

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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)**

### **PROPOSED EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE NOTES**

#### **BACKGROUND**

Reference is made to the Company's announcement dated 28 March 2013 and circular dated 14 June 2013 which relate to, among other things, the issue of the Convertible Notes. As at the date of this announcement, the Convertible Notes in the entire principal amount of HK\$392 million remain outstanding.

#### **AMENDMENT DEED**

The Board is pleased to announce that on 27 November 2014, with the approval of the holder of all of the Convertible Notes, the Company executed the Amendment Deed to extend (subject to the fulfilment of certain conditions) the Maturity Date of the Convertible Notes by two years, from 3 July 2015 to 3 July 2017 or if that is not a Business Day, the first Business Day thereafter. No other terms and conditions of the Convertible Notes have been amended.

A circular containing, among other matters, further details of the Extension will be despatched to the Shareholders as soon as practicable.

#### **BACKGROUND**

Reference is made to the Company's announcement dated 28 March 2013 and circular dated 14 June 2013 which relate to, among other things, the issue of the Convertible Notes. As at the date of this announcement, the Convertible Notes in the entire principal amount of HK\$392 million remain outstanding.

The existing principal terms of the Convertible Notes are summarised below for Shareholders' ease of reference:

Aggregate Principal Amount: HK\$392 million

Interest: Nil

Existing Maturity Date: 3 July 2015, being the day before the second anniversary of the date of issue of the Convertible Notes.

Conversion Restriction: The Noteholder may convert the whole or any part of the outstanding principal amount of the Convertible Notes into Conversion Shares at the then Conversion Price at any time during the Conversion Period.

The Company will not be obliged to issue any Conversion Shares pursuant to any conversion notice if the Company, acting reasonably, comes to a view that the issue of Conversion Shares pursuant to such conversion will (i) cause the Shares in the hands of “public” (as defined in Rule 8.24 of the Listing Rules) to fall below the 25% or such other minimum percentage of the total issued share capital of a listed issuer as prescribed under the Listing Rules that must remain in public hands, or (ii) result in the aggregate voting rights in the Company held by the holders and the parties acting in concert with it as defined under the Takeovers Code exceeding 29.9%, or if applicable, the maximum percentage (to one decimal place) of the Shares the holders could then acquire without being required to make a mandatory general offer for the Shares under the Takeovers Code.

Conversion Price: The Conversion Price is HK\$0.04 per Conversion Share, subject to adjustments.

As at the date of this announcement, the Convertible Notes are convertible into 9,800,000,000 Shares at the current Conversion Price of HK\$0.04 per Share, representing approximately 99.67% of the existing issued share capital of the Company and approximately 49.92% of the enlarged issued share capital of the Company assuming that the Convertible Notes are converted in full and no change in the shareholding structure of the Company.

The current Conversion Price of HK\$0.04 represents:

(i) a discount of approximately 77.53% to the closing price of HK\$0.178 per Share as quoted on the Stock Exchange on the date of the Amendment Deed; and

(ii) a discount of approximately 76.74% to the average closing price of HK\$0.172 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Amendment Deed.

The Conversion Price will from time to time be adjusted upon the occurrence of, among other matters, subdivision or consolidation of Shares, reclassification, capitalisation issues, rights issues and other dilutive events, being customary dilutive events which usually appear in convertible securities in the market.

Ranking of Conversion Shares:

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all other Shares in issue as at the date of exercise of conversion rights and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the exercise of conversion rights.

Voting:

The holder(s) of the Convertible Notes will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it/they being the holder(s) of the Convertible Notes.

Transferability:

The Convertible Notes may, subject to the following provisions, be freely transferred or assigned to any third party.

The Convertible Notes (or any part thereof) may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. Any assignment and/or transfer of the Convertible Notes is subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange and all applicable laws and regulations; (2) the approval of the Shareholders in a general meeting if so required under, and in compliance with, the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Company. A holder of the Convertible Notes shall not be in breach if it does not know, nor does it have reasonable cause to believe after having made due enquiries, that the transferee is a connected person of the Company.

Redemption:

Unless previously converted or purchased or redeemed, the Company shall redeem the Convertible Notes on the Maturity Date at the redemption amount which is 100% of the principal amount of the Convertible Notes then outstanding.

Listing: The Convertible Notes are not listed on the Stock Exchange. No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.

## **THE AMENDMENT DEED**

The Board is pleased to announce that on 27 November 2014, with the approval of the holder of all of the Convertible Notes, the Company executed the Amendment Deed to extend (subject to the fulfilment of certain conditions) the Maturity Date of the Convertible Notes by two years, from 3 July 2015 to 3 July 2017 or if that is not a Business Day, the first Business Day thereafter. No other terms and conditions of the Convertible Notes have been amended.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the registered Noteholder (as shown in the Company's register of holders of the Convertible Notes) and the beneficial Noteholder(s) are third parties independent of and not connected with the Company and its connected persons.

The Extension is conditional upon:

1. passing of resolution by the Shareholders to approve the Extension at the SGM; and
2. approval from the Stock Exchange of the Extension in accordance with Rule 28.05 of the Listing Rules.

If the conditions precedent set out in the Amendment Deed are not fulfilled on or before 31 December 2014 or such later date as may be determined by the Company, the Amendment Deed will terminate and cease to have any effect.

An application will be made to the Stock Exchange for approval of the Extension in accordance with Rule 28.05 of the Listing Rules.

## **REASONS FOR THE EXTENSION OF MATURITY DATE**

The Convertible Notes will mature on 3 July 2015 unless extended. As the Convertible Notes are zero-coupon, the related finance cost of the Extension is a non-cash item only. The Extension effectively allows the Group to refinance the debts under the Convertible Notes under the same term for two years without incurring additional finance cost on the Company. In addition, the Extension will provide flexibility to the Group's deployment of its financial resources to fund its operation and development as well as to plan its working capital requirements. In the absence of the Extension, the Company will need to deploy its cash reserves for the redemption of the Convertible Notes on maturity. Accordingly, the Directors consider that the Extension is in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) media entertainment business, (ii) property investment business and (iii) trading business.

The SGM will be convened to consider and, if thought fit, to approve the Extension. A circular containing, among other matters, further details of the Extension and a notice for the SGM will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

“Amendment Deed”	the amendment deed dated 27 November 2014 executed by the Company in relation to the Extension
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for business, excluding a Saturday or Sunday
“Company”	Digital Domain Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Conversion Period”	the period commencing on the day after the date of issue of the Convertible Notes up to and including the date which is 7 days prior to the Maturity Date
“Conversion Price”	HK\$0.04 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Notes
“Conversion Shares”	Shares to be issued by the Company upon exercise of the conversion rights attaching to the Convertible Notes
“Convertible Note(s)”	the zero coupon convertible note(s) in the aggregate principal amount of HK\$392 million issued by the Company on 4 July 2013 to the noteholder(s), the entire principal amount of which remains outstanding as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Existing Maturity Date”	3 July 2015, being the day before the second anniversary of the date of issue of the Convertible Notes
“Extension”	the proposed extension of the Maturity Date of the Convertible Notes for a period of two years from 3 July 2015 to 3 July 2017 pursuant to the Amendment Deed

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date on which the Convertible Notes become due
“Noteholder”	the existing holder of the Convertible Notes
“SGM”	the special general meeting of the Company to be convened and held for approving, amongst other things, the Extension
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

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

Hong Kong, 27 November 2014

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