

9 December 2014

DQ Entertainment (International) Limited
("DQE", the "Company" or together with its subsidiaries, the "Group")

**DQE Group raises upto USD 50 million funding through its holding company –
DQ Entertainment (Mauritius) Limited**

DQ Entertainment (International) Limited, a global entertainment production and distribution company focused on children's and family animation content, is pleased to announce that its holding Company and Promoter, DQ Entertainment (Mauritius) Limited ("**DQE Mauritius**"), has executed the documents today to raise funds up to US\$50 million by way of senior secured convertible bonds (the "**Bonds**") from OL Master Limited, a private credit fund managed by OCP Asia (Hong Kong) Limited (the "**Investor**").

The funds can be drawn down in two tranches, the first of which is for US\$35 million and will be drawn down immediately and the second tranche of US\$15 million can be drawn down at the option of the Investor within 12 months thereof.

The net proceeds from the issue of the Bonds will be used to fund the development of more than 20 owned-IP and co-production projects currently in the pipeline for production over the next two years, for the repayment of certain debts amounting to approximately US\$7.21 million (INR 445.1 million) and for general working capital purposes.

Tapaas Chakravarti, Chairman and CEO of DQ Entertainment plc, said: "We are delighted to partner with OCP Asia and confident that this association will help us to realise our vision for DQE. The validation of our business model by the high acumen OCP team further strengthens our commitment to produce and distribute world class content across territories and grow our audiences with high quality IP creation."

Teall Edds, co-founding partner of OCP Asia (Hong Kong) Ltd., added: "We have been impressed with DQE's exciting pipeline and its capabilities in producing world class content, its ability to work with broadcasters from around the world in bringing ideas to the screen, and its "360-degree" monetisation approach to generating returns on IP. We look forward to our close partnership with DQE."

Background to, and reasons for, the Bonds issue

As noted in the announcements dated 2 June and 18 August 2014, the board of directors of DQE (the "**Board**") has been exploring various options to secure the necessary funding for the Group's pipeline of new projects, the bulk of which are children-/family-oriented animation series for TV and digital distribution. This has included discussions with a number of investors and, after considerable deliberation and effort, DQE has concluded that the issue of the Bonds is the best option available to the Group to secure the finance it needs and is in the best interests of shareholders as a whole. The Board believes there is an opportunity to grow DQE's business



through the development and exploitation of its own IP and the issue of the Bonds provides the finance to capitalise on this.

Current prospects and pipeline

DQE has a production order book worth approximately US\$63 million (INR 3,820 million) in terms of revenue to the Group. Some of the projects currently in production include Robin Hood, Peter Pan season 2, Lassie, Miles from Tomorrow Land, Popples and Seven Dwarfs & Me. Production of many new IPs such as 5 & IT, Yonagunis and Leo Galilei will commence soon. DQE has recently also signed on a co-production project called "Pio the Chick" with Rai, Italy. The Group is engaged in discussions for more such projects, further details of which will be announced at the appropriate time.

DQE's distribution and licensing division has concluded 24 deals in the current financial year. In addition, a number of broadcast deals for the Group's IP, including Jungle Book, Peter Pan, Iron Man and Robin Hood, have been concluded with global broadcasters such as Rai Cinema (Italy), DEA (Italy), Viacom 18 (India) and Univision (USA & Puerto Rico). DQE expects to be able to grow its licensing and merchandising revenue through its 360-degree monetisation strategy for all its existing and new IPs going forward.

Major Terms of the Bonds

The Bonds carry a cash coupon rate of 6.5 per cent per annum payable semi-annually from the Closing Date up to the Maturity Date.

The Bonds will have a maturity period of five years from the Closing Date (the "**Maturity Date**").

Outstanding Bonds will be redeemed on the Maturity Date at a redemption price which would yield an internal rate of return ("**IRR**") equal to 15 per cent per annum (the "**Redemption Price**"). In addition, the Bondholders can redeem the Bonds at the Redemption Price after a period of 36 months after the Closing Date.

The Bonds will be issued to the Investor and are freely transferrable, in whole or in part, to any person (with the holders of the Bonds from time to time being collectively, the "**Bondholders**").

Conversion

The Bonds can be converted into ordinary shares of DQE Mauritius ("**Shares**"). The Conversion of the full US\$50 million of Bonds would currently equate to 56.5 per cent of DQE Mauritius on a fully diluted basis.

Security

The Bonds are secured by a share pledge over DQE Mauritius' shareholding in DQE India (the "**Pledge**"), the current and future intellectual property rights owned by DQE Ireland (the



“**Debenture**”), a corporate guarantee by DQE Ireland, and a charge over the blocked account holding the Bonds proceeds (which must also maintain a minimum account balance) (together, the “**Security**”).

Events of default

The Bond contains common events of defaults such as non-payment, repayment of certain outstanding loans, cessation of business, breach of the terms of the Bonds, Warrants or security, misrepresentation, cross default with any financial indebtedness or the DQE Ireland Bonds, insolvency, breach of material contracts, material adverse litigation and use of intellectual property.



M. Sridhar