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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)**

- (1) DISCLOSEABLE TRANSACTION – ACQUISITION OF INTEREST IN  
A COMPANY AND SUBSCRIPTION OF SHARES IN THE COMPANY;  
(2) ISSUE OF CONSIDERATION SHARES UNDER SPECIAL MANDATE;  
(3) REFRESHMENT OF ISSUE MANDATE  
AND  
(4) CLARIFICATION TO ADJUSTMENT TO THE CONVERTIBLE BONDS**

### **THE ACQUISITION AND THE SUBSCRIPTION**

On 10 December 2013 (after trading hours), the Company, the Purchaser, a wholly owned subsidiary of the Company and the Sellers entered into the Sale and Purchase Agreement in relation to the sale and purchase of the Sale Shares for a consideration of HK\$46,800,000 to be satisfied by the issued and allotment of an aggregate of 60,000,000 Consideration Shares by the Company.

The Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders at the EGM, and will rank pari passu in all respects with the existing issued Shares. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

\* *For identification purposes only*

On the same day, the Purchaser and the Target Company entered into the Subscription Agreement in relation to the subscription of the Subscription Shares for a consideration of HK\$10,000,000. The Subscription Agreement has been completed on same day as the signing of the Subscription Agreement, ie. 10 December 2013.

As at the date of this announcement, taking into account the completion of the Subscription, the Purchaser is interested in approximately 11.36% of the issued share capital of the Target Company as enlarged by the Subscription Shares. Upon completion of the Acquisition, the Company will be interested in approximately 64.54% of the issued share capital of the Target Company as enlarged by the Subscription Shares.

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Transactions exceeded 5% but are less than 25%, the Transactions constitute a discloseable transaction under Rule 19.34 of the GEM Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, among others, to approve the granting of the Specific Mandate. As none of the Sellers or their associates holds any interest in the Shares, all Shareholders can vote on the resolution for approving the grant of the Specific Mandate.

#### **REFRESHMENT OF ISSUE MANDATE**

As the Company has utilized the Existing General Mandate for the issue and allotment of 27,552,000 Shares pursuant to the placing agreement dated 8 November 2013 (as supplemented by a side letter dated 12 November 2013), the Board proposes to refresh the general mandate at the EGM.

A resolution for the approval and granting of the Issue Mandate will be sought from the Independent Shareholders. Fortune Builder Limited, a company wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and an executive Director, which holds 3,300,000 Shares, will abstain from voting on the resolution for the Refreshment of Issue Mandate at the EGM.

A circular containing further information on the Transactions and the Refreshment of General Mandate, a letter from the Independent Board Committee and a letter from the independent financial adviser together with the notice of EGM will be dispatched to Shareholders on or before 6 January 2014 to allow more time to prepare the circular taking into account the intervening Christmas and New Year public holidays.

## **THE SALE AND PURCHASE AGREEMENT DATED 10 DECEMBER 2013**

On 10 December 2013, the Purchaser and the Sellers entered into the Sale and Purchase Agreement in relation to the sale and purchase of the Sale Shares for a consideration of HK\$46,800,000 to be satisfied by the issued and allotment of an aggregate of 60,000,000 Consideration Shares by the Company.

### **Parties to the Sale and Purchase Agreement**

#### **The Company**

Purchaser: Action Key Investments Limited, a wholly-owned subsidiary of the Company

Sellers: HMV Asia  
Ms. Wong  
Ms. Butt  
Mr. Wu

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Sellers or its ultimate beneficial owners (in case where the Seller is a body corporate) are third parties independent of the Company and its connected persons.

As of the date of this announcement, each of the Sellers is interested in 40.77%, 40.77%, 3.55% and 3.55% of the issued share capital of the Target Company as enlarged by the Subscription Shares issued and allotted on 10 December 2013 pursuant to the Subscription Agreement, respectively.

HMV Asia is a company incorporated in the BVI with limited liability. Through its subsidiaries, HMV Asia operates retail stores selling music, movie and television series related contents and products. HMV Asia also operate an HMV Kafé and an HMV Kid Center in Hong Kong. Mr. Wu is deemed to be interested in 93.75% of the equity in HMV Asia due to family holdings.

#### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to purchase an aggregate of 60% of the existing issued share capital of the Target Company from the Sellers.

The Target Company is an investment holding company incorporated in BVI with limited liability. The Target Company directly or indirectly owns 100% of each of HMV Master Quality Sound, HMV eShop, VS Media Co Limited, VS Media Limited, Vissible Co & Limited and Viss Me Co & Limited. Further details of the Target Group is set out in the paragraph headed "Information of the Target Group".

## **Consideration**

The Consideration for the Acquisition is HK\$46,800,000. The Consideration was arrived at after arm's length negotiations between the Sellers and the Purchaser, having considered (i) the brand name "HVM"; (ii) the experience of the core management team of the Target Group, biographical details of which are set out in the paragraph headed "Information on the Target Group"; and (iii) the growth and development prospects of the Target Group.

The Consideration will be satisfied by the Company by way of allotment and issue of 60,000,000 Consideration Shares to the Sellers or their nominees in proportion to their respective interest in the Sale Shares, at the Issue Price of HK\$0.78 per Consideration Share at Completion. Upon completion of the Acquisition, each of HVM Asia, Ms. Wong, Ms. Butt and Mr. Wu will be issued and allotted with 27,600,000, 27,600,000, 2,400,000 and 2,400,000 Consideration Shares, representing approximately 6.21%, 6.21%, 0.54% and 0.54% of the issued share capital of the Company as enlarged by the Consideration Shares, respectively.

Having considered the factors taken into account by the parties in arriving at the Consideration as mentioned in this sub-paragraph headed "Consideration", the Directors are of the view that the Consideration is fair and reasonable.

## **The Consideration Shares and lock-up undertaking**

The Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders at the EGM. The Consideration Shares represents approximately 15.60% of the issued share capital of the Company as at the date hereof and approximately 13.50% 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 respect with all the existing Shares then in issue. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Pursuant to the Sale and Purchase Agreement, each of the Sellers has undertaken to the Company that it shall not, and shall procure that their respective nominees shall not offer, sell, contract to sell, transfer, pledge, create any rights of pre-emption, options, liens, claims, equities, mortgages, charges, encumbrances, defects, adverse interests or third-party rights of any nature or otherwise dispose of, directly or indirectly, the Consideration Shares, 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 a period of 12 months commencing immediately after the date of completion of the Acquisition.

## **Issue Price**

The Issue Price of the Consideration Shares at HK\$0.78 per Share represents:

- (a) a discount of approximately 3.70% to the closing price of HK\$0.810 per Share as quoted on the Stock Exchange on 10 November 2013, the date of the Sale and Purchase Agreement; and
- (b) a discount of approximately 2.26% over the average closing price of approximately HK\$0.798 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the date of the Sale and Purchase Agreement.

## **Condition Precedent**

Completion of the Acquisition is conditional upon fulfillment of the following conditions:

- (a) the passing by the requisite majority of Shareholders at the EGM of all resolutions required under the GEM Listing Rules (if any) to approve the transactions contemplated under the Sale and Purchase Agreement, including without limitation the grant of the Specific Mandate;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares, which has not been revoked as at Completion;
- (c) all the required approvals, authorizations, consents having been obtained from and all the required registrations and filing having been completed with (if applicable) the governmental authorities or regulatory bodies or any relevant third party in connection with the transactions contemplated under the Sale and Purchase Agreement;
- (d) the due diligence and investigation of the Target Group to be carried out having been completed to the satisfaction of the Purchaser in its sole discretion;
- (e) the Purchaser having obtained a BVI legal opinion (in form and substance satisfactory to the Purchaser) issued by a BVI lawyer, covering matters including but not limited to the due incorporation and valid existence of the BVI-incorporated members of the Target Group and whether the entering into of the Sale and Purchase Agreement and the transactions contemplated therein is in compliance with the constitutional documents of the Target Company;

- (f) the Purchaser having obtained confirmations from the Sellers confirming that as at Completion, (i) they are not aware of any matter or thing which is in breach or inconsistent with any of the warranties set out in the Sale and Purchase Agreement; and (ii) there was no material adverse change or effect in respect of the financial or trading position of any member of the Target Group since the date of the Sale and Purchase Agreement;
- (g) no litigation or claim having arisen in respect of any member of the Target Group prior to Completion;
- (h) the Purchaser having received confirmation from the Sellers that at completion of the Acquisition all issued shares of the subsidiaries of the Target Company, assets and undertakings of the Target Group are free from rights of pre-emption, options, liens, claims, equities, mortgages, charges, encumbrances, defects, adverse interests or third-party rights of any nature; and
- (i) the delivery of the disclosure letter by the Sellers to the Purchaser within 15 business days after the date of the Sale and Purchase Agreement, but shall not in any event be delivered later than 5 business days prior to the issuance of the circular by the Company to the Shareholders as required under the GEM Listing Rules in respect of the transactions under the Sale and Purchase Agreement and contents of the disclosure letter are reasonably agreed by the Purchaser.

The Sale and Purchase Agreement shall automatically cease and terminate if the above condition remain unfulfilled (or waived in respect of the conditions set out in (c), (d), (e), (f), (g), (h) and (i)) at or before 4:00 p.m. on 1 March 2014 or such later date as may be agreed between the Purchaser and the Sellers in writing and in such event all obligations of the Purchasers and Sellers shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto.

### **Completion**

Completion shall take place on or before the third business day after the date that the conditions precedents are fulfilled or waived.

## **THE SUBSCRIPTION AGREEMENT DATED 10 DECEMBER 2013**

### **Parties to the Subscription Agreement**

Issuer: the Target Company

Subscriber: the Purchaser

### **Subscription**

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe 1,000 new shares of the Target Company, representing approximately 12.82% of the existing issued share capital of the Target Company and approximately 11.36% of the issued share capital of the Target Company as enlarged by the Subscription Shares.

The Subscription Price of HK\$10,000 for each Subscription Share is equivalent to the price of HK\$10,000 for each Sale Share.

### **Completion**

The Subscription Agreement has been completed on same day as the signing of the Subscription Agreement, ie. 10 December 2013.

As at the date of this announcement, taking into account the completion of the Subscription, the Purchaser is interested in approximately 64.54% of the issued share capital of the Target Company as enlarged by the Subscription Shares.

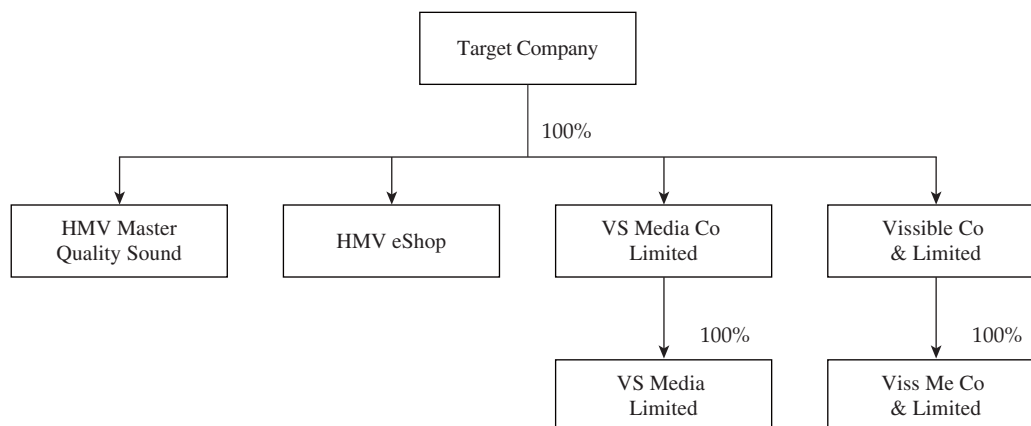
### **INFORMATION ON THE TARGET GROUP**

The Target Company is an investment holding company incorporated in BVI with limited liability on 22 August 2013. The business of the Target Group is to capitalise on the HMTV brand and develop an online and offline ecosystem of music, video entertainment and lifestyle. Details of the business of each of the subsidiaries of the Target Company are set out below.

Upon completion of the Transactions, the Company and each of the Sellers will be interested in 64.54%, 16.31%, 16.31%, 1.42% and 1.42% of the issued share capital of the Target Company as enlarged by the Subscription Shares, respectively. The Target Company will be accounted for as a subsidiary and will be consolidated in the financial statement of the Company.



Set out below is the corporate chart of the Target Group:



HMV Master Quality Sound is incorporated in the BVI with limited liability on 8 August 2013. It owns the domain [www.hdhmv.com](http://www.hdhmv.com) and is in the preparation of launching a web and mobile based application software for downloading and streaming of music from CD quality to Super Audio CD quality even to Direct Stream Digital quality. The site of [www.hdhmv.com](http://www.hdhmv.com) is expected to be launch on or about 31 March 2014.

HMV eShop Limited is incorporated in the BVI with limited liability on 8 May 2013. It has entered into an operation management contract with HMV HK with a 30 year tenure, pursuant to which, HMV HK will transfer all the assets and liabilities of the ecommerce business operating under the domain [www.hmv.com.hk](http://www.hmv.com.hk) to HMV eShop effective from 1 January, 2014. It will also manage, for HMV HK, the retail shop located on 3rd and 4th Floor Entertainment Building, 30 Queen’s Road Central, Hong Kong (“Central Retail Shop”) effective from 1 January, 2014. Pursuant to the operation management agreement, HMV eShop Limited has the rights to use the intellectual properties in respect of the operations operate by it under the operation management contract and will be entitled to all profit and loss of such businesses. As it is essential for online commerce and lifestyle companies to have reality shops for users to experience the products and participating in events. Hence, it is expected that the Central Retail Shop will become a lifestyle retailer and an event venue for customers.

VS Media Co Limited is incorporated in the BVI with limited liability on 22 August 2013. The Target Company acquired the entire issued share capital of VS Media Co Limited on 5 December 2013. VS Media Co Limited is a holding company and operates through its operating subsidiary, VS Media Limited which it acquired on 2 October 2013. The principal businesses of VS Media Limited are (i) signing up independent content creators; (ii) providing product facilitates and support to content creators to produce premium content; and (iii) helping content creators to generate revenue via advertisement, subscription and content licensing. On 20 June 2013, VS Media Limited, the directly wholly owned subsidiary of VS Media Co Limited, which is incorporated in Hong Kong with limited liability on 7 June 2013, entered into a partnership agreement with one of the world’s biggest internet technology and content providers to form a multi-channel network for content creators on Youtube and sell Youtube advertising solutions globally.



Vissible Co & Limited is incorporated in the BVI with limited liability on 3 April 2012. Vissible Co & Limited acquired the entire issued share capital of Viss Me Co & Limited on 16 October 2013. It owns the domain [www.vissible.com](http://www.vissible.com); <http://viss.me> and mobile application “VISS” on iOS and Android operated smartphones to provide technology and online platforms for its users to share information of fashion and lifestyle products. “VISS” is a social media and ecommerce platform focus on fashion and style. The principal businesses of Viss Me Co & Limited are (i) mobile and web advertising and promotion; and (ii) mobile and web based ecommerce services. VISS had 3,800,000 users as of 30 November 2013 and 21,000,000 page views in the month of November 2013 based on Google Analytics.

VISS aims to bridge curated user generated contents, mainstream media, and commerce. VISS enables users to share their looks by snapping and tagging their apparel items, discover fashionable styles, and shop the looks directly on mobile and website.

Each of HMV Master Quality Sound and HMV eShop have yet to commence operation.

The unaudited loss before taxation of VS Media Limited, the operating subsidiary of VS Media Co Limited, for the period from 7 June 2013 (date of incorporation) to 30 September 2013 is HK\$1,225,078. The unaudited net liabilities of VS Media Limited as at 30 September 2013 is HK\$1,225,077.

Set out below is the audited/unaudited financial information of Viss Me Co & Limited, the operating subsidiary of Vissible Co & Limited for the period ended 31 March 2013 and the six months ended 30 September 2013:

	<b>For the period from 17 April 2012 (date of incorporation) to 31 March 2013 (audited) HK\$</b>	<b>For the six months ended 30 September 2013 (unaudited) HK\$</b>
Net loss before taxation	3,548,247	2,896,495
Net loss after taxation	3,548,247	2,896,495
Net liabilities	3,538,247	6,434,741

As at 30 September 2013, the unaudited net asset value of the Target Group is HK\$60,840.

Set out below are the biographical details of the members of the core management team of the Target Group:

Ms. Butt, aged 51, has over 20 years experience working with fast moving consumer goods. Ms. Butt is currently the Managing Director of the HMV operations in Hong Kong and Singapore and the Chief Executive Officer of HMV Asia. Under her leadership, She successfully brought the business back to profitability following the outbreak of the severe acute respiratory syndrome in 2003, transforming the business from a “CD Shop” into the retail entertainment powerhouse HMV represents today. Ms. Butt instigated the development of hmv.com.hk, the only profitable ecommerce platform of HMV Retail Ltd. (a British entertainment retailing company operating in the United Kingdom) and hmv.com.sg for Singapore. Other initiatives include spearheading the changes to the HMV Group’s product mix to include headphones, electronic gadgets and entertainment related accessories and advising HMV operations in the United Kingdom with changes to its store layout and design. Prior to joining HMV in 1999 she was the Corporate PR Manager for San Miguel Brewery HK Limited, a position she held for 5 years. Ms. Butt is an experienced marketer having worked in the advertising field prior to moving to Hong Kong. She graduated from Simon Fraser University with a BBA double-major in Marketing and Organizational Behavior and also holds a Certificate in Advertising Layout and Design from George Brown College, Toronto.

Ms. Wong, aged 40, has over 17 years of experience in the digital and media industries. She is the founder and Chief Executive Officer of Vissible Co & Limited and VS Media Co Limited. Prior to that, Ms. Wong had led the convergence of two major traditional media companies into top digital media in Asia. She was formerly the Chief Executive Officer of Next Mobile Limited (subsidiary of Next Media Limited. HK Stock Code: 00282) from 2011 to 2013 focusing on growing the group’s mobile business. She also served as the Chief Operating Officer of TVB.COM Limited (subsidiary of Television Broadcasts Limited. HK Stock Code: 0511) from 2007 to 2011. She successfully turned TVB.com from a simple information website into a powerhouse streaming portal on web and mobile with the big success of myTV and global artists community. With over 7 million unique users, tvb.com became the #1 global Chinese Entertainment Portal in 2010. She joined Yahoo! in year 1998 as the 1st Employee of Yahoo! HK building its business and the overall HK digital media business from scratch to scale. She was then promoted as Senior Director of Global Sales, responsible for building the global infrastructure to take Asia-based multinationals onto the global stage. Her sales team had successfully created and delivered online marketing solutions to the top marketers in the region. She graduated from University of Toronto, Canada with a bachelor degree of Commerce major in International Economic and Marketing.

## EFFECT OF ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the issued share capital of, and the shareholding in, the Company from the date of this announcement and up to the completion of the Acquisition, the shareholding structure of the Company as the date of this announcement and immediately after the completion of the Acquisition taking into account the issue and allotment of the Consideration Shares will be as follows:

	As at the date of this announcement		Immediately after the issue of Consideration Shares			
			(Note 1)		(Note 2)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Legend Vantage Limited (Note 3)	57,874,051	15.05	57,874,051	13.02	57,874,051	8.19
Able Supreme Management Limited (Note 4)	45,818,745	11.91	45,818,745	10.31	168,856,523	23.90
Yang Shengrong	31,719,717	8.25	31,719,717	7.13	31,719,717	4.49
Main Wealth Enterprises Limited (Note 5)	74,620,421	19.40	74,620,421	16.78	74,620,421	10.56
Fortune Builder Limited (Note 6)	3,300,000	0.86	3,300,000	0.74	20,554,370	2.90
Unlimited Creativity Holdings Limited	24,358,974	6.34	24,358,974	5.48	24,358,974	3.45
HMV Asia	-	-	27,600,000	6.21	27,600,000	3.91
Ms. Wong	-	-	27,600,000	6.21	27,600,000	3.91
Ms. Butt	-	-	2,400,000	0.54	2,400,000	0.34
Mr. Wu	-	-	2,400,000	0.54	2,400,000	0.34
Other public Shareholders	146,870,059	38.19	146,870,059	33.04	268,566,806	38.01
<b>Total</b>	<b>384,561,967</b>	<b>100</b>	<b>444,561,967</b>	<b>100</b>	<b>706,550,862</b>	<b>100</b>

1. Assuming no exercise of share options or warrants, or conversion of redeemable convertible preference shares or convertible bonds.
2. Assuming all share options and warrants are fully exercised and all redeemable convertible preference shares and convertible bonds are converted in full.
3. Legend Vantage Limited (“Legend Vantage”) owns 57,874,051 ordinary shares of the Company. Mr. Li Guangrong is deemed to be interest in these shares through his 100% interests in Legend Vantage.
4. Able Supreme Management Limited (“Able Supreme”) held 45,818,745 ordinary shares and 123,037,778 ordinary shares will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK\$0.81 per share (reset on 5 December 2013). 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 interest in these shares through his 100% indirect interests in Able Supreme.

5. Main Wealth Enterprises Limited (“Main Wealth”) owns 74,620,421 ordinary shares of the Company. 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 interests and 895,900 RCPS of the Company which can be convertible into 17,254,370 Shares at conversion price of HK\$0.81 per Share (reset on 5 December 2013) upon full conversion Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company is deemed to be interest in these shares through his 100% interests in Fortune Builder.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Group is principally engaged in the businesses of asset management and direct investment. The Directors believe that in the coming few years, there are challenges and changes in the investment environment in Hong Kong and the world as a whole. China experienced slower GDP growth amid economic uncertainties in Europe and mild recovery in the United States of America. Thus, it is in the interest of the Company to identify investments which are less elastic to the global macro economy.

As the internet deepens its penetration into users’ daily lives and the value chains of different business sectors, business opportunities available on the internet continued to broaden. The Directors are of the view that investing in the internet sector has a potential for making attractive returns for the Shareholders.

During the last couple of years, there was a significant shift in user activity from personal computer to mobile, driven by rapid expansion of mobile internet user base, enhanced capabilities of smartphones and increased adoption of compelling mobile applications. Offering a revolutionary user experience, the mobile internet is reshaping existing business models and the industry value chain.

With the leading technologies developed by Viss Me Co & Limited and leveraging on the goodwill of the HMV brand and the experience of the core management team, the Directors believe that the business model of the Target Group will enable the Group to build an integrated online and offline business ecology in the entertainment and lifestyle sector.

The Directors believe that the terms of the Transactions are fair and reasonable and the Transactions are in the interest of the Company and expect such investment to provide attractive returns to the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Transactions exceeded 5% but are less than 25%, the Transactions constitute a discloseable transaction under Rule 19.34 of the GEM Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, among others, to approve the granting of the Specific Mandate. As none of the Sellers or their associates holds any interest in the Shares, all Shareholders can vote on the resolution for approving the grant of the Specific Mandate.

## **PROPOSED REFRESHMENT OF GENERAL MANDATE**

As the Company has utilized the Existing General Mandate for the issue and allotment of 27,552,000 Shares pursuant to the placing agreement dated 8 November 2013 (as supplemented by a side letter dated 12 November 2013), the Board proposes to refresh the General Mandate at the EGM.

A resolution for the approval and granting of the Issue Mandate will be sought from the Independent Shareholders. Fortune Building Limited, a company wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and an executive Director, which holds 3,300,000 Shares, will abstain from voting on the resolution for the Refreshment of the Issue Mandate at the EGM.

A circular containing further information on the Transactions and the Refreshment of General Mandate, a letter from the Independent Board Committee and a letter from the independent financial adviser together with the notice of EGM will be dispatched to Shareholders on or before 6 January 2014 to allow more time to prepare the circular taking into account the intervening Christmas and New Year public holidays.

## **CLARIFICATION TO ADJUSTMENT TO THE CONVERTIBLE BONDS**

Reference is made to the announcement of the Company dated 5 December 2013 (“Placing Completion Announcement”) in relation to, inter alia, the adjustment of the conversion price of the Convertible Bonds. Unless the context requires otherwise, terms used herein this section shall have the same meanings as those defined in the Placing Completion Announcement.

The Company clarifies that the adjusted conversion price of the Convertible Bonds should be rounded to HK\$0.77 per Share. Save for the above adjustment, all the other information included in the Placing Completion Announcement remains unchanged.

## DEFINITIONS

The following terms have the following meanings when used in this announcement, unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Crosby Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	HK\$46,800,000
“Consideration Shares”	60,000,000 Shares to be allotted and issued by the Company to satisfy the Consideration
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders or the Independent Shareholders, as the case may be, to consider, and if thought fit, to approve the Specific Mandate and the Refreshment of the Issue Mandate
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 10 May 2013 to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of such annual general meeting
“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
“HMV Asia”	HMV Asia Limited, a company incorporated in the BVI with limited liability
“HMV eShop”	Raise Best Group Limited (to be renamed as HMV eShop Limited)
“HMV HK”	HMV Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“HMV Master Quality Sound”	Merit Century Group Limited (to be renamed as HMV Master Quality Sound Limited)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board to be formed and comprised of Mr. Shi Jinsheng, Mr. Sin Hendrick and Mr. Yuen Kwok On, all of whom are independent non-executive Directors, to advise the Independent Shareholders on the Refreshment of Issue Mandate
“Independent Shareholders”	Shareholders other than those who are required by the GEM Listing Rules to abstain from voting in favour of the resolution for the Refreshment of Issue Mandate at the EGM
“Issue Mandate”	the general mandate to be granted to the Directors by the Shareholders at a general meeting of the Company to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of such general meeting
“Issue Price”	the price of HK\$0.78 per Consideration Share
“Ms. Butt”	Ms. Butt, Emily Oy-Fong
“Ms. Wong”	Ms. Wong Nga Fan
“Mr. Wu”	Mr. Wu King Shiu, Kelvin



“Purchaser”	Action Key Investments Limited, a company incorporated in Samoa with limited liability and a wholly owned subsidiary of the Company
“Refreshment of General Mandate”	the proposal to refresh the Issue Mandate at the EGM
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 December 2013 and entered into amongst, the Company, the Purchaser and the Sellers in relation to the sale and purchase of the Sale Shares
“Sale Shares”	4,680 shares of US\$1.00 each in the capital of the Target Company
“Sellers”	HMV Asia, Ms. Wong, Ms. Butt and Mr. Wu
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the mandate to be sought from Shareholders at the EGM for the issue and allotment of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Purchaser pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 10 December 2013 and entered into between the Purchaser and the Target Company in relation to the subscription of the Subscription Shares
“Subscription Price”	the aggregate price of HK\$10,000,000 for the Subscription Shares
“Subscription Shares”	1,000 new shares of US\$1.00 each in the capital of the Target Company

“Target Company”	Billion Merit Investments Limited (to be renamed HMV New Entertainment & Lifestyle Limited)
“Target Group”	the Target Company and its subsidiaries, Merit Century Group Limited, Raise Best Group Limited, VS Media Co Limited, VS Media Limited, Vissible Co & Limited and Viss Me Co & Limited
“Transactions”	the Acquisition and the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 10 December 2013

*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 Directors:*      *Shi Jinsheng, Sin Hendrick and Yuen Kwok On*

*This announcement, for which the directors of the Company 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 of the Company, 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).*