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COMPLETION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that all conditions under the GM Placing Agreement have been fulfilled and completion of the GM Placing took place on 21 March 2017 in accordance with the terms and conditions of the GM Placing Agreement. An aggregate of 490,200,000 GM Placing Shares, representing approximately 4.24% of the issued share capital of the Company immediately after the completion of the GM Placing, have been placed to not less than six Places at the Placing Price of HK\$0.25 per GM Placing Share.

Reference is made to the announcement of the Company dated 3 March 2017 (the “**Announcement**”) in relation to, amongst other things, the GM Placing. Unless the context requires otherwise, terms used herein have the same meanings as those defined in the Announcement.

COMPLETION OF THE GM PLACING

The Board is pleased to announce that all conditions under the GM Placing Agreement have been fulfilled and completion of the GM Placing took place on 21 March 2017 in accordance with the terms and conditions of the GM Placing Agreement. An aggregate of 490,200,000 GM Placing Shares, representing approximately 4.24% of the issued share capital of the Company immediately after the completion of the GM Placing, have been placed to not less than six Places at the Placing Price of HK\$0.25 per GM Placing Share.

As at the date of this announcement, KSL is interested in 8 Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and whose ultimate beneficial owners are independent of, and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

The gross and net proceeds from the GM Placing amounted to approximately HK\$123 million and approximately HK\$121 million, respectively, which are intended to be applied as follows: (i) approximately HK\$32 million will be applied towards the investment in two cinema theatres in Hong Kong; (ii) approximately HK\$89 million will be applied towards the production of movies, namely "Death Notify 暗黑者" and "Dynasty Warriors 真三國無雙".

SHAREHOLDING STRUCTURE OF THE COMPANY

The 490,200,000 GM Placing Shares under the GM Placing represented approximately 4.43% of the issued share capital of the Company immediately before the completion of the GM Placing and approximately 4.24% of the issued share capital of the Company immediately after the completion of the GM Placing. To the best of the knowledge of the Directors, having made all reasonable enquiries and based on publicly available information, the shareholding structure of the Company immediately before and after completion of the GM Placing is set out below:

	Immediately before completion of the GM Placing		Immediately after completion of the GM Placing	
	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
AID Partners Urban Development Company Limited (note 2)	518,213,964	4.69	518,213,964	4.49
AID Treasure	2,236,438,356	20.22	2,236,438,356	19.36
Placees and other Public Shareholders	8,305,247,520	75.09	8,795,447,520	76.15
Total	<u>11,060,183,680</u>	<u>100.00</u>	<u>11,550,383,680</u>	<u>100.00</u>

Notes:

- (1) Mr. Shiu Stephen Junior is the Chairman and executive Director.
- (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.
- (3) The percentages are subject to rounding differences, if any.

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

Hong Kong, 21 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.