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# **CROSBY**

## **CROSBY CAPITAL LIMITED**

### **(高誠資本有限公司)\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8088)**

## **CONNECTED TRANSACTION RELATING TO THE ISSUE OF CONVERTIBLE BONDS**

### **ISSUE OF CONVERTIBLE BONDS**

On 1 April 2014 (after trading hours), the Company and the Subscribers entered into the Subscription Agreement in respect of the issue of the Convertible Bonds in the aggregate principal amount of HK\$175,000,000. Completion is subject to all conditions as set out in the paragraph headed “Conditions precedent” below. Detailed terms of the Convertible Bonds are set out in the paragraph headed “Principal terms of the Convertible Bonds” below. All of the proceeds from the issuance of the Convertible Bonds shall be applied for the purposes as set out in the paragraph headed “Reasons for the issue of the Convertible Bonds and use of proceeds”.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

The Subscribers are both directly wholly and beneficially owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu. As at the date of this announcement, Mr. Wu is the legal and beneficial owner of 2,400,000 Shares (representing 0.54% of the entire issued share capital of the Company) and is deemed to be interested in 27,600,000 Shares (representing 6.21% of the entire issued share capital of the Company held by HMV Asia Limited (a substantial shareholder of HMV Ideal) through his deemed interest in 93.75% of the equity interest in HMV Asia Limited due to family holdings. Mr. Wu is also a director of each of HMV Ideal and HMV Asia Limited, thus Mr. Wu is a connected person for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the issue of the Convertible Bonds constitutes a non-exempt connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements pursuant to the GEM Listing Rules.

\* *for identification purposes only*

An EGM will be convened at which resolutions will be proposed to seek approval of the Independent Shareholders on the Subscription Agreement, the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. Pursuant to the GEM Listing Rules, Mr. Wu and his associates are required to abstain from voting on the resolutions to be proposed at the EGM for approving the Subscription, the Subscription Agreement and the transactions contemplated thereby. To the best of the Directors' information, belief and knowledge, no other Shareholders are required to abstain from voting at the EGM.

An Independent Board Committee, comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the issue of the Convertible Bonds to the Subscribers. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

A circular containing, among other things, further information on (i) the issue of the Convertible Bonds; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from an independent financial adviser containing their advice to the Independent Board Committee and the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice convening the EGM and a form of proxy, are expected to be despatched to the Shareholders on or before 17 April 2014 in accordance with the GEM Listing Rules.

**Shareholders and potential investors should note that completion of the Subscription is subject to the fulfillment of the conditions under the Subscription Agreement. As the transactions may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **CONNECTED TRANSACTION RELATING TO THE ISSUE OF CONVERTIBLE BONDS**

On 1 April 2014 (after trading hours), the Company and the Subscribers entered into the Subscription Agreement in respect of the issue of the Convertible Bonds in the aggregate principal amount of HK\$175,000,000. Details of the Subscription Agreement and the terms of the Convertible Bonds are described below.

## SUBSCRIPTION AGREEMENT

**Date:** 1 April 2014 (after trading hours)

**Issuer:** the Company

**Subscribers:** (1) Abundant Star; and

(2) Vantage Edge

Subject to fulfilment of the conditions precedent set out below, the Subscribers shall subscribe for the Convertible Bonds in the aggregate principal amount of HK\$175,000,000 and the said amount shall be satisfied in cash.

The Convertible Bonds will be subscribed by the Subscribers in the following proportion:

<b>Subscribers</b>	<b>Amount (HK\$)</b>	<b>Number of Conversion Shares (subject to adjustment)</b>
Abundant Star	100,000,000	125,000,000
Vantage Edge	<u>75,000,000</u>	<u>93,750,000</u>
<b>Total</b>	<b><u>175,000,000</u></b>	<b><u>218,750,000</u></b>

Abundant Star is a company incorporated in Samoa with limited liability and is an investment holding Company. Vantage Edge is a company incorporated in Samoa with limited liability and is an investment holding Company. The Subscribers are both directly wholly and beneficially owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu. As at the date of this announcement, Mr. Wu is the legal and beneficial owner of 2,400,000 Shares (representing 0.54% of the entire issued share capital of the Company) and is deemed to be interested in 27,600,000 Shares (representing 6.21% of the entire issued share capital of the Company) held by HMV Asia Limited (a substantial shareholder of HMV Ideal) through his deemed interest in 93.75% of the equity interest in HMV Asia Limited due to family holdings. Mr. Wu is also a director of each of HMV Ideal and HMV Asia Limited, thus Mr. Wu is a connected person for the purpose of Chapter 20 of the GEM Listing Rules.

## Conditions precedent

Completion is conditional upon the fulfillment of, among other things, the following conditions:

- (a) to the extent not waived or consented to by or the requisite approval or ruling not obtained from the relevant regulatory or governmental authorities, compliance by each of the Company and the Subscribers of all applicable laws and regulations, including but not limited to those under the GEM Listing Rules, (if applicable) the Takeovers Code, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the laws and regulations of each of the Company and the Subscribers' jurisdiction of incorporation;
- (b) the passing by the requisite majority of Independent Shareholders at the EGM to approve the Subscription Agreement, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares in accordance with the requirements of the GEM Listing Rules and applicable laws and regulations;
- (c) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares;
- (d) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including the Stock Exchange, the Securities and Futures Commission of Hong Kong or any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for the Subscription and all matters contemplated thereunder having been obtained or made, if any;
- (e) all the representations and warranties contained in the Subscription Agreement in relation to the Company and each of the Subscribers remain true, accurate in all material respects and not misleading when made, and being true, accurate in all material respects and not misleading on and as of the Completion Date; and
- (f) no material adverse change having occurred in respect of the business, assets, financial position, performance, operations, properties or conditions (financial or otherwise) of the Group.

The conditions set out in paragraphs (e) (in respect of the Company) and (f) above may be waived by the Subscribers (in whole or in part) and the conditions in paragraph (e) above (in respect of the Subscribers) may be waived by the Company (in whole or in part). No other conditions may be unilaterally waived by any party to the Subscription Agreement.

If any of the above conditions are not fulfilled on or before 30 May 2014 or such other date as the Company and the Subscribers may agree, the Subscription Agreement will cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement, save in respect of any antecedent breach of any obligation thereof.

### **Completion**

Subject to the fulfillment of the above conditions precedent, Completion shall take place on the fifth (5th) Business Day following the date on which all of the conditions precedent are fulfilled.

### **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Company and the Subscribers and are summarised as follows:

Principal amount: HK\$175,000,000

Issue price: 100%

Denomination: The Convertible Bonds will be issued in registered form and in the denomination of HK\$1,000,000 each and integral multiples thereof.

Interest rate: A compound interest rate of 5% per annum, payable on the Maturity Date.

In the event that the Maturity Date is extended in accordance with the Instrument, interest at the rate of 5% per annum shall be in respect of each extended term of one (1) year and payable on the date of maturity of each extended term of one (1) year (as the case may be).

Maturity date and redemption: Unless previously redeemed and cancelled or purchased or otherwise acquired and (at the election of the Company) cancelled, any outstanding Convertible Bonds shall be redeemed on the Maturity Date.

- Extension of Maturity date: The Bondholders may by written notice to the Company no later than one (1) month's prior to the Maturity Date elect to extend the term of the Convertible Bonds then outstanding, in whole or in part, for a term of one (1) year and thereafter for a further one (1) year.
- Ranking: The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Company.
- Conversion: No Bondholder and parties Acting in Concert with it shall exercise any conversion rights under the Convertible Bonds in the event that the issuance of the Conversion Shares pursuant to the exercise of any conversion rights under the Convertible Bonds by the Bondholder will result in:
- (a) any mandatory offer obligation under Rule 26.1 of the Takeovers Code being triggered by the Bondholder and/or parties Acting in Concert with such Bondholder; and
  - (b) the Company being in breach of any provision of the GEM Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public.
- Conversion price: The initial Conversion Price is HK\$0.80 per Conversion Share, subject to customary adjustment for, among other matters, subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions and rights issue.
- Conversion period: The Bondholders shall have the right to convert such Convertible Bonds into Conversion Shares on any Business Day during the period commencing from the date of issue of the Convertible Bonds up to and including the date falling seven (7) days prior to the Maturity Date.
- Voting: The Bondholders will not be entitled to attend or vote at any meeting of the Company by reason only of them being the holders of the Convertible Bonds.

Early Redemption and  
Purchase:

Redemption:

Unless previously redeemed and cancelled or purchased or otherwise acquired and (at the election of the Company) cancelled as, in each case, herein provided, each Convertible Bond may be redeemed by the Company, in whole or in part, at any time prior to the Maturity Date at a premium of 10% above the outstanding principal amount of the Convertible Bonds to be redeemed, subject to the Bondholder agreeing with such redemption.

The Company may, having given not less than thirty (30) days' notice (which notices shall be irrevocable) to the Bondholders, redeem the Convertible Bonds then outstanding in integral multiples of HK\$1,000,000 on the date specified in the said notice at the outstanding principal amount of the Convertible Bonds to be redeemed at any time prior to the Maturity Date.

Purchases:

The Company or any of its Subsidiaries may at any time and from time to time purchase or otherwise acquire Convertible Bonds from any of the Bondholders. Convertible Bonds purchased or acquired by the Company or any of its Subsidiaries as aforesaid need not be (but may at the election of the Company be) cancelled and may be held by the Company or any of its Subsidiaries and/or reissued or resold.

Transfer:

With the prior notification to the Company, the Convertible Bonds may be transferable in integral multiples of HK\$1,000,000. No transfer of the Convertible Bond(s) to the Prohibited Transferee(s) will be permissible and in the case of any transfer to a connected person of the Company, such transfer will be permitted if the prior written consent of the Company is to be obtained.

Events of default:

If any of the following events occurs and is continuing, if so requested in writing by a Bondholder or a group of Bondholders in aggregate holding not less than 66% of the outstanding principal amount of the Convertible Bonds, any Bondholder shall, give notice to the Company that the Convertible Bonds are, and they shall accordingly thereby forthwith become, immediately due and payable if:

- (a) *Non-payment*: the Company fails to pay the principal or premium (if any) on any of the Convertible Bonds when due and such failure continues for a period of fourteen (14) days; or
- (b) *Breach of Other Obligations*: the Company fails to perform or comply with any of its other obligations under the Convertible Bonds or the Instrument which default is not remedied within thirty (30) days after notice requiring the same to be remedied is served by the Bondholder at the request of any Bondholder or group of Bondholders holding not less than 66% of the outstanding principal amounts of the Convertible Bonds or a Bondholder or a group of Bondholders holding not less than 66% of the outstanding principal amount of the Convertible Bonds (as the case may be) on the Company; or
- (c) *Cross-Default*: (i) any other present or future indebtedness of the Company or any Subsidiary for or in respect of moneys borrowed or raised is declared or becomes due and payable prior to its stated maturity by reason of an event of default (however called or described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; provided that any single amount or the aggregate amount of the indebtedness becoming due and payable under (i) above, and/or any single amount or aggregate amount of the indebtedness not paid when due, or as the case may be, within any applicable grace period under (ii) above and/or any single amount or the aggregate amount not paid when due under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised under (iii) above, equals or exceeds HK\$5,000,000 and HK\$10,000,000 respectively; or



- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process (the “**Actions**”) is levied, enforced or sued out on or against the whole or any part of the property, assets or revenues of the Company or any Subsidiary which, in the reasonable opinion of the Bondholders, has or would have a material adverse effect on the Company or such Subsidiary and is not discharged or stayed within 45 days (or such longer period as the Bondholders may consider to be reasonably appropriate) unless, but only so long as, the Bondholders are satisfied that the Actions are being contested in good faith, diligently and with a reasonable prospect of success. For the avoidance of doubt, the reference to the opinion or decision of the Bondholders above refers to the opinion or decision of the Bondholders duly resolved at the meeting of the Bondholders; or
  
- (e) *Insolvency*: the Company or any Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or insolvent or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts; makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due); or

- (f) *Winding-up*: an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Subsidiary, or the directors of the Company or any Subsidiary request any person to appoint an administrator (or equivalent person), or the Company ceases or threatens to cease to carry on all or a material part of its business or operations; except in any case, however, for the purpose of or in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved by a resolution passed at a meeting of the Bondholder(s) by a majority of not less than three-fourths of the votes cast on poll, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred or distributed to or otherwise vested in the Company or another one or more of its Subsidiaries, or by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets which are attributable to the Company and/or any other Subsidiaries are distributed to the Company and/or such other Subsidiaries; or
- (g) *Appointment of Receiver*: an administrative or other receiver or any manager (or equivalent person) is duly appointed of the Company or any Subsidiary or the directors of the Company or any Subsidiary request any person to appoint such an administrative or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties, unless it is in the opinion of the Bondholders (which shall be duly resolved at the meeting of the Bondholders) that, in the case only of such action having been commenced by a creditor of the Company or any Subsidiary, as the case may be, it is discharged within thirty (30) days of the commencement of such proceedings or the appointment as aforesaid;
- (h) *Suspended Trading*: the listing of the Company on the Stock Exchange is at any time terminated, or its Shares suspended for trading for a period of more than twenty (20) consecutive trading days and the Company is unable to provide a reason therefor.

For the purpose of the above provisions relating to events of default, references to “Subsidiary” or “Subsidiaries” means any Subsidiary whose turnover constitutes 30% or more of the turnover of the Group in accordance with the latest audited financial statements of the Group.

Based on the conversion price of HK\$0.80 per Conversion Share, a maximum number of 218,750,000 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 49.21% of the existing issued share capital of the Company as at the date hereof, and (ii) approximately 32.98% of the issued share capital as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full (assuming there is no other change in the existing shareholding of the Company, no exercise of share options or warrants, or conversion of RCPS or convertible bonds).

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Company will seek a specific mandate from the Independent Shareholders for the allotment and issue of the Conversion Shares.

The initial Conversion Price is HK\$0.80 per Conversion Share. The Conversion Price represents:

- (i) a premium of approximately 12.68% to the closing price of HK\$0.710 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 11.73% to the average closing price of HK\$0.716 per Share as quoted on the Stock Exchange for the last five(s) consecutive trading days immediately preceding the date of the Subscription Agreement;
- (iii) a premium of approximately 9.74% to the average closing price of HK\$0.729 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (iv) a premium of approximately 10.19% to the average closing price of HK\$0.726 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately preceding the date of the Subscription Agreement.

The Conversion Price of the Conversion Shares was negotiated on an arm's length basis between the Company and the Subscribers with reference to the recent market prices and performance of the Shares, the current market conditions and the business prospects of the Group.

## **REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS**

The Group is engaged in the business of asset management and direct investment.

The net proceeds from the issue of Convertible Bonds, after deducting professional fees and other related expenses, is estimated to be approximately HK\$174,400,000. The Company intends to apply the net proceeds arising from the issue of Convertible Bonds in the following manner:

- (i) approximately HK\$5 million for the operation of the Central Retail Shop;
- (ii) approximately HK\$5 million for the renovations to the Central Retail Shop;
- (iii) approximately HK\$3 million for the anticipated music licence rights fees that will be payable to music records companies in relation to the business that HMV Master Quality Sound Limited (a wholly owned subsidiary of HMV Ideal) will operate;
- (iv) approximately HK\$3 million for the operation of the online business;
- (v) approximately HK\$3 million for marketing and public relations;
- (vi) approximately HK\$100 million for potential investment opportunities, which the Company intends to expand its business to, among others, investment in O2O (online to offline) lifestyle and e-commerce business; and
- (vii) the remaining balance for the general working capital of the Group.

The Directors consider raising funds by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the possible future investments of the Group. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors (excluding the independent non-executive Directors who will form their view after considering advice from an independent financial adviser in respect of the Subscription) are of the view that the Subscription Agreement (including the Conversion Price of the Conversion Shares) have been entered into on normal commercial terms that are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. As the Directors are confident about the prevailing and future business development of the Group, the Directors believe that the issue of Convertible Bonds will allow the Company to raise the necessary funds at a reasonable cost to meet additional cash requirements for its operation and future development.

## Fund raising activities in the past twelve months

The following are the equity fund raising activities of the Company in the past twelve (12) months immediately prior to the date of this announcement:

Date of Announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds
8 November 2013 and 12 November 2013	Placing of 27,552,000 Shares under general mandate	HK\$18,500,000	General working capital of the Group and for any potential investment opportunities in the future	(i) HK\$10 million has been used to satisfy the price of HK\$10 million for the subscription of 1,000 shares in HMV Ideal pursuant to the Subscription Agreement (Dec 2013); (ii) approximately HK\$5 million has been used for the general working capital of the Group; and (iii) the remaining amount of approximately HK\$3.5 million is deposited in the bank account of the Company.

## Effects on shareholding structure

As at the date of this announcement, the Company has 444,561,967 Shares in issue. The shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the Convertible Bonds (assuming there is no other change in the issued share capital of and the shareholding of the Company) is as follows:

	(i) As at the date of this announcement				(ii) Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds			
	(Note 1)		(Note 2)		(Note 1)		(Note 2)	
	Approx. No. of Shares	%	Approx. No. of Shares	%	Approx. No. of Shares	%	Approx. No. of Shares	%
Legend Vantage Limited (Note 3)	57,874,051	13.02	57,874,051	8.12	57,874,051	8.73	57,874,051	6.22
Able Supreme Management Limited (Note 4)	45,818,745	10.31	171,971,403	24.15	45,818,745	6.91	171,971,403	18.47
Yang Shengrong	31,719,717	7.13	31,719,717	4.45	31,719,717	4.78	31,719,717	3.41
Main Wealth Enterprises Limited (Note 5)	74,620,421	16.78	74,620,421	10.48	74,620,421	11.25	74,620,421	8.02
Fortune Builder Limited (Note 6)	3,300,000	0.74	20,991,189	2.94	3,300,000	0.50	20,991,189	2.25
Unlimited Creativity Holdings Limited	24,358,974	5.48	24,358,974	3.42	24,358,974	3.67	24,358,974	2.62
HMV Asia	27,600,000	6.21	27,600,000	3.88	27,600,000	4.16	27,600,000	2.96
Ms. Wong	27,600,000	6.21	27,600,000	3.88	27,600,000	4.16	27,600,000	2.96
Mr. Wu (Note 7)	2,400,000	0.54	2,400,000	0.34	2,400,000	0.36	2,400,000	0.26
Holder of Conversion Shares	-	-	-	-	218,750,000	32.98	218,750,000	23.50
Other public Shareholders	149,270,059	33.58	273,052,397	38.34	149,270,059	22.50	273,052,397	29.33
<b>Total</b>	<b>444,561,967</b>	<b>100.00</b>	<b>712,188,152</b>	<b>100.00</b>	<b>663,311,967</b>	<b>100.00</b>	<b>930,938,152</b>	<b>100.00</b>

### Notes:

- Assuming no exercise of share options or warrants, or conversion of RCPS or convertible bonds.
- Assuming all share options and warrants are fully exercised and all RCPS and convertible bonds are converted in full.
- Legend Vantage Limited (“**Legend Vantage**”) owns 57,874,051 Shares. Mr. Li Guangrong is deemed to be interested in these shares through his 100% interests in Legend Vantage.
- Able Supreme Management Limited (“**Able Supreme**”) held 45,818,745 Shares and 126,152,658 Shares will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK\$0.79 per Share (reset on 14 March 2014). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Able Supreme.

5. Main Wealth Enterprises Limited (“**Main Wealth**”) owns 74,620,421 Shares. The entire issued share capital of Main Wealth is held by Proven Bravo Limited, which in turn is beneficially wholly owned by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% indirect interest in Main Wealth.
6. Fortune Builder Limited (“**Fortune Builder**”) owns 3,300,000 Shares and 17,691,189 Shares will be allotted and issued upon full conversion of 895,900 RCPS at conversion price of HK\$0.79 per Share (reset on 14 March 2014). Mr. Clive Ng Cheang Neng, the Chairman and executive Director is deemed to be interested in these Shares through his 100% interests in Fortune Builder.
7. Mr. Wu owns 2,400,000 Shares. Mr. Wu is also deemed to be interested in 27,600,000 Shares held by HMV Asia Limited through his deemed interest in 93.75% of the equity in HMV Asia Limited due to family holdings and is interested in 14,700,000 underlying Shares.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

The Subscribers are both directly wholly and beneficially owned by AID Partners Capital II, L.P.. AID Partners Capital II, L.P. is controlled by AID Partners GP2, Ltd., which is ultimately controlled by Mr. Wu. As at the date of this announcement, Mr. Wu is the legal and beneficial owner of 2,400,000 Shares (representing 0.54% of the entire issued share capital of the Company) and is deemed to be interested in 27,600,000 Shares (representing 6.21% of the entire issued share capital of the Company) held by HMV Asia Limited (a substantial shareholder of HMV Ideal) through his deemed interest in 93.75% of the equity interest in HMV Asia Limited due to family holdings. Mr. Wu is also a director of each of HMV Ideal and HMV Asia Limited, thus Mr. Wu is a connected person for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a non-exempt connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements pursuant to the GEM Listing Rules.

## **EGM**

An EGM will be convened at which resolutions will be proposed to seek approval of the Independent Shareholders on the Subscription Agreement, the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. Pursuant to the GEM Listing Rules, Mr. Wu and his associates are required to abstain from voting on the resolutions to be proposed at the EGM for approving the Subscription, the Subscription Agreement and the transactions contemplated thereby. To the best of the Directors’ information, belief and knowledge, no other Shareholders are required to abstain from voting at the EGM.

## **GENERAL**

An Independent Board Committee, comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the issue of the Convertible Bonds to the Subscribers. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

A circular containing, among other things, further information on (i) the issue of the Convertible Bonds; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from an independent financial adviser containing their advice to the Independent Board Committee and the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice convening the EGM and a form of proxy are expected to be despatched to the Shareholders on or before 17 April 2014 in accordance with the GEM Listing Rules.

Shareholders and potential investors should note that completion of the Subscription is subject to the fulfillment of the conditions under the Subscription Agreement. As the transactions may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

## **DEFINITIONS**

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Abundant Star”	Abundant Star Ventures Limited 星滿創投有限公司, a company incorporated in Samoa
“Acting in Concert”	has the meaning ascribed thereto in the Takeovers Code
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds from time to time



“Business Day”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Central Retail Shop”	the retail shop located on the 3rd and 4th Floor Entertainment Building, 30 Queen’s Road Central, Hong Kong and managed by HMV Marketing Limited, an indirectly wholly owned subsidiary of HMV Ideal
“Company”	Crosby Capital Limited, a company incorporated in the Cayman Islands with limited liability and the issue Shares of which are listed on GEM
“connected person(s)”	has the meanings as ascribed thereto under the GEM Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.80 (subject to adjustment) per Conversion Share upon conversion of the Convertible Bonds
“Conversion Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in principal amount of HK\$175,000,000 bearing a compound interest rate of 5% per annum to be issued by the Company to the Subscribers pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to approve the Subscription and all matters contemplated thereunder
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“HMV Ideal”	HMV Ideal Limited, a company incorporated in the British Virgin Islands with limited liability and is indirectly owned by the Company as to 64.54%
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to fairness and reasonableness of the issue of the Convertible Bonds, the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Wu and his associates
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and director, chief executive and substantial shareholder of the Company or any of its subsidiaries or their respective associates
“Instrument”	the instrument constituting the Convertible Bonds
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Maturity Date”	the third (3rd) anniversary of the date of issue of the Convertible Bonds, which is subject to extensions in accordance with the terms and conditions of the Instrument
“Mr. Wu”	Wu King Shiu, Kelvin

“Prohibited Transferee(s)”	any person who (i) is not independent of the Company (and its Subsidiaries) or its connected person(s), or (ii) is a party Acting in Concert with any person(s) or shareholder(s) of the Company to the effect that any transfer of the Convertible Bond(s) to such transferee(s) and/or the exercise by such transferee(s) of any Conversion Right attaching to the Convertible Bond(s) subject to such transfer will trigger the mandatory offer obligation under the Takeovers Code
“RCPS”	redeemable convertible preference shares of the Company
“Share(s)”	ordinary share(s) of US\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	each of Abundant Star and Vantage Edge
“Subscription”	the subscription for the Convertible Bonds by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 1 April 2014 entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Agreement (Dec 2013)”	the subscription agreement dated 10 December 2013 and entered into between Action Key Investments Limited (a wholly owned subsidiary of the Company) and HMV Ideal in relation to the subscription of 1,000 shares in HMV Ideal
“Subsidiaries”	the subsidiaries of the Company for the time being and from time to time and the term “Subsidiary” shall be construed accordingly
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vantage Edge”	Vantage Edge Limited, a company incorporated in Samoa

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board  
**CROSBY CAPITAL LIMITED**  
**Nelson Tong Naiyi**  
*Executive Director*

Hong Kong, 1 April 2014

*As at the date of this announcement, the Directors are:*

*Executive Directors:                   Liu Guang He, Clive Ng Cheang Neng, Stephen Shiu Junior  
and Nelson Tong Naiyi*

*Independent Non-Executive       Shi Jinsheng, Sin Hendrick and Yuen Kwok On  
Directors:*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.crosbycapitallimited.com](http://www.crosbycapitallimited.com).*