capital Limited, a private equity firm based in Hong Kong. Ms. Li is the managing director and the chief executive officer of Watami China Food & Beverage Company Limited.

Ms. Li is the spouse of Mr. Wu, who is both the non-executive director and a shareholder of the Company. Ms. Li, being the spouse of Mr. Wu, is deemed to be interested in 4.74% of the issued share capital in the Company. As at the Latest Practicable Date, Mr. Wu held 259,106,982 Shares, representing approximately 4.74% of the total issued share capital of the Company. Meanwhile, Ms. Li is deemed to be interested in 4.74% of the issued share capital in the Company. Save as disclosed herein, Ms. Li does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to the terms of a letter of appointment with the Company, Ms. Li was appointed as Executive Director and Co-Chairman of the Company for an initial term of service of two years commencing from 7 October 2016 and renewable automatically for a successive terms of one year thereafter unless terminated three months' notice in writing served by either party. Ms. Li shall be entitled to receive a director's fee of HK\$500,000 per annum which is determined by the Board by reference to the duties and responsibilities undertaken by her as a director of the Company. In accordance with the Bye-laws of the Company, Ms. Li will hold office until the next annual general meeting of the Company and will then be eligible for re-election; thereafter she will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since her last re-election.

3. HO GILBERT CHI HANG, Executive Director

Ho Gilbert Chi Hang ("Mr. Ho"), aged 40, is the chief executive officer and executive director of AID Partners Technology Holdings Limited (Stock Code: 8088), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Ho is the managing partner of AID Partners Capital Limited. He has extensive experience in the area of corporate management, investments, corporate finance, merger and acquisition transactions and international brand and retail management. Prior to joining AID Partners Capital Limited, he was the vice president of ITC Corporation Limited (Stock Code: 372), a company listed on the Stock Exchange, the senior investment director of New World Development Company Limited (Stock Code: 17), a company listed on the Stock Exchange, an executive director of New World Strategic Investment Limited and a partner of an international law firm Fried, Frank, Harris, Shriver and Jacobson LLP. He is a committee member of the Chinese People's Political Consultative Conference of Shenyang, Liaoning Province (中國人民政治協商會議遼寧省瀋陽市委員會), a Standing Committee Member of the Youth Federation of Inner Mongolia (內蒙古自治區青年聯合會) and the Vice Chairman of Inner Mongolia & Hong Kong Youth Exchange Association (蒙港青年交流促進會). Mr. Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and is a solicitor admitted in New South Wales, Australia and England and Wales and a solicitor and barrister admitted in the High Court of Australia.

Mr. Ho has no relationship with any senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Ho was a non-executive director of Renhe Commercial Holdings Company Limited (Stock Code: 1387), a non-executive director of Capital Environment Holdings Limited (Stock Code: 3989) and an independent non-executive director of Infinity Development Holdings Company Limited (Stock Code: 640) and is an independent non-executive director of Kam Hing International Holdings Limited (Stock Code: 2307), Hailiang International Holdings Limited (Stock Code: 2336) and Asia Allied Infrastructure Holdings Limited (Stock Code: 0711), all of the above-mentioned companies are listed on the Stock Exchange.

Pursuant to the terms of a letter of appointment with the Company, Mr. Ho was appointed as Executive Director of the Company for an initial term of service of two years commencing from 7 October 2016 and renewable automatically for a successive terms of one year thereafter unless terminated three months' notice in writing served by either party. Mr. Ho shall be entitled to receive a director's fee of HK\$500,000 per annum which is determined by the Board by reference to the duties and

responsibilities undertaken by him as a director of the Company. In accordance with the Bye-laws of the Company, Mr. Ho will hold office until the next annual general meeting of the Company and will then be eligible for re-election; thereafter he will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

4. WU KING SHIU, KELVIN, Non-executive Director

Wu King Shiu, Kelvin (“Mr. Wu”), aged 47, is the chairman, the chief investment officer and executive director of AID Partners Technology Holdings Limited (Stock Code: 8088), a company listed on the Stock Exchange, the substantial shareholder of the Company. He has over 18 years of experience in the finance and investment industries. He is the co-founder and the principal partner of AID Partners Capital Limited. He is a member of the board of i-Future Teens International Foundation Limited, a registered charitable organization in Hong Kong. He was formerly the chief executive officer of Orange Sky Golden Harvest Entertainment (Holdings) Limited (Stock Code: 1132), a company listed on the Stock Exchange, one of the leading film entertainment companies in Asia, from 2009 to 2011 and the chief executive officer of Legendary East Ltd.. Prior to founding AID Partners Capital Limited, Mr. Wu was the president of Investec Asia Limited from 2005 to 2007, where he managed its direct investment business involving energy, consumer and finance related industries. Mr. Wu also worked for other investment banks, including as managing director of China Everbright Capital Ltd., head of corporate finance for Grand Cathay Securities (Hong Kong) Limited, director of corporate finance department of Core Pacific-Yamaichi Capital Limited and held senior position in BNP Prime Peregrine Capital Limited. Besides, Mr. Wu served as chief operating officer of Sega.com Asia Networks Limited in year 2000 as well.

Mr. Wu received his bachelor degree majored in business administration from the Chinese University of Hong Kong. He also has a post graduate diploma from Osaka University of Foreign Studies (Renamed Osaka University), Japan.

In an investigation of the Securities and Futures Commission (the “SFC”), it was found that when China Everbright Capital Ltd. (“CEC”) was sponsoring the application of Tungda Innovative Lighting Holdings Ltd. for transfer to the Main Board of the Stock Exchange from the Growth Enterprise Market of the Stock Exchange in 2004. Mr. Wu, being the then managing director of CEC, failed to exercise due skill, care and diligence in supervising another responsible officer (as defined in the SFO) in the handling of the transfer application. The SFC accordingly prohibited Mr. Wu from applying to be licensed or registered, approved as a responsible officer of a licensed corporation, given consent to act as an executive officer of a registered institution or to be registered by the Monetary Authority as a person engaged by a registered institution in relation to any regulated activities for two years and six months from 29 December 2008 to 28 June 2011. Having considered that the prohibition period imposed by the SFC has ended almost five years ago and that the Group has in place adequate internal control system to monitor and supervise the operations of the subsidiaries and the affairs of the Group, the Directors are of the view that the past sanction by the SFC will not affect the suitability of Mr. Wu as a non-executive Director of the Company.

Mr. Wu is the spouse of Ms. Li who is both the executive director and co-chairman of the Company. As at the Latest Practicable Date, Mr. Wu held 259,106,982 shares of the Company, representing approximately 4.74% of the issued share capital of the Company. Save as disclosed herein, Mr. Wu does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to the terms of a letter of appointment with the Company, Mr. Wu was appointed as a Non-Executive Director of the Company for an initial term of service of two years commencing from 7 October 2016 and renewable automatically for a successive terms of one year thereafter unless terminated three months' notice in writing served by either party. Mr. Wu shall be entitled to receive a director's fee of HK\$150,000 per annum which is determined by the Board by reference to the duties and responsibilities undertaken by him as a director of the Company. In accordance with the Bye-laws of the Company, Mr. Wu will hold office until the next annual general meeting of the Company and will then be eligible for re-election; thereafter he will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

5. KAM TIK LUN, Independent Non-executive Director

KAM Tik Lun ("Mr. Kam"), aged 41, joined the Company in July 2010. Mr. Kam is the Chairman of the Audit Committee and the Remuneration Committee and the member of Nomination Committee of the Company. Mr. Kam holds a Bachelor of Commerce from Concordia University, Canada and a Postgraduate Diploma in International Corporate and Financial Law from The University of Wolverhampton, United Kingdom and a Master of Laws in International Corporate and Financial Law from The University of Wolverhampton, United Kingdom. Mr. Kam is a member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Kam has over 13 years' experience in the financial markets. Mr. Kam has vast experience in providing business consultancy, business valuation services, financial analysis and corporate advisory. Mr. Kam is also an independent non-executive director of Easy Repay Finance & Investment Limited, a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited.

Mr. Kam has no relationship with any senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to the terms of a letter of appointment with the Company, Mr. Kam was appointed as Independent Non-executive Director of the Company for an initial term of two years with all the terms being renewed automatically for successive terms of one year each commencing from the date next after the expiry of the then current terms, unless terminated by not less than three months' notice in writing served by either party and the term of his service is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr. Kam is entitled to receive a Director's fee of HK\$150,000 per annum which was determined by the Board with reference to the duties and responsibilities undertaken by him as a Director of the Company.

Save as disclosed above, there is no information relating to Mr. Lee, Ms. Li, Mr. Ho, Mr. Wu and Mr. Kam to be disclosed pursuant to any of the requirements under Rules 17.50(2)(h) to 17.50(2)(v) of the Rules Governing the Listing of Securities on the GEM, and there are no other matters relating to the proposed re-election of them as Directors that need to be brought to the attention of the Shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting (the “Meeting”) of HMV Digital China Group Limited (the “Company”) will be held at 7/F, Zung Fu Industrial Building, 1067 King’s Road, Quarry Bay, Hong Kong on Wednesday, 8 March 2017 at 4:00 p.m. for the purposes of considering and, if thought fit, passing with or without modification, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. To receive and consider the audited financial statements and the reports of the Directors and auditors of the Company for the year ended 30 June 2016.
2. To re-elect the following retiring directors and to authorize the Board of Directors to fix the remuneration of the Directors.
 - (a) Mr. Lee Wing Ho, Albert as an executive Director;
 - (b) Ms. Li Mau as an executive Director;
 - (c) Mr. Ho Gilbert Chi Hang as an executive Director;
 - (d) Mr. Wu King Shiu, Kelvin as a non-executive Director; and
 - (e) Mr. Kam Tik Lun as an independent non-executive Director.
3. To appoint ZHONGHUI ANDA CPA Limited as the auditors of the Company, and authorize the Board of Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. **“THAT**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM”), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) any Share Option Scheme (as hereinafter defined) of the Company; (iii) the exercise of rights of conversion under the terms of any securities which are convertible into shares of the Company or warrants to subscribe for shares of the Company; or (iv) any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the Bye-laws of the Company, shall not exceed 20% of the issued share capital of the Company as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange applicable to the Company); and

“Share Option Scheme” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible person of shares or rights to acquire shares of the Company.”

5. **“THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the “Directors” during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares on the GEM or on any other stock exchange on which the securities of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong (the “Securities and Futures Commission”) and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the share capital of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT**

conditional upon the passing of Ordinary Resolutions Nos. 4 and 5 as set out in the notice convening this Meeting, the general mandate granted to the Directors to allot, issue and deal with additional shares in the capital of the Company pursuant to Ordinary Resolution 4 set out in the notice convening this Meeting be and is hereby extended by the addition thereto the aggregate nominal amount of share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in the notice convening this Meeting provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

On behalf of the Board
HMV Digital China Group Limited
Shiu Stephen Junior
Chairman

Hong Kong, 7 February 2017

Principal Place of Business:
7/F, Zung Fu Industrial Building
1067 King’s Road
Quarry Bay, Hong Kong

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. 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 thereof, must be deposited at the Company’s Branch Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, priority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. The Directors of the Company as at the date of this notice are Mr. Shiu Stephen Junior, Ms. Li Mau, Mr. Sun Lap Key, Christopher, Mr. Lee Wing Ho, Albert and Mr. Ho Gilbert Chi Hang, being Executive Directors; Mr. Wu King Shiu, Kelvin, being Non-executive Directors; Mr. Chan Chi Ho, Mr. Kam Tik Lun and Mr. Tam Kwok Ming, Banny, being Independent Non-executive Directors.