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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China 3D Digital Entertainment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

- (1) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF  
APPROXIMATELY 4% ISSUED SHARE CAPITAL OF THE TARGET COMPANY;  
(2) PROPOSED ALLOTMENT AND ISSUE OF  
ORDINARY SHARES UNDER SPECIFIC MANDATE;  
AND  
(3) NOTICE OF SGM**

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Terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the SGM to be held at 7/F, Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong at 4:30 p.m. on Wednesday, 20 July 2016 is set out on pages 35 to 36 of this circular. A form of proxy for the special general meeting is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:*

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Announcement”	the announcement dated 24 March 2016 in relation to, inter alia, the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday and Sunday) on which banks are open for business in Hong Kong
“Company”	China 3D Digital Entertainment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM Board of the Stock Exchange
“Completion”	completion of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement in accordance with its terms
“Consideration”	the sum of US\$13,619,726 to be paid by the Purchaser to the Vendor for the Sale Shares in such time, mode and manner as set out in the Sale and Purchase Agreement I
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, trust, encumbrance, security interest, assignment by way of security or other third party right or interest
“Enlarged Group”	The Group after completion of the Acquisition
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the price HK\$0.410 per ordinary share of the Company
“Latest Practicable Date”	24 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

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## DEFINITIONS

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“Ordinary Shares”	259,106,982 ordinary shares of the Company to be allotted and issued to the Vendor or its nominee as the settlement of the consideration pursuant to the Sale and Purchase Agreement
“Preferred Shares”	means Class B convertible redeemable preferred shares in Target Company each with a par value of EUR0.01 per share
“Purchaser”	Horizon Coast Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“PRC”	People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 March 2016 entered into between the Purchaser, Vendor and the Company in relation to the Acquisition
“Sale Shares”	187,500 Preferred Shares of the Target Company, representing approximately 4% of the issued share capital in the Target Company prior to Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the SGM for the allotment and issue of the Ordinary Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Prime Focus World N.V., a private limited company incorporated and existing under the laws of the Netherlands
“Target Group”	the Target Company and its subsidiaries
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the Specific Mandate
“Vendor”	AID Partners Visual Entertainment, L.P., a limited liability partnership organized and existing under the laws of the Cayman Islands

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## DEFINITIONS

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“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Shiu Stephen Junior (*Chairman*)  
Mr. Sun Lap Key, Christopher  
Mr. Lee Wing Ho, Albert  
Mr. Chau Sai Ho, Charles

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. Chan Chi Ho  
Mr. Kam Tik Lun  
Mr. Tam Kwok Ming, Banny

*Head office and principal place of  
business in Hong Kong:*

7th Floor  
Zung Fu Industrial Building  
1067 King's Road  
Quarry Bay, Hong Kong

29 June 2016

*To the Shareholders,*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF  
APPROXIMATELY 4% ISSUED SHARE CAPITAL OF THE TARGET COMPANY;  
(2) PROPOSED ALLOTMENT AND ISSUE OF  
ORDINARY SHARES UNDER SPECIFIC MANDATE;  
AND  
(3) NOTICE OF SGM**

### INTRODUCTION

Reference is made to the Announcements where the Company proposed to seek Shareholders' approval in respect of the Sale and Purchase Agreements and the proposed allotment and issue of Ordinary Shares under Specific Mandate.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, inter alia, further details of (i) the Sale and Purchase Agreements and transactions contemplated thereunder; (ii) the proposed allotment and issue of Ordinary Shares under Specific Mandate; (iii) financial and other information of the Group; (iv) financial and other information of the Target Group; (v) pro forma financial information of the Enlarged Group; and (vi) the notice of the SGM.

### THE ACQUISITION

Set out below are the principal terms of the Sale and Purchase Agreement:

**Date** 24 March 2016 (after trading hours)

#### **Parties**

- (i) AID Partners Visual Entertainment, L.P., as the Vendor
- (ii) Horizon Coast Limited, as the Purchaser
- (iii) China 3D Digital Entertainment Limited

The Vendor is principally engaged in investment in the entertainment sector and its ultimate beneficial owners are Mr. Wu King Shiu, Kelvin and Mr. Chang Tat Joel.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor and its ultimate beneficial owners are third parties independent of each of the Company, the Purchaser and its connected persons (as defined in the GEM Listing Rules).

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

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase from the Vendor, the Sale Shares free from all Encumbrances and together with all rights attached thereto and all dividends and distributions declared, paid or made on or after the date of the Sale and Purchase Agreement.

The particulars of the Preferred Shares are as follows:

Rank	The Preferred Shares shall, with respect to the distribution of assets and rights upon the liquidation of the Target Company, a sale transaction, redemption rights and all other rights and preferences rank pari passu with the Class A preferred shares in the Target Company but senior to the Ordinary Shares and all other classes of share capital of the Target Company
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## LETTER FROM THE BOARD

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Dividends or distribution	<p>The holder of Preferred Shares shall be entitled to the dividends or distribution that the board of the Target Company may declare to the holders of the Ordinary Shares.</p> <p>No dividends or other distributions, whether or not in cash, shall be paid with respect of any ordinary shares of the Target Company unless all accrued and unpaid dividends on the Preferred Shares have been fully paid.</p>
Voting	<p>The holder of the Preferred Shares shall vote together with the holders of the ordinary shares of the Target Company and not as a separate class, except as otherwise required by law.</p>
Conversion ratio	<p>The Preferred Shares shall be converted into the ordinary shares of the Target Company on an one-to-one basis, subject to the anti-dilution adjustment from time to time.</p>
Conversion price	<p>USD53.33 per share, being the price at which ordinary shares of the Target Company shall be converted from each Preferred Share which shall initially be the amount of consideration per Preferred Share paid by the Vendor.</p>
Conversion	<p>All outstanding Preferred Shares shall automatically be converted into ordinary shares in the event of an initial public offering of all shares of the Target Company on an internationally recognized stock exchange with a minimum market capitalization of US\$370 million immediately after such listing.</p>
Liquidation	<p>The holder of the Preferred Shares shall have a preference right to receive a cash distribution to receive their investment in the event that (i) the Target Company goes into liquidation; or (ii) at the option of the holders, upon a sale transaction which in a single transaction or a series of related transactions, (i) any merger, tender offer or other business combination in which PFL does not, directly or indirectly, own a majority of the voting securities of the Target Company; (ii) a voluntary sale by PFL, directly or indirectly, of a majority of the ordinary shares or (iii) a sale of all or substantially all of the assets of any subsidiaries of the Target Company.</p>

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## LETTER FROM THE BOARD

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### Consideration

The consideration payable by the Purchaser to the Seller for the Sale Shares shall be in the sum of US\$13,619,726, which shall be settled and discharged by the issue of the Ordinary Shares. It is expected that the Consideration are to be settled within two Business Days after the date of Completion.

### Basis of Consideration

The Consideration payable in respect of the Sale Shares has been arrived at after arm's length negotiations between the Purchaser and the Vendor and was determined having reference to (i) the nature of the business of the Target Company, its business prospects, market environment and operating conditions, as well as its strategic synergies with its existing business partners, (ii) the potential earnings prospects of the Target Company, and (iii) consolidated net assets attributable to owners of the Target Group of approximately US\$46.5 million as at 31 March 2015.

The Consideration of the Acquisition was determined with reference to the nature of the business of the Target Company, the potential earnings prospects of the Target Company and the consolidated net asset attributable to owners of the Target Group (which was approximately US\$46.5 million as at 31 March 2015).

The Target Company was established on 16 August 2011 in the Netherlands and a subsidiary of Prime Focus Limited, a company incorporated in India and listed on the National Stock Exchange and Bombay Stock Exchange under the symbol PFOCUS and 532748, respectively. According to various international entertainment news sources (e.g. Hollywood Reporter, Los Angeles Times Digital Arts Online, Economic Times), the Target Company and its subsidiaries are one of the world's largest providers of value-added creative and technical services for 2D to 3D content conversion, visual effects ("VFX") and animation services to studios and production houses across the world. In addition to the highly successful 3D conversion business, the Target Company also provides world-class VFX services to major studios.

The Target Company is a filmmaking partner to international studios and film production companies, providing world class creative services, pioneering technology services and intelligent financial solutions on a global scale. In 2014, the Target Company merged its VFX business with Double Negative (Dneg), an Academy Award winning VFX industry leader with facilities in London, Vancouver and Mumbai. Dneg's VFX credits include 'Batman v Superman: Dawn of Justice', 'Ex Machina' (Academy Award winner), 'Spectre', 'The Hunger Games: Mockingjay Part 2', 'Interstellar' (Academy Award/BAFTA winner), 'Avengers: Age of Ultron', 'Godzilla' and 'Inception' (Academy Award/BAFTA winner). The Target Company was the first company in the world to convert a full Hollywood film from 2D to 3D, and its patented, award-winning stereo conversion process has been used on more blockbuster Hollywood films than any other. Stereo conversion credits include 'Captain America: Civil War', 'The Martian', 'Ant-Man', 'Terminator: Genisys', 'Avengers: Age of Ultron', 'Guardians of the Galaxy' (Advanced Imaging Society winner), 'Transformers: Age of Extinction', 'Star Wars: Episodes I-III' and 'Gravity' (International 3D Society winner). From script to screen, the Target Company partners with production companies and brands to develop and deliver beautifully animated CG content, offering the scale and experience to deal with projects of any size. Animation credits include a full-length feature film and over forty episodes of a fully CG animated TV show for a major global toy brand.

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## LETTER FROM THE BOARD

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During the financial year ended 31 March 2015, the Target Group has made a few significant acquisition, namely, Double Negative Holdings Limited in July 2014, Gener8 Media Corp Limited in December 2014, India backend business in June 2014. This attributed to an increase in various costs and expenses of the Target Group during the financial year which in turn resulted in a loss in the financial year. However, earnings prospects from the Target Company are believed to be rising due to the significant growth of worldwide and the PRC filmed entertainment revenues and the popularity of visual effects in films. The Directors are of the view that the future of the Target Company is prosperous and that the Acquisition is in the best interests of the Shareholders and the Company as a whole.

### **Conditions Precedent**

Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) the completion of the due diligence review and investigation by the Purchaser to the reasonable satisfaction of the Purchaser;
- (ii) the Target Company providing its written approval to the transactions contemplated under the Sale and Purchase Agreement;
- (iii) the passing of the resolution by the Shareholders in the SGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Ordinary Shares;
- (v) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Sale and Purchase Agreement having been obtained by the respective parties to the Sale and Purchase Agreement (including but not limited to the necessary consent from the Stock Exchange, if any); and
- (vi) none of the warranties made by the Vendor under the Sale and Purchase Agreement have been breached in any material respect, or is misleading or untrue in any material respect.

Pursuant to the Sale and Purchase Agreement, the Purchaser has the right to waive any of the above conditions in writing, save for (iii), (iv) and (v). As of the Latest Practicable Date, the Company does not have any intention to waive any of the conditions set out in paragraphs (i), (ii) and (vi) above. The Company confirms that it does not consider that such conditions will be waived and requires such conditions to be satisfied on or before the Long Stop Date.

In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 July 2016 or such later date as the Vendor and the Purchaser may agree in writing, the Sale and Purchase Agreement shall cease and determine and save and except antecedent breach thereof, neither the Vendor and the Purchaser shall have any obligations towards each other.

As at the Latest Practicable Date, none of the conditions set out above has been fulfilled.

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## LETTER FROM THE BOARD

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### Completion

Subject to the various conditions precedents and terms of the Sale and Purchase Agreement having been fulfilled or waived, Completion shall take place 2 Business Days immediately after fulfilment (or waiver) of the conditions precedent under the Sale and Purchase Agreement or such other date as the Vendor and the Purchaser may agree in writing.

### THE ORDINARY SHARES

The Consideration Shares will be issued at the Issue Price of HK\$0.410 per Ordinary Share, credited as fully paid. They will be issued to satisfy the entire Consideration. The Ordinary Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Ordinary Shares will be issued pursuant to the specific mandate to be sought at the SGM. As illustrated in the table set out under the paragraph headed “Effect of the Acquisition on the shareholding structure of the Company” below, 259,106,982 Ordinary Shares represent approximately 6.76% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 6.33% of the issued share capital of the Company as enlarged by the issue of the Ordinary Shares.

The Issue Price:

- (i) a discount of approximately 51.19% over the average of the closing price of HK\$0.84 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date;
- (ii) a discount of approximately 51.76% to the average of the closing price of HK\$0.85 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date;
- (iii) a discount of approximately 49.38% over the average of the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iv) a premium of approximately 259.64% compared with the net asset value per Share of the Company as at 31 December 2015; and
- (v) a discount of approximately 15.46% compared with the closing price per Share on the date of the Sale and Purchase Agreement.

Application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Ordinary Shares. Dealings in securities of the Company may be settled through CCASS and investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE ACQUISITION

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 Group intends to continue developing its visual entertainment business. 3D and VFX are now key elements of big budget films. With the increasing budgets of tentpole movies, there is a tremendous demand for world-class 3D and VFX services. Entering into the Acquisition enhances the Group's presence in Asia Pacific region and allows the Group to gain a firm foothold in the entertainment industry in Hong Kong and the People's Republic of China. The Directors of the Company, are of the view that the Acquisition is conducted on normal commercial terms and in the ordinary and usual course of its business, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

The Group is principally engaged in the entertainment business and is also specializing in film and television programme production, distribution and licensing.

Hong Kong is the hub of buying and selling Chinese mainland films and TV dramas through FILMART and it is increasingly seen as a remarkable platform to explore co-production in Asia. In 2015, there were over 190 Chinese exhibitors at FILMART. The Directors believe that the Group, being a market leader in the entertainment industry in Hong Kong, is well positioned to tap into the Chinese films industry.

Operators in the movie and video production industry grappled with mounting film production costs and dwindling theater attendance. Many movie producers increasingly invest in high-cost special effects in recent years, shifting the focus toward generating high ticket sales rather than increasing the number of dramas and comedies, which bring in comparatively small revenue. The Group has been producing various films, namely, 3D Sex And Zen: Extreme Ecstasy III 3D肉蒲團之極樂寶鑑III (2011), Natural Born Lovers 天生愛情狂 (2012), Due West: Our Sex Journey 一路向西(2012), Iceman 3D 3D冰封俠：重生之門 (2014), Delete My Love Delete 愛人 (2014), Imprisoned: Survival Guide for Rich and Prodigal 壹獄壹世界：高登闊少踎監日記 (2015), Undercover Duet 猛龍特囧 (2015) and Return of the Cuckoo 十月初五的月光 (2015).

The Directors are of the view that leisure and entertainment consumption will be an important growth area in the coming decade for Asians, in particular, the Chinese consumer. According to the data of the State Administration of Press, Publication, Radio, Film and Television of the PRC, during the year ended 31 December 2015, a total of 1,200 new cinemas were opened across China, 8,035 screens were added to the market (average daily addition of 22 screens), with a total of 31,627 screens in China. Notwithstanding this rapid growth, according to EntGroup Inc., at the end of 2015, the PRC has only 2.3 screens per 100,000 people, compared with 14.9 screens per 100,000 people in the United States as at the end of 2014. EntGroup Inc. estimates that by 2017, the PRC will be the largest film market in the world with total box office of US\$11.6 billion and over 40,000 screens. The Group has been gaining exposure in the film industry in the PRC over the last few years. To attract higher spending and consumption in the film industry by customers in the PRC, special visual effect in film making will be an important element.

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## LETTER FROM THE BOARD

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The Directors believe that with special visual effect in films, individuals and households will increase the amount of money they are willing to spend on movie tickets. As the Target Company is an internationally recognised key-player in special visual effects in film making, the Directors believe that with the Acquisition, the Group can further strengthen its presence in the film production industry in Asia and gain wider recognition in the film production industry in the PRC.

The merger of the Target Company and Double Negative has created the world's largest independent and integrated VFX, stereo conversion and animation services company serving the Hollywood film industry. The technology and skills adopted by the Target Group in VFX are more advanced and complicated than the ones adopted by the Group at the moment. The amalgamated VFX business will trade under the Double Negative brand, and combine the delivery of unmatched creative design and development by the best that the West has to offer, with the unbeatable infrastructure, scale and cost efficiency of the East.

Founded in 1998 with a team of just 30 staff, Double Negative has grown to become one of the Industry's and Europe's largest independent provider of visual effects for films, operating from London and Singapore. Through steady and constant growth, it has always sought to retain both the creative drive and involvement of its artists through all projects and a close collaborative working relationship with its clients. The team has gained recognition from the visual effects society for Inception and Sherlock Holmes, they have also won awards at the British Academy Film Awards ("BAFTA") for their work in Inception, Harry Potter and the Deathly Hallows part 2, and awards at the Academy of Motion Picture Arts and Sciences ("the Oscar") for their work in Inception. Recent work includes Man of Steel, Thor: The Dark World, The Hunger Games: Catching Fire, Transcendence, Godzilla, Jupiter Ascending, Hercules, Interstellar, The Hunger Games: Mockingjay Part 1 and Exodus: Gods and Kings, The Avengers: Age of Ultron, Terminator: Genisys, Insurgent, Batman vs Superman: Dawn of Justice, and Antman.

Visual effects play an important part in films that are on the worldwide top box office list, for example, Avatar, Star Wars, The Avengers. In addition to allowing filmmakers the freedom of storyline development and flexibility to change or modify scenes. Film is a visual medium that can be shown and appreciated all over the world. Visual effects can provide unique worlds, views and characters that ignite the imagination of those that see them. Studios and film production houses choose visual effects heavy films as tent pole films because of the profitability. With some of the top films earning over a billion dollars the sum total of successful films in which visual effects played a significant role is staggering.

Visual effects budget significantly weighs the overall budget of films, normally ranging from 10% to 40% of total budget of a film production.

According to US Department of Commerce, global filmed entertainment revenues will surpass US\$100 billion in 2017 to reach US\$118 billion by 2018 at a 4.5% growth rate. Box office will grow 4.9% in the years leading up to 2018 and digital home video (i.e. over-the-top (OTT), streaming and video on demand) will grow 19%, surpassing physical in 2018. By the end of 2015 the world's movie theaters will have fully converted to digital screens. Combined with the upwards trending of OTT and streaming services which are expected to grow 28.1% globally during the five year period studied here, broadcast television and filmed entertainment has been transformed in to a digital sector led by HBO, Hulu, and Netflix and many new entrants to the marketplace.

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## LETTER FROM THE BOARD

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More importantly, China's filmed entertainment sector is expected to grow 13% by 2018, to reach US\$7 billion, almost doubling from US\$3.8 billion in 2013. This is due to China's policies to stimulate the sector, build its domestic movie production and digital theaters and expand the role of co-productions, as well as addressing their quota system and increasing revenue sharing imports. According to official statistics released by the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT), box office receipts increased 36.1% to US\$4.6 billion by year end 2014, and 54.5% of it was generated by Chinese films. Chinese screens increased by more than 5,000 in 2014, compared to only 100 a year in the United States since 2010.

As at the Latest Practicable Date, due diligence on the Target Group is being conducted and none of the conditions precedent of the Acquisitions has been fulfilled or waived. In the event that the Completion does not take place, the Company will not allot and issue the Ordinary Shares to the Vendor.

### EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion and upon allotment and issuance of the Ordinary Shares is as follows:

	As at the Latest Practicable Date		Immediately after Completion and upon allotment and issuance of the Ordinary Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Shareholders</b>				
Vendor or its nominee	–	–	259,106,982	6.33
Shiu Stephen Junior	141,920	0.00	141,920	0.00
<b>Public Shareholders</b>	3,832,616,304	100.00	3,832,616,304	93.67
	<u>3,832,758,224</u>	<u>100.00</u>	<u>4,091,865,206</u>	<u>100.00</u>

### FINANCIAL IMPACT OF THE ACQUISITION

Upon Completion, the Company will be indirectly interested in approximately 4% of the entire issued share capital of the Target Company. The 4% interest in the Target Group will be treated as investment at fair value through other comprehensive income.

#### Effect on assets and liabilities

Based on the unaudited pro-forma financial information of the Enlarged Group set out in Appendix III to this circular and the bases and assumptions taken into account in preparing such unaudited pro-forma financial information, the total assets of the Group would increase approximately 18.8% from approximately HK\$627.15 million to approximately HK\$745.05 million and the total liabilities would not be changed. The details of the financial effect of the Acquisition on the financial position of the Group together with the bases and assumptions taken into account in preparing the unaudited pro-forma financial information are set out, for illustration purpose only, in Appendix III to this circular.



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## LETTER FROM THE BOARD

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### Effect on earnings

According to the information of the Target Group as set out in page 13 to this circular, the Target Group recorded a net profit of approximately US\$1.8 million for the year ended 31 March 2014 and a net loss of approximately US\$27.2 million for the year ended 31 March 2015. The Directors believe the business model, results of operations and financial condition of the Target Group will be improved after the Acquisition.

### INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company and is a wholly-owned subsidiary of the Company. The Group is principally engaged in the entertainment business and specialises in film and television programme production, distribution and licensing.

### INFORMATION OF THE TARGET COMPANY

The Target Company is established on 16 August 2011 in the Netherlands and a subsidiary of Prime Focus Limited, a company incorporated in India and listed on the National Stock Exchange and Bombay Stock Exchange under the symbol PFOCUS and 532748. The Target Company and its subsidiaries are the world's largest provider of value-added creative and technical services for 2D to 3D content conversion, visual effects ("VFX") and animation services to studios and production houses across the world. In addition to the highly successful 3D conversion business, the Target Company also provides world-class VFX services to major studios. According to the Vendor, the other shareholders of the Target Company are international institutional investors and are third parties independent from the Company and its connected persons.

The following is a summary of the audited financial information of the Target Group prepared in accordance with International Financing Reporting Standards as issued by the International Accounting Standards Board:

	<b>For the year ended 31 March 2015 (US\$'000)</b>	<b>For the year ended 31 March 2014 (US\$'000)</b>
Revenue	141,752	79,970
(Loss)/Profit before taxation	(26,631)	427
(Loss)/Profit after taxation	(27,274)	1,811

### RELAXATION OF THE REQUIREMENT TO INCLUDE AN ACCOUNTANTS' REPORT ON THE TARGET GROUP

Pursuant to Rule 19.67(6)(a)(i) of the GEM Listing Rules, on an acquisition of any business, company or companies, a circular issued in relation to an acquisition constituting a major transaction must contain, among other matters, an accountants' report on the business, company or companies being acquired in accordance with Chapter 7 of the GEM Listing Rules provided that, where any company in question has not or will not become a subsidiary of the listed issuer, the Exchange may be prepared to relax this requirement. The accounts on which the report is based must relate to a financial period ended



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## LETTER FROM THE BOARD

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6 months or less before the circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer.

The financial year of the Target Group falls on 31 March. The Company has applied for a relaxation to include an accountants' report on the Target Group under Rule 19.67(6)(a)(i) of the GEM Listing Rules for the following reasons:

1. The Target Company will not become a subsidiary of the Company and will not be consolidated to the Group. Upon Completion, the Company will become a minority shareholder of the Target Company, holding 4% of the issued share capital of the Target Company.
2. The Company is acquiring the Sale Shares from the Vendor which is a minority shareholder of the Target Company. The Target Company is not a party to the Sale and Purchase Agreement or any part of the Acquisition. The Vendor does not have control over the Target Group.
3. The Target Company is a private company and has refused to provide its financial information and underlying supporting documents for purpose of preparation of an accountant's report. Also, the Target Company has made it clear that they will not allow their audited consolidated financial statements to be published in the circular.

The Stock Exchange granted a waiver from the requirements under Rule 19.67(6)(a)(i).

### LISTING RULE IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 25% but are below 100%, the Acquisition constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no shareholders of the Company or any of their respective associates have any material interest in the Acquisition and the allotment and issuance of Ordinary Shares under Special Mandate. As such, no shareholders of the Company would be required to abstain from voting in favour of the resolution approving the Acquisition.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Save as disclosed in the table below, the Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
20 July 2015	Placing of new shares under specific mandate pursuant to the Previous Placing Agreement	Approximately HK\$195 million	Approximately: (a) HK\$10 million for the expansion of the money lending business of the Company; (b) HK\$70 million for expansion and/or possible investment plan on cinemas and/or operation rights of cinemas in the PRC; and (c) HK\$106 million for investment and/or production of new movies and/or acquire the distribution rights of movies; and (d) HK\$9 million for general working capital and for development of the Group's business	Approximately: (a) HK\$74 million were used for the expansion of the money lending business of the Company; (b) HK\$24 million for expansion and/or possible investment plan on cinemas and/or operation rights of cinemas in the PRC; and (c) HK\$49 million for investment and/or production of new movies and/or acquire the distribution rights of movies; and (d) HK\$9 million for general working capital and for development of the Group's business. HK\$39 million was remained in the bank and will be reserved for the intended use.
26 May 2015	Placing of new shares under specific mandate pursuant to the Previous Placing Agreement (terminated on 20 July 2015 pursuant to the Termination Agreement)	Approximately HK\$195 million	Approximately: (a) HK\$10 million for the expansion of the money lending business of the Company; (b) HK\$70 million for expansion and/or possible investment plan on cinemas and/or operation rights of cinemas in the PRC; and (c) HK\$106 million for investment and/or production of new movies and/or acquire the distribution rights of movies; and (d) HK\$9 million for general working capital and for development of the Group's business.	Not applicable

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## LETTER FROM THE BOARD

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### SGM

The SGM will be held at 7/F, Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong on at 4:30 p.m. on Wednesday, 20 July 2016 for the purpose of considering and, if thought fit, approving the ordinary resolutions in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the allotment and issue of the Ordinary under the Specific Mandate.

The notice convening the SGM is set out on pages 35 to 36 of this circular. A form of proxy for use at the SGM is also enclosed to this circular. Whether or not you are able to attend the SGM and/or vote at the SGM in person, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### RECOMMENDATION

The Board considers that the Acquisition and the allotment and issuance of Ordinary Shares under Special Mandate is fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the resolutions as set out in the notice of SGM.

### RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices of this circular.

Yours faithfully,  
By Order of the Board  
**China 3D Digital Entertainment Limited**  
**Shiu Stephen Junior**  
*Chairman*

**1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 30 June 2015 have been set out in pages 27 to 91 the Annual Report 2014-2015 of the Company which was posted on 30 September 2015 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below quick link to the Annual Report 2014-2015:

<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0930/GLN20150930139.pdf>

The audited consolidated financial statements of the Group for the year ended 30 June 2014 have been set out in pages 26 to 81 the Annual Report 2013-2014 of the Company which was posted on 30 September 2014 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below quick link to the Annual Report 2013-2014:

<http://www.hkexnews.hk/listedco/listconews/GEM/2014/0930/GLN20140930113.pdf>

The audited consolidated financial statements of the Group for the year ended 30 June 2013 have been set out in pages 27 to 102 the Annual Report 2012-2013 of the Company which was posted on 27 September 2013 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below quick link to the Annual Report 2012-2013:

<http://www.hkexnews.hk/listedco/listconews/GEM/2013/0927/GLN20130927015.pdf>

The three auditors' reports for the consolidated financial statements of the Group for the years ended 30 June 2013, 2014 and 2015 are unqualified reports.

In addition, the unaudited consolidated financial statements of the Group for the six months ended 31 December 2015 have been set out in the Interim Report 2015-2016 of the Company which was posted on 16 February 2016 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below quick link to the Interim Report 2015-2016:

<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0216/GLN20160216019.pdf>

**2. STATEMENT OF INDEBTEDNESS**

At as the close of business on 30 April 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, the Enlarged Group had outstanding indebtedness denominated in Hong Kong dollars of approximately HK\$136.3 million which comprised of secured borrowings of approximately HK\$53 million, unsecured borrowings of approximately HK\$58.3 million, promissory note payable of approximately HK\$14.2 million, convertible bond of HK\$9 million and finance lease payable of approximately HK\$1.8 million.

**Contingent liabilities**

As at 30 April 2016, the Enlarged Group did not have any contingent liabilities.

**Disclaimer**

Save as aforesaid or as otherwise disclosed herein, the Enlarged Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, or hire purchase commitments, (whether secured or unsecured, guaranteed or not), any mortgages or charges or other material contingent liabilities or guarantees at the close of business on 30 April 2016.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 April 2016. The Directors are not aware of any material changes in the Enlarged Group's indebtedness and contingent liabilities since the close of business on 30 April 2016.

**3. MATERIAL ADVERSE CHANGE**

As disclosed in the announcement dated 13 November 2015 of the Company, the Group recorded a loss attributable to owners of the Company of approximately HK\$14.2 million which is mainly due to the increase in the administrative and other expenses of the Group. As at the Latest Practicable Date, save as disclosed, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 30 June 2015, the date to which the latest published audited financial statements of the Group were made up.

**4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into accounts the financial resources available to the Group, including the existing cash and bank balances and other internal resources available, the Group has sufficient working capital after entering into the Acquisitions for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseeable circumstances.

**5. FINANCIAL AND TRADING PROSPECTS**

The Group intends to continue developing its model management agency and entertainment business. On 14 December 2015, the Company has acquired 40% issued share capital of Starz Holdings Limited and its group (“Starz”). The acquisition enhances the Group’s presence in the market of Hong Kong, Macau, PRC and Taiwan. Furthermore, the acquisition will complement the Group’s business projects in the entertainment industry, enabling further collaborations with potential and existing business partners through Starz.

The Group intends to continue developing and streamlining its entertainment, movie production and distribution business through the acquisitions in HMV Marketing Limited and its subsidiaries (“HMV Marketing”) whereby the Group will be able to generate a synergistic effect with its existing lines of business, together with the addition of HMV Marketing’s business, and to provide better returns for the Shareholders and broaden the sources of income of the Group. The Directors recognize the strength of the “HMV” brand name under the HMV Marketing and will leverage on its operational model and cost control methods together with its synergistic effects with the Group’s existing business to further improve the performance of the Group.

The Group is operating the cinemas in Xiamen, Guangzhou and Chongqing, the PRC. The Group intends to continue expanding its cinemas operation by expanding its existing operation by renting more space and acquiring more advance equipment and setting up or acquiring additional cinemas in different provinces in the PRC.

The Group will maintain a continuous production and launch of movies in the market and also intends to expand its money lending business in order to have stable interest income stream and prospects.

In spite of all these expansion plans of the Group, the utmost important action of the Group now is to strengthen its existing operations and enhancing cost efficiency and profitability.

Management Discussion and Analysis of the Target Group for three years ended 31 March 2015, 2014 and 2013.

**Business review**

The Target Group are a global technology services entity providing comprehensive creative and technical services to the global film, broadcast and advertising industries. The Target Company is a subsidiary of Prime Focus Limited, a company incorporated in India and listed on the National Stock Exchange and Bombay Stock Exchange under the symbol PFOCUS and 532748 respectively.

**Financial Review**

The Target Group reported a loss of approximately US\$27.2 million for the year ended 31 March 2015 mainly attributable to the significant investment for the period ended 31 March 2015 and the increase of employee remuneration due to such significant investment, a profit of approximately US\$1.8 million for the year ended 31 March 2014 and a profit of approximately US\$2.8 million for the year ended 31 March 2013.

The revenue of the Target Group was approximately US\$141.7 million for the year ended 31 March 2015, approximately US\$79.9 million for the year ended 31 March 2014 and approximately HK\$79 million for the year ended 31 March 2013.

The total operating expenses (being employee benefits expenses, related party outsourcing cost and other expenses) of the Target Group was approximately US\$151.8 million for the year ended 31 March 2015, approximately US\$27.5 million for the year ended 31 March 2014, approximately US\$23 million for the year ended 31 March 2013. The increase in total operating expenses was also mainly attributable to the acquisition of Double Negative Holdings Limited; the business of Gener8 Media Corp Limited and the India backend business from Prime Focus Limited in 2014.

**Significant investments held**

The significant investments of the Target Group is the acquisition of Double Negative Holdings Limited; the business of Gener8 Media Corp Limited and the India backend business from Prime Focus Limited in 2015. The consideration of such acquisition was approximately US\$61.8 million, US\$6.7 million and US\$38 million respectively. There were no significant investments of the Target Group in 2013 and 2014.

**Remuneration amount of the employees**

The employee remuneration of the Target Group was approximately US\$109.8 million for the year ended 31 March 2015, approximately US\$35.3 million for the year ended 31 March 2014 and approximately US\$32.3 million for the year ended 31 March 2013. The remuneration packages of the employees are kept at a competitive level to attract, retain and motivate directors and employees of the Target Group.

**Details of charges on assets**

The total borrowings of the Target Group for the year ended 31 March 2015 was approximately US\$66.7 million of which approximately US\$15.2 million was finance lease liabilities. The remaining borrowings of US\$51.5 million was collateralized by the tax credit receivables or tangible and intangible assets or the land and buildings or corporate guarantee of the Target Group.

The total borrowings of the Target Group for the year ended 31 March 2014 was approximately US\$40.2 million of which approximately US\$4.1 million was finance lease liabilities. The remaining borrowings of US\$36.1 million was collateralized by the tax credit receivables or tangible and intangible assets or the land and buildings or corporate guarantee of the Target Group.

The total borrowings of the Target Group for the year ended 31 March 2013 was approximately US\$34.5 million of which approximately US\$0.4 million was finance lease liabilities. The remaining borrowings of US\$15.5 million was collateralized by the tax credit receivables or tangible and intangible assets or the land and buildings or corporate guarantee of the Target Group.

**Gearing ratio**

The total borrowings of the Target Group amounted to approximately US\$66.7 million for the year ended 31 March 2015, US\$40.2 million for the year ended 31 March 2014 and US\$34.5 million for the year ended 31 March 2013. The Target Group's gearing ratio (expressed as a percentage of total borrowings over total assets) decreased from 29.7% in 2013 to 25.34% in 2014 to 25.07% in 2015.

The interest rates of the borrowings were included at a variable rate which ranged from 0% to 6%, a bank prime rate plus 1.3%, a fixed rate 3.8% and in the range of LIBOR plus 2.5% to 7.25% for the year ended 31 March 2015. The interest rates of the borrowings were included at a variable rate which ranged from 5.2% to 6%, a bank prime rate plus 1.3%, and a fixed rate which ranged from 3.8% to 7.1% for the year ended 31 March 2014. The interest rates of the borrowings were included at a variable rate which ranged from 5.2% to 7.25% and a fixed rate of 7.1% for the year ended 31 March 2013.

**Contingent liabilities**

For the year ended 31 March 2015, 2014 and 2013, the Target Group had no contingent liabilities, including pension obligations.



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## **APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

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### **LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

#### **A.      UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP**

##### **(1)      Introduction to the unaudited pro forma financial information**

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared to illustrate the effect of the acquisition of 4% of the issued share capital of Prime Focus Limited (the “Acquisition”), assuming the transaction had been completed on 31 December 2015, might have affected the financial position of the Group.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the interim report of the Group for the six months ended 31 December 2015 after making certain pro forma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 December 2015. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group’s future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular and other financial information included elsewhere in the Circular.

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**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

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**(2)      Unaudited Pro Forma Financial Information of the Enlarged Group**

	<b>The Group</b> <i>HK\$'000</i> <i>(Note 1)</i>	<b>Pro forma adjustments</b> <i>HK\$'000</i> <i>(Note 2, 3)</i>	<b>The Group</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	27,629	–	27,629
Interest in associates	6,198	–	6,198
Interest in a joint venture	111	–	111
Investments at fair value through other comprehensive income	22,768	117,894	140,662
Prepayments, deposits and other receivables	69,437	–	69,437
Film rights and films production in progress	210,824	–	210,824
Loans receivables	5,272	–	5,272
	<u>342,239</u>	<u>117,894</u>	<u>460,133</u>
<b>Current assets</b>			
Inventories	69	–	69
Loans receivables	111,050	–	111,050
Trade receivables	18,277	–	18,277
Prepayments, deposits and other receivables	66,799	–	66,799
Investments at fair value through profit or loss	35,380	–	35,380
Pledged bank deposits	5,984	–	5,984
Bank and cash balances	47,353	–	47,353
	<u>284,912</u>	<u>–</u>	<u>284,912</u>
<b>Current liabilities</b>			
Trade payables	27,850	–	27,850
Accruals, deposits received and other payables	74,335	–	74,335
Other borrowings	66,390	–	66,390
Convertible bond	2,000	–	2,000
Promissory note payable	14,160	–	14,160
Finance lease payables	365	–	365
Tax payables	9	–	9
	<u>185,109</u>	<u>–</u>	<u>185,109</u>
<b>Net current assets</b>	<u>99,803</u>	<u>–</u>	<u>99,803</u>
<b>Total assets less current liabilities</b>	<u>442,042</u>	<u>117,894</u>	<u>559,936</u>

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

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	<b>The Group</b> <i>HK\$'000</i> <i>(Note 1)</i>	<b>Pro forma adjustments</b> <i>HK\$'000</i> <i>(Note 2, 3)</i>	<b>The Group</b> <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Finance lease payables	1,560	–	1,560
Provision for asset retirement	1,914	–	1,914
	<u>3,474</u>	<u>–</u>	<u>3,474</u>
<b>NET ASSETS</b>	<u>438,568</u>	<u>117,894</u>	<u>556,462</u>
<b>Capital and reserves</b>			
Share capital	38,328	2,591	40,919
Reserves	401,095	115,303	516,398
	<u>439,423</u>	<u>117,894</u>	<u>557,317</u>
Equity attributable to owners of the Company			
Non-controlling interests	(855)	–	(855)
	<u>438,568</u>	<u>117,894</u>	<u>556,462</u>
<b>TOTAL EQUITY</b>	<u>438,568</u>	<u>117,894</u>	<u>556,462</u>

**(3) Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group**

- (1) The balances have been extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2015 as set out in the interim report of the Company for the six months ended 31 December 2015.
- (2) The adjustments represent the fair value of the 259,106,982 consideration share (“Consideration Share”) assumed to be issued at the share price of HK\$0.455 as at 31 December 2015.

The final valuation of the Consideration Shares may be different from the amount stated herein.

- (3) Upon the issuance of the 259,106,982 Consideration Shares by the Company in connection with the Acquisition at value of HK\$117,894,000, the share capital and the reserves of the Company will be increased by approximately HK\$2,591,000 and approximately HK\$115,303,000 respectively.

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## **APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

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### **B.      ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.*

ZHONGHUI ANDA CPA Limited  
Certified Public Accountants

29 June 2016

The Board of Directors  
China 3D Digital Entertainment Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China 3D Digital Entertainment Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2015 (the “Statement”) as set out on pages 22 to 27 of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed acquisition of 4% of the issued share capital of Prime Focus Limited (the “Assets”) on the Group’s financial position as at 31 December 2015 as if the transaction had been taken place on 31 December 2015. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s condensed interim financial statements as included in the interim report for the six months ended 31 December 2015, on which no audit or review report has been published.

#### **Directors’ Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) The Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Ng Ka Lok**

Practicing Certificate Number P06084

Hong Kong

**1. RESPONSIBILITY STATEMENT**

This circular, 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 circular 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 in this circular misleading.

**2. SHARE CAPITAL**

<i>Authorised</i>		<i>HK\$</i>
20,000,000,000	Shares	200,000,000
<i>Issued and to be issued, fully paid or credited as fully paid</i>		
3,832,758,224	Shares in issue as at the Latest Practicable Date	38,327,582.24
259,106,982	Ordinary Shares to be allotted and issued upon Completion	2,591,069.82
<u>4,091,865,206</u>	Shares	<u>40,918,652.06</u>

**3. DISCLOSURE OF INTERESTS****(a) Directors' interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

*Long position in the Shares*

Name of Director	Capacity/ Nature of interests	Number of ordinary/ underlying Shares held	Approximate percentage
Shiu Stephen Junior	Beneficial owner	141,920	0.00

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executives of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the directors as referred to in Rule 5.46 of the GEM Listing Rules.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

As at the Latest Practicable Date, the register of substantial shareholders maintained under Section 336 of the SFO shown that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

*Long position in the Shares*

Name	Capacity/Nature of interests	Number of ordinary/underlying Shares held	Approximate percentage
Platinum Century Limited ( <i>Note 1</i> )	Beneficial owner	214,000,000	5.58%
Clayton Ip ( <i>Note 2</i> )	Beneficial owner	229,820,000	5.99%
Li Chung Foon ( <i>Note 3</i> )	Beneficial owner	195,000,000	5.09%
Global Zone Development Limited ( <i>Note 4</i> )	Beneficial owner	340,000,000	8.87%
Ip Mei Yee ( <i>Note 5</i> )	Beneficial owner	208,500,480	5.44%

*Notes :*

1. Platinum Century Limited is wholly-owned by Ms. Tam Yuk Ching Jenny.
2. Mr. Clayton Ip is an independent third party of the Group.
3. Ms. Li Chung Foon is an independent third party of the Group.
4. Global Zone Development Limited is wholly-owned by Mr. Chung Man Tai, Leslie.
5. Mr. Ip Mei Yee is an independent third party of the Group.



Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, no other person (not being a director or chief executive of the Company) had any interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

#### **4. DIRECTORS' SERVICE CONTRACTS**

Each of the current executive Directors have entered into a service agreement with the Company to serve as an executive Director for an initial term of two years commencing from their date of appointment, and will continue thereafter until terminated by not less than three months' notice in writing served by either party.

Each of the current independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years commencing on the following dates respectively, with all the term being renewed automatically for successive term of one year each commencing from the date next after the expiry of the then current term, unless terminated by not less than three months' notice in writing served by either party:

<b>Name of Directors</b>	<b>Commencing date</b>
Mr. Chan Chi Ho	2 July 2010
Mr. Kam Tik Lun	13 July 2010
Mr. Tam Kwok Ming, Banny	15 November 2011

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and proposed Directors has a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### **5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 30 June 2015 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors were materially interested and which was significant to the business of the Group.

## 6. COMPETING INTERESTS

Mr. Shiu Stephen Junior (“**Mr. Shiu**”), the Chairman and Executive Director of the Company, is a director of One Dollar Movies Productions Limited (“**ODMP**”), a company engaged in the production of movies, and together with his associate(s) hold indirectly as to 60% equity interests in ODMP. The businesses of ODMP may constitute competition with the business of the Group.

Save as disclosed above, the Directors believe that none of the Directors nor the controlling Shareholders had any interest in a business which causes or may cause significant competition with the business of the Group.

## 7. MATERIAL CONTRACTS

Save for and except for the transactions disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) being entered into by any member of the Group within the two (2) years immediately preceding the Latest Practicable Date:

- (i) on 4 April 2014, the Company entered into a placing agreement with Kingston Securities Limited, to place a maximum number of 134,100,000 placing shares, on a best effort basis, at a price of HK\$0.128 per placing share, and on the assumption of full completion of such placing, the net proceeds from such placing is approximately HK\$16.68 million;
- (ii) on 5 June 2014, the Company entered into a placing agreement with Kingston Securities Limited, to place a maximum number of 1,500,000,000 placing shares, on a best effort basis, at a price of HK\$0.07 per placing share, and on the assumption of full completion of such placing, the net proceeds from such placing is approximately HK\$102 million;
- (iii) on 1 December 2014, the Company entered into a placing agreement with Kingston Securities Limited, to place a maximum number of 1,013,100,000 placing shares, on a best effort basis, at a price of HK\$0.027 per placing share, and on the assumption of full completion of such placing, the net proceeds from such placing is approximately HK\$26.5 million;
- (iv) on 1 April 2015, the Company entered into a placing agreement with Kingston Securities Limited, to place a maximum number of 131,800,000 placing shares, and on the assumption of full completion of such placing, the net proceeds from such placing is approximately HK\$14.08;
- (v) on 4 May 2015, the Company entered into a share exchange agreement with Great China Mania Holdings Inc.;
- (vi) on 26 May 2015, the Company entered into a placing agreement with Kingston Securities Limited, to place a maximum number of 1,770,000 placing shares (or 358,000,000 adjusted placing shares) on a best effort basis, at a price of HK\$0.113 per placing share (or at the adjusted placing price of HK\$0.56 per adjusted placing share), and on the assumption of full completion of such placing, the net proceeds from such placing is approximately HK\$195 million; however such placing agreement was and terminated on 20 July 2015;

- (vii) on 20 July 2015, the Company entered into a placing agreement with Kingston Securities Limited, to place a maximum number of 800,000,000 placing shares, on a best effort basis, at a price of HK\$0.25 per placing share, and on the assumption of full completion of such placing, the net proceeds from such placing is approximately HK\$195 million;
- (viii) on 14 December 2015 and 6 January 2016, the Company entered into a sale and purchase agreement and a supplemental agreement with Mr. Stephen Chau respectively, in relation to the sale and purchase of 40% of the issued share capital of Starz Holdings Limited for a consideration in the sum of HK\$13,600,000, payable by cash and convertible bonds issued by the Company;
- (ix) the loan agreement dated 29 January 2016 entered into between Peak Lion Group Limited as borrower, Simply Sino as lender and the Company as guarantor, pursuant to which a loan in the amount of HK\$25,000,000 has been made by Simply Sino to Peak Lion Group Limited, which is interest bearing at the rate of five per cent. (5%) per annum for a term of two (2) years. Peak Lion Group Limited has executed a share mortgage over 25 shares in CineUnited Circuits Company Limited 影聯院線有限公司 dated 29 January 2016 in favour of Simply Sino;
- (x) on 14 March 2016, Certain Best Limited (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Action Key Investments Limited in relation to the purchase of 81.63% of HMV M&E Limited at a consideration of HK\$408,150,000;
- (xi) on 1 April 2016, Certain Best Limited entered into a sale and purchase agreement with WiL Fund LP in relation to the purchase of 18.37% of HMV M&E Limited at a consideration of HK\$91,850,000; and
- (xii) the Sale and Purchase Agreement.

## 8. LITIGATION

A writ of summons (the “**Writ**”) was issued against the Company by Green Giant Investments Limited (“**Green Giant**”) on 12 February 2015. It was alleged in the Writ that the Company refused and/or unreasonably withheld to register a transfer of the promissory note (the “**Note**”) or issue a new promissory note as requested upon transfer of the Note by Dragonlott Holdings Limited to Green Giant. Green Giant claims the principal amount of the Note of HK\$14,160,000, interest thereon from the time of presentment for payment until payment in full at the rate of 10% per annum pursuant to the terms of the Note, incurred expenses and costs. The court has made an order in terms of the plaintiff’s application is granted and final judgement is granted to the plaintiff as per its summons on 21 January 2016. The Company submitted the documents to commence the appeal proceedings. In the opinion of the Directors, the Note payable of HK\$14,160,000 is properly recognized as at 30 September 2015, as such, the Directors did not consider that the litigation to have any significant impact on the Group’s financial position and operations.

As at the Latest Practicable Date, save for as disclosed above, the Group was not engaged in any other litigation or claims of material importance known to the Directors to be pending or threatened against the Group.

**9. GENERAL**

- (a) The registered address of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 7/F., Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited located at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. To Chi ("**Mr. To**"). Mr. To has been appointed as the company secretary of the Company with effect from 7 August 2014. Mr. To holds a Master of Finance from RMIT University. He is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. To has over 25 years of experience in company management, accounting, taxation as well as corporate finance.
- (e) The compliance officer of the Company is Mr. Lee Wing Ho, Albert. Mr. Lee, aged 46, joined the Company in February 2011. Mr. Lee holds a Bachelor of Arts from Trinity Western University, Canada, and a Master of Business Administration from South Eastern University, United States of America. Mr. Lee is a Certified Facility Manager and is a member of International Facility Management Association and The Hong Kong Institute of Real Estate. Mr. Lee has over 18 years of experience in real estate and leasing management, cinemas consultancy as well as in the fields of movie production and distribution in Hong Kong and the PRC.
- (f) The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The audit committee (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Kam Tik Lun, Mr. Chan Chi Ho and Mr. Tam Kwok Ming, Banny. Mr. Kam Tik Lun is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Company's annual report and accounts, half-year report, quarterly reports and monthly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee is also responsible for reviewing and monitoring the Company's internal control procedures. The biography of the members of the Audit Committee are set out below:
  - (i) KAM TIK LUN, aged 40, joined the Company in July 2010. Mr. Kam is the Chairman of the Audit Committee and the Remuneration Committee and the member of Nomination Committee of the Company. Mr. Kam holds a Bachelor of Commerce from Concordia University, Canada and a Postgraduate Diploma in International Corporate and Financial Law from The University of Wolverhampton, UK and a Master of Laws in International Corporate and Financial Law from The University of Wolverhampton, UK. Mr. Kam is a member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr.

Kam has over 11 years' experience in the financial markets. Mr. Kam has vast experience in providing business consultancy, business valuation services, financial analysis and corporate advisory. Mr. Kam is also an independent non-executive director of Easy Repay Finance & Investment Limited, a company listed on the GEM.

- (ii) CHAN CHI HO, aged 40, joined the Company in July 2010. Mr. Chan is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chan holds a Bachelor of Engineer in Civil Engineering from The University of Hong Kong and a Bachelor of Law from The University of London. Mr. Chan is a member of Hong Kong Institute of Engineers. Mr. Chan was a project engineer of Maunsell AECOM and has more than 11 years' experience in the planning, design and project management of infrastructure facilities in Hong Kong, the PRC and overseas. Currently, Mr. Chan is also a managing director of EDM Construction Limited with vast experience in managing interior fitting out and decoration construction projects in different aspects such as residential, commercial, hotel and institutional.
- (iii) TAM KWOK MING, BANNY, aged 53, joined the Company in November 2011. Mr. Tam is the member of Audit Committee, Remuneration Committee and Nomination Committee. Mr. Tam is a practicing Certified Public Accountant in Hong Kong, an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Tam has over 19 years' professional experience in accounting and auditing field and has been working in various positions including partner and practicing director in various accounting firms. Currently, Mr. Tam is a partner of YATA Certified Public Accountants. Mr. Tam is also an independent non-executive director of Inner Mongolia Yitai Coal Company Limited (stock code: 3948 and 900948 SH), a company listed on the Main Board of the Stock Exchange and Shanghai Stock Exchange.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business of the Company at 7/F., Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong from the date of this circular up to and including the date of SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts;
- (c) the annual reports of the Company for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- (d) the interim report of the Company for the six months ended 31 December 2015;
- (e) the unaudited pro forma financial information of the Enlarged Group; and
- (f) this circular.



## 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)

NOTICE IS HEREBY GIVEN that a special general meeting (“**Meeting**”) of China 3D Digital Entertainment Limited (the “**Company**”) will be held at 7/F, Zung Fu Industrial Building, 1067 King’s Road, Quarry Bay, Hong Kong on at 4:30 p.m. on Wednesday, 20 July 2016 for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the terms and conditions of the sale and purchase agreement dated 24 March 2016 (the “**Sale and Purchase Agreement**”, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between AID Partners Visual Entertainment, L.P. (“**Vendor**”), Horizon Coast Limited, (the “**Purchaser**”), and the Company in relation to the acquisition of 187,500 Class B convertible redeemable preferred shares, each with a par value of EUR0.01 per share (“**Sale Shares**”) of Prime Focus World N.V. (the “**Target Company**”), representing approximately 4% of the issued share capital of the Target Company from the Vendor to the Purchaser, pursuant to which the Company shall allot and issue the Ordinary Shares (as defined in the circular of the Company dated 29 June 2016) as part of the consideration for the Sale Shares, be and are hereby approved, confirmed and ratified.
- (b) the grant of specific mandate to the directors (the “**Directors**”) of the Company to allot and issue 259,106,982 Ordinary Shares to the Vendor pursuant to the Agreement be and is hereby approved, confirmed and ratified;
- (c) the allotment and issue 259,106,982 Ordinary Shares at an issue price of HK\$0.410 per Ordinary Share to the Vendor in accordance with the Sale and Purchase Agreement be and is hereby approved, confirmed and ratified; and

\* For identification purpose only

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## NOTICE OF SGM

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- (d) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Ordinary Shares to the Vendor.”

On behalf of the Board  
**China 3D Digital Entertainment Limited**  
**Shiu Stephen Junior**  
*Chairman*

Hong Kong, 29 June 2016

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
7th Floor  
Zung Fu Industrial Building 1067  
King's Road  
Quarry Bay, Hong Kong

*Notes:*

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting or any adjournment thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. As at the date of this notice, the directors of the Company are Mr. Shiu Stephen Junior (Chairman), Mr. Sun Lap Key, Christopher, Mr. Lee Wing Ho, Albert and Mr. Chau Sai Ho, Charles as executive directors of the Company; Mr. Chan Chi Ho, Mr. Kam Tik Lun and Mr. Tam Kwok Ming, Banny as independent non-executive directors of the Company.