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China 3D Digital Entertainment Limited

中國3D數碼娛樂有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 8078)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

On 14 December 2015, the Lender entered into a Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant a secured loan in amount of HK\$34,000,000 to the Borrower.

As one of the relevant applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules with respect to the grant of the Loan exceed 5% but not more than 25%, the provision of financial assistance constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

As the financial assistance granted to Borrower exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, the grant of the secured loan is also subject to the general disclosure obligation under Rule 17.15 of the GEM Listing Rules.

Pursuant to the Loan Agreement, the Lender has agreed to make the Loan of HK\$34,000,000 available to the Borrower. The amount of HK\$14,000,000 has been provided by the Lender to the Borrower directly in accordance with the Loan Agreement and the remaining loan amount of HK\$20,000,000 has been lent to the Borrower through the Participants under the Loan Participation Agreements.

LOAN AGREEMENT

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|----------------|---|--|
| Date | : | 14 December 2015 |
| Lender | : | Quick Money Finance Limited, being an indirect wholly-owned subsidiary of the Company |
| Borrower | : | Success China Asia Limited |
| Loan | : | HK\$34,000,000 |
| Repayment | : | Borrower shall repay the principal amount of the Loan on the Repayment Date |
| Repayment Date | : | the date falling on the expiry of the one (1) month from the date of the drawdown of the Loan or such later date to be agreed between the Lender and the Borrower |
| Interest | : | 2.75% per month, the interest has been deducted from the principal amount of the Loan in advance on the date of drawdown of the Loan |
| Security | : | The Loan is secured by the following charges: <ul style="list-style-type: none">(i) a floating charge executed by the Borrower to the Lender to secure all monies owed by the Borrower to the Lender under the Loan Agreement; and(ii) a pledge agreement executed by the Borrower to pledge the Pledged Asset to the Lender as security of the Loan Agreement. |
| Guarantee | : | Personal guarantee provided by Guarantor B in favour of Lender to secure all monies to be extended by the Lender to the Borrower under the Loan Agreement |

The Loan granted to the Borrower were funded by internal resources of the Group.

The Lender and the Borrower have not entered into any transactions within the past twelve months that need to be aggregated with the Loan pursuant to Rule 19.22 of the GEM Listing Rules.

INFORMATION OF THE BORROWER

The Borrower is a company incorporated in British Virgin Islands, principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower is the Independent Third Party and not connected with the Group.

The Loan is secured and carry an interest rate of 2.75% per month which was determined with reference to the factors including, among others, (i) the usual practice of the Group comparing to the Group's other clients; and (ii) the rules under section 24 of the Money Lenders Ordinance.

REASONS FOR AND BENEFITS OF THE PROVISION OF FINANCIAL ASSISTANCE

The Company is principally engaged in the entertainment business, with a focus in television programme and film 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 Lender is an indirect wholly-owned subsidiary of the Company and a money lender licensed in Hong Kong under the provisions of the Money Lenders Ordinance. The terms of the Loan Agreement are negotiated on an arm's length basis between the Lender and the Borrower. The Directors are of the view that the entering into of the Loan Agreement are in the Group's ordinary and usual course of business; and on normal commercial terms within the meaning of the GEM Listing Rules. The Directors consider that the terms of the Loan Agreement are fair and reasonable and thus the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

As one of the relevant applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules with respect to the grant of the Loan exceed 5% but not more than 25%, the provision of financial assistance constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

As the financial assistance granted to Borrower exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, the grant of the secured loan is also subject to the general disclosure obligation under Rule 17.15 of the GEM Listing Rules.

DEFINITIONS

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

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| “Borrower” | Success China Asia Limited, a company incorporated in British Virgin Islands with limited liability |
| “Company” | China 3D Digital Entertainment Limited (Stock code: 8078), a company incorporated in Bermuda with limited liability, the Shares are listed on GEM |
| “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 |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the GEM Listing Rules) |
| “Lender” | Quick Money Finance Limited, being an indirect wholly-owned subsidiary of the Company |
| “Loan” | the loan amount of HK\$34,000,000 granted by the Lender to the Borrower pursuant to Loan Agreement |
| "Loan Agreement" | the loan agreement dated 14 December 2015 entered into between the Lender and the Borrower |
| “Loan Participation Agreements” | the loan participation agreements entered into between the Lender and the Participants respectively in relation to acquire the Participation Amounts of the Loan |

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| “Money Lenders Ordinance” | the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “Participants” | Participant A and Participant B |
| “Participation Amount” | HK\$20,000,000 in aggregate granted by the Participants to the Lender respectively |
| “Pledged Asset” | HK\$58,000,000 Zero Coupon Convertible Notes due 2016 issued by Quali-Smart Holdings Limited to the Borrower on 1 December 2015 |
| “Quali-Smart” | Quali-Smart Holdings Limited, a company listed in the Main Board of Stock Exchange in Hong Kong with stock code no. 1348 |
| “Shareholder(s)” | the holder(s) of the Shares |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board
China 3D Digital Entertainment Limited
Shiu Stephen Junior
Chairman

Hong Kong, 14 December 2015

As at the date hereof, the Board comprised:

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| <i>Executive Directors:</i> | Mr. Shiu Stephen Junior (<i>Chairman</i>) Mr. Sun Lap Key, Christopher Mr. Lee Wing Ho, Albert |
| <i>Independent Non-executive Directors:</i> | Mr. Chan Chi Ho Mr. Kam Tik Lun Mr. Tam Kwok Ming, Banny |

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.

** for identification purpose only*