
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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, you should at once hand this circular and the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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HMV DIGITAL CHINA GROUP LIMITED

H M V 數碼中國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8078)

- (1) DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
ANYPLEX HONG KONG LIMITED;
(2) PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF SGM**
-

Terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the SGM to be held at 7/F, Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong at 4:00 p.m. on Friday, 10 February 2017 is set out on pages 13 to 14 of this circular. A form of proxy for the SGM is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

23 January 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 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, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Announcement”	the announcement of the Company dated 2 November 2016 in respect of, among others, the Acquisition and proposed allotment and issue of Consideration Shares under Specific Mandate
“Board”	the board of Directors
“Bonus Issue”	the bonus issue of Shares on the basis of one bonus share for every one share as disclosed in the announcements of the Company dated 12 December 2016 and 30 December 2016
“Business Day(s)”	a day (other than Saturday, Sunday and a public holiday) on which licensed banks are open for business in Hong Kong
“Company”	HMV Digital China Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition and transactions contemplated under the Sale and Purchase Agreement in accordance with its terms and conditions
“Completion Date”	the fifth Business Day immediately after fulfilment (or waiver) of the conditions precedent set out in the Sale and Purchase Agreement, or such other date as the Parties may agree in writing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$46,500,000 payable by the Purchaser to the Vendor for the Sale Shares under the Sale and Purchase Agreement
“Consideration Shares”	58,992,805 Shares (or if the allotment and issue of the Consideration Shares is on or after the ex-entitlement date of the Bonus Issue, 117,985,610 Consideration Shares) to be allotted and issued to Vendor upon Completion, being part of the Consideration
“Deposit”	the refundable deposit of HK\$5,500,000, being part of the Consideration, payable by the Purchaser to the Vendor within 14 calendar days upon the entering into of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Encumbrance(s)”	(a) any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title creation, right of set off, counterclaim, trust arrangement or other security interest or arrangement or restriction of any kind; (b) any arrangement whereby any rights are subordinated to any rights of any third party; and (c) the interest of a vendor or lessor under any conditional sale agreement, lease, hire purchase agreement or other title retention arrangement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20 January 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the Listing Committee of the Stock Exchange
“Loan Restructuring”	the restructuring of the Loans in such manner as the Purchaser, the Vendor and the relevant banks or financial institutions may agree in writing
“Loans”	an aggregate principal amount of HK\$11,500,000 due to various banks and financial institutions from the Target Company and/or its subsidiaries
“Lock-up Period”	a period of twelve (12) months commencing immediately after the Completion Date
“Long Stop Date”	31 December 2016 (or such other date as the Parties may agree in writing)
“Ms. Tracy Ho”	Ms. Ho Chi Na, the existing Chief Executive Officer of the Target Company, a third party independent of the Group and its connected persons
“Party(ies)”	the party(ies) to the Sale and Purchase Agreement
“PRC”	the People’s Republic of China

DEFINITIONS

“Purchaser”	Sunny On Corporation Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 November 2016 entered into between the Purchaser, the Company, the Vendor, and the Vendor Guarantors in relation to the Acquisition
“Sale Shares”	17,000,000 ordinary shares of the Target Company, representing 100% of the entire issued share capital of the Target Company immediately prior to Completion
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this circular
“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
“Specific Mandate”	specific mandate to be granted to the Directors by the Shareholders at the SGM to issue and allot the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 6 January 2017 entered into between the Purchaser, the Company, the Vendor and the Vendor Guarantors in relation to the allotment and issue of Consideration Shares on or after the ex-entitlement date of the Bonus Issue
“Target Company”	Anyplex Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Vendor immediately prior to Completion
“Vendor”	Anyplex Holding Limited, a company incorporated in Hong Kong with limited liability
“Vendor Guarantor I”	Mr. Duncan Chiu, a director of the Target Company and a shareholder and a director of the Vendor
“Vendor Guarantor II”	Mr. Yu Zhen Hua Johnny, a director of each of the Vendor and the Target Company
“Vendor Guarantors”	Vendor Guarantor I and Vendor Guarantor II
“%”	per cent

LETTER FROM THE BOARD



HMV DIGITAL CHINA GROUP LIMITED

H M V 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 (*Chairman*)
Ms. Li Mau (*Co-Chairman*)
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:*

7th Floor
Zung Fu Industrial Building
1067 King's Road
Quarry Bay, Hong Kong

23 January 2017

To the Shareholders,

Dear Sir or Madam,

**(1) DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
ANYPLEX HONG KONG LIMITED;
(2) PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF SGM**

INTRODUCTION

Reference is made to the Announcement where the Company proposed to seek Shareholders' approval in respect of, among others, the Sale and Purchase Agreement and the transactions contemplated thereunder and the proposed allotment and issue of the Consideration Shares under the Specific Mandate.

LETTER FROM THE BOARD

The purpose of this circular is to provide Shareholders with, inter alia, (i) further details of the Sale and Purchase Agreement; (ii) further details of the Specific Mandate; and (iii) a notice convening the SGM.

THE ACQUISITION

Principal terms of the Sale and Purchase Agreement are set out below:

Date: 2 November 2016 (after trading hours)

Parties:

- (1) Sunny On Corporation Limited, as the Purchaser;
- (2) Anyplex Holding Limited, as the Vendor;
- (3) Mr. Duncan Chiu, as Vendor Guarantor I;
- (4) Mr. Yu Zhen Hua Johnny, as Vendor Guarantor II; and
- (5) the Company, as the listed company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, its ultimate beneficial owners and the Vendor Guarantors are third parties independent of the Group and its connected persons.

Assets to be acquired

The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% of the issued share capital of the Target Company, free from all Encumbrances, and together with all rights attached thereto and all dividends and distributions declared, paid or made in respect thereof on or after the Completion Date.

Consideration

The Consideration shall be HK\$46,500,000 which shall be satisfied in the following manner:

- (1) within 14 calendar days upon the entering into of the Sale and Purchase Agreement, the Deposit shall be paid as refundable deposit; and
- (2) on the Completion Date, an amount of HK\$41,000,000 shall be settled by the issue and allotment of the Consideration Shares at the issue price of HK\$0.695 or if the allotment and issue of the Consideration Shares is on or after the ex-entitlement date of the Bonus Issue, HK\$0.3475 per Consideration Share by the Company to the Vendor.

As at the date of this circular, HK\$2,750,000 of the Deposit has been paid by the Purchaser to the Vendor and the remaining balance will be paid at Completion.

LETTER FROM THE BOARD

Reference is also made to the announcements of the Company dated 12 December 2016 and 30 December 2016 in relation to the Bonus Issue. Pursuant to the terms and conditions of the Supplemental Agreement, the number and the issue price of the Consideration Shares shall be adjusted if the Completion is on or after the ex-entitlement date of the Bonus Issue, which is conditional upon Shareholders' approval in the special general meeting, such that 117,958,610 Consideration Shares at the issue price of HK\$0.3475 (on the basis of one bonus share for each of one share) will be allotted and issued to the Vendor upon Completion. The above adjustment was determined based on the Bonus Issue on the basis of one bonus share for every one Share.

The basis of the Consideration

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms with reference to the audited net asset value of the Target Company as at 31 December 2015, being approximately HK\$1,094,700.

When determining the Consideration, the Company also took into account the following factors:

Firstly, the Target Company has an extensive library of valuable movie videos with a few hundredes of movie titles. As the Group is anticipating to develop an over-the-top broadcasting channel (i.e. "OTT") by leveraging on the widely recognised brand name of "HMV", the movie titles to be acquired would enrich the overall movie title library of the Group's intended OTT business by providing the end-users with more content on the mobile application platform.

Secondly, according to the Target Company, the Target Company owns about 12,000 paid subscribers and its mobile application has been downloaded for more than 40,000. Those paid subscribers and mobile application users would be engaged with our OTT overall mobile application platform once the Group acquires the Target Company it will also be a new income stream for the Group.

Thirdly, the Target Company has established corporate sales channels over Hong Kong telecom companies, Taiwan telecom companies and paid TV companies. The Target Company is also negotiating with telecom providers and television broadcasting companies in Singapore to establish more corporate sales channels. The Group can leverage on these sale channels once it acquires the Target Company, for example, by providing its music streaming service and other Chinese movie streaming service to Taiwan and Singapore through the Target Company.

Last but not least, the Target Company has established supplier relationships with some major movie studios from the United States, such as Sony Entertainment, Time Warner, NBC Universal and Disney, which have been supplying the Target Company stable and popular video-on-demand contents which will be a boost for the Group's anticipated OTT business.

Based on the above reasons, the Directors are of the view that the Consideration was fair and reasonable.

The Consideration Shares and the lock-up undertaking

The issue price of HK\$0.695 (or if the allotment and issue of the Consideration Shares is on or after the ex-entitlement date of Bonus Issue, HK\$0.3475) per Consideration Share represented:

LETTER FROM THE BOARD

- (a) a discount of approximately 7.58% to the average of the closing price of HK\$0.752 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date;
- (b) a discount of approximately 7.82% to the average of the closing price of HK\$0.754 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date;
- (c) a discount of approximately 7.33% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a premium of approximately 814.47% compared with the net asset value per Share of the Company as at 30 June 2016; and
- (e) a discount of approximately 18.24% compared with the closing price per Share on the date of the Sale and Purchase Agreement.

The issue price of the Consideration Shares was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the current market price and the current market conditions. The Directors, including the independent non-executive Directors, consider the issue price of the Consideration Shares fair and reasonable.

The Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders at the SGM. The Consideration Shares represents approximately 1.08% of the issued share capital of the Company as at the date of this circular and approximately 1.07% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Consideration Shares will, upon issue and credited as fully paid, rank pari passu in all respects with all the existing shares of the Company then in issue.

Application for the listing of, and permission to deal in, the Consideration Shares will be made by the Company to the Stock Exchange.

The Vendor undertakes that it shall not offer, sell, contract to sell, transfer, pledge, create any Encumbrance over or otherwise dispose of, directly or indirectly, the Consideration Shares issued to the Vendor, enter into transaction(s) which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Consideration Shares for the Lock-up Period without the prior written consent of the Purchaser.

Notwithstanding the aforementioned lock-up undertaking, the Vendor may, during the Lock-up Period, transfer the Consideration Shares to (i) the existing shareholders of the Vendor; and (ii) to Ms. Tracy Ho, provided that prior to such transfer the Vendor provides the Company with a lock-up undertaking which requires lock-up of the Consideration Shares for the Lock-up Period duly executed by the relevant existing shareholder(s) of the Vendor and/or Ms. Tracy Ho. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ms. Tracy Ho is a third party independent of the Group and its connected persons.

LETTER FROM THE BOARD

The Vendor Guarantor I also undertakes that he shall, together with Vendor Guarantor II, remain in control (as defined under the GEM Listing Rules) of the Vendor for the Lock-up Period without the prior written consent of the Purchaser.

The Vendor Guarantor II undertakes that he shall continue to be interested in not less than 16.50% of issued share capital of the Vendor and, together with Vendor Guarantor I, remain in control (as defined under the GEM Listing Rules) of the Vendor for the Lock-up Period without the prior written consent of the Purchaser.

Conditions precedent

Completion shall be subject to and conditional upon the fulfilment (or waiver) of the following conditions:

- (1) the completion of the due diligence review and investigation on the Target Company and its subsidiaries and their assets conducted by the Purchaser to its reasonable satisfaction;
- (2) the provision of documentary evidence of the completion of the Loan Restructuring;
- (3) the passing of the resolution(s) by the Shareholders at the SGM approving the issue of the Consideration Shares, the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (4) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Consideration Shares;
- (5) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Sale and Purchase Agreement having been obtained by the respective Parties (namely the necessary consent from the Stock Exchange); and
- (6) none of the warranties made by the Vendor under and other provisions of the Sale and Purchase Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

The Purchaser may waive the conditions precedent (1), (2) and (6) above at any time by notice in writing to the Vendor. The conditions precedent (3), (4) and (5) above are incapable of being waived.

In the event that the above conditions precedent shall not be fulfilled or waived by the Long Stop Date, then the Vendor and the Purchaser shall not be bound to proceed with the transactions contemplated under the Sale and Purchase Agreement. Subject to refund of the Deposit in full by the Vendor to the Purchaser, the Sale and Purchase Agreement shall cease to be of any effect (save as the confidentiality and other general provisions contained therein and any claims arising out of any antecedent breach thereof).

As at the Latest Practicable Date, conditions precedent (1) has been fulfilled and none of the conditions precedent has been waived.

LETTER FROM THE BOARD

Guarantee

The Company agreed to undertake to the Vendor to procure the due and punctual performance by the Purchaser of all its obligations under the Sale and Purchase Agreement and to indemnify and keep effectively indemnified the Vendor against all liabilities, losses, damages, costs and expenses stipulated under the Sale and Purchase Agreement or otherwise which the Vendor may suffer or incur in connection with any default or delay on the part of the Purchaser in the performance of any such obligations.

The Vendor Guarantors agreed to undertake to the Purchaser to procure the due and punctual performance by the Vendor of all its obligations under the Sale and Purchase Agreement and to indemnify and keep effectively indemnified the Purchaser against all liabilities, losses, damages, costs and expenses stipulated under the Sale and Purchase Agreement or otherwise which the Purchaser may suffer or incur in connection with any default or delay on the part of the Vendor in the performance of any such obligations.

Completion

Upon fulfilment (or if applicable, the waiver) of the conditions precedent above and subject to the terms contained in the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

Immediately after Completion, the Group will own the entire issued share capital of the Target Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group in accordance with the Group's accounting policies.

EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the issue and allotment of the Consideration Shares upon Completion:

Shareholders	As at the Latest Practicable Date		Immediately after the issue and allotment of the Consideration Shares upon Completion	
	No. of Shares	Shareholding (Approx. %)	No. of Shares	Shareholding (Approx. %)
Vendor	–	–	58,992,805	1.07
Shiu Stephen Junior (note 1)	141,920	–	141,920	–
Wu King Shiu, Kelvin (note 2)	259,106,982	4.74	259,106,982	4.69
AID Treasure Investment Limited (note 3)	1,118,219,178	20.44	1,118,219,178	20.22
Other public Shareholders	4,093,630,955	74.82	4,093,630,955	74.02
	<u>5,471,099,035</u>	<u>100</u>	<u>5,530,091,840</u>	<u>100</u>

LETTER FROM THE BOARD

Note:

1. Mr. Shiu Stephen Junior is the Chairman and executive Director of the Company.
2. Mr. Wu King Shiu, Kelvin is the non-executive Director of the Company.
3. AID Treasure Investment Limited, a subsidiary of AID Partners Technology Holdings Limited, a listed company on GEM (Stock code 8088).

INFORMATION OF THE PARTIES

The Company is a company incorporated in Bermuda with limited liability, and the Group is principally engaged in the entertainment business, with a focus in television program and movie production, distribution, distribution licensing, cinema operation and management in both Hong Kong and the PRC, artists management, money lending activities and acquisitions of corporate bonds, preference shares as well as investment in securities.

The Vendor is a company incorporated in Hong Kong with limited liability, and is an investment holding company. The Target Company is a company incorporated in Hong Kong with limited liability, and its principal business activities consist of providing various paid streaming services of video-on-demand in Hong Kong and Taiwan via digital video rental platforms.

Set out below is a summary of the key financial data of the Target Company extracted from its audited consolidated financial statements for the year ended 31 December 2015:

	For the year ended 31 December 2015 <i>(audited)</i>	For the year ended 31 December 2014 <i>(audited)</i>
Revenue	21,206,850	17,221,143
Profit before/after tax	3,581,433	1,676,591
Net assets/(liabilities)	1,094,743	(2,488,912)

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition helps to broaden the territorial reach and variety of platforms for the Group, as the Group can benefit from the Target Company's digital video rental streaming services of video-on-demand in Hong Kong and Taiwan via its own digital video rental platform.

The Directors are of the view that the Acquisition is conducted on normal commercial terms and is in the ordinary and usual course of business, and is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As all the applicable ratios under Chapter 19 of the GEM Listing Rules exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements but exempt from the circular, Shareholders' approval and accountant's report requirements under the GEM Listing Rules.

ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES

The Consideration Shares will be issued under the Specific Mandate to be sought at the SGM. Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Consideration Shares. This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.

SGM

The SGM will be held at 7/F, Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong at 4:00 p.m. on Friday, 10 February 2017 for the purpose of considering and, if thought fit, approving the Acquisition and the allotment and issuance of the Consideration Shares under the Specific Mandate.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition and the allotment and issuance of the Consideration Shares under Special Mandate. As such, no Shareholders of the Company would be required to abstain from voting in favour of the resolution approving the Acquisition and the allotment and issuance of the Consideration Shares under the Specific Mandate.

The notice convening the SGM is set out on pages 13 to 14 of this circular. A form of proxy for use at the SGM is also enclosed to this circular. Whether or not you are able to attend the SGM and/or vote at the SGM in person, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the Acquisition and the allotment and issuance of Consideration Shares under Specific Mandate is fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the resolutions as set out in the notice of SGM.

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

Yours faithfully,
By Order of the Board
HMV DIGITAL CHINA GROUP LIMITED
Shiu Stephen Junior
Chairman

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that a special general meeting (“**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 at 4:00 p.m. on Friday, 10 February 2017 for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the terms and conditions of the sale and purchase agreement dated 2 November 2016 (the “**Sale and Purchase Agreement**”) entered into between Sunny On Corporation Limited (the “**Purchaser**”), the Company, Anyplex Holding Limited (the “**Vendor**”), Mr. Duncan Chiu (“**Vendor Guarantor I**”) and Mr. Yu Zhen Hua Johnny (“**Vendor Guarantor II**”) in relation to the acquisition of 17,000,000 ordinary shares (the “**Sales Shares**”) of Anyplex Hong Kong Limited (the “**Target Company**”), representing its entire issued share capital (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification), from the Vendor to the Purchaser, pursuant to which the Company shall allot and issue the Consideration Shares (as defined in the circular of the Company dated 23 January 2017) as part of the consideration for the Sale Shares, be and are hereby approved, confirmed and ratified;
- (b) the grant of specific mandate (“**Specific Mandate**”) to the directors (the “**Directors**”) of the Company to allot and issue the Consideration Shares to the Vendor pursuant to the Sale and Purchase Agreement be and is hereby approved, confirmed and ratified. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution;
- (c) the allotment and issue of the Consideration Shares at an issue price of HK\$0.695 (or if the allotment and issue of the Consideration Shares is on or after the ex-entitlement date of Bonus Issue, HK\$0.3475) per Consideration Share to the Vendor in accordance with the Sale and Purchase Agreement be and is hereby approved, confirmed and ratified; and

NOTICE OF SGM

- (d) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor.”

On behalf of the Board
HMV DIGITAL CHINA GROUP LIMITED
Shiu Stephen Junior
Chairman

Hong Kong, 23 January 2017

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

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. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share 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 appointed for holding of the above Meeting or any adjournment thereof (as the case may be).
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, the most senior shall alone be entitled to vote. For this purpose, seniority 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. As at the date of this notice, the directors of the Company are Mr. Shiu Stephen Junior (Chairman), Mr. Sun Lap Key, Christopher, Mr. Lee Wing Ho, Albert, Mr. Ho Gilbert Chi Hang and Ms. Li Mau as executive Directors; Mr. Wu King Shiu, Kelvin as non-executive director; Mr. Chan Chi Ho, Mr. Kam Tik Lun and Mr. Tam Kwok Ming, Banny as independent non-executive Directors.