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D I G I T A L D O M A I N

## **DIGITAL DOMAIN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 547)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to the provisions under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

The Group expects to record a substantial consolidated loss for the year ended 31 December 2013, upon the consolidation of the results of visual effect production business for which acquisition was completed in July 2013, as compared to the modest profits reported for the year ended 31 December 2012.

**Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

This announcement is made by Digital Domain Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) pursuant to the provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company that the Group expects to record a substantial consolidated loss for the year ended 31 December 2013 as compared to the modest profits recorded for the year ended 31 December 2012.

It is expected that the losses are attributable to the consolidation of the results of visual effect production business for which acquisition was completed by the Company in July 2013 (further information relating to the acquisition of which is contained in the Company’s circular dated 14 June 2013 (the “Circular”)) which has continued to incur operating losses of its visual effects business even though margins have improved post acquisition and the Group expected impairment losses and recognition as a cost in respect of its participation rights in the film *Ender’s Game* (recognised as intangible assets of carrying amount of approximately HK\$204,290,000 as at 31 January 2013 as stated in the Circular). The first theatrical release of the film took place only recently in November 2013 in the United States of America

(“U.S.”) and whilst the film continues to generate income from distribution both within and outside the U.S., and preliminary assessment indicates that impairment of the participation rights in respect of the film Ender’s Game as at 31 December 2013 will be necessary. However, it is not practicable at this stage to determine with reasonable certainty the extent of impairment as U.S. box office results are still being estimated by the majority owner of the film, the auditor of the Company has not yet commenced their review or audit of the Group’s results and valuers of the participation rights for audit purposes have not yet completed their valuation exercise.

As the Company has yet to finalise the financial results of the Group for the year ended 31 December 2013, the information contained in this announcement is only a preliminary assessment by the Board based on the Company’s management accounts and information currently available and is not based on any figure or information that has been audited or reviewed by the Company’s auditor. The annual results announcement of the Company for the year ended 31 December 2013 is expected to be published in March 2014.

**Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**DIGITAL DOMAIN HOLDINGS LIMITED**  
**Zhou Jian**  
*Chairman*

Hong Kong, 14 January 2014

*As at the date of this announcement, Mr. Zhou Jian and Mr. Fan Lei are the executive directors of the Company and Ms. Lau Cheong, Mr. Duan Xiongfei and Mr. Wong Ka Kong Adam are the independent non-executive directors of the Company.*