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HMV Digital China Group Limited

H M V 數碼中國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8078)

COMPLETION OF PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that all conditions under the SM Placing Agreement have been fulfilled and completion of the SM Placing took place on 12 June 2017 in accordance with the terms and conditions of the SM Placing Agreement. An aggregate of 1,925,400,000 SM Placing Shares, representing approximately 14.29% of the issued share capital of the Company immediately after the completion of the SM Placing, have been placed to not less than six Placees at the Placing Price of HK\$0.25 per SM Placing Share.

Reference is made to the announcement of the HMV Digital China Group Limited (the “**Company**”) dated 3 March 2017 and the circular of the Company dated 24 April 2017 (the “**Circular**”) in relation to, amongst other things, the SM Placing. Unless the context requires otherwise, terms used herein have the same meanings as those defined in the Circular.

COMPLETION OF THE SM PLACING

The Board is pleased to announce that all conditions under the SM Placing Agreement have been fulfilled and completion of the SM Placing took place on 12 June 2017 in accordance with the terms and conditions of the SM Placing Agreement. An aggregate of 1,925,400,000 SM Placing Shares, representing approximately 14.29% of the issued share capital of the Company immediately after the completion of the SM Placing, have been placed to not less than six Placees at the Placing Price of HK\$0.25 per SM 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 SM Placing amounted to approximately HK\$481.35 million and approximately HK\$477.50 million respectively, which are intended to be applied as follows: (i) approximately HK\$38.70 million will be applied towards the construction of HMV shopping malls in the PRC; (ii) approximately HK\$38.70 million will be applied towards the development of “OTT” platform of the Group; (iii) approximately HK\$51.60 million will be applied towards the production of movie “Sai Ying Pun 西營盤”; (iv) approximately HK\$13 million will be applied towards the production of movie “The Desperate Cinema 絕命上映”; (v) approximately HK\$33 million will be applied towards the production of television drama “Below the Same Roof 同一屋簷下”; (vi) approximately HK\$193 million will be applied towards potential acquisition of variety show production group in Korea; (vii) approximately HK\$20.70 million will be applied towards the potential acquisition of an entertainment group in Taiwan and (viii) approximately HK\$88.80 million will be applied towards the general working capital and/or possible investment and/or development of the Group’s business.

SHAREHOLDING STRUCTURE OF THE COMPANY

The 1,925,400,000 SM Placing Shares under the SM Placing represented approximately 16.67% of the issued share capital of the Company immediately before the completion of the SM Placing and approximately 14.29% of the issued share capital of the Company as enlarged by the SM Placing Shares. 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 SM Placing is set out below:

| | Immediately before completion of the SM Placing | | Immediately after completion of the SM Placing | |
|--|--|---------------------------------------|---|---------------------------------------|
| | <i>Number of Shares</i> | <i>Approximate % (note 3)</i> | <i>Number of Shares</i> | <i>Approximate % (Note 3)</i> |
| Shiu Stephen Junior (note 1) | 283,840 | 0.00 | 283,840 | 0.00 |
| AID Partners Urban Development Company Limited (note 2) | 518,213,964 | 4.49 | 518,213,964 | 3.85 |
| AID Treasure | 2,236,438,356 | 19.36 | 2,236,438,356 | 16.60 |
| Placees and other Public Shareholders | 8,795,447,520 | 76.15 | 10,720,847,520 | 79.55 |
| Total | 11,550,383,680 | 100.00 | 13,475,783,680 | 100.00 |

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, 12 June 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.