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PLACING OF NEW SHARES UNDER GENERAL MANDATE AND SPECIFIC MANDATE

Placing Agents



PLACING AGREEMENTS

On 3 March 2017 (after trading hours), the Company entered into the Placing Agreements with the Placing Agents in relation to the Placings. Pursuant to the Placing Agreements, the Company conditionally has agreed to place, on a best effort basis, through the Placing Agents, up to 3,744,000,000 new Shares to currently expected to be not less than six Places at the Placing Price under General Mandate and Specific Mandate, respectively.

The Placing Price of HK\$0.25 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agents with reference to, among other matters, the prevailing market prices of the Shares and represents: (i) a discount of 16.67% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the date of the Placing Agreements; and (ii) a discount of approximately 14.68% to the average closing price of HK\$0.293 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreements; and (iii) a discount of approximately 14.53% to the average closing price of HK\$0.2925 per Share as quoted on the Stock Exchange for the last ten trading days immediately preceding the date of the Placing Agreements.

The maximum number of GM Placing Shares represents (i) approximately 6.77% of the existing issued share capital of the Company as at the date of this announcement, (ii) approximately 6.34% of the issued share capital of the Company as enlarged by the issue of the GM Placing Shares (assuming the maximum number of the GM Placing Shares are placed), and (iii) approximately 5.06% of the issued share capital of the Company as enlarged by the GM Placing and the SM Placing (assuming the maximum number of the GM Placing Shares and SM Placing Shares are placed).

Assuming the maximum number of the GM Placing Shares is placed, the gross proceeds from the GM Placing will be approximately HK\$187.20 million and the net proceeds from the GM Placing will be approximately HK\$185 million (after deduction of commission and other expenses of the GM Placing). The net GM Placing price per GM Placing Share will be approximately HK\$0.247.

The maximum number of SM Placing Shares represents (i) approximately 27.08% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 21.31% of the issued share capital of the Company as enlarged by the issue of the SM Placing Shares (assuming the maximum number of the SM Placing Shares are placed), and (iii) approximately 20.23% of the issued share capital of the Company as enlarged by the GM Placing and the SM Placing (assuming the maximum number of the GM Placing Shares and SM Placing Shares are placed).

Assuming the maximum number of the SM Placing Shares is placed, the gross proceeds from the SM Placing will be approximately HK\$748.80 million and the net proceeds from the SM Placing will be approximately HK\$739.60 million (after deduction of commission and other expenses of the SM Placing). The net SM Placing price per SM Placing Share will be approximately HK\$0.247.

In aggregate, the maximum number of 3,744,000,000 Placing Shares, comprising both GM Placing Shares and SM Placing Shares, under the Placings represents (i) approximately 33.85% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 25.29% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Shares have an aggregate nominal value of HK\$37,440,000. The net placing price per placing share is HK\$0.247.

On the assumption that both the GM Placing and the SM Placing are completed in full, it will raise gross proceeds of approximately HK\$936,000,000 and net proceeds of approximately HK\$924,600,000 (after deduction of commission and other expenses of the Placings). The net proceeds from the GM Placing, which would be approximately HK\$185 million, will be applied as follows: (i) approximately HK\$50 million will be applied towards the investment in two cinema theatres in Hong Kong; (ii) approximately HK\$135 million will be applied towards the production of movies, namely “Death Notify 暗黑者” and “Dynasty Warriors 真三國無雙”. The net proceeds from the SM Placing, which would be approximately HK\$739.6 million, will be applied as follows: (i) approximately HK\$60 million will be applied towards the construction of HMV shopping malls in the PRC; (ii) approximately HK\$60 million will be applied towards the development of “OTT” platform of the Group;

(iii) approximately HK\$80 million will be applied towards the production of movie “Sai Ying Pun 西營盤”; (iv) approximately HK\$20 million will be applied towards the production of movie “The Desperate Cinema 絕命上映”; (v) approximately HK\$50 million will be applied towards the production of television drama “Below the Same Roof 同一屋簷下”; (vi) approximately HK\$300 million will be applied towards potential acquisition of variety show production group; (vii) approximately HK\$32 million will be applied towards the potential acquisition of an entertainment group in Taiwan; and (viii) approximately HK\$137.60 million will be applied towards the general working capital and/or possible investment and/or development of the Group’s business.

GENERAL

Each of the GM Placing and the SM Placing is subject to termination subparagraph by the Placing Agents under certain circumstances as set out in the headed “Termination of the Placing” in this announcement. In the event that the Placing Agents exercise its/their right to terminate the Placing Agreements or either of them in accordance with the terms therein, the GM Placing and/or the SM Placing will not proceed.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions under the Placing Agreements as set out in the section headed “Conditions of the Placings”. As the Placings may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The GM Placing and the SM Placing are not inter-conditional.

The GM Placing Shares will be allotted and issued pursuant to the General Mandate granted by the Shareholders at the AGM and therefore the allotment and issue of the GM Placing Shares are not subject to any additional Shareholders’ approval.

The SM Placing is subject to the Shareholders’ approval. The SGM will be convened and held for the purposes of considering and, if thought fit, approving the SM Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the SM Placing Shares. To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the SGM in respect of the resolution relating to the SM Placing and the Specific Mandate.

The Placings are conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

A circular containing, amongst other things, (i) further details of the SM Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

THE PLACING AGREEMENTS

On 3 March 2017 (after trading hours), the Company entered into the GM Placing Agreement and SM Placing Agreement with the Placing Agents in relation to the placing of a maximum of 748,800,000 GM Placing Shares and 2,995,200,000 SM Placing Shares at the Placing Price of HK\$0.25 per GM Placing Share and SM Placing Share respectively. The principal terms and conditions of the GM Placing Agreement and the SM Placing Agreement are set out below.

Date: 3 March 2017

Parties

Issuer: the Company

Placing Agents: (i) KSL
(ii) ICBCI
(iii) H&S

As at the date of this announcement, KSL is interested in 8 Shares. To the best of the Director's knowledge, information and belief having made all reasonable enquiry, each of the Placing Agents and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placing Shares

The Placing Agents have conditionally agreed with the Company to place, on a best effort basis, up to 3,744,000,000 Placing Shares of the Company, which comprises up to 748,800,000 GM Placing Shares and up to 2,995,200,000 SM Placing Shares, to not less than six independent Placees, respectively. KSL will receive a placing commission of 0.5% and each of ICBCI and H&S will receive a placing commissions of 2.5% of the aggregate Placing Price of the GM Placing Shares and SM Placing Shares actually placed in accordance with the GM Placing Agreement and SM Placing Agreement respectively.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of GM Placing Shares represent (i) approximately 6.77% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 6.34% of the issued share capital of the Company as enlarged by the issue of the GM Placing Shares (assuming the maximum number of the GM Placing Shares are placed); and (iii) approximately 5.06% of the issued share capital of the Company as enlarged by the GM Placing and the SM Placing (assuming the maximum number of the GM Placing Shares and SM Placing Shares are placed). The net GM Placing price per GM Placing Share is approximately HK\$0.247.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of SM Placing Shares represent (i) approximately 27.08% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 21.31% of the issued share capital of the Company as enlarged by the issue of the SM Placing Shares (assuming the maximum number of the SM Placing Shares are placed); and (iii) approximately 20.23% of the issued share capital of the Company as enlarged by the GM Placing and the SM Placing (assuming the maximum number of the GM Placing Shares and SM Placing Shares are placed). The net SM Placing price per SM Placing Share is approximately HK\$0.247.

In aggregate, the maximum number of 3,744,000,000 Placing Shares represent (i) approximately 33.85% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 25.29% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Shares have an aggregate nominal value of HK\$37,440,000. The net placing price per placing share is HK\$0.247.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue, *pari passu* in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placees

The GM Placing Shares are expected to be placed to not less than six Placees, who will be individuals, corporate, institutional investors or other investors. The Placees and their respective ultimate beneficial owners shall be Independent Third Parties.

The SM Placing Shares are expected to be placed to not less than six Placees, who will be individuals, corporate, institutional investors or other investors. The Placees and their respective ultimate beneficial owners shall be Independent Third Parties.

None of the Placees will be allotted with Placing Shares to the extent that any Placee (together with parties acting in concert with him/her/it) will hold 19.9% or more of the voting rights of the Company as a result of the Placings.

Placing Price

The Placing Price in respect of both the GM Placing and the SM Placing is HK\$0.25 per GM Placing Share and SM Placing Share, which represents:

- (a) a discount of approximately 16.67% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange as at the date of the Placing Agreements;

- (b) a discount of approximately 14.68% to the average closing price of HK\$0.293 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding the date of the Placing Agreements; and
- (c) a discount of approximately 14.53% to the average closing price of HK\$0.2925 per Share as quoted on the Stock Exchange for the last ten trading days immediately preceding the date of the Placing Agreements.

The terms of the Placing Agreements and the Placing Price were determined by the Company and the Placing Agents after arm's length negotiations and under normal commercial terms with reference to amongst other things, the prevailing trading price of the Shares. The Directors consider that the terms of the Placing Agreements and the Placing Price are fair and reasonable under the current market conditions. Hence, the Directors are of the view that the Placings are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placings

Completion of the GM Placing is conditional upon:

- (a) there being no breach of or any event render untrue or inaccurate, any of the representations, warranties or undertakings under the GM Placing Agreement;
- (b) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the GM Placing Shares;
- (c) there being no government or regulatory body having made a decision that would make the GM Placing void, unenforceable or illegal or impose any additional material conditions or obligations with respect to the GM Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the GM Placing); and
- (d) the GM Placing Agreement has not been rescinded by the Placing Agents.

Conditions referred to in paragraph (b) may not be waived by the Parties. In the event that the conditions of the GM Placing are not fulfilled on or before 17 March 2017 (or such later date to be agreed between the Company and the Placing Agents in writing), the GM Placing Agreement and all rights and obligations thereunder will cease and terminate and no Party will have any claim against the others for costs, damages, compensation or otherwise except for antecedent breach of provisions of the GM Placing Agreement.

Completion of the SM Placing is conditional upon:

- (a) there being no breach of or any event render untrue or inaccurate, any of the representations, warranties or undertakings under the SM Placing Agreement;

- (b) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the SM Placing Shares;
- (c) there being no government or regulatory body having made a decision that would make the SM Placing void, unenforceable or illegal or impose any additional material conditions or obligations with respect to the SM Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the SM Placing);
- (d) the SM Placing Agreement has not been rescinded by the Placing Agents; and
- (e) the Shareholders duly passing the resolutions approving, inter alia, the SM Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the SM Placing Shares, at the SGM.

Conditions referred to in paragraph (b), (d) and (e) above may not be waived by the Parties. In the event that the conditions of the SM Placing are not fulfilled on or before prior to 5:00 p.m. on the date falling on the 30th day after the date of the SGM (or such later date to be agreed between the Company and the Placing Agents in writing), the SM Placing Agreement and all rights and obligations thereunder will cease and terminate and no Party will have any claim against the others for costs, damages, compensation or otherwise except for antecedent breach of provisions of the SM Placing Agreement.

The General Mandate

The issue of the GM Placing Shares will not be subject to the approval by the Shareholders. The GM Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the AGM. On the date of the AGM, the Company had 3,832,758,224 Shares in issue, and the General Mandate granted to the Directors was to issue up to 766,551,644 Shares, representing 20% of the number of shares of the Company in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such General Mandate.

The Specific Mandate

The SM Placing is subject to the Shareholders' approval. The Company proposes to seek the grant of the Specific Mandate from the Shareholders at the SGM for the allotment and issue of the SM Placing Shares.

Completion of the Placings

Completion of the GM Placing is expected to take place within four Business Days following the satisfaction of the conditions of the GM Placing (or such other time or date as the Parties may agree in writing).

Completion of the SM Placing is expected to take place within four Business Days following the satisfaction of the conditions of the SM Placing (or such other time or date as the Parties may agree in writing).

Termination of the Placings

The Placing Agents may terminate the GM Placing Agreement and/or the SM Placing Agreement (as the case may be) by giving notice in writing to the Company, if at any time prior to the Completion of the GM Placing or the SM Placing (as the case may be):

- (1) if there has come to the notice of the Placing Agents:
 - (a) that any statement contained in the Placing Agreements was, when this announcement was issued, or has become, untrue, incorrect or misleading in any respect; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute an omission therefrom; or
 - (c) any material breach of the undertakings, warranties and representations set out in the Placing Agreements; or
 - (d) any material breach of any of the obligations imposed upon any Party (other than the Placing Agents); or
 - (e) any of the undertakings, warranties and representations set out in the Placing Agreements would be untrue or inaccurate or misleading in any material respect if given at that time; or
 - (f) any adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placings; or
- (2) if there develops, occurs, or comes into effect:
 - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal,

regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agents would prejudice the success of the Placings; or

- (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agents, would prejudice the success of the Placings; or
- (c) any change in conditions of local, national or international securities markets occurs which in the sole and absolute opinion of the Placing Agents would prejudice the success of the Placings; or
- (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC and if in the sole and absolute opinion of the Placing Agents any such new law or change would materially and adversely affect the business or financial prospects of the Group and/or prejudice the success of the Placings; or
- (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC which would, in the sole and absolute opinion of the Placing Agents, prejudice the success of the Placings; or
- (f) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the sole and absolute opinion of the Placing Agents would materially prejudice the success of the Placings.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Each of the GM Placing and the SM Placing is subject to termination by the Placing Agents under certain circumstances as set out in the sub-paragraph headed “Termination of the Placings” above in this announcement. In the event that any or all of the Placing Agent(s) exercises its/their right to terminate the Placing Agreements or either of them in accordance with the terms therein, the GM Placing and/or the SM Placing will not proceed.

APPLICATION FOR LISTING OF GM PLACING SHARES AND SM PLACING SHARES

An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the GM Placing Shares and the SM Placing Shares, respectively.

REASONS FOR THE PLACINGS AND USE OF PROCEEDS

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 Directors consider that the Placings can strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Directors consider that the terms of the Placing Agreements are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

On the assumption that both the GM Placing and the SM Placing are completed in full, it will raise gross proceeds of approximately HK\$936,000,000 and net proceeds of approximately HK\$924,600,000. The net proceeds from the GM Placing, which would be approximately HK\$185 million, will be applied as follows: (i) approximately HK\$50 million will be applied towards the investment in two cinema theatres in Hong Kong; (ii) approximately HK\$135 million will be applied towards the production of movies, namely “Death Notify 暗黑者” and “Dynasty Warriors 真三國無雙”. The net proceed from the SM Placing, which would be approximately HK\$739.60 million, will be applied as follows: (i) approximately HK\$60 million will be applied towards the construction of HMV shopping malls in the PRC; (ii) approximately HK\$60 million will be applied towards the development of “OTT” platform of the Group; (iii) approximately HK\$80 million will be applied towards the production of movie “Sai Ying Pun 西營盤”; (iv) approximately HK\$20 million will be applied towards the production of movie “The Desperate Cinema 絕命上映”; (v) approximately HK\$50 million will be applied towards the production of television drama “Below the Same Roof 同一屋簷下”; (vi) approximately HK\$300 million will be applied towards potential acquisition of variety show production group; (vii) approximately HK\$32 million will be applied towards the potential acquisition of an entertainment group in Taiwan; and (viii) approximately HK\$137.60 million will be applied towards the general working capital and/or possible investment and/or development of the Group’s business..

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not carried out any other equity fund raising activities in the past twelve months prior to the date of this announcement.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACINGS

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, set out below are the existing shareholding structure of the Company and the effect on the shareholder structure of the Company, assuming all the GM Placing Shares and SM Placing Shares are placed by the Placing Agents:

Shareholders	As at the date of this announcement		Immediately upon completion of the GM Placing		Immediately upon completion of the GM Placing and the SM Placing	
	Number of Shares	Approximate % (note 3)	Number of Shares	Approximate % (note 3)	Number of Shares	Approximate % (note 3)
Shiu Stephen Junior (note 1)	283,840	0.00	283,840	0.00	283,840	0.00
AID Partners Urban Development Company Limited (note 2)	518,213,964	4.69	518,213,964	4.39	518,213,964	3.50
AID Treasure Placees	2,236,438,356	20.22	2,236,438,356	18.94	2,236,438,356	15.11
Other public Shareholders	–	–	748,800,000	6.34	3,744,000,000	25.29
	8,305,247,520	75.09	8,305,247,520	70.33	8,305,247,520	56.10
Total	<u>11,060,183,680</u>	<u>100.00</u>	<u>11,808,983,680</u>	<u>100.00</u>	<u>14,804,183,680</u>	<u>100.00</u>

Note:

- (1) Mr. Shiu Stephen Junior is the Chairman and executive Director of the Company.
- (2) AID Partners Urban Development Company Limited, a company that is owned as to 60% by Mr. Wu King Shiu, Kelvin, who is the non-executive Director of the Company.
- (3) The percentages are subject to rounding differences, if any.

SGM

The SM Placing will be subject to Shareholders' approval. The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, amongst other things, the SM Placing Agreement and the transactions contemplated thereunder, including the grant of a Specific Mandate for the allotment and issue of the SM Placing Shares. The votes of the Shareholders regarding the resolution for approval of the SM Placing Agreement and the transactions contemplated thereunder will be taken by way of poll at the SGM.

To the best of the Directors' knowledge, information and belief, no Shareholders is required to abstain from voting at the SGM in respect of the resolution(s) relating to the SM Placing.

A circular containing, amongst other things, (i) further details of the SM Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions under the Placing Agreements as set out in the section headed “Conditions of the Placings”. As the Placings may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GENERAL

The GM Placing and the SM Placing are not inter-conditional.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 8 December 2015;
“AID Treasure”	AID Treasure Investment Limited, a wholly-owned subsidiary of AID Partners Technology Holdings Limited which is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8088);
“Board”	the board of Directors;
“Business Day(s)”	day(s) (other than Saturday, Sunday and a public holiday) on which 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 GEM (stock code: 8078);
“Completion”	completion of the GM Placing Agreement or the SM Placing Agreement (as the case may be);
“Completion Date”	date of Completion;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;

“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM;
“GM Placing”	the placing of the GM Placing Shares on a best effort basis pursuant to the terms of the GM Placing Agreement;
“GM Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated 3 March 2017 in relation to the GM Placing;
“GM Placing Shares”	up to 748,800,000 Shares to be placed under the General Mandate pursuant to the terms of the GM Placing Agreement;
“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;
“H&S”	Head & Shoulders Securities Limited, a company incorporated in Hong Kong and licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“ICBCI”	ICBC International Securities Limited, a company incorporated in Hong Kong and licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the GEM Listing Rules);

“KSL”	Kingston Securities Limited, a company incorporated in Hong Kong and licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) regulated activity under the SFO
“Party(ies)”	the party(ies) to the Placing Agreement;
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing Agreement;
“Placings”	the GM Placing and the SM Placing;
“Placing Agents”	(i) KSL; (ii) ICBCI; and (iii) H&S
“Placing Agreements”	the GM Placing Agreement and the SM Placing Agreement;
“Placing Price”	HK\$0.25 per GM Placing Share and SM Placing Share;
“Placing Share(s)”	the GM Placing Shares and the SM Placing Shares, being the new Shares to be allotted and issued under the Placings;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the SM Placing;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;

“SM Placing”	the placing of the SM Placing Shares on a best effort basis pursuant to the terms of the SM Placing Agreement;
“SM Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated 3 March 2017 in relation to the SM Placing;
“SM Placing Shares”	the placing of 2,995,200,000 Shares under the Specific Mandate pursuant to the terms of the SM Placing Agreement;
“Specific Mandate”	a specific mandate to allot and issue new Shares to be sought from the Shareholders at the SGM to satisfy the SM Placing Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules;
“%”	per cent.

By Order of the Board
HMV Digital China Group Limited
Shiu Stephen Junior
Chairman

Hong Kong, 3 March 2017

As at the date of this announcement, the Board comprises Mr. Shiu Stephen Junior (Chairman), Ms. Li Mau (Co-Chairman), Mr. Sun Lap Key, Christopher, Mr. Lee Wing Ho, Albert and Mr. Ho Gilbert Chi Hang 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.

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the day of its posting and on the website of the Company at www.china3d8078.com.